



6650 Inter Cal Way | Prescott, AZ 86301 | 800-528-0535 | www.HalsteadBead.com

South Dakota v. Wayfair, Inc.:
Online Sales Taxes and their Impact on Main Street

March 3, 2020

Testimony before the
Subcommittee on Economic Growth, Tax, and Capital Access;
Committee on Small Business,
United States House of Representatives

Brad Scott
Finance Director
Halstead Bead Inc.

Chairman Kim, Ranking Member Hern, and Members of the Committee:

Thank you for inviting me to testify. My name is Brad Scott and I am the Finance Director at my wife's family-owned small business, [Halstead Bead, Inc.](#) My wife, Hilary Halstead Scott, is the President of the company. We are in the trenches on this issue. We have been up close and personal with the implementation of remote seller laws for over a year and a half now. In short, it has brought us to our knees and that is why I am here today. We need your help. We intimately know the impact on operations and human resources. The devil is in the details. And these details need federal intervention to be resolved.

There are a lot of misconceptions about the impact of *Wayfair*. It does not just affect online retailers. Since many state remote seller laws define thresholds by gross sales activity, regardless of sales channel, all interstate commerce business models are swept into compliance requirements. Our firm, for example, operates out of a warehouse in an industrial park. Most of our business is B2B. We are not on main street nor would we identify ourselves as an online retailer. We are subject to *Wayfair* laws simply because we transact business across state lines. That means economic drivers ranging from the agricultural industry in Kansas to pharmaceutical manufacturing in New Jersey are impacted as well.

In February, the Arizona Legislature passed concurrent memorials through both the House and Senate with unanimous approval. These Memorials are entitled, "Urging the United States Congress to Enact Uniform National Legislation for Remote Sellers to Collect and Remit Sales Taxes."¹ We are grateful to the Arizona Legislature for recognizing the challenges facing constituent small businesses and for making this formal request for federal intervention.

Background on Halstead Bead, Inc.

We are a second-generation, privately-owned, small business. The company was started in the early 1970's by my wife's parents who made jewelry as a hobby. Their side hustle evolved away from finished jewelry into a wholesale mail order catalog business for beads and jewelry components. Over decades, it steadily grew from two people to the team of 27 employees we have today.

The company adapted to globalization and the internet age. We still publish an annual catalog, but 94% of our sales are now from the website. We don't sell a lot of beads anymore. We now distribute raw materials and supplies to silver jewelers around the world. Our clients include the smallest micro-businesses that sell art jewelry on sites like Etsy or at craft shows as well as traditional brick and mortar jewelry retailers.

We have spent decades developing an independent website and IT infrastructure to maintain full control over our business model. We do not sell on any marketplace facilitator websites. Prior to the *Wayfair* decision we had no sales tax software in place.

Remote seller sales tax compliance is complex. It includes a patchwork of laws, guidelines, and forms. It requires elaborate, expensive software solutions. It demands constant vigilance and continuing education for small business leaders. It exposes owners to unprecedented liability to continue operating. There are many areas to discuss and analyze.

¹ AZ Concurrent Memorials [HCM2006](#) sponsored by Representative Steve Pierce (Appendix A) and [SCM1003](#) sponsored by Senator Vince Leach (Appendix B) are included in the appendices to this testimony

Our case highlights one of the ironies of the new remote seller environment. We sell mostly wholesale, so we face a disproportionate new burden for compliance in order to collect a very small amount of sales tax revenue for states.

Through January 31, 2020, we have spent \$183,500 to collect just \$79,423 in sales tax across 32 states. This equates to \$2.31 for every \$1.00 of sales tax collected.² Averaging our total expenses across the 32 states to which we have collected and remitted, we have spent \$5,734.38 per state.³ There are only two states, California and Washington, where tax remittances exceed that cost to our company. We are spending more to comply in 30 states than we have collected.

Each state's sales tax laws viewed in isolation seem reasonable. But, when you look at the breadth and depth of the complete set of 51 laws,⁴ it is completely overwhelming. While five states do not yet have sales tax, several of them are considering it at either the state or local level. So, we must continue to monitor even those jurisdictions. We are now required to tackle sales tax compliance at an enormous scope. Our small business does not have that skill set in-house. I doubt many do.

Summary of Our Experience with Remote Seller Compliance

In June 2018, the Supreme Court handed down the *South Dakota v. Wayfair* decision. Wayfair Inc.⁵ is a \$6.8 billion dollar corporation that is more than 1,100 times larger than our small business. Despite that difference in scale, the same compliance expectations apply to a company our size with only a tiny fraction of their resources.



Figure 1: Relative size of Wayfair Inc. compared to Halstead, by Gross Revenue

² Summary of Costs to Halstead Since the *Wayfair* Decision Through January 2020, Brad Scott, February 21, 2020 included as Appendix C

³ Cost to Collect, Brad Scott, February 21, 2020 included as Appendix D

⁴ 50 states and the District of Columbia

⁵ Business Wire, <https://www.businesswire.com/news/home/20190222005060/en/Wayfair-Announces-Fourth-Quarter-Full-Year-2018>, February 22, 2019

While large corporations already had many employees in state and local tax (SALT) departments, prior to *Wayfair* our company had one part-time person to handle all our accounting, tax, payroll, benefits, accounts payable, and finance requirements. I am that person. We do not have a tax attorney, a compliance officer, or a certified public accountant (CPA) on staff. The expectation is that one person at a small business can get the company 50-state compliant.

We acted quickly after the *Wayfair* ruling to find software and to begin our compliance efforts. Almost two years after the landmark *Wayfair* decision, we have only received a notice from one state (Pennsylvania) informing us of the new remote seller landscape and alerting us that we may be required to comply. Many other small businesses in our personal network are still unaware that state sales tax law changes may impact them.

Following a rushed integration project, we launched sales tax software in October 2018 to begin collecting sales tax on transactions where we did not have valid exemption certificates on file. We believed software would “automate” compliance. We were wrong. Our experience is that, while the software is necessary, it is far from a complete solution.

We sought help from local CPAs, but we found that they were not fully informed, nor capable, of assisting us with other states. When we approached large, national accounting firms, most would not even speak with us because our business is too small. That leaves a small business like ours caught in a dangerous gap in professional services.

State sales tax laws are complex, and none are identical. There are 50 states and the District of Columbia, and each has independently developed its own sales tax protocols. There is no single resource that instructs on all 51 departments of revenue; there are 51 playbooks that we must learn. This is an impossible task.

To date, we have diverted more than 3,800 labor hours away from operations for *Wayfair* compliance even with sales tax software in place. I would not call that “automation.” Much of that time spent is from top managers at our company who have had to suspend all other projects in order to jump on this new mandate.

We have also changed our business practices to adapt to new economic nexus requirements. We dropped an entire product line that would trigger more complex product tax codes. We are limiting our sales into Colorado because we cannot handle the enormity of their sales tax filing requirements and must stay below their threshold. As a home-rule state, Colorado has perhaps the most onerous sales tax collection and filing mandate in the country.

We are watching Missouri carefully because if they pass their economic nexus law we will limit or stop sales there to stay below thresholds due to the complexity of their sales tax system. Missouri has 1,393 jurisdictions⁶ and onerous filing procedures as well. Louisiana and Alabama are in the same category. Thankfully, we are significantly below their thresholds right now, but thresholds may change at any time, as we have experienced in the past.

