

Sales Tax Administration Checklist



What to do when you make a sale into a new state or enter a new state or create a new entity:

- Find out what type of activity and frequency or duration
- Determine if you have established nexus in the state
 - Physical Nexus
 - Remote Seller Nexus (Click-Through or Affiliate)
 - Economic Nexus
 - Marketplace Nexus
- Refer to www.salestaxinstitute.com/resources/remote-seller-nexus-chart
- If you have nexus, register to collect and remit sales tax
 - Determine which taxes the company will be required to collect or pay
 - Read forms carefully when answering the average annual questions. Some forms ask for tax liability, others ask for sales
 - Figure out the taxability of the items you sell
- Determine if you need to be registered with the Secretary of State
- Determine if there are local business licenses required based on your activity
- If no nexus, are you subject to notice and reporting requirements?

What to do when you change your business entity:

- A complete change of registration is required if any of the following happen:
 - Name change
 - FEIN change
 - Corporate entity type change
 - Merger or sale of business units
- You may need to notify the Secretary of State before a sales/use registration change can happen
- You may need to surrender the old registration certificate
- If a registration is closed due to the sale or merger of an entity, file a final return and return your license



Sales Tax Administration Checklist

Ongoing maintenance:

- Prepare sales and use tax returns on a timely basis
 - Once you are registered to collect or pay sales and use taxes in a jurisdiction, returns must be filed on a timely basis
 - The jurisdiction will inform you of the filing frequency and due date
 - The due date applies to both filing of the return and payment of the tax
- Track and pay consumer's use tax on purchases as needed
 - Note that some jurisdictions have a minimum dollar threshold for accrual of consumer's use tax. Don't forget use tax on samples and give aways including marketing materials
- Exemption certificate maintenance
 - Renew exemption certificates as needed
 - The renewal period of exemption certificates varies by state and by type of exemption
 - It is recommended to update all certificates that don't otherwise expire every 3-5 years
 - Retain all prior certificates that could be required under audit until the audit period closes
 - Ensure certificates are valid for the "ship to" state
 - Make sure the certificate name matches your "sold to" name
 - Issuing of exemption certificates
 - Review who your certificates have been issued to
 - If they've expired, issue new certificates
 - If the law changes, you may need to rescind or issue new certificates
- Maintain taxability decisions
 - In either a custom or canned tax solution, it is necessary to ensure that changes in taxability are monitored and entered into the tax calculation solution and that new products and customers are added as necessary

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Ongoing maintenance (continued):

- Monitor sales and use tax rate changes at the state and local level
- Monitor sales and use tax law changes
 - Newly enacted legislation/regulations
 - Changes to previous laws
 - New nexus rules
- For local jurisdictions, monitor boundary changes
- Keep your tax system updated
 - Load the periodic content updates
 - Monitor the tax system for application updates that are required

Registration Updates:

- Update your sales tax registration if any of the following happen
 - Address changes
 - Power of attorney changes
 - New locations in the state
 - Personnel changes
 - Officer changes
 - Responsible party changes
 - Preparer changes
- Monitor business license requirements for new locations or employee relocations