



MULTISTATE TAX COMMISSION

Maximizing the synergies of multi-state tax cooperation

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To: Executive Committee
From: Lennie Collins, Nexus Committee Chair
Re: Nexus Committee Activities FY 2017 to date
Date: December 15, 2016

Nexus Committee Report

This FY 2017 results to date (July 1, 2016 through October 31, 2016) for Multistate Voluntary Disclosure Program collections for National Nexus Program (NNP) member states are very encouraging—so far on pace to exceed the outstanding results for FY 2016. The average value of disclosures to date has increased from last fiscal year, as well.

- Nexus states' collections: \$8,695,808 (\$22,317,942 in all FY 2016)
- Nexus states' executed contracts: 140 (488 in all FY 2016)
- Nexus states' average contract value: \$ 62,113 (FY 2016: \$46,747)

These amounts include funds received by the Commission. Interest on back tax paid and the value of a new taxpayer are not included.

The Nexus Committee met on July 25, 2016 in Kansas City, Missouri, and December 13, 2016 in Houston, Texas.

The Committee considered the following issues at the July 25, 2016 meeting:

The Nexus Committee work group, led by Carolyn Bishop, Washington (also including Michael Christensen, Utah, Rebecca Johnston, Washington, and Deborah Lee, Alabama), for the project to review MTC Multistate Voluntary Disclosure materials on website for clarity and ease of use, presented the work group's report, which included several recommendations to improve the Nexus Program website information, many of those having already been implemented. The work group also recommended that a list of the states' lookback periods be published on the Nexus Program website, in order to provide helpful information to potential voluntary disclosure applicants.

Chairman Lennie Collins directed the work group to draft suitable disclaimer language to include with the list of state lookback periods, to be brought back to the Committee for its consideration.

The Committee approved proposed amendments to the Standard Voluntary Disclosure Agreement form. The proposed amendments shortened and clarified provisions, without making substantive changes.

The Committee approval proposed amendments to Paragraphs 1.2 and 15.2 of the Procedures of Multistate Voluntary Disclosure.

The Committee requested that staff research how states are treating the question of “who is the taxpayer” in the context of a unitary group, in order to consider whether that issue should be further addressed in a “frequently asked question” or in a provision added to the Standard Voluntary Disclosure Agreement form.

The Committee requested that staff conduct a survey of Nexus Program participating states as to how they treat net operating losses in voluntary disclosure agreements.

The survey results above are to be reviewed by the Committee at the December 13, 2016 meeting.

Nexus Committee Work Group Meeting and Report

The work group met by teleconference on November 3, 2016 to draft disclaimer language to add to a list of published lookback periods for NNP states, to clarify that a state’s lookback period is a matter of state tax policy, not an entitlement, and will depend on the taxpayer’s circumstances. The work group presented its report and suggested language to the Nexus Committee at its December 13, 2016 meeting.