

# ***Scott Letourneau Presents...***

## **Sales Tax Nexus Analysis**

Our Process to Determine Which States and Dates You First Triggered Nexus, and Your Exposure.



[Video Overview- Click Here](#)



# Sales Tax Nexus

- **Nexus = “Connection to the State”**
- **Physical Nexus**
  - Company Formation, Office, Employees
  - Stock/Inventory (Amazon FBA)
- **Economic Nexus**
  - June 2018 Wayfair vs. South Dakota
  - \$100K in Sales or 200 Transactions
- **Marketplace Nexus**
  - Marketplace Collects on Your Behalf (Amazon, Walmart)
    - NOT Shopify
- **When Did You First Create Nexus?**

# The Cost of Non-Compliance

- **Florida Sales Tax**
- **What are the penalties?**
- **Willful Failure** to Collect Tax
- **Pay 100%** of uncollected tax
- 8.5% Average Sales Tax Rate = \$3500 in sales = \$300 + Owed
- **3rd Degree Felony**
- \$300 or more but less than \$20,000
- **Punishable up to 5 years in prison**
  - *Fine up to \$5,000*

# Behind on Sales Tax

- **Very common for new sellers**
- *How do you get on track?*
- Determine which states you had nexus and when
- **Conduct a Sales Tax Nexus Analysis**
- Determines when you first had nexus
- Per state – requires breakdown sales per state and per month
- **Results are as follows:**
  - Which states to register, and
  - Which states not to register, and
  - If registered which states to close out
- **Sales Tax Nexus Analysis average cost is \$1,000.00**

# How do You Pay?

- Determined you owe \$100 in sales tax to a state
- **You Can't Just Sent in a Check**
- First, **Get Registered** (Sales Tax Permit)
- File Past Returns and Pay Tax Due + Penalties, and Interest
- **Your Not Finished...**
- File final state sales tax returns.

# Sales Tax Nexus Analysis Service

- Provide You the **Exact Checklist of States to Register**
- **Send us Your Sales Data**
- **Our Team will Determine**
- **Which States to Register**
- **Including...**
  - States You Owe Past Sales Tax, Penalties, Interest
  - States to Register to File Return (No Past Liability)
  - States to De-register (Save \$\$\$)
  - States NOT to Register
- Eliminate the Guesswork and Fear of Not Knowing



## Standard Operating Procedure Amazon Sales Reports

- Instructions to pull Amazon sales report (by sales and number of transactions) and sort in a pivot table

1. Login to your Amazon Seller Account
2. Click on **Reports** --> select **Payments** from dropdown list

A screenshot of the Amazon Seller Central interface. The top navigation bar includes "Catalog", "Inventory", "Pricing", "Orders", "Advertising", "Stores", "Reports", "Performance", and "Apps &amp; Services". The "Reports" menu is open, showing a dropdown list with options: "Payments", "Amazon Selling Coach", "Brand Analytics", "Business Reports", "Fulfillment", "Advertising Reports", "Return Reports", and "Tax Document Library". The "Payments" option is highlighted. Below the navigation bar, there are several widgets: "Ship Orders" with a count of 22, "News" with a "COVID-19 Related" update, and "List Globally" with a globe image.

## Standard Operating Procedure

- Instructions on how to look up your FBA locations on your Amazon Reports/Amazon Seller Central account

1. Login to your Amazon Seller Account
2. Click on **Reports** --> select **Fulfilment** from dropdown list

The screenshot displays the Amazon Seller Central dashboard. The top navigation bar includes links for Catalog, Inventory, Pricing, Orders, Advertising, Stores, Reports, Performance, Apps & Services, and B2B. A dropdown menu is open under the 'Reports' link, listing several options: Payments, Amazon Selling Coach, Business Reports, Fulfilment (highlighted with an orange circle), Advertising Reports, Return Reports, and Tax Document Library. The dashboard background shows a 'News' section with COVID-19 related announcements, a 'Buyer Messages' section with 2 messages under 24 hours and 0 over 24 hours target, and a 'Low Inventory' section for 'Mad Viking Beard Co. 2 Ounce Pre...' with a 'Restock Now' button.



