

Current  
State Tax  
Nexus Issues  
and MTC  
Activities

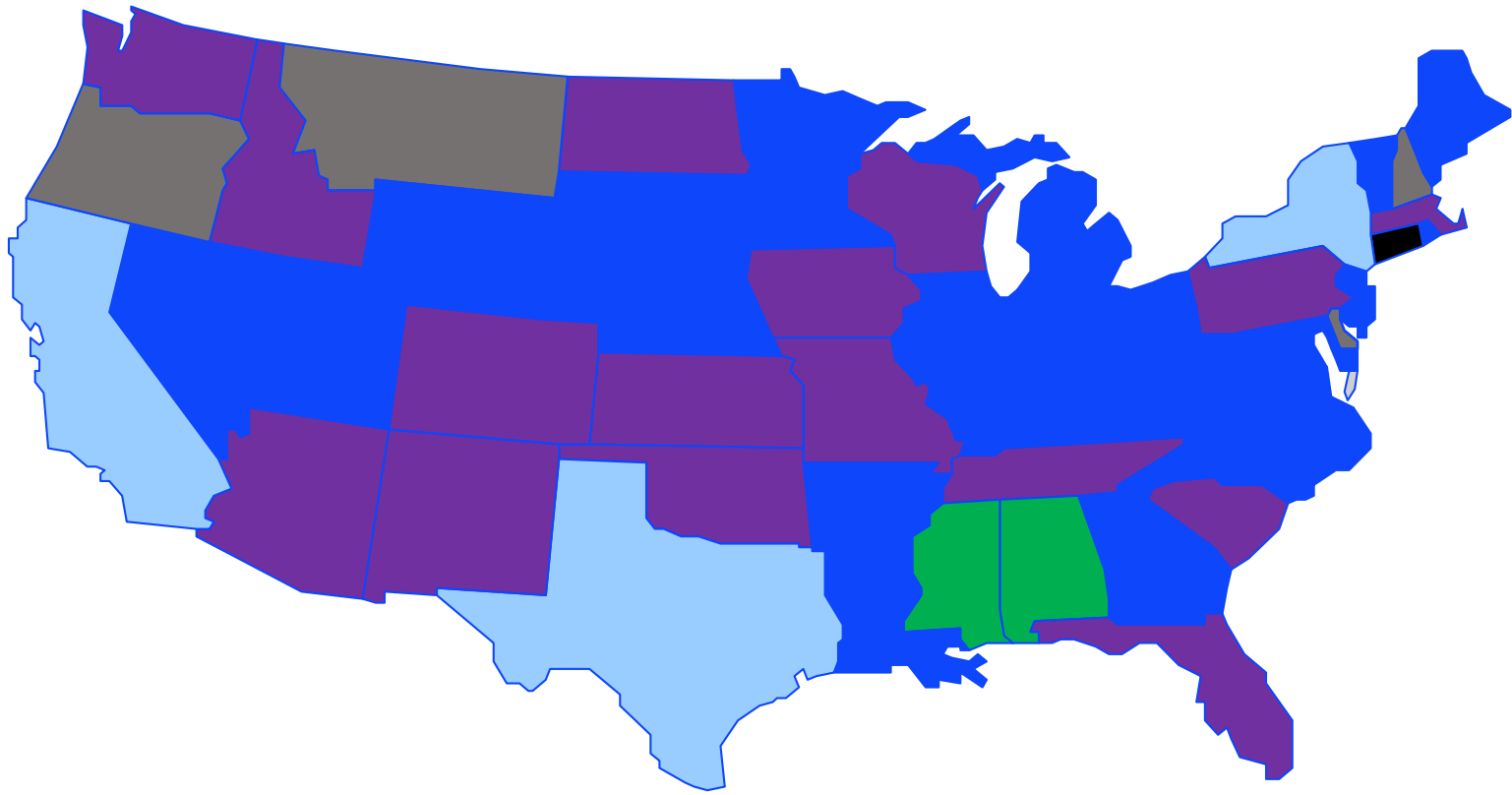
# New Mexico Legislative Finance Committee Meeting July 22, 2021

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# Sales/Use Tax Economic Nexus Thresholds

As of July 1, 2021



- > \$100,000 sales/200 transactions
- > \$100,000 sales
- > \$500,000 sales
- No Sales Tax

■ > \$250,000 sales

Alaska local gov ■  
 Hawaii, DC ■  
 > \$100,000 & 200 trans ■  
 Note: MO eff 1/1/23

# Sales/use tax economic nexus legislation 2021

## Florida

Florida SB 50 signed by governor 4/19/2021, \$100,000 threshold, also marketplace facilitator collection, 911 tax collection, eff. 7/1/2021

## Kansas

Governor's veto of SB 50 overridden 5/3/21 of Kansas SB 50, \$100,000 threshold eff. 7/1/2021, also marketplace facilitator tax collection, transient guest tax collection 1/1/2022; 911 fees collection eff. 4/1/2022

## Maine

2021 H891, effective 7/1/2022, eliminated 200 transactions economic nexus threshold

## Missouri

Missouri SB 153/97 \$100,000 threshold, also marketplace facilitator collection, both eff. 1/1/2023

## Wisconsin

AB 2, section 115 enacted, repealing 200 transactions threshold.



