



# CERTIFIED SERVICE PROVIDERS AND WAYFAIR IMPLEMENTATION

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Why should non-sst states consider certifying CSPs and adopting model legislation?

- **Eliminate concerns about meeting the undue burden test under Wayfair.**
- **Save time and effort in implementing a solution and starting collection.**
- **Save state tax agency resources in registration, taxpayer education, reworking returns, and other administrative functions.**
- **Use those saved resources for other revenue enhancement efforts.**
- **It's the right thing to do. Consider how you want your taxpayers who sell into other states to be treated when deciding how you will treat sellers from other states.**

**Certified Service Providers (CSPs) provide their services for taxpayers who make sales in ALL sales tax states.**

Certified Service Provider (CSP) is a designation granted by the Streamlined Sales Tax Governing Board that means their 24 states have tested our company compliance systems and found we correctly provide the services below. Several non-sst states are currently meeting with csp representatives to consider certification procedures and provisions, including what law changes may be necessary. CSPs operate under a contract with the Governing Board and are paid by the member states for services that we provide to retailers (paid as a percent of tax to be remitted and paid only for retailers without a physical presence in a state).

**Services CSPs Provide to the Seller Include:**

- **Registration** - we register the retailer to collect the state's sales and use taxes. We can explore options for registering multiple retailers under a single registration for the service provider
- **Tax Calculation** - we integrate our software into the retailer's system. The software makes taxability determinations and assigns the correct tax rate and taxing jurisdictions.
- **Return Preparation** - we prepare and electronically file sales tax returns. We can easily integrate with a state's system for batch filing.
- **Remittances** - we electronically remit tax proceeds and can do so in batch transmissions.
- **Record Retention** - we collect and maintain transactional records and other information as necessary for auditing purposes.

## **Advantages CSP Services Provide the state include:**

- **Certification** - the state verifies in advance that software used by thousands of retailers is accurate
- **Contacts** - each CSP provides contacts for the state who are well trained sales tax professionals. You contact us instead of having to contact our clients (with varying degrees of sophistication) individually.
- **Administrative Outreach** - simplified.
- **Audit Coverage** - amplified.
- **Revenues** - individual CSPs can provide information in a confidential setting and work with you on estimating potential sales tax revenue.
- **Under Threshold Collections** - we believe many of our sellers will collect in states where they are below enacted or proposed thresholds.

## **Model Legislation**

The CSP model does not fit neatly under most non-sst state procurement statutes. As a unique public/private partnership developed for tax administration purposes it usually requires a statute defining and authorizing it. With the Wayfair decision we have seen increased interest from non-sst states in using CSPs, and have developed a model statute for that purpose that can be tailored to the needs of individual states.

## **Key Provisions of Model Legislation**

- **Authority** - Gives agency head authority to establish standards for certification and to implement the statute's provisions, including adoption of regulations and procurement of goods and services.
- **Provision of Databases (for states with local jurisdictions only)** - Requires agency to provide electronic, downloadable databases for taxing jurisdiction boundaries, and taxing jurisdiction sales and use tax rates.
- **Certification** - Provides for minimum standards companies must meet, process requirements, contractual responsibilities for agency and company, compensation, confidentiality of tax information, and a provision superseding the state purchasing act.
- **Relief from Liability** - Details the liability relief provided taxpayers and CSPs when relying on erroneous data supplied by the state.
- **No Effect on Other taxes** - Registration of a remote seller prohibited as a factor in determining whether the seller has nexus for any other tax.

## **The following companies are currently designated as CSPs:**

AccurateTax, Avalara, Intuit, Exactor by Intuit, Sovos, Taxify by Sovos, Taxcloud, Taxometry

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