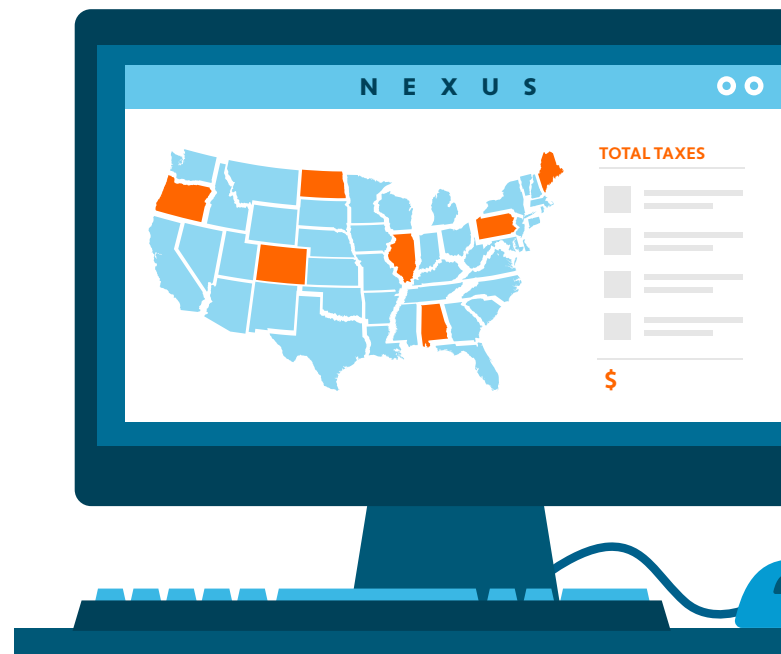


I THINK I HAVE NEXUS ... NOW WHAT?

How to check for new sales tax obligations and what to do about them

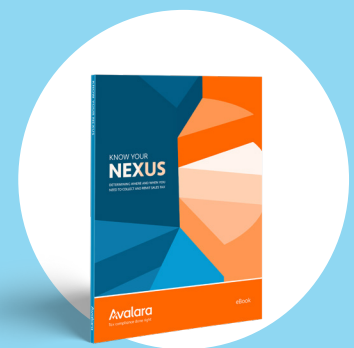
Nexus is a connection between a seller and a state. When a seller reaches a certain **threshold** based on the amount of sales or number of sales transactions in a state, it **triggers** a requirement to register then collect and remit sales tax in that state.

As your business grows, knowing where you have new sales tax obligations and reporting them correctly can be a big challenge. We're here to take the guesswork out of where you owe sales tax and to offer key steps you can take to increase confidence your business is tax compliant – and stays that way.



BUSINESS ACTIVITIES THAT MAY TRIGGER SALES TAX NEXUS:

- Sales into a state
- Brick-and-mortar locations
- Employee presence, including agents, or representatives
- Inventory stored in warehouses or fulfillment centers
- Trade show, conference, or convention attendance
- Company website or data server locations
- Remotely licensed software
- Affiliate relationships



KNOW YOUR NEXUS

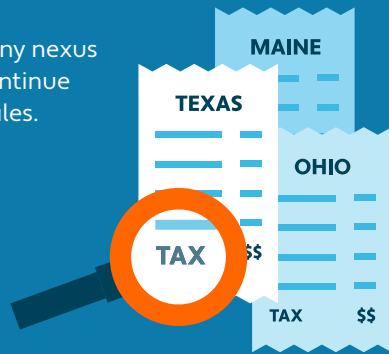
Determining where and when you need to collect and remit sales tax

To learn more about the business activities that may trigger nexus, read our [Know Your Nexus](#) ebook.

1 IDENTIFY THE STATES WHERE YOU HAVE NEXUS

Make a list of the states where you have sales and check the nexus thresholds for those states. Then, compare the amount of sales and the number of transactions in those states against the thresholds. This information will help you know **if** you've triggered nexus and **where**.

Haven't reached any nexus thresholds yet? Continue to monitor your sales.



2 KNOW HOW MUCH YOU OWE

Now that you've determined you have nexus in a state, it's important to have a general idea of **how much** you owe **before** you register. After you register, the clock starts on remitting any back taxes, so it's smart to have a plan in place first.

You can use your total revenue from taxable sales and the sales tax rate from the jurisdiction where you owe to give yourself a general estimate.

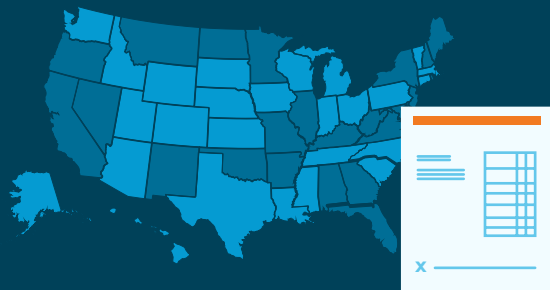
If you think you owe back taxes or have historical liabilities, consider taking advantage of a voluntary disclosure agreement (VDA) to help get your business in good standing.

At this step, you'll want to proceed with either registration or a VDA.



3 REGISTER YOUR BUSINESS

Once you know how much you owe (if any) and have a plan in place, it's time to register your business in the states where you've triggered nexus. Avalara has one form you can fill out if you need to register in multiple states.



4 SET UP YOUR BUSINESS TO COLLECT AND REMIT SALES TAX

When you set up your business to collect and remit sales tax, you can boost your confidence that you're compliant and hopefully avoid issues in the future. Avalara can help automate the process for you.

Avalara is committed to helping our customers be compliant. If you need assistance with these tasks, our team is here to help.



We hope this information is useful, but every business is unique. This guide is for informational purposes only and does not provide legal or tax advice. If you have questions about your tax liability or concerns about compliance, please consult your qualified legal, tax, or accounting professional. If you're an Avalara customer, contact your Avalara Account Manager or call 877-780-4848 to discuss how our team can help.

If you're interested in becoming an Avalara customer and have any questions about the products and information featured above, please reach out to our tax automation specialists at 877-299-8534.

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Tax compliance done right