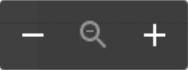
# Sales Tax System Nexus Study Results

Name of the Client			Reporting Period					
			FBA Nexus, not collecting		FBA state, no nexus yet		Recommended Start Date on Sales Tax Application	Last Fiscal Year or Last Twelve Months
State	Total Sales	Estimated Number of Transactions	Need to Register	Hit the threshold	FBA State	Economic Nexus		
AK	\$ -							
AL	\$ -				YES			
AR	\$ -					YES		
AZ	\$ -				YES			
CA	\$ -				YES	YES		
CO	\$ -				YES	YES		
CT	\$ -				YES	YES		
DC	\$ -					YES		
DE	\$ -							
FL	\$ -				YES			
GA	\$ -				YES	YES		
HI	\$ -					YES		
IA	\$ -					YES		
ID	\$ -							
IL	\$ -				YES	YES		
IN	\$ -				YES	YES		
KS	\$ -				YES			
KY	\$ -				YES	YES		
LA	\$ -					YES		
MA	\$ -				YES			
MD	\$ -				YES	YES		
ME	\$ -					YES		
MI	\$ -				YES	YES		
MN	\$ -				YES	YES		
MO	\$ -				YES			
MS	\$ -				YES			
MT	\$ -							
NC	\$ -				YES	YES		
ND	\$ -					YES		
NE	\$ -					YES		

# ECONOMIC, NOTICE, and REPORTING NEXUS OVERVIEW

Date Updated 5/7/2020

State	Economic Nexus Effective Date	Economic Nexus Sales Threshold	Transactions # Threshold	Notes	Notice & Reporting Effective Date	Notice & Reporting Sales Threshold	Transactions # Threshold	Notes	Other Nexus	FBA State?	Reporting Period: Fiscal Year or Last Twelve Months	Grace Period / Time to register	Date Added / Changed
AK										NO			
AL	10/1/2018	\$250,000.00	N/A		7/1/2017	N/A	N/A		Affiliate, Marketplace	NO	LTM		
AR		\$150,000.00	200 (or)						Click-Through, Affiliate	NO			
AZ									Marketplace	YES			
CA	10/1/2019	\$500,000.00							Click-Through, Affiliate	YES	FY		
CO	12/1/2018	\$100,000.00		\$100k threshold includes exempt sales. Grace period until 5/1/2019 both	7/1/2017	\$100,000.00			Click-Through, Affiliate	YES	FY		
CT	12/1/2018	\$250,000.00	200						Click-Through, Affiliate, Marketplace	YES	LTM		
DC	1/1/2019	\$100,000.00	200 (or)	Digital goods now taxable and included					Marketplace	NO	FY		
DE (No Tax)										N/A			
FL										YES			
GA	1/1/2019	\$100,000.00	200 (or)		1/1/2019	\$250,000.00	200 (or)		Click-Through, Affiliate, Marketplace	YES	FY		
HI	7/1/2018	\$100,000.00	200 (or)						Marketplace	NO	FY		
IA	1/1/2019	\$100,000.00							Click-Through, Affiliate, Marketplace	NO	FY		
ID	6/1/2019	\$100,000.00							Click-Through	NO			
IL	10/1/2018	\$100,000.00	200 (or)						Click-Through, Affiliate, Marketplace	YES	LTM		
IN	10/1/2018	\$100,000.00	200 (or)						Marketplace	YES	FY		
KS	10/1/2019	\$100,000.00	200 (or)						Click-Through, Marketplace	YES			
KY	10/1/2018	\$100,000.00	200 (or)		7/1/2013	\$100,000.00	N/A		Marketplace	YES	FY		
LA	1/1/2019	\$100,000.00	200 (or)		7/1/2017	\$50,000.00	N/A		Click-Through, Affiliate	NO	FY		
MA	10/1/2017	\$500,000.00	100 (and)							YES	FY		
MD	10/1/2018	\$100,000.00	200 (or)	Includes the sale of tangible personal property and/or taxable services						YES	FY		
ME	7/1/2018	\$100,000.00	200 (or)						Click-Through, Affiliate	NO	FY		
MI	10/1/2018	\$100,000.00	200 (or)						Click-Through, Affiliate	YES	FY		
MN	10/1/2018	\$100,000.00	100 (or)						Click-Through, Affiliate, Marketplace	YES	LTM		
MO									Click-Through, Affiliate	NO			
MS	9/1/2018	\$250,000.00	N/A							NO	LTM		
MT (No Tax)										NO			
NC	11/1/2018	\$100,000.00	200 (or)						Click-Through	YES	FY		60 days
ND	10/1/2018	\$100,000.00	200 (or)							NO	FY		60 days
NE	1/1/2019	\$100,000.00	200 (or)							NO	FY		
NH (No Tax)										N/A			
NJ	10/1/2018	\$100,000.00	200 (or)	Gross revenue from delivery of tangible personal property, specified digital products, services					Click-Through, Marketplace	YES	FY		



