

ONLINE MARKETPLACE SELLER VOLUNTARY DISCLOSURE INITIATIVE



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**NASBO Fall Meeting
Alexandria, Virginia
October 6, 2017**

WHAT IS AN ONLINE MARKETPLACE SELLER?

- Contractual relationship with marketplace facilitator
- Inventory sent to marketplace facilitator's warehouse/fulfillment center
- Merchandise advertised on marketplace facilitator's website
- Marketplace facilitator takes order, handles payment, shipping, and returns
- Marketplace facilitator collects sales/use tax if directed by seller, turns collected tax over to seller, who is responsible for remitting and filing returns

HOW MANY ONLINE MARKETPLACE SELLERS ARE THERE?

- Marketplacepulse.com: over 5 million online sellers
- Over 45,000 FBA sellers with gross sales of \$100,000/yr.
- 51% of sales on Amazon's website are by its third-party sellers (est. 70% in 5-7 yrs)
- Amazon now collects sales/use tax on its direct sales in all states imposing sales/use tax, but not on FBA seller sales unless directed to

MTC ONLINE MARKETPLACE SELLER VOLUNTARY DISCLOSURE INITIATIVE

- **Participating: Alabama, Arkansas, Colorado, Connecticut, District of Columbia, Florida, Idaho, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Minnesota, Missouri, Nebraska, New Jersey, North Carolina, Oklahoma, Rhode Island, South Dakota, Tennessee, Texas, Utah, Vermont, and Wisconsin**
- **Application Period: August 17-October 17**
- See www.mtc.gov

QUALIFYING CRITERIA

- Nexus from inventory in marketplace facilitator warehouse/fulfillment center
- Applies anonymously, discloses identity after state signs voluntary disclosure agreement
- Registers with state to collect sales/use tax on sales beginning December 1, 2017
- Commences filing state income tax returns starting with tax year 2017

BENEFITS TO ONLINE MARKETPLACE SELLER

- Waiver of back tax liability for sales/use and franchise/income taxes (except Colorado, Massachusetts, Minnesota, Wisconsin, which require lookback periods)
- States agree not to disclose taxpayer's identity to other taxing jurisdictions, except as required by law or pursuant to intergovernmental exchange of information agreement (but no blanket requests)

BENEFITS TO PARTICIPATING STATES

- Reduce amount of uncollected sales/use tax revenue going forward
- Add a new taxpayer to the tax rolls
- Increase voluntary compliance with minimal administrative cost

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