⁶ Tax Foundation, <https://taxfoundation.org/growing-number-state-sales-tax-jurisdictions-makes-south-dakota-v-wayfair-much-imperative/>

Monitoring and interpreting the patchwork of state jurisdictions is one of the biggest burdens of the new environment. That task requires new data and reporting that we did not have prior to our compliance roll-out. It requires constant vigilance from our president and me. Neither of us are trained tax attorneys, nor can we afford to keep one on staff.

The monitoring and interpretation burden continues to grow as local jurisdictions such as Philadelphia and cities in Alaska are now passing their own remote seller laws. We are already overwhelmed by state-level compliance. We have neither the time nor the expertise to handle the exponential increase in workload of local level compliance.

Simultaneously, economic nexus is now being applied to gross receipts and income taxes. We just filed for the first time in California and Washington. Soon, we will have to tackle Hawaii, Massachusetts, and Pennsylvania. All of this is beyond what an organization our size can bear.

In addition to new compliance responsibilities on our top executives, significant labor hours are required by our staff team on an ongoing basis. Our customer service team must ensure accurate, complete exemption certificates are appropriately applied to client accounts and every sales transaction. Our IT team must maintain our sales tax software integration and assist with monthly reconciliation and filing protocols. We estimate that going forward, multistate sales tax and exemption certificate compliance will cost our small business approximately \$76,330⁷ per year in fees and labor. That equals more than 50% of our annual business net income.

We use a Certified Service Provider (CSP) sales tax software solution because software is necessary to properly quote state and local tax rates for every shipping address we serve across 12,000+ jurisdictions. The CSP firm that we use is FedEx, also known as TaxCloud.⁸ The CSPs are certified by the Streamlined Sales Tax Governing Board (SSTGB).⁹ That certification means that if we elect to register with all 24 SSTA states and Pennsylvania, the CSP will file and remit our sales tax to each of those states without transaction fees.¹⁰ There are still fees for the 20 remaining non-member states and the District of Columbia. Competing CSPs charge annual subscription costs on top of those fees. There is no software solution that offers free sales tax services for all 50 states and the District of Columbia.

None of these compliance obligations enhance our customers' experience, nor do they grow our business, but each of them imparts an administrative cost. In 2019, we increased prices by 9.26%, more than the last five years combined. We are not able to plan a solid operating budget. The incredible complexity and the pace at which the laws, rules, and regulations are changing makes decision-making extraordinarily challenging. We are allowing our staff size to shrink by attrition. We have no idea what the months and years ahead will look like.

Registration and Filing

It is not straightforward to determine when registration is necessary. Prior to *Wayfair*, small businesses were not required to monitor state laws unless they had a physical presence in a state. It is an unrealistic

⁷ Based on ongoing monthly expenses of \$6,361, an average of the 9 months between April 2019 and January 2020

⁸ <https://taxcloud.net/>

⁹ <https://www.streamlinedsalestax.org/certified-service-providers/certified-service-providers-list>

¹⁰ Pennsylvania has a bilateral agreement with TaxCloud while the 24 SSTA member states cover filing transaction fees <https://taxcloud.com/pricing/automated-compliance>.

expectation that small business owners can stay on top of state tax law and guidance changes posted on 51 different department of revenue websites at irregular intervals. The states are not effectively communicating new tax requirements to remote sellers.

Nexus studies are not one-time investments. Every month, we run sales reports by state to compare against thresholds requirements and testing period definitions that are shifting constantly. It consumes an enormous amount of time and is difficult to get right. Guidelines issued by the various departments of revenue are often incomplete and unclear. This work must be completed outside our CSP software.

Twenty-four states have joined the Streamlined Sales Tax Agreement (SSTA) to help simplify the sales tax registration and collection process, but the majority, including the most populous states, have not.

So far, we have registered with eight other non-SSTA states. Each state requested different information about our business, as well as the personal and private information of the owners and responsible parties. Two of the eight states changed their threshold definitions, allowing us to de-register. At our size, bouncing above and below thresholds will be a common issue.

The CSP handles filing in the 24 member states, but we independently file sales tax reports to the other eight states; none of them are the same. They are not even all on the same schedule.

The first step we must take before we are able to begin processing the monthly and/or quarterly filings is to do a complete audit of all sales transactions, reconciling the reports our accounting system produces with those that our CSP sales tax system produces. We must reconcile product returns in order to credit customers for sales tax. We also must reconcile any erroneous transactions to reimport corrections. These processes take our accounting and IT teams hours each month. Our CSP does not offer a way to handle these normal business reconciliations so software developer skills are required just to complete monthly filings.

The next step is the actual file preparation. Using data from our CSP and our own sales records, we generate reports for each of the states that we are filing in. Data fields in the CSP generated reports don't always match the state online filing portal fields so we must prepare data first. After the audit process is complete, I file in each state. This process takes between 15 minutes and 3 hours each.

To illustrate the painstaking process, this is the typical outline for just one return in California.

In California, we are a monthly payer and a quarterly filer. The state has 323 different sales tax jurisdictions. To file, I sort all of our sales by zip code, then bundle those by city, creating a list of city totals. I then have to determine which county each of those cities is in, from which I generate a list of county totals. Using these reports, I then complete a California supplied Schedule B¹¹ spreadsheet that reconciles our report totals against their county reporting requirements. Next, I complete a California supplied Schedule A¹² spreadsheet that reconciles our reports against their city and county reporting requirements.

If this sounds confusing, it is. Note that all this manual work must be done, even with a CSP in place. The first time I attempted to complete these reports, it took three days to understand how to accurately input the data for California alone.

¹¹ California Department of Tax and Fee Administration, <https://www.cdtfa.ca.gov/CROS/schedule-b.htm>

¹² California Department of Tax and Fee Administration, <https://www.cdtfa.ca.gov/CROS/schedule-a.htm>

For SSTA states, we have the benefit of treating them as a single entity for filing. While that makes the process a bit simpler, it isn't perfect. That is where software issues enter our story.

Software Problems and Liability Exposure

The sales tax regime is so complicated that software is necessary, but we are experiencing significant performance problems with that software. We registered with the SSTA in September 2018 and selected our CSP. We later learned that there was a communication breakdown between the two. Throughout 2019, we received 35 notices from SSTA states that taxes we collected were not filed and remitted.

Our CSP files and remits to the 24 SSTA member states on our behalf. If not for the 35 notices from SSTA states, it would be a painless process for those states. However, addressing the many notices and trying to get our CSP to correct for discrepancies has taken more hours than I care to recall. Each notice induced a combination of panic and fear.

We experienced problems for the first time in late 2018. Sales taxes we collected, and thought were filed & remitted by our CSP, were not sent to the states at all. I brought those issues to the attention of our CSP for the first time in November 2018.¹³ Despite repeatedly reporting those problems to the software provider for months, we could not get resolution. We escalated our complaints to SSTA National Executive Director, Craig Johnson, to get him to intervene for solutions. We are grateful to Craig for his help, but it is ridiculous that he had to get involved at all.

Because of the CSP issues, we received letter demands for payment. Below are summaries of two of the most frightening.

