

WHAT CHANGES HAVE BEEN MADE TO THE SALES, USE AND HOTEL OCCUPANCY TIMELY FILING VENDOR DISCOUNT?

Act 84 of 2016 amended the amount of discount allowed for timely filing. The legislation established a \$300 annual discount for timely filing.

WHAT TAX TYPES ARE SUBJECT TO THE DISCOUNT CAP?

The discount cap only applies to discounts for sales, use and hotel occupancy returns.

HOW AND WHEN WILL THE TIMELY FILING VENDOR DISCOUNT CHANGES AFFECT MY SALES, USE AND HOTEL OCCUPANCY RETURN?

Effective for returns that have a period end date after August 1, 2016, the vendor discount for licensees for timely filed returns and payments is limited to the *lesser of* \$25 or 1 percent of tax collected for a monthly filer, \$75 or 1 percent of tax collected for a quarterly filer and \$150 or 1 percent of tax collected for a semi-annual filer.

WHAT IS THE EFFECTIVE DATE OF THE DISCOUNT CAP?

All returns that have a period end date after August 1, 2016. The changes will be implemented starting with the monthly return filed for August 2016, third quarter and the second half of 2016 returns and all subsequent periods.

WHAT HAPPENS IF I DO NOT PAY/FILE ON TIME?

If your return and payment is not filed timely, you will not be entitled to any discount and will be assessed penalty and interest.

HOW WILL THIS DISCOUNT CAP AFFECT PAST FILINGS IF I NEED TO AMEND A RETURN?

The cap does not apply to any discounts for periods ending before August 1, 2016.

CAN I SWITCH MY FILING FREQUENCY TO GET "MORE" OF A DISCOUNT?

The legislation established a \$300 annual discount threshold for timely filing commonly referred to as a discount cap. So regardless of how often you file the discount is capped the same.

DOES THE DISCOUNT CAP AFFECT MY E-911 FILINGS?

No. The discount for pre-paid e-911 surcharge fee collected is not affected.

IS THE CAPPED SALES TAX VENDOR DISCOUNT APPROPRIATELY APPORTIONED BETWEEN THE STATE AND LOCAL JURISDICTIONS?

Yes. The sales tax discount for timely filing and remittance is initially calculated at 1 percent of the total sales tax collected on the sales tax return. If the calculated discount amount is greater than the discount cap, the apportionment rate is calculated. The apportionment rate is calculated by dividing the discount cap by the total sales tax due. The apportioned discount is then calculated by multiplying the apportionment rate by the tax due for each jurisdiction reported on the return.