

## SALES & USE TAX NEXUS

Client Name(s): \_\_\_\_\_  
(Hereinafter referred to as "Client")

Tax Practitioner: Monica Haven, E.A.  
(Hereinafter referred to as "EA")

In July 2018, the US Supreme Court issued one of the biggest tax cases in decades, which dramatically expands when states can require out-of-state businesses selling to customers in their state to collect and remit sales and use taxes. This change has a huge impact on anyone selling items or services over the internet.

If you are selling items to customers in other states, it's important that you adopt business practices to track what sales are being made where and to determine whether you might be required to register in any other state due to the expanding filing requirements. Being aware of these changes can prevent you from being subjected to numerous fines and penalties.

Prior to the US Supreme Court's decision in *Wayfair, Inc. v. South Dakota*, a state could only require a business to collect sales or use taxes from customers if the business had some type of physical presence in the state, usually by owning, leasing, or storing property in the state or having an employee or agent in the state. Under the court ruling, however, states can now require out-of-state sellers to collect and remit sales and use taxes if they make a minimum number of sales to customers in their state (in terms of dollars and/or transactions), even if they have no physical presence in the state.

This is a huge revenue raiser for the states and, not surprisingly, states are changing their requirements for out-of-state sellers on an almost daily basis. To complicate matters even more, each state and each local taxing jurisdiction may have different rules.

Most small retailers making only a few sales into a state will not be impacted because states are providing exceptions for businesses only making a minimum level of sales (e.g., less than \$100,000 in annual gross revenues and/or less than 200 annual transactions). However, each state can set its own threshold. For example, California's threshold is \$500,000 in sales to California customers, with no threshold based on the number of sales.

If there are any states where you have substantial sales, you must make sure you are complying with that state's requirements.

Client Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Print Client's Name: \_\_\_\_\_

Spouse Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Print Spouse's Name: \_\_\_\_\_

**Monica Haven, EA, JD, ULM**

1534 South Edris Drive \* Los Angeles, CA 90035 \* (310) 286-9161 \* FAX (310) 557-1626

e-mail: [mhaven@pobox.com](mailto:mhaven@pobox.com) \* website: [www.mhaven.net](http://www.mhaven.net)