

Policy Number: TMV-20

Title: Streamlined Sales Tax Policy

Effective Date: Oct 12, 2004

Review Date: Aug 6, 2015

**Revision Date: Apr 27, 2005; Jun 30, 2008; Sep 30, 2008; Apr 13, 2009;
Oct 11, 2010; Feb 10, 2011; July 9, 2014; Aug 6, 2015**

I. Purpose

The purpose of this policy is to establish guidelines consistent with the national Streamlined Sales and Use Tax Agreement ("Agreement") in order to simplify and modernize sales and use tax administration.

II. Policy

A. Databases

1. The Tax Commission will provide and maintain a database that describes boundary changes for all taxing jurisdictions. This database shall include a description of the change and the effective date of the change for sales and use tax purposes.
2. The Tax Commission will provide and maintain a database of all sales and use tax rates for all of the jurisdictions levying taxes within the state based on a nine-digit zip code. For the identification of states, counties, cities, and parishes, codes corresponding to the rate will be provided according to Federal Information Processing Standards (FIPS) as developed by the National Institute of Standards and Technology. For identification of all other jurisdictions, codes corresponding to the rates will be in the format determined by the governing board.
3. The electronic databases the Tax Commission provides and maintains pursuant to the Agreement shall be in a downloadable format approved by the governing board.

B. Notice to Sellers

1. The Tax Commission shall provide sellers with a 60-day notice of local sales and use tax rate changes.
2. The Tax Commission shall provide sellers with a 120-day notice of local sales and use tax rate changes for catalog sales wherein the purchaser computes the sales and use tax based on local rates published in the catalog.

3. The Tax Commission shall provide sellers with a 60-day notice of local boundary changes.
4. The Tax Commission shall provide sellers notice of legislative changes in the tax base and amendments to Tax Commission rules.
5. All notices will be posted at tax.utah.gov.

C. Returns and Remittances

1. Sellers registered under the Agreement shall file only one tax return for each taxing period. This single return shall include all Agreement sales and use taxes.
2. A seller, whether or not registered under the Agreement, that is not a seller of a product qualifying for exclusion from the provisions of Section 308 of the Agreement may submit its sales and use tax returns in a simplified format that does not include more data fields than permitted by the governing board.
3. The Tax Commission shall provide sales tax returns to a seller registered under the Agreement for a seller that does not have a legal requirement to register in the state and is not a model 1, model 2, or model 3 seller.
4. The Tax Commission will participate with other member states in developing a more uniform sales and use tax return that, when completed, will be available to all sellers.
5. Sellers registered under the Agreement will not be required to make more than one remittance per return.
6. The Tax Commission requires that any data that accompanies a remittance be formatted using uniform tax type and payment type codes approved by the governing board.
7. If the Federal Reserve Bank is closed on a due date so that a person is unable to make a payment by ACH Debit or Credit, the payment, and any return filed in conjunction with the payment, are considered timely, if made on the next day the Federal Reserve Bank is open.

D. Taxability Matrix

1. The Tax Commission shall complete a taxability matrix adopted by the governing board.
2. Entries in the matrix shall be provided and maintained in a database that is in a downloadable format approved by the governing board.

3. The Tax Commission shall provide notice of changes in the taxability matrix as required by the governing board.
4. The matrix may be accessed at tax.utah.gov.
5. Sellers and certified service providers are relieved from liability for changes in the taxability matrix as provided under the Agreement.

E. Seller Registration

1. The Tax Commission will participate with other member states in providing an online registration system that will allow all sellers to register, at no cost, under the Agreement in all the member states.
2. An agent may register any seller using the national online registration system. The appointment of the agent shall be submitted to the Tax Commission in writing.
3. A seller registering on the national online registration system is not required to provide a written signature.
4. When registering, a seller may select one of the following methods of remitting taxes to the state:
 - a. model 1 seller;
 - b. model 2 seller;
 - c. model 3 seller; or
 - d. any other method allowed by the Tax Commission.
5. A seller that registers under the Agreement and indicates at the time of registration that it does not anticipate making any sales that would be sourced to the state under the Agreement is not required to file a sales tax return.
6. The Tax Commission shall give a seller a minimum 30-day notice prior to establishing a liability for taxes based solely on the seller's failure to file timely, if the seller failed to file a return and has no legal requirement to register in the state.

F. Administration of Exemptions

1. The Tax Commission issues an identification number to a purchaser exempt from sales tax for presentation to a seller, unless the purchaser is:
 - a. a farmer;

- b. a native American; or
 - c. the federal government.
2. A seller may obtain a blanket exemption certificate from a purchaser with which the seller has a recurring business relationship. A recurring business relationship exists when a period of no more than twelve months elapses between sales transactions.
 3. In the case of drop shipment sales, a third party seller may claim a resale exemption based on an exemption certificate provided by its customer/ reseller or any other acceptable information available to the third party seller evidencing qualification for a resale exemption, regardless of whether the customer/reseller is registered to collect and remit sales and use tax in the state where the sale is sourced.

G. Provider and System Certification

1. The Tax Commission will honor all provider and system certifications performed by the governing board.

H. Confidentiality

1. The following definitions apply to this policy.
 - a. "Confidential taxpayer information" means all information that is protected under the laws, rules, and privileges of the state.
 - b. "Personally identifiable information" means information that identifies a person.
 - c. "Anonymous data" means information that does not identify a person.
2. The Tax Commission recognizes that a fundamental precept in model 1 is to preserve the privacy of consumers by protecting their anonymity. With very limited exceptions, a certified service provider shall perform its tax calculation, remittance, and reporting functions without retaining the personally identifiable information of consumers.
3. The Tax Commission shall provide public notification to consumers, including their exempt purchasers, of the Tax Commission's practices relating to the collection, use, and retention of personally identifiable information, by posting the notification on its web site.
4. When any personally identifiable information that has been collected and retained is no longer required to ensure the validity of exemptions claimed by reason of a consumer's status or intended use of the goods or services purchased, the information shall no longer be retained.

5. When personally identifiable information regarding an individual is retained by or on behalf of the Tax Commission, the Tax Commission shall provide reasonable access by that individual to his or her own information in the Tax Commission's possession, and a right to correct any inaccurately recorded information.
 6. If anyone other than a member state, or a person authorized by that state's law or the Agreement, seeks to discover personally identifiable information from the Tax Commission, the Tax Commission shall make a reasonable and timely effort to notify the individual of the request.
 7. This privacy policy is subject to enforcement by the attorney general or other appropriate government authority.
 8. The laws and rules of the state regarding the collection, use, and maintenance of confidential taxpayer information remain fully applicable and binding. Without limitation, this policy does not enlarge or limit the Tax Commission's authority to:
 - a. conduct audits or other reviews as provided under the Agreement and state law;
 - b. provide records pursuant to Sections 59-1-403, 59-1-404, Title 63, Chapter 2, the Government Records Access and Management Act, disclosure laws with governmental agencies or state rules;
 - c. prevent, consistent with state law, disclosures of confidential taxpayer information;
 - d. prevent, consistent with federal law, disclosures or misuse of federal return information, obtained under a disclosure agreement with the Internal Revenue Service; or
 - e. collect, disclose, disseminate, or otherwise use anonymous data for governmental purposes.
- I. Amnesty
1. The Tax Commission shall provide amnesty pursuant to Section 402 of the Agreement for the period the Tax Commission is an associate member of the Agreement.
- J. Library of Interpretations and rules
1. The Tax Commission will administer the agreement in accordance with [interpretations and rules issued by the governing board](#).