# Local Sales Tax Simplification

**Alabama** Simplified Sellers Use Tax—flat rate for remote sellers

**Texas** Comptroller—flat rate for remote sellers

**Alaska** Remote Seller Sales Tax Commission--centralized administration of some “home rule” local taxes; eff. 2/1/21, Municipality of Anchorage adopted ARSSTC code for alcohol beverage sales tax. *Checkpoint*, State Tax Update 2/8/21

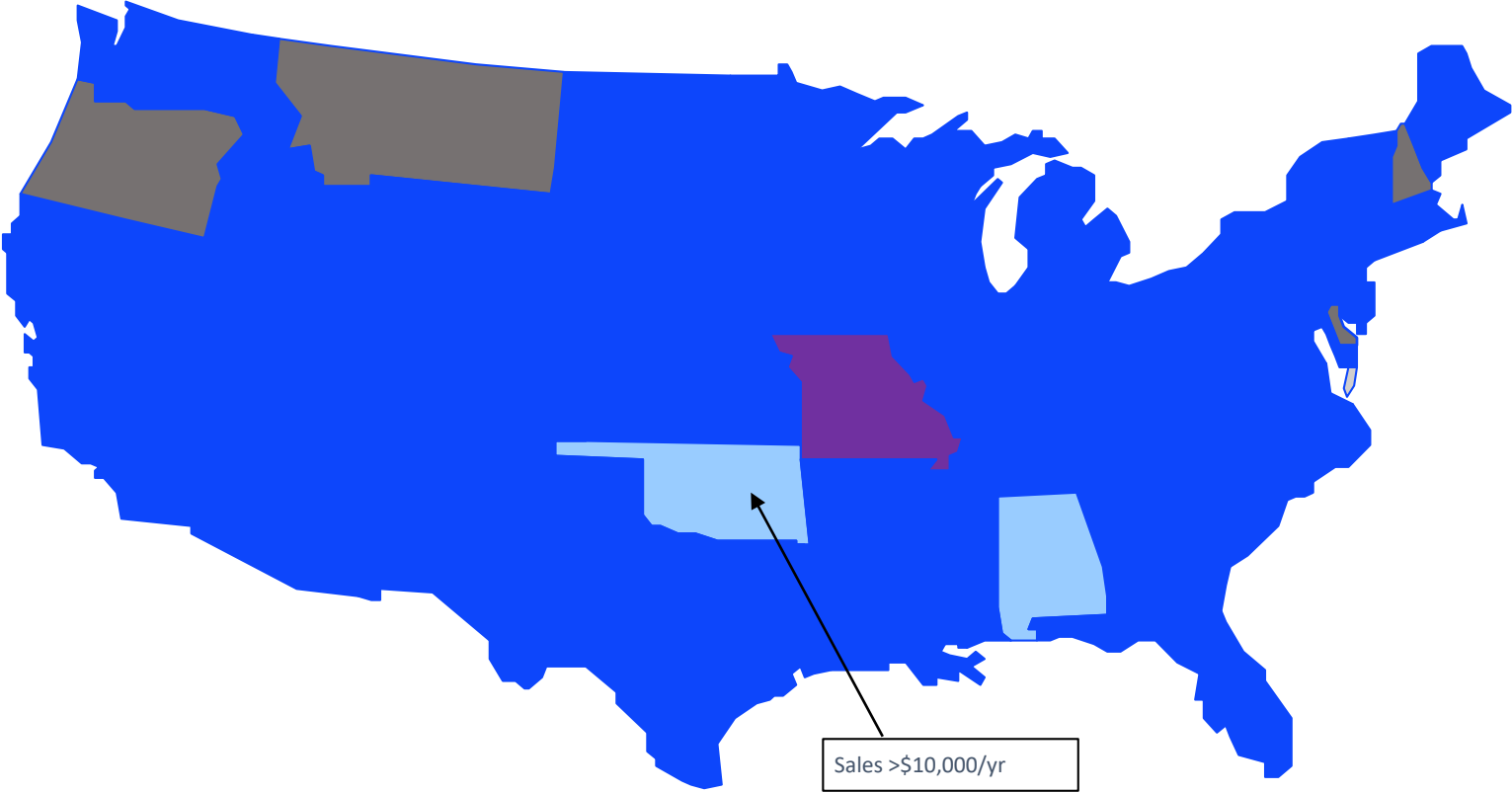
**Colorado** Department of Revenue--Sales and Use Tax System (SUTS), “one-stop” portal for remote sellers to file returns for state and participating “home rule” local jurisdictions. Two-thirds of home-rule munis have joined as 2/22/21. Destination sourcing is in effect 7/1/21 (exception for small businesses extended to 2/1/22).

