



MULTISTATE TAX COMMISSION

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To: The Executive Committee  
From: Christy Vandevender, Nexus Committee Chair  
Re: Nexus Committee Activities Through Third Quarter of FY 2019  
Date: April 26, 2018

### **Nexus Committee Report**

The Nexus Program First Quarter of FY 2019 results (July 1, 2018, through March 31, 2019) are provided below.

- Nexus states' collections: \$11,885,136 (\$18,601,151 in all FY 2018)
- Nexus states' executed agreements: 301 (3,087 in all FY 2018)
- Nexus states' average contract value: \$39,486 (FY 2018: \$6,026)

The above amounts include checks received by the Commission or amounts 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.

The Nexus Committee met in person on July 23, 2018, in Boston, Massachusetts, on November 6, 2018, in Orlando, Florida, and on April 24, 2019, in Denver, Colorado.

The Committee considered and approved the following issues at the July 23, 2018 meeting:

Recommended changes to the standard voluntary disclosure application were suggested, given that states will be moving toward minimum sales volume/number of transactions thresholds for nexus as a result of *South Dakota v. Wayfair*. Taxpayers applying for voluntary disclosure should provide information on when physical presence nexus-creating activities commenced, as well as information on sales volume and number of sales transactions in the state, and when such sales commenced. The approved changes to the application form are intended to obtain that information from applicants.

The Committee considered and approved the following issues at the November 6, 2018 meeting:

Richard Cram will circulate the following survey among participating states, with the responses used to provide guidance to Nexus Program Staff on how pass-through entities applying for voluntary disclosure should be treated in the voluntary disclosure agreement:

1. Which states are willing to consider including both pass-through entities and their owners within one voluntary disclosure agreement, and which states are not?
2. For those states willing to consider including both pass-through entities and their owners within one voluntary disclosure agreement, must the owners, in addition to the pass-through entity, also sign the agreement?
3. Which states are willing to consider accepting consolidated income tax returns filed by a pass-through entity on behalf of its nonresident owners, and which states are not?
4. If the entity applying for voluntary disclosure is a disregarded entity for federal income tax purposes, will your state enter into a voluntary disclosure agreement concerning income tax with such an entity?