Sales and Use Tax Services in your Practice

The evolving world of indirect tax compliance!
Agenda

• Sales and Use Tax Basics
• Common Compliance Issues
• Current Legislative Trends
• Making it Easier For Your Clients
Sales Tax Basics

• What is sales tax?

• How does a sales tax system operate?

• Who is required to collect?
  • What is nexus?
  • Can I have nexus and not know?
Sales Tax Basics

• What is taxable?
  • Tangible Personal Property
  • Services
  • E-products

• Who is taxable?
  • Entities
  • Usage
Common Issues

• Not collecting when required

• Wrong rates

• Product taxability

• Insufficient information as to why tax not collected
Common Issues

• A word about use tax;

• What is use tax?

• Who owes it?

• What if the seller is wrong, do I have to pay it?
Current Legislative Trends

• Budget shortfalls at all levels of government;

• Sales tax “leakage”

• Bigger reliance on transaction taxes for state budgets

• Massive shift to online or remote sales
Current Legislative Trends

• Broadening the tax base
  • Goods
  • Services

• Increase in local level taxes
  • E.g. Districts

• Changing rules re: nexus and reporting
Current Legislative Trends

• Changing rules re: nexus and reporting
  • Expanding nexus:
    • Affiliate (“click through”)
    • Economic Nexus
      • AL
      • SD
      • Federal legislation
  • Seller reporting laws:
    • CO, SC
Making it Easier for Your Clients

• Service offerings:
  • Nexus studies/reviews
  • Product/service taxability review
  • Voluntary disclosures (VDAs)
  • Audit support
Making it Easier for Your Clients

• Automation – When does it make sense?

• Tax calculation

• Filing and paying
Making it Easier for Your Clients

• Calculating tax on each transaction

• Options
  • E-comm
  • Financial engine
  • 3rd party calculation engine

• Considerations
Making it Easier for Your Clients

• Filing and paying

• Options
  • Manual
  • “online”
  • 3rd party filing engine

• Considerations
Making it Easier for Your Clients

• Full end to end services;

• Calculation through filing

• Options
  • In house systems
  • Outsourced to a 3\textsuperscript{rd} party provider

• Considerations
Key Take Aways

• Indirect Tax – Sales tax rules and regulations are quickly evolving

• More sellers will be required to collect and remit

• Great opportunity to provide support and solutions for your clients
Questions?
Thank you

• Contact info:
  Matthew Walsh  
  V.P. Tax  
  Sovos Compliance  
  Matthew.walsh@sovos.com  
  978-527-1070  
  
  Charles Maniace  
  Director of Tax Research  
  Sovos Compliance  
  Charles.maniace@sovos.com  
  978-527-1120