# Sales Tax Nexus Analysis & Results

Hi <client's name>>,

Here are the results of our Sales Tax Nexus Study, based on our best knowledge of where things stand with the current Economic Nexus Landscape.

Based on your submitted sales report data provided, the table below shows your total sales in each state and your estimated number of transactions in each respective state. We also considered the states where you had physical nexus (which includes home state and FBA states with stock).

One of the goals with our results is to provide you with the states where you either had prior nexus or the marketplace facilitator (Amazon, Walmart, eBay, for example) started collecting and remitting sales tax. These results may include physical or economic nexus and notice and reporting laws.

**Below is a summary of the states in the following categories:**

- 1. Registration Required: States with Prior Nexus and a Sales Tax Liability.** This could be either physical, economic nexus, or notice and reporting states. Nexus in these states will result in past sales tax liability, penalties, interest, and past returns due. We will also provide you with effective dates, which means the dates you first had nexus in the state. The effective date is when your responsibility began for past sales tax, penalties, and interest before you registered and started collecting or the state began collecting on your behalf (see marketplace nexus states).
- 2. Registration Required: Marketplace Nexus States.** This applies even if you had no prior nexus in the state. Marketplace nexus means you started selling after Amazon was already collecting and remitting sales tax. You are required to register and file sales tax returns.
- 3. States to Stay Registered.** These are states where, once you are registered, they require you to stay registered and file returns, even if the marketplace facilitator (i.e., Amazon, Walmart) is collecting and remitting.

## 1. Registration Required: States with Prior Nexus and a Sales Tax

**Liability.** Both Physical and Economic Nexus, before Marketplace collecting, results in owing past sales tax, penalties, and interest.

### Physical Nexus (Amazon FBA)\*:

**27 Possible Key States:** AZ, CA, CO, CT, FL, GA, IL, IN, KS, KY, MD, MA, MI, MN, NV, NJ, NC, OH, OK, PA, SC, TN, TX, UT, VA, WA, WI

**5 FBA states where registration is NOT required:** 1: NY is the only state that has an exception where an out-of-state seller with FBA stock is not required to register. 2: Alabama is a sorting center only and does not create nexus 3. Delaware, New Hampshire, and Oregon are FBA states, but there is no sales tax.

Here are the FBA states where you need to register before *creating either economic or marketplace nexus in the states.*

[list states out]

Note: Here are the FBA states you have stock, but registration is not required for physical nexus only.

[list states out]

**Other Physical Nexus.** An example of another type of physical nexus, which would include an LLC in your Home State that is not already an FBA state or covered by an earlier economic nexus date.

*(note: a state to register when you formed the LLC. If this does not apply, delete this part. Same if not selling on Amazon FBA, but they may have separate warehouse locations).*

### Economic Nexus:

**Key 44 Possible States & D.C.:** AL, AZ, AR, CA, CO, CT, D.C., GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, NE, NV, NJ, NM, NY, NC, ND, OH, OK, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WI, WY

# Upon Completion

- **Clarity** with your sales tax responsibilities
- Which states to register
- Which states NOT to register
- **Most importantly...**
- **Removed the Biggest Threat** to Your **U.S. Profits**
- Peace of mind is key to your success!

# Sales Tax Nexus Analysis

**Sales Tax Registrations,  
Peace of Mind, and Clarity-**

**Past Liability | Do Nothing | Register | De-Register**

**Investment**

**\$897**

**Register Here**