

Discussion Draft Sales Tax Fairness

Potential compromise proposal: Federal legislation would give the states the option of selecting from two different proposals that would grant them authority to collect sales taxes on sales into their states by out of state vendors. The first proposal would mirror the Main Street Fairness Act, but would specify the size of the small business exception and the amount of the collection allowance. The second proposal would overturn *Quill* for sales and use tax nexus only and would contain 4 of the most-needed simplifications that are in MSFA. This second proposal would contain a higher collection allowance to offset vendor costs because of lack of simplification.

Option A

- Incorporates Main Street Fairness Act
- Small business exception
 - \$500,000 in nationwide [remote](#) sales
 - \$25,000 per state exception (seller would not have to collect for a particular state if [remote](#) sales in that state are less than \$25,000)
- 1% collection allowance

Option B

- Overturn *Quill* for sales and use tax only
- Provide safe harbor protection for sellers against class action lawsuits and contingency fee audits
- [Option for eC](#)entralized registration and remittance of tax [for each state](#)
- Uniform statewide base
- [\[Uniform definitions of products and services\]](#)
- Small business exception (same as above)
 - \$500,000 in nationwide [remote](#) sales
 - \$25,000 per state exception
- Collection allowance
 - 2.5% for companies with sales in excess of \$10 million
 - 7.5% for companies with sales less than \$10 million