- In April of 2019, Tennessee threatened to seize our property over \$38.22 in penalties and interest as a result of a failure to report sales tax collections for November and December 2018.¹⁴
- In April of 2019, Wyoming threatened to put a lien on our property over an estimated tax assessment of \$100.00 for the December 2018 period. This was a result of a failure to report and remit. In point of fact, we had collected \$0.00 in sales tax for that period. Moreover, since the *Wayfair* Decision, we have collected a total of \$123.20 in sales tax for the state of Wyoming.¹⁵

This was the most terrifying period in my tenure at the company. Note that problems we first reported in November were not resolved until the following May, only after we involved the SSTA leadership to force our CSP to address them. We attempted to comply with this mandate in good faith. We felt defenseless and frustrated.

To date, we have received and addressed notices of filing errors due to issues tied to our CSP in the 35 SSTA states as described above and one non-SSTA state. In every single case we were complying, but had to spend significant time researching, reporting, and troubleshooting to reconcile those accounts with the states. None of these were full-scale audits, yet we are already overwhelmed with the burden

¹³ Notification to TaxCloud About Concern, Brad Scott, November 27, 2018 included as Appendix E

¹⁴ State of Tennessee Department of Revenue, Final Demand Notice, April 25, 2019 included as Appendix F

¹⁵ Wyoming Department of Revenue Excise Tax Division, Best Information Assessment, April 2, 2019 included as Appendix G

of regular requirements to prove our innocence on top of the new monthly procedures for reporting and filing.

When addressing the 36 state notices, I reached out to each state in question to determine at what point in the registration/filing/remittance stage the process had gone off the rails. This required phone calls to the various departments of revenue. Often, I would wait on hold for up to 30 minutes before speaking with a staff member. More often than not, the first, and even the second person I spoke with could not properly answer my questions. The staff at the departments of revenue, it seemed to me, were as mystified by interstate sales tax as we were. Eventually, I would receive a response like this:

Halstead Bead, Inc. is not authorized to inquire about transactional history between the state and TaxCloud. However, as Halstead Bead, Inc. is the licensed business, it is the responsibility of Halstead Bead, Inc. to remit. Halstead Bead, Inc. should remit as soon as possible and address the problem with TaxCloud. Because of the third-party relationship that Halstead Bead, Inc. has with TaxCloud, the issues you have had with registration/filing/remittance are not the concern of the state. Halstead Bead, Inc. must address those issues directly with TaxCloud.¹⁶

The frustrating and infuriating aspect of that response is that TaxCloud was not a partner we voluntarily chose. There are five CSPs. At the time we selected TaxCloud, only a few of those CSPs were able to manage exemption certificates, a necessary product feature given that most of our business is wholesale. We could not afford the two more expensive CSP options. TaxCloud was the only real option. It was a forced choice required for compliance with state laws.

Additionally, while TaxCloud's services for the filing transactions with 24 SSTA member states are free, that is not the complete picture. All told, we spent roughly \$27,900 to integrate TaxCloud's software into our own IT framework between consultant integration fees and labor from our in-house software developer. The project took hundreds of man-hours to tightly integrate TaxCloud with our IT infrastructure as shown in the graphic below. It would have cost significantly more if we did not have internal software development IT talent. This was a major project that would normally take 6-9 months for proper development, de-bugging, and launch. We had to rush it into the 99 days between the Supreme Court ruling and October 1, 2018, the date most states made remote collection required.

¹⁶ Paraphrased response from conversations with 12 state departments of revenue between the months of January – November, 2019

afoul of 51 departments of revenue. The same liability exists whether a small business intentionally commits fraud or inadvertently fails to collect or file sales taxes correctly. We are trying our best to comply, but the stakes are high and the opportunity to make mistakes is equally high.

Exemption Certificates

Exemption certificate management is perhaps the greatest liability for B2B remote sellers after *Wayfair*. The process consumes the most labor hours and exposes our company to the highest risks for audit assessments. That's because any small technicality on an exemption certificate form in non-SSTA states moves the sales tax liability off the buyer residing in the auditing state and onto the remote seller. If an exemption certificate is on file and used for many years, back taxes, penalties, and interest on all transactions with that buyer can later be assessed to the remote seller at audit. This exposes many industries to new risks including logistics & transportation in Florida, biotech firms in Illinois, and advanced manufacturing in Colorado. Leaders in every state should be concerned about new liabilities for their constituent businesses.

Most of our sales are B2B and exempt from sales tax. This presents a challenge because the documents that we are required to collect and maintain vary between states and can be quite confusing. There are often exception scenarios that make applying exemptions difficult to program into digital order processing. For example, Maryland exemption certificates are only valid for invoices over \$200; any invoice for less than that amount is subject to sales tax even for wholesale accounts purchasing for resale.

We have valid exemption certificates for approximately 2,400 customer accounts. Lately, we are receiving about 20 submissions per day. Of those, only 8.5 will be complete and valid. Because many of these forms and license types are confusing, it may take several rounds of submissions from our customers before we have the documents filled out correctly.

While exemption certificate forms may seem like an administrative detail, due to the enormous liability involved with exemption certificate management, they become a key part of Wayfair compliance risk. It is important to understand the mechanics of exemptions and the opportunities for them to go awry.

Exemption Certificate Forms & Data

When a new customer places a first order we must note the destination state of the shipment. The point of delivery tells our customer service department which exemption certificate we need to collect. We have winnowed down our internal procedures from the confusing array of exemption documents available. None are accepted in every state. It is a confusing patchwork of what documents will be recognized by each state government.

- An Exemption Certificate form created by the specific state where the shipment will be delivered, such as an Arizona Form 5000A¹⁷
- An SSTA issued Exemption Certificate for participating states (F0003)¹⁸

¹⁷ Arizona Form 5000A Arizona Resale Certificate, AZ Dept. of Revenue, May 1, 2017 included as Appendix H

¹⁸ Streamlined Sales Tax Agreement Certificate of Exemption, SSTGB included as Appendix I

- An MTC Uniform Sales & Use Tax Exemption Certificate¹⁹ for participating states. This exemption certificate covers 39 states but includes 3 pages and 26 different itemized exceptions that require additional documentation.
- Louisiana and New Mexico require our customers to apply online through their departments of revenue for an exemption certificate specific to each vendor-buyer relationship. A certificate is then issued to them just for purchases from our company.
- A data exemption certificate submitted through our CSP – note the CSP does not verify the correct type of license is submitted, or even that the license number meets standard state formatting conventions. It does not validate licenses as required by multiple states. For most non-SSTA states, we are liable if we allow those exemptions to stand.
- Some states do not use exemption certificates and instead require us to keep copies of sales tax licenses on file²⁰

Exemption Certificate Business Identifiers

For exemption certificates to be valid, they must include a business entity identifier. Different states have different laws allowing one or more of the following. We must know which identifiers are acceptable in each state.

- A state issued general Business License number
- A state issued Sales Tax License, Reseller Permit, Use Tax License, Certificate of Authority, or Seller's Permit Number
- A Federal Employers Identification Number (FEIN)

Exemption Certificate Verification Requirements

Once we have the documentation in hand and correctly completed, some states require us to verify that the exemption certificate is valid. To do this we must complete one of the following steps. Note that this requirement is not fulfilled by CSPs and must happen outside automation. Below are examples of the verification processes we must use:

- Verification by phone with a state's department of revenue; 15 states offer only this method. Some put you through phone trees and hold times. Some only man the phones during limited operating hours. For example, Vermont only verifies licenses during phone hours on Mondays or Wednesdays. Sometimes phone lines are down altogether as we experienced for several days in February with New Jersey.
- Verification through a state portal online; we use this method for most other states. New Jersey's verification tool does not function cleanly. The online tool requires a character-by-character matching of a registered business name. Even when we have a copy of the business license and enter the name exactly as shown, verification will often fail and return a message requiring us to call instead.

