



## Sales Tax Nexus

*Over the years, Yetter Consulting Services (YCS) has helped hundreds of companies understand their nexus “footprint,” which identifies the states for which the company has a responsibility to register and collect taxes. Our clients are typically organizations who are simply unaware of the extent of their nexus footprint or of the sales tax laws. YCS is experienced in assisting companies navigate through this complex process, bringing them into compliance and often saving them money in back taxes and penalties.*

Many times, our clients have an understanding of the nexus concept and look to us validate their footprint through a nexus study and help them determine the best registration approach – prospective registration, voluntary disclosure agreement (a negotiated option that can reduce prior period tax obligations and associated penalties), Streamlined Sales Tax Project, and available amnesty programs.

In other situations, however, an organization doesn't even contemplate that they have established nexus in a particular jurisdiction until a state issues them a nexus questionnaire or even a request for audit. At this point, it is typically too late for the organization to go back to its customers and collect the taxes, so the company is ultimately responsible for paying the tax obligation – possibly back to the date of its first activity in the state. Once an audit has been requested, options available to the organization are drastically reduced. Therefore, it is critical for organizations to proactively determine their nexus footprint.

Some recent cases include:

- A medium-sized organization (between \$10-100 million in annual sales) was registered in one state, but a nexus study revealed the organization had nexus in 20 states. The client has since registered in six states and has plans to register in the remaining 14 states.
- Another medium-sized organization was registered in one state, but a nexus study determined that the organization had nexus in 18 states. YCS worked with the organization to register in all of these states through a combination of prospective registrations and negotiated voluntary disclosure agreements.
- A large organization (in excess of \$100 million in annual sales) was registered in one state, but had nexus in 20 states. YCS is currently working with this organization to register in each applicable jurisdiction.

Nexus is indeed a complex matter, but YCS strives to simplify it for our clients so that they can stay in compliance – and stay in business. A YCS nexus study begins with a detailed, client-completed questionnaire. Based on the data submitted and related dialogue with YCS, nexus results are provided, with recommendations on what steps should be taken next in each jurisdiction.

***Art Kliever** is Senior Tax Manager at Yetter Consulting Services, Inc, a firm that works with financial and tax department leaders to develop sales tax strategies and implement systems that deliver results. He may be reached at [akliever@ycstax.com](mailto:akliever@ycstax.com).*