

STAC

(Sales Tax Automatic Collection)

STAC is a Patented Method for Sales Tax Collection

STAC IS THE SALES TAX ADVOCATE FOR THE CONNECTICUT TAXPAYER

Senator Fonfara, Representative Widlitz, members of the Finance, Revenue and Bonding Committee, my name is William Gordon and I come before you to support SB 1110, AN ACT CONCERNING THE COLLECTION AND REMITTAL OF SALES AND USE TAXES. **STAC** is a patented method that allows the State of Connecticut to collect Sales Taxes in a simple process and in real time. **STAC** will utilize the existing Credit/Debit Card collection techniques currently used by all Connecticut merchants who accept Credit or Debit Cards. **STAC's** method can be applied to online merchants whether or not they have a business presence in Connecticut.

HOW DOES STAC WORK

The **STAC** method isolates the sales tax portion of credit and debit transactions when they are submitted for collection to the Credit Card Processor.

The **STAC** method does not hold or divert any funds whatsoever. Per the existing agreement with the Merchant and the Credit Card Processor, funds will follow the conventional method of electronic transfer. The total Credit Card capture of the Merchant will be transferred to the Credit Card Processor. The Credit Card Processor will process the Batch Transfer sending the sales tax portion to the State of Connecticut's Bank and the remaining balance to the Merchant. The

time frame for the transfer is generally 48 hours from the time of submission. All financial relationships between the State Merchant and Credit Card Processors will not be changed.

STAC's method provides for daily, weekly, monthly, and annual reports of collection of sales tax. This information and data stream is available immediately upon the "posting" of the Credit Card Processors receipts of the merchant's transactions (generally daily). The data will be marked with an identifiable Merchant ID so the State of Connecticut can electronically audit all collections.

HOW DOES STAC GET PAID

STAC's patented method will be licensed to the Credit Card Processors who will be responsible for all fees and royalties due to **STAC**.

The State of Connecticut will not be responsible for any fees under the **STAC** method.

CONCLUSION

STAC's method does NOT interfere with any existing financial relationship between the Merchant, the Merchants' Processors or the State of Connecticut.

The implementation of the **STAC** method will not change any Connecticut State requirements for Merchants to submit existing sales tax filing processes, estimates of sales tax collected, filing of returns, or allow the underpayments of sales tax on credit or debit card transactions.