



MULTISTATE TAX COMMISSION

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Maximizing the synergies of multi-state tax cooperation

**Nexus Committee Workgroup Report
December 13, 2016
Westin Houston—Memorial City
945 Gessner Road
Houston, Texas 77024**

**Friendship
1845**

Members

The following are members of the Workgroup:

Karolyn Bishop (Washington), Leader

Michael Christensen (Utah)

Rebecca Johnston (Washington)

Deborah Lee (Alabama)

The following MTC staff members also participated in the Workgroup meeting:

Richard Cram, National Nexus Program (NNP) Director

Diane Simon-Queen, Voluntary Disclosure Program Manager

Michelle Lewis, Paralegal

Task

At the July 25, 2016 meeting of the Nexus Committee in Kansas City, the Workgroup made several recommendations for improving information on the Nexus Program website for clarity and ease of use. One of those recommendations was to publish the lookback periods of the participating states on the website, so that taxpayers considering applying for voluntary disclosure could more accurately determine their potential tax liability exposure. The Nexus Committee directed the Workgroup to develop adequate disclaimer language to make clear that determination of the lookback period is a matter for each state to determine based on its own tax policy, and it can vary, depending on the taxpayer's facts and circumstances.

Meeting

The Workgroup convened by teleconference to complete its task on November 3, 2016.

Recommendation

Attached for consideration by the Nexus Committee please find a recommended draft spreadsheet with disclaimer language listing the lookback periods of participating states. Each participating state will need to confirm that the lookback information is accurate. Once accuracy is confirmed, subject to approval by the Nexus Committee, the spreadsheet would be ready for publication on the Nexus Program website.

Lookback Periods for States Participating in National Nexus Program

The lookback period includes the prior tax filing periods for which a taxpayer applying for voluntary disclosure relief must file returns and pay the past-due tax liability plus interest in return for the state's waiver of tax liability for periods prior to the lookback period and penalties. Each state determines its own lookback period. Lookback periods may vary between states. The lookback periods published below are provided for guidance purposes only to assist taxpayers seeking voluntary disclosure relief in estimating the amount of past-due tax liability payment that may be required. As each state makes the final determination of the lookback period, following review of the taxpayer's application, the guidance below does not constitute specific advice and accordingly should not be relied upon without further confirmation from the state(s). Please note that withholding tax retained from employee salaries and sales and use tax collected from others must be remitted in its entirety, without regard to the lookback period, and may involve non-waivable penalties.

See the Frequently Asked Question "What is the lookback period, and how is it determined?" for further information and calculation examples.

The lookback periods for the states participating in the National Nexus Program are listed below.

STATE LOOKBACK PERIODS						
Nexus Program States	Income/franchise tax	Sales/Use Tax	NOTES			
	Lookback Period (tax years)	Lookback Period (months)				
Alabama	3	36				
Arizona	4	48				
Arkansas	3	36				
Colorado	3	36				
Connecticut	3	36				
Delaware	?	?				
D.C.	3	36				
Florida	3	36				
Georgia	3	36				
Hawaii	3	36				
Idaho	3	36				
Iowa	5	60				
Kansas	3	36				
Kentucky	4	48				
Louisiana	3	36				
Maryland	4	48				
Massachusetts	3	36				
Michigan	4	48				
Minnesota	3	36				
Missouri	3	36				
Montana	5	60				
Nebraska	3	36				
New Hampshire	3	36				
New Jersey	3	36				
New Mexico	SEE MANAGED AUDIT PROCEDURES					
North Carolina	3	36				
North Dakota	3	36				
Oklahoma	3	36				
Oregon	3	36				
South Carolina	3	36				
South Dakota	3	36				
Tennessee	3	36				
Texas	4	48				
Utah	3	36				
Vermont	3	36				
Washington	4	48				
West Virginia	3	36				
Wisconsin	3	36				