¹⁹ Multistate Tax Commission , http://www.mtc.gov/getattachment/Resources/Uniform-Sales-Use-Tax-Exemption-Certificate/Uniform-Sales-and-Use-Certificate-3_13_2019.pdf.aspx?lang=en-US

²⁰ Alabama, Colorado, Florida, and Mississippi

- Alabama will not verify licenses unless we register as a seller with the state. We do not meet thresholds there currently but would be required to have exemptions on file immediately if we cross thresholds in the future.

Exemption certificate processing and verification takes at best 15 minutes each, at worst all day when repeated back and forth is required with the client and the state.

In our experience, the rules and regulations in the 50 states change often and unexpectedly. We aren't even certain the benefits of SSTA registration outweigh the costs and may elect to dissolve our membership and only register with member states where we meet nexus thresholds. For these reasons, we validate all submitted exemption certificates for fear of unexpected future liability exposure.

Exemption Certificates Expirations & Renewals

After an exemption certificate has been validated, our customer service team must determine how long the certificate is valid to enter an expiration date on the document or data record. Periods range from one year in Arizona and Florida to indefinite in some states. There is no standard. New Mexico only allows an exemption certificate to be used five times by a customer before we must request a new one. Each month, we must screen our open exemption certificates and request renewals from clients with expiring documents.

Our CSP does not note expirations or track them. We must handle it manually outside the automation. We maintain exemption certificate expiration information in spreadsheets outside our operational enterprise resource planning software and outside sales tax software because neither can support the complexity involved. Our employee documentation on the exemption certificate screening and account set-up process is 11 pages long. Significant human involvement is required. That is not automation.

Exemption Certificate Record Storage

When we are satisfied that an exemption certificate is valid, we must determine which version of the exemption certificate to store for audit requirements. Again, this varies by state according to our research.

- Five departments of revenue require a hard paper copy with a "wet" signature in pen ink (CA, DC, MA, NY, TX)
- Three departments of revenue require printable data (CO, LA, MD)
- Four departments of revenue require data with some special exception (MO & PA with a signature, WA requires verification, NM requires verification with a confirmation code plus a wet signature)
- Twenty-three SSTA member state departments of revenue require only data (AR, GA, IA, IN, KS, KY, MI, MN, NC, ND, NE, NJ, NV, OH, OK, RI, SD, TN, UT, VT, WI, WV, WY)
- Twelve non-SSTA member state departments of revenue require only data (AK, AL, AZ, CT, DE, HI, ID, IL, ME, MS, MT, VA)
- Two departments of revenue do not require anything (NH, OR)

In effect, exemption certificate management burden removes administration costs from state departments of revenue and disburses them to small businesses like ours. It also moves back taxes, penalties, and interest liability away from the entity who is responsible for the tax and onto out-of-state

remote sellers. We should not shoulder the liability for this complicated vetting process when state systems are often poorly conceived and crafted. Whereas, we were once subject to that scrutiny in just Arizona where we have physical presence, we must now be audit-ready for every state in the country.

Recommendations

Based on our daily experiences with implementation, we can offer concrete insights into solutions that would help to alleviate the significant burden on small businesses. Please consider the following suggestions for legislation.

Registration and Filing Recommendations

Some states' filings are easy. For Massachusetts and Maryland, we do not have to report revenues by individual taxing jurisdictions within their borders; instead, we report total sales figures into the state as a whole. These states determine how the remitted sales tax is to be distributed to their taxing jurisdictions. Filing is quick, easy, and reasonable. More states should follow their simplifications.

Taxing software would not be necessary if all state filings were like Massachusetts and Maryland. We could run general sales reports from our accounting software and have all the information we need for sales tax filings. Instead, states with hundreds or thousands of local jurisdictions require that we integrate software to administer their sales taxes for them. As a small business in Arizona, we should not be tasked as unpaid department of revenue surrogates.

- The single most helpful step that could be achieved with Federal intervention would be to allow for a unified tax rate in each state for remote sellers. Currently, court precedent is interpreted to require penny parity for remote sellers and local sellers. This precedent cannot be reconciled with the need to alleviate undue burden for remote sellers juggling up to 12,000 different jurisdiction rates. Texas and Illinois tried this unified rate approach to relieve undue burden, but they face pushback based on demands for penny parity. Compromise is needed.
- Ideally, small businesses could deal with their own home state department of revenue for all remote seller tax obligations. If we could submit a report detailing the taxable sales and sales tax collected for each of the other states to our own Arizona Department of Revenue, they could broker the filings and remittances to the appropriate authorities in each of the other states. This again eliminates the need for certified sales tax software because we could use general sales reporting by state to complete online tax filings. It removes burden from small businesses and obligates states to work together for mutual benefit.
- A second best option would be the simplification of the extraordinarily complex network of tax jurisdictions by requiring a single filing point in each state.
- Each of these recommendations assumes that a single, state-wide, remote seller sales tax rate exists in each of the sales tax collecting states.
- Notification with ample time to implement a software solution should be required. This outreach could come from a federal oversight agency, our own Arizona Department of Revenue on behalf of the other states, or from those states' respective departments of revenue.

Thresholds Uniformity Recommendations

- Testing period definition uniformity – ideally calendar year January – December.

- Threshold criteria definitions:
 - Limit to taxable, retail sales. Gross Receipts capture all businesses including wholesale and manufacturing.
 - Drop transaction count thresholds; low dollar sales quickly obligate sellers to register at a net loss when tackling compliance.
 - Do not include sales on marketplace facilitator sites. Those sales already count towards marketplace facilitator thresholds and should not be double-counted.
- Threshold amounts should be progressively tiered based on the complexity of compliance in the state. Those states with more jurisdictions and filing complexity should have higher thresholds. This approach is more logical than a standardized dollar figure or GDP-based tiers. States with unified rates, a single filing point, and data-based exemption certificates should have lower thresholds. This would incentivize simplification and alleviate remote seller burdens by providing greater safe harbors from the most difficult states.
 - Example Formula for setting Retail Sales Threshold
 - $\$100,000 + \$25,000 \times N = \text{Threshold}$
 - $\$100,000 = \textit{de minimus}$ threshold
 - N = the number of tax jurisdictions + the number of tax rates across those jurisdictions

Software & Liability Recommendations

- If complex software is required to administer state sales taxes, the states should be covering the software subscriptions costs, all filing fees, and integration costs.
- Software companies should be required to meet certain taxpayer protection standards. Error tracking and resolution procedures should be documented and enforced.
- Small businesses should never be subject to liability for back taxes, penalties, and interest from software failures or disruptions.
- If a company chooses to move from one CSP to another, data migration between CSPs must be seamless and free. As it stands right now, we will have to endure another costly integration if we choose to move from TaxCloud to another CSP. We are trapped.
- Prior to *Wayfair*, we faced audit risk with the Arizona Department of Revenue and the Internal Revenue Service (IRS). We now face audit risk with 50 states, the District of Columbia, and the IRS. One audit is a nightmare; how would we handle several? How would we handle several per year? Small businesses need to be shielded from an excessive number of state audits. The Arizona Department of Revenue could be tasked with audit responsibility for all 51 departments of revenue, reporting its findings to the others. Or, a limit could be set on audits per year.
- In the event of a state audit dispute, because of the Tax Anti Injunction Act, our only recourse is to sue that department of revenue in their home state. We do not have the resources for even one lawsuit. We could effectively be extorted into compliance because departments of revenue know that the cost to defend ourselves would be greater than the cost of an aggressive assessment. That is not due process. Small businesses need a path to recourse.

