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**PRODUCT & SERVICE GUIDE**

# How and When to Make Sales Tax Payments

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Gail Perry, CPA • Feb. 09, 2015



If you or your clients are new to collecting and paying sales tax, the process might seem overwhelming. Once you have determined that taxable sales are occurring, the next step is to prepare yourself for being a sales tax collector and remitter. Here are some tips that should help clear up questions you might have about the process.

- The very first step is getting registered with your state to collect and pay sales tax. The U.S. Small Business Association provides [tax information and registration links](#) for all of the states.
- Once you have determined that a tax responsibility exists, and you are