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To: The Executive Committee  
From: Christy Vandevender, Nexus Committee Chair  
Re: Nexus Committee Activities for First Quarter of FY 2018  
Date: November 17, 2017

### **Nexus Committee Report**

The First Quarter of FY 2018 (July 1, 2017 through September 30, 2017) results for Multistate Voluntary Disclosure Program collections provided to National Nexus Program (NNP) member states are provided below, along with the average value of disclosure contracts.

- Nexus states' collections: \$1,792,826 (\$19,664,097 for all of FY 2017)
- Nexus states' executed contracts: 49 (431 for all of FY 2017)
- Nexus states' average contract value: \$36,588 (FY 2016: \$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.

The Nexus Committee met in person on July 31, 2017 in Louisville, Kentucky, and on November 15, 2017 in New Orleans, Louisiana. The Nexus Committee conducted an emergency meeting by telephone on October 11, 2017.

#### The Committee considered the following issues at the July 31, 2017 meeting:

The Committee approved proceeding forward with the online marketplace seller voluntary disclosure initiative for those states agreeing to participate, the application period to commence August 17 and end October 17, 2017, sellers to be required to register and commence collection of sales/use tax by December 1, 2017 and file income tax returns, if applicable commencing in tax year 2017. Participating states will have to option to: (1) offer total back tax liability waiver,

or a limited look-back period; (2) include both sales/use tax and income/franchise tax, or only sales/use tax; and (3) impose a sales volume or back-tax liability threshold for applications. Twenty-five states, including the District of Columbia, are participating in the initiative. Rhode Island joined the initiative and the National Nexus Program effective October 1, 2017.

The Committee approved amending the Nexus Program list of “frequently asked questions” to address treatment of not only NOIs in a voluntary disclosure agreement, but also other tax attributes, such as tax credits, carry-forwards, carry-backs, and capital gains, in lieu of amending the standard agreement.

The Committee considered the following at the October 11, 2017 emergency meeting conducted by telephone:

The Committee extended the deadline to receive applications for the online marketplace seller voluntary disclosure initiative from October 17 to November 1, 2017. The Committee also extended the deadline for applicants to register with a state (either return completed state registration forms to MTC staff or return to MTC staff written confirmation of online registration with the state, if permitted) to commence collection of sales/use tax to the later of December 1, 2017, or the date within 30 days after the seller receives notice from MTC staff that the state has signed the voluntary disclosure agreement.

The Committee considered the following at the November 15, 2017 meeting in New Orleans:

The Committee received a status report from Richard Cram, Nexus Program Director, on the online marketplace seller voluntary disclosure initiative. MTC staff have received applications from approximately 850 online marketplace sellers, as of the end of the extended November 1 application deadline.