Oversight & Watchdog Recommendations

- Currently, the Multistate Tax Commission (MTC) and the Streamlined Sales Tax Governing Board (SSTGB) dominate the state tax policy debate. They both represent the interests of state governments trying to maximize revenue generation. There is no federal agency that is looking

out for the interests of small business taxpayers in this arena. If small businesses had been included in the discourse in the years prior to *Wayfair*, perhaps this nightmare could have been avoided. There needs to be a federal agency representing our interests and acting as a watchdog. This could be put under the purview of the Small Business Administration's Office of Advocacy or National Ombudsman.

- An oversight agency should have the authority to certify software performance based on both state rates and boundaries standards as well as taxpayer protection measures.
- Small businesses need a single, free agency resource that keeps an up to date reference of all the state sales tax laws in simple language. Sometimes, we must interpret legal statute, which is very difficult to read and understand. Laws seem to change every single month. Small businesses should be relieved of the liability of adjusting to changes that are not properly posted to the unified resource record with an appropriate notification period.

Exemption Certificates Uniformity Recommendations

- Require states to accept data exemption certificates without requiring a signature. Paper records are cumbersome and difficult to manage in the current age of digital transactions.
- Standardize required data fields for exemption. The following should be enough:
 - Business name
 - Owner/officer name
 - License number
 - Reason for exemption
 - Submission date
- If states require a verification step, they should be required to offer a digital interface and API for software integration to automate that process. Phone trees should never be necessary.
- Establish consistent terminology across states. We maintain a matrix guide for employees on all the different terms that each state uses. You need a translator to have conversations with different departments of revenue. It's incredibly confusing.
 - States administer *sales tax, use tax, excise tax, and transaction privilege tax*.
 - States use different terminology to refer to *licenses and permits*. Some states have many types of licenses which causes confusion for both buyers and sellers.
 - Some states use the term *Taxable Sales*. Others use *Retail Sales*. Some states include both wholesale and resale sales in the statutory term "*retail*." Some states say "*exempt*" for sales for resale whereas others only say "*exempt*" for non-profit or government purchasing. It is bewildering to interpret for small business owners. It is easy to get it wrong.
- Require states to issue licenses over a uniform time period. For example, Arizona and Florida issue licenses that expire annually, while other states issue licenses that expire on schedules that range from two, three, or four years to indefinite. The license cycle and expiration cycle should be the same. A solution could be that all states issue five-year licenses. All licenses in a state could expire on December 31, 2020, for example. For the purpose of consistency, any license issued before that date should expire on that date. Any license issued on or after January 1, 2021 would expire on December 31, 2025.
- Allow businesses to use their FEIN on exemption forms. If not their FEIN, then a standard, interstate, federally recognizable license ID format. Multiple licenses and permits in some states make it extremely difficult to know which license numbers are permissible. Some have letters, leading zeroes, or other prefixes. Some include dashes or slashes. Sometimes you must drop

prefixes and special characters to get licenses to verify. Sometimes you don't. Verification often requires multiple attempts to get all the variables right. This adds to burden and confusion for administering sellers.

Related Policy Area Recommendations

- The MTC is working to re-define the 1959 Public Law 86-272. While *Wayfair* was directed at interstate sales tax, there are states that are now applying economic nexus definitions to their income taxes or gross receipts taxes. Federal intervention is needed to ensure the *Wayfair* ruling applies to only sales tax collection efforts.
- We are concerned that any Federal intervention to limit economic nexus will incentivize states to impose aggressive physical presence definitions once again. Congress should revisit adopting the Business Activity Tax Simplification Act (BATSA), which would provide strong guardrails to state actions related to income or gross receipts taxes.
- In a post-*Wayfair* world, the Tax Anti-Injunction Act needs to be reviewed. Small businesses with limited resources have no recourse against aggressive states while this law stands.

Conclusion

Under the best of circumstances, running a small business is not easy. It challenges us every day. In the 47 years we have been operating, we have survived the digital revolution, globalization, recessions, precious metal commodity runs up and back down, and a generational succession; but nothing has shaken us like *Wayfair*. Overnight our compliance burden became 50 times greater as our small business suddenly became subject to the scrutiny of 50 new government entities. We are exhausted. We do not have the skill set or the resources to absorb these new expectations. We have a successful, profitable small business. Yet, we have considered closing because this is simply more than we can handle. We urgently need Federal intervention. We ask the Subcommittee to please elevate this issue to legislation for uniformity to relieve this tremendous burden on small businesses. Thank you and I look forward to taking your questions.

State of Arizona
House of Representatives
Fifty-fourth Legislature
Second Regular Session
2020

HOUSE CONCURRENT MEMORIAL 2006

A CONCURRENT MEMORIAL

URGING THE UNITED STATES CONGRESS TO ENACT UNIFORM NATIONAL LEGISLATION
FOR REMOTE SELLERS TO COLLECT AND REMIT SALES TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 To the Congress of the United States of America:

2 Your memorialist respectfully represents:

3 Whereas, the United States Supreme Court in South Dakota v.
4 Wayfair, Inc. overturned decades of legal precedent, allowing states to
5 require businesses, which are subject to audit, to register and collect
6 and remit taxes on sales from transactions in the state, regardless of
7 physical presence; and

8 Whereas, the Wayfair decision greatly impacts remote sellers, which
9 are generally small businesses that have a physical presence in one state
10 but sell tangible property, digital products or taxable services for
11 delivery into other states; and

12 Whereas, the decision led almost every state to enact laws requiring
13 remote sellers to collect sales tax for states where the sellers conduct
14 business; and

15 Whereas, the decentralized nature of the internet and
16 destination-based sourcing requirements make remote sellers uniquely
17 susceptible to numerous conflicting and complex tax requirements across a
18 patchwork of thousands of state and local taxing jurisdictions, causing
19 business-development obstacles and making commerce cumbersome for both
20 sellers and consumers; and

21 Whereas, this labyrinth of state laws includes differing sales or
22 transaction thresholds, tax rates, categories of goods that are taxed and
23 start dates for collecting sales taxes; and

24 Whereas, the Supreme Court also stated in Wayfair that "Congress may
25 legislate to address these problems if it deems it necessary and fit to do
26 so"; and

27 Whereas, clarity and uniformity are necessary to streamline sales
28 tax collection, alleviate confusion for remote sellers, simplify tax
29 administration and reduce the burden of tax compliance; and

30 Whereas, Congress has proposed legislation to address these issues,
31 including requirements related to tax rates, a timeline for tax
32 collection, a phase-in of compliance obligations, remission standards and
33 small business exemptions.