**Louisiana** Sales and Use Tax Commission for Remote Sellers—centralized administration of “home rule” local taxes; HB 199 enacted: vote on 10/9/21 for constitutional amendment to centralize administration of local sales/use taxes

**New Mexico**—implementation of destination sourcing for gross receipts tax eff. 7/1/21

# Marketplace Collection Requirements

As of July 1, 2021



- Marketplace collection requirement
- Effective 1/1/23
- Collect-or-report
- No Sales Tax

- Alaska
- Hawaii
- District of Columbia

# Enacted bills in 2021 broadening marketplace facilitator tax collection

- **Arizona** SB 1720 imposing TPT on peer-to-peer car sharing programs
- **Connecticut** H6629 E911 fee eff. 7/1/2022
- **Florida** SB 50 \$100,000 threshold eff. 7/1/2021, E911 fee, waste tire fee, lead-acid battery fee eff. 4/1/2022
- **Georgia** HB 317 includes “marketplace facilitators” in definition of “innkeepers,” imposing obligation to collect \$5 hotel and motel fee eff. 7/1/2021
- **Kansas** SB 50 \$100,000 threshold eff. 7/1/2021, collect transient guest tax eff. 1/1/2022, collect E911 fees 4/1/2022, veto overridden 5/3/2021
- **Missouri** SB 153/97 \$100,000 threshold, collection eff. 1/1/2023
- **Montana** SB 52 imposing collection obligation on short-term rental markets for lodging facility use tax and sales tax on lodging and rental cars eff. 10/1/2021
- **Nevada** AB 363 lodging tax eff. 7/1/2022; SB 389 imposing fee collection duties on peer-to-peer car sharing programs eff. 10/1/2021
- **Oklahoma** SB 355 imposing vehicle rental tax on peer-to-peer car sharing platforms eff. 11/1/2021
- **Texas** SB 477 wireless 911 fee and lead-acid battery fee eff. 7/1/2022
- **West Virginia** SB 270 hotel occupancy tax eff. 1/1/2022
- **Wisconsin** Act 55 local room taxes eff. 7/1/2021



# Remote Worker Nexus Issues

- Presence of a remote worker working from home in a state may cause income tax and sales/use tax nexus for the out-of-state employer in the remote worker's state of residence.
- During the pandemic with stay-home orders in effect, out-of-state workers that normally commuted to work across state borders to their employer's location instead worked from home. Does the presence of those remote workers who worked in their states of residence give the employer nexus in those states? Can the employer's state still impose income tax on the out-of-state remote workers' salary income?
- What happens after the pandemic—back to status quo?
- Should states consider incentives to attract remote workers?

# MTC Uniformity Committee Project on State Taxation of Partnerships

Work group considering:

- 1.Sourcing of partnership operating income and partnership items for state tax purposes;
- 2.Sourcing and taxation of gains and losses from the sale of partnership interests;
- 3.Entity level taxation issues including transfer pricing or combined filing issues; and
- 4.Other administrative and enforcement issues including information reporting and withholding.



# **MTC Uniformity Standing Subcommittee recommending project on study of digital products taxation**

- “Digital products” encompasses products existing by digital or electronic technologies that are not physical property or traditional services and includes digital “services.”
- A growing number of states have imposed (or considered imposing) sales/use taxes on digital products, as states’ sales tax bases shrink.
- Project will include preparing a white paper on sales taxation of digital products, identifying potential best practices and areas for increased uniformity.

# MTC multistate voluntary disclosure program

- 38 participating states (including New Mexico), plus D.C. (see our website)
- Provides a way for nonfilers to resolve past due tax liabilities with multiple states through one process
- Applications are submitted online to staff anonymously and remain anonymous until voluntary disclosure agreement is reached
- More information at [www.mtc.gov](http://www.mtc.gov) under “Nexus”