



Remote Sellers, Marketplace Sellers and Marketplace Facilitators - Challenges Faced, Streamlined Disclosed Practices and Recommendations

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Agenda

Streamlined Disclosed Practices

- ▶ Remote Sellers and Marketplace Sellers
 - ▶ Issues with the determinations they must make
 - ▶ Challenges in complying
- ▶ Marketplace Facilitators
 - ▶ Collecting taxes, including other taxes and fees
 - ▶ Opt-out provisions
- ▶ Nonmember State Participation With Streamlined Sales Tax
 - ▶ Make it easier for all sellers to comply

Remote Sellers and Marketplace Sellers

- ▶ What is a State's Threshold for Collection?
 - ▶ Dollar Amount of Sales Threshold
 - ▶ Gross receipts
 - ▶ Retail sales
 - ▶ Taxable sales
 - ▶ Number of Transactions Threshold
 - ▶ What is a transaction?

Remote Sellers and Marketplace Sellers

- ▶ Sales on a Marketplace
 - ▶ Are they included in the threshold computations?
 - ▶ Do states really want to process *de minimus* returns?
- ▶ When Does the Collection Responsibility Start?
 - ▶ Immediately?
 - ▶ Should there be a uniform time frame?

Remote Sellers and Marketplace Sellers

- ▶ Should any Physical Presence of a Seller in a State Disqualify Remote Seller Classification?
 - ▶ What if Seller Only has Inventory in Warehouses?
 - ▶ Marketplace facilitator's warehouse
 - ▶ Other third-party warehouse
 - ▶ SST CSP-Compensated Seller - <\$50k in property in a State does not disqualify seller from being eligible for CSP services paid for by that State
 - ▶ What About Nonretail Employees Working in a State?
 - ▶ Not involved in making retail sales
 - ▶ Register to Collect and Remit "Sales Tax" or "Use Tax"?

Remote Sellers and Marketplace Sellers

- ▶ How to Make it Easier for Sellers to Comply
 - ▶ All states use same (or similar) thresholds
 - ▶ Is a transactional threshold really needed?
 - ▶ Uniform treatment of marketplace sales
 - ▶ Providing adequate time to start collecting

SST Disclosed Practice Project

- ▶ SST development of Disclosed Practice addressing issue for Remote Sellers, Marketplace Sellers and Marketplace Facilitators
- ▶ Focus on states providing clear guidance to taxpayers to aid in compliance
- ▶ Goal for all states, not just SST states, to complete
- ▶ SST will share responses from all states that complete the disclosed practices

Streamlined – State Requirements

Revenue Department Website	Remote Seller Compliance Date	Remote Seller Threshold	State Guidance for Remote Sellers	Notes	Streamlined Member State Information
Vermont	7/1/2018	Sales of <i>at least \$100,000</i> or 200 individual transactions during any preceding 12 month period	Remote Seller		VT
Virginia	7/1/2019	In the previous or current calendar year, either receives greater than \$100,000 in gross revenue from retail sales, or engages in 200 or more separate retail sales transactions, or any software provider acting on behalf of such dealer.	Remote Seller	Marketplace Facilitators	
Washington	10/1/2018	Gross retail sales <i>exceeding \$100,000</i> in preceding or current year Effective March 14, 2019, sellers that have 200 or more transactions but do not exceed the \$100,000 retail sales are not required to collect and report sales tax to Washington. Remote sellers with less than 200 transactions and annual retail sales between \$10,000 and \$100,000 are required to make an <u>election</u> to collect sales tax or do use tax notice and reporting between January 1, 2018 and June 30, 2019. As of July 1, 2019, the requirement to make an election was eliminated.	Remote Seller	Marketplace Facilitator Remote Seller Help: (360) 704-5900 SSB 5581 effective 3/14/2019	WA
West Virginia	1/1/2019	Sales <i>equal to or exceeding \$100,000</i> or makes West Virginia sales in 200 or more separate transactions for an immediately preceding calendar year or a current calendar year.	Remote Seller	Marketplace Facilitator	WV
Wisconsin	10/1/2018	Gross sales <i>exceed \$100,000 or 200 or more</i> separate transactions in the previous or current year	Remote Seller	Marketplace Providers	WI
Wyoming	2/1/2019	Gross revenue from sales of TPP, admissions or services of <i>more than \$100,000 or 200 or more</i> separate transactions in prior or current year	Remote Seller	Marketplace Facilitators	WY

Marketplace Facilitators

- ▶ Other Taxes and Fees
 - ▶ Responsibility of facilitators
 - ▶ Expertise and system availability
 - ▶ Taxes and Fees at Local Jurisdictions
 - ▶ Reliance on Marketplace Sellers' representations
- ▶ Opt-Out Provisions That Allow Seller to Collect and Remit
 - ▶ More uniform requirements
 - ▶ Certain Industries – different taxes and fees
 - ▶ Size of Business may not be best qualification

Marketplace Facilitators

- ▶ How to Make it Easier for Facilitators to Comply?
 - ▶ Uniform treatment related to collection of other taxes
 - ▶ Clear legal authority for collection
 - ▶ Adequate time before collection begins
 - ▶ Uniform “opt-out” requirements
 - ▶ Need streamlined process to respond promptly
 - ▶ Potential multistate “opt-out” form?



Streamlined and Nonmember State Participation

Nonmember State Participation

- ▶ Goal of Nonmember State Participation
 - ▶ Address third point raised by Supreme Court in *Wayfair* decision
 - ▶ Reducing “undue burdens”
 - ▶ Not re-inventing the process
 - ▶ Work in conjunction with current Streamlined states
 - ▶ Not having to separately certify or negotiate contracts with the CSPs
 - ▶ Contract compliance audits of CSPs conducted by Streamlined
 - ▶ Uniformity for the CSPs

Nonmember State Participation

- ▶ Limited requirements
- ▶ Requirements
 - ▶ Use of Streamlined Sales Tax Registration System
 - ▶ Develop and post rate and jurisdiction databases
 - ▶ Complete and post taxability matrix noting differences
 - ▶ Complete and post certificate of compliance
 - ▶ Participate in CSP certification process and CSP contract
 - ▶ Provide liability relief for reliance on state-provided information
 - ▶ Pay annual membership dues

Streamlined's Success to Date

- ▶ Over 12,000 active sellers registered
- ▶ 300% Increase in net active registrations since *Wayfair*
- ▶ Increased collections in member states

Questions

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