34 Wherefore your memorialist, the House of Representatives of the State of
35 Arizona, the Senate concurring, prays:

36 1. That the United States Congress enact uniform national
37 legislation to simplify sales tax or similar tax collection to reduce the
38 burden of tax compliance on remote sellers.

39 2. That the Secretary of State of the State of Arizona transmit a
40 copy of this Memorial to the President of the United States Senate, the
41 Speaker of the United States House of Representatives and each Member of
42 Congress from the State of Arizona.

State of Arizona
Senate
Fifty-fourth Legislature
Second Regular Session
2020

SENATE CONCURRENT MEMORIAL 1003

A CONCURRENT MEMORIAL

URGING THE UNITED STATES CONGRESS TO ENACT UNIFORM NATIONAL LEGISLATION
FOR REMOTE SELLERS TO COLLECT AND REMIT SALES TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 To the Congress of the United States of America:

2 Your memorialist respectfully represents:

3 Whereas, the United States Supreme Court in South Dakota v.
4 Wayfair, Inc. overturned decades of legal precedent, allowing states to
5 require businesses, which are subject to audit, to register and collect
6 and remit taxes on sales from transactions in the state, regardless of
7 physical presence; and

8 Whereas, the Wayfair decision greatly impacts remote sellers, which
9 are generally small businesses that have a physical presence in one state
10 but sell tangible property, digital products or taxable services for
11 delivery into other states; and

12 Whereas, the decision led almost every state to enact laws requiring
13 remote sellers to collect sales tax for states where the sellers conduct
14 business; and

15 Whereas, the decentralized nature of the internet and
16 destination-based sourcing requirements make remote sellers uniquely
17 susceptible to numerous conflicting and complex tax requirements across a
18 patchwork of thousands of state and local taxing jurisdictions, causing
19 business-development obstacles and making commerce cumbersome for both
20 sellers and consumers; and

21 Whereas, this labyrinth of state laws includes differing sales or
22 transaction thresholds, tax rates, categories of goods that are taxed and
23 start dates for collecting sales taxes; and

24 Whereas, the Supreme Court also stated in Wayfair that "Congress may
25 legislate to address these problems if it deems it necessary and fit to do
26 so"; and

27 Whereas, clarity and uniformity are necessary to streamline sales
28 tax collection, alleviate confusion for remote sellers, simplify tax
29 administration and reduce the burden of tax compliance; and

30 Whereas, Congress has proposed legislation to address these issues,
31 including requirements related to tax rates, a timeline for tax
32 collection, a phase-in of compliance obligations, remission standards and
33 small business exemptions.

34 Wherefore your memorialist, the Senate of the State of Arizona, the House
35 of Representatives concurring, prays:

36 1. That the United States Congress enact uniform national
37 legislation to simplify sales tax or similar tax collection to reduce the
38 burden of tax compliance on remote sellers.

39 2. That the Secretary of State of the State of Arizona transmit a
40 copy of this Memorial to the President of the United States Senate, the
41 Speaker of the United States House of Representatives and each Member of
42 Congress from the State of Arizona.

Summary of Costs to Halstead since the Wayfair Decision through January 2020

\$ Spent on Compliance Through January 2020^	\$ 183,500.25
Sales Tax Collected by Halstead Through January 2020*	\$ 79,423.59

We have spent \$2.31 for every \$1.00 we have collected in Sales Tax

We are a small company of 27 employees, meaning we have spent \$6,796.31 per employee to collect sales tax so far

1) One-Time Expenses

Software Integration (Consulting fees to integrate with our ERP)	\$ 9,457.50
Back Taxes to Hawaii (July-September)	\$ 797.52
Billing Discrepancies	\$ 89.40
Postage for Customer Notices (collecting exemption certificates)	\$ 1,875.00
Sales Tax Legal and Professional Services	\$ 30,245.66
Total One-Time Expenses	\$ 42,465.08

2) Costs to Date for Halstead

Labor	\$ 138,192.64
Gross Receipts Taxes to CA & WA States	\$ 4,058.30
TaxCloud Monthly Fees**	\$ 2,842.53
One-Time Upfront Expenses (from section 1)	\$ 42,465.08
Total Expense To Date	\$ 187,558.55

3)

Ongoing Monthly Expenses Into the Foreseeable Future

Labor	\$ 6,260.79
TaxCloud Monthly Fees (approximation due to inconsistent monthly billing)	\$ 100.00
Ongoing Monthly Expenses	\$ 6,360.79

Annualized Monthly Expenses Moving Forward \$ 76,329.51

Equal to \$2,827.02 per employee per year

^Compliance Costs equal to Total Expense less Gross Receipts Tax to CA & WA States

*Launched sales tax software October 16, 2018. Effective date for most states was Oct. 1, 2018.

**These fees are low after considerable negotiation plus manually filing for states where fees would be very high.

Cost to Collect		\$ 183,500.25	Through January 31, 2020
State	Sales Tax Collected Cumulative	Average Cost per State	Cost Exceeds Collection
AR	\$ 547.98	\$ 5,734.38	YES
*CA	\$ 9,617.01	\$ 5,734.38	
GA	\$ 4,403.95	\$ 5,734.38	YES
*HI	\$ 4,178.92	\$ 5,734.38	YES
IA	\$ 893.04	\$ 5,734.38	YES
*IL	\$ 1,843.66	\$ 5,734.38	YES
IN	\$ 3,241.45	\$ 5,734.38	YES
KS	\$ 2,980.40	\$ 5,734.38	YES
KY	\$ 558.71	\$ 5,734.38	YES
*MA	\$ 2,297.60	\$ 5,734.38	YES
*MD	\$ 944.80	\$ 5,734.38	YES
MI	\$ 2,923.06	\$ 5,734.38	YES
MN	\$ 1,622.71	\$ 5,734.38	YES
NC	\$ 4,307.24	\$ 5,734.38	YES
ND	\$ 54.53	\$ 5,734.38	YES
NE	\$ 261.67	\$ 5,734.38	YES
NJ	\$ 4,828.39	\$ 5,734.38	YES
NV	\$ 1,971.18	\$ 5,734.38	YES
*NY	\$ 3,738.43	\$ 5,734.38	YES
OH	\$ 2,530.07	\$ 5,734.38	YES
OK	\$ 3,158.40	\$ 5,734.38	YES
*PA	\$ 3,339.40	\$ 5,734.38	YES
RI	\$ 764.91	\$ 5,734.38	YES
SD	\$ 406.61	\$ 5,734.38	YES
TN	\$ 3,951.82	\$ 5,734.38	YES
UT	\$ 1,889.63	\$ 5,734.38	YES
*VA	\$ 976.48	\$ 5,734.38	YES
VT	\$ 565.52	\$ 5,734.38	YES
WA	\$ 8,113.47	\$ 5,734.38	
WI	\$ 1,986.60	\$ 5,734.38	YES
WV	\$ 402.75	\$ 5,734.38	YES
WY	\$ 123.20	\$ 5,734.38	YES
SST States Total	\$ 52,487.29	24 States	AR, GA, IA, IN, KS, KY, MI, MN, NC, ND, NE, NJ, NV, OH, OK, RI, SD, TN, UT, VT, WA, WI, WV, WY
Non-SST States Total (*)	\$ 26,936.30	8 States	CA, HI, IL, MA, MD, NY, PA, VA
Total	\$ 79,423.59		
In 30 states, we have spent more to collect than we remit			

Subject: [TaxCloud Customer Service] Re: This is a follow-up to your previous request #18514 "TaxCloud Services-Unable to..." Hi Jenny, I hate to be a pest, but I am still learning th...

