



444 North Capitol St., NW
Suite 425
Washington, DC 20001-1538
Telephone: 202.650.0300

www.mtc.gov

**National Nexus Program (NNP) Director's Report for 1st Quarter, FY 2018
Update on Online Marketplace Seller Voluntary Disclosure Initiative
November 15, 2017
Hotel Monteleone
214 Royal Street
New Orleans, Louisiana
Union, Justice and Confidence
1812**

Multistate Voluntary Disclosure Program (MVDP)

This First Quarter FY 2018 results (July 1, 2017, through September 30, 2017) are provided below.

- Nexus states' collections: \$1,792,826 (\$19,664,097 in all FY 2017)
- Nexus states' executed contracts: 49 (431 in all FY 2017)
- Nexus states' average contract value: \$36,588 (FY 2017: \$45,624)

The above amounts include funds received by the Commission or paid by the taxpayer directly to the states and reported to the Commission. Interest on back tax paid and the value of a new taxpayer are not included.

Online Marketplace Seller Voluntary Disclosure Initiative

At its July 31, 2017 meeting in Louisville, the Nexus Committee approved moving forward with the online marketplace seller voluntary disclosure initiative. A total of 25 states, including D.C., are participating in the initiative. Most of the participating states are offering waiver of back tax liability for both sales/use tax and income/franchise tax to online marketplace sellers with nexus as a result of inventory or other nexus-creating activity by the marketplace facilitator on behalf of the seller, if the seller registers to collect sales/use tax and file income tax returns prospectively. Four of the participating states require lookback periods. The initial application period

was set for August 17 to October 17, 2017, with sellers to be registered to collect by December 1, 2017. On October 11, the Nexus Committee conducted an emergency meeting by teleconference to address requests to extend the deadlines. The Committee extended the application deadline to November 1 and changed the registration deadline (date seller needs to send to MTC staff the signed agreement and the state's completed registration forms or written confirmation that the seller has registered online, if permitted) to the later of December 1, 2017, or 30 days after the seller receives notice that the state has signed the voluntary disclosure agreement. By the end of the November 1 application period, voluntary disclosure applications from a total of approximately 850 online marketplace sellers have been received.

Membership

There are currently thirty-nine participating states (including the District of Columbia) in the NNP, with Rhode Island having most recently joined effective October 1, 2017. Commission staff continues to reach out to non-member states.

Outreach

Richard Cram gave a presentation on the online marketplace seller voluntary disclosure initiative at the NASBO annual meeting in Alexandria, Virginia on October 6, 2017. Richard participated as a panelist in The Knowledge Group webinar presentation entitled "Sales and Use Tax Economic Nexus: Tips and Strategies to Ensure Compliance in the Ever-Complex Economy" on October 17, 2017. Richard gave a presentation on nexus law developments to the Cornell SALT Group in New York City on November 3, 2017.

Staff continues to urge states to put a link to the NNP on their voluntary disclosure web pages.

Nexus Schools

NNP staff co-taught a Nexus School in Atlanta, Georgia on September 20-21, 2017, hosted by the Georgia Department of Revenue. Please let a member of the Commission staff know if your state would like to host a Nexus School.

Amnesties

The NNP posts on its web page a list of upcoming and current state tax amnesties. Please inform NNP staff if you would like the Commission to post your state's amnesty.

Staffing

The NNP presently has three permanent full-time staff members: Richard Cram, Director, Diane Simon-Queen, Voluntary Disclosure Program Manager, and Michelle Lewis, Paralegal. For the duration of the online marketplace seller voluntary disclosure initiative, Renee Lee, Paralegal with MTC Legal Staff, and temporary employees Thomas Emberger, James Lee, and Niancie Lyu, are working full-time for the NNP. Angie Molina, a senior at Georgetown University, worked part-time for the NNP beginning July 5, 2017 and ending in October 2017.

Richard Cram
Director, National Nexus Program