Date: Tuesday, November 27, 2018 at 4:37:20 PM Mountain Standard Time

From: TaxCloud Service

To: Bradley Scott

Please type your reply above this line

Your request ([#19100](#)) has been updated. Reply to this email or follow the link below:

<http://service.taxcloud.net/hc/requests/19100>

Herschell Maxwell (TaxCloud Customer Service)

Nov 27, 6:37 PM EST

Hi Robert,

Thank you for reaching out to TaxCloud Support; I hope all is well.

After reviewing your account it appears that TaxCloud has filed your October sales tax.

To view this data please visit the following link: <https://prev.taxcloud.com/>

Login here and you will be able to see what TaxCloud has filed for you.

I'm currently unsure as to why your account is not showing the most updated information but, I will be forwarding your account to our development team for further investigation.

If you have any other questions regarding our services, please let me know.

Please Note: You can still reply to this email, even if it's marked as "solved" to get a response.

Best regards,

Herschell Maxwell, Customer Success Agent | TaxCloud Support

Robert Scott

Nov 26, 1:31 PM EST

I just received this today. Was our filing processed?

This is a reminder that the Nevada Tax Return needs to be filed as follows –

For Sales or Use Tax (SUT/BUS):

If you file monthly, your return is due, on or before, the last day of the month following the month for which you are reporting.

If you file quarterly, your return is due, on or before, the last day of the month following the quarter for which you are reporting.

If you file annually, your return is due, on or before, the last day of the month following the year for which you are reporting.

For Modified Business Tax (MBT):

Your return is due on or before the last day of the month following the quarter for which you are reporting.

Please be aware that, even if you have no sales to report, you must file a zero return with the department, either online or using a paper return.

Please be aware that you can also file these returns electronically by registering to use our interactive website, NevadaTax. You can access NevadaTax, by clicking on the following link:

<https://www.nevadatax.nv.gov/web/>

If you prefer to print paper returns, and mail them, returns are available on our website, by clicking on the following link: <http://tax.nv.gov/Forms/>

For general tax information, the State of Nevada, Department of Taxation website can be reached by clicking on the following link: <http://tax.nv.gov/> Or, contact our Call Center at (866) 962-3707.

*** Please do not reply to this email since this email address is not monitored ***

From: TaxCloud Service [mailto:service@taxcloud.net]

Sent: Monday, November 26, 2018 9:39 AM

To: Bradley Scott

Subject: [Request received] This is a follow-up to your previous request [#18514](#) "TaxCloud Services-Unable to..." Hi Jenny, I hate to be a pest, but I am still learning th...

Robert Scott

Nov 26, 11:38 AM EST

This is a follow-up to your previous request [#18514](#) "TaxCloud Services-Unable to..."

Hi Jenny,

I hate to be a pest, but I am still learning the ropes. When will the states debit our account for

the sales taxes we collected in October? I still haven't seen any action. Thank you.

Cheers,

Robert

This email is a service from TaxCloud Customer Service.



STATE OF TENNESSEE
DEPARTMENT OF REVENUE

Final Demand for Payment

April 25, 2019



HALSTEAD BEAD INC
6650 INTER CAL WAY
PRESCOTT AZ 86301-6151

Letter ID: L0378804480
Case Number: 563273
Amount Due: \$38.22

The Department previously notified you of an outstanding tax liability. The amount due as indicated above represents the original amount due plus accrued interest through the date of this letter. Penalty and interest will continue to accrue until the liability is paid. For your current balance, please refer to your Tennessee Taxpayer Access Point (TNTAP) account at tntap.tn.gov/eservices.

Details of the amount due are attached.

Pursuant to the Tax Enforcement Procedures Act, Tenn. Code Ann. Section 67-1-1405, failure to respond or render payment within ten days of the receipt of this notice **may result in collection action, including the levy and seizure of the taxpayer's real or tangible property, bank accounts, monies, and accounts receivable.** If the taxpayer operates as a business, failure to respond or render payment within ten days of the receipt of this notice **may also result in the business being seized, closed, and padlocked pursuant to Tenn. Code Ann. Section 67-1-1410.**

You may make your payment at tntap.tn.gov/eservices or make your check payable to TENNESSEE DEPARTMENT OF REVENUE and mail it to the address listed below. Please write your account number on your check and return this page with your payment.

PYM
222



TENNESSEE DEPARTMENT OF REVENUE
500 DEADERICK STREET
ANDREW JACKSON STATE OFFICE BUILDING
NASHVILLE TN 37242

bL0027 - 17745312006
COLPYM

HALSTEAD BEAD INC
6650 INTER CAL WAY
PRESCOTT AZ 86301-6151

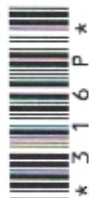
LETTER ID: L0378804480
CUSTOMER ID: XX-XXX0030
AMOUNT DUE: \$38.22

AMOUNT PAID:



Filing Period	Tax	Interest	Penalty	Payments	Balance	Return Filed
1001358111-SST	Streamlined Sales and Use Tax					
30-Nov-2018	\$284.37	\$5.04	\$15.00	(\$284.37)	\$20.04	Yes
31-Dec-2018	\$323.76	\$3.18	\$15.00	(\$323.76)	\$18.18	Yes
<u>Subtotal</u>					\$38.22	
			Total		\$38.22	

Best Information Assessment



4-2975316-0-089



HALSTEAD BEAD INC
HALSTEAD BEAD INC
6650 INTER CAL WAY
PRESCOTT AZ 86301-6151



RID: 307394
License No: 24030692 A
Notice Id: 2975316
Notice Date: 04/02/2019
6 1241

Filing Period
12/01/2018 to 12/31/2018

Due Date
01/31/2019

Amount of Tax Assessment: \$100.00

You are delinquent in filing your return for the time period indicated above. Per Wyoming Statutes 39-15-107 and 39-16-107 ...the department shall make a return from the best information available which will be prima facie correct and the tax due therein is a deficiency and subject to penalties and interest as provided by this article. Therefore, we are filing a return on your behalf. This assessment has been posted as a tax deficiency on your account.

Failure to submit your true return and payment within 10 days will result in the following collection action: lien filings on all your real and personal property, referral to an outside collection agency and/or to the Attorney General's Office for further action or revocation of your Sales and Use Tax license.

This is a final administrative decision of the Department of Revenue and is subject to appeal. Appeals must be filed with the State Board of Equalization within thirty (30) days of the final administrative decision at issue or of the date of mailing of the final administrative decision as evidenced by a postmark, whichever is later. Appeals should be sent to the Board in care of the Executive Secretary, 2300 Capitol Avenue, 1st Floor Hathaway Building, Room 124, PO Box 448, Cheyenne, Wyoming 82003-0448. Appeals should briefly state the issues upon which the appeal is based, the contentions of the petitioner, the relief desired, and be accompanied by a copy of this notice. Appeals should also contain your phone number and mailing address and that of your attorney or other representative. You may review the Board's rules at http://taxappeals.state.wy.us/board_rules.html.

For more information contact the Department of Revenue at the address or phone number shown below.

Wyoming Department of Revenue, Excise Tax Division, 122 West 25th Street, Herschler Bldg., Cheyenne WY 82002-0110
Phone: (307) 777-5541 Fax: (307) 777-3632 Web: <http://revenue.wyo.gov> E-mail: dor@wyo.gov



Arizona Form 5000A

Arizona Resale Certificate

- Use this form to purchase tangible personal property for resale in the ordinary course of business.
- Wholesalers must have a Transaction Privilege Tax ("TPT") or other state's Sales Tax License to purchase tangible personal property for resale.

This Certificate is prescribed by the Department of Revenue pursuant to A.R.S. § 42-5022. The purpose of the Certificate is to document the purchase of tangible personal property for resale in the purchaser's regular course of business. It is to be filled out completely by the purchaser and furnished to the vendor. The vendor shall retain this Certificate for single transactions or for specified periods as indicated below. This Certificate shall be obtained from the purchaser at the time of the sale. Incomplete Certificates are not considered to be accepted in good faith.

A. Business Name and Address:			B. Check Applicable Box:	
Name	*TPT/Sales Tax License No.		<input type="checkbox"/> Single Transaction Certificate	
Address			<input type="checkbox"/> Period From _____ Through _____	
City	State	ZIP Code	<i>(You must choose specific dates for which the certificate will be valid. You are encouraged not to exceed a 12 month period. However, a certificate will be considered to be accepted in good faith for a period not to exceed 48 months if the vendor has documentation the TPT license is valid for each calendar year covered in the certificate.)</i>	
Vendor's Name				

C. Precise Nature of Purchaser's Business:

D. Description of Property Being Purchased:

E.
The following sales of tangible personal property do not require the purchaser to provide a TPT or other Sales Tax License (check appropriate box):

- Sales to the U.S. government or its departments or agencies for resale (purchased directly by the Federal Government).
- Sales to an unlicensed Arizona School District for resale (purchased directly by the school district).
- Sales to a nonprofit charitable I.R.C. § 501(c)(3) organization for resale. (Attach I.R.S. determination letter to this form.)
- Sales to a nonprofit charitable I.R.C. § 501(c)(3), (c)(4), or (c)(6) organization associated with a major league baseball team or a national professional golfing association for resale. (Attach I.R.S. determination letter to this form.)
- Sales to a nonprofit charitable I.R.C. § 501(c)(3), (c)(4), (c)(6), (c)(7), or (c)(8) organization that sponsors a rodeo featuring farm and ranch animals for resale. (Attach I.R.S. determination letter to this form.)
- Sales to a nonprofit charitable I.R.C. § 501(c)(6) organization that produces, organizes, or promotes a cultural or civic related festival or event - for resale. (Attach I.R.S. determination letter to this form.)

F. Certification
A seller that has reason to believe that this Certificate is not accurate, complete, or applicable to the transaction may not accept the Certificate in good faith and the seller will not be relieved of the burden of proving entitlement to the exemption from tax. A seller that accepts a Certificate in good faith will be relieved of the burden of proof and the purchaser may be required to establish the accuracy of the claimed exemption from tax as provided in A.R.S. § 42-5009. Subsequent use or consumption of the tangible personal property by the purchaser other than sale in the ordinary course of business will subject the purchaser to the Arizona use tax. Willful misuse of this Certificate will subject the purchaser to criminal penalties of a felony pursuant to A.R.S. § 42-1127(B).

I, (print full name) _____, hereby certify that these purchases are for resale in the ordinary course of business and that the information on this Certificate is true, accurate and complete. Further, if purchasing as an agent or officer, I certify that I am authorized to execute this Certificate on behalf of the purchaser named above.

SIGNATURE OF PURCHASER _____ TITLE _____ DATE _____

Streamlined Sales Tax Agreement Certificate of Exemption

Do not send this form to the Streamlined Sales Tax Governing Board. Send the completed form to your supplier and keep a copy for your records.

This is a multi-state form. Not all states allow all exemptions listed on this form. Purchasers are responsible for knowing if they qualify to claim exemption from tax in the state that would otherwise be due tax on this sale. The seller may be required to provide this exemption certificate (or the data elements required on the form) to a state that would otherwise be due tax on this sale.

The purchaser will be held liable for any tax and interest, and possible civil and criminal penalties imposed by the member state, if the purchaser is not eligible to claim this exemption. A seller may not accept a certificate of exemption for an entity-based exemption on a sale made at a location operated by the seller within the designated state if the state does not allow such an entity-based exemption.

1. Check if you are attaching the Multistate Supplemental form.

If not, enter the two-letter abbreviation for the state under whose laws you are claiming exemption.

2. Check if this certificate is for a Single Purchase Certificate. Enter the related invoice/purchase order # _____.

3. A. Name of purchaser

B. Business address _____ City _____ State _____ Zip code _____

C. Purchaser's tax ID number _____ State of Issue _____ Country of Issue _____

D. If no tax ID number, enter one of the following: FEIN _____

E. Driver's License Number/State Issued ID number _____ State of Issue _____

F. Foreign diplomat number _____

G. Name of seller from whom you are purchasing, leasing or renting _____

H. Seller's address _____ City _____ State _____ Zip code _____

Print or type

4. Purchaser's Type of business. Circle the number that best describes your business.

Circle type of business

- | | |
|---|---------------------------------------|
| 01 Accommodation and food services | 11 Transportation and warehousing |
| 02 Agriculture, forestry, fishing, hunting | 12 Utilities |
| 03 Construction | 13 Wholesale trade |
| 04 Finance and insurance | 14 Business services |
| 05 Information, publishing and communications | 15 Professional services |
| 06 Manufacturing | 16 Education and health-care services |
| 07 Mining | 17 Nonprofit organization |
| 08 Real estate | 18 Government |
| 09 Rental and leasing | 19 Not a business |
| 10 Retail trade | 20 Other (explain) _____ |

5. Reason for exemption. Circle the letter that identifies the reason for the exemption.

Circle or check reason for exemption

- | | |
|--|---|
| A Federal government (Department) _____ | H Agricultural Production # _____ |
| B State or local government (Name) _____ | I Industrial production/manufacturing # _____ |
| C Tribal government (Name) _____ | J Direct pay permit # _____ |
| D Foreign diplomat # _____ | K Direct Mail # _____ |
| E Charitable organization # _____ | L Other (Explain) _____ |
| F Religious organization # _____ | M Educational Organization # _____ |
| G Resale # _____ | |

6. I declare that the information on this certificate is correct and complete to the best of my knowledge and belief.

Sign here

Signature of authorized purchaser _____ Print name here _____ Title _____ Date _____

Name of Purchaser

State	Reason for exemption	Identification number (if required)
AR		
GA		
IA		
IN		
KS		
KY		
MI		
MN		
NC		
ND		
NE		
NJ		
NV		
OH		
RI		
OK		
SD		
TN		
UT		
VT		
WA		
WI		
WV		
WY		

SSUTA Direct Mail provisions are not in effect for Tennessee.

The following nonmember states will accept this certificate for exemption claims that are valid in their respective state. SSUTA Direct Mail provisions do not apply in these states.

State	Reason for exemption	Identification number (if required)
XX		
XX		
XX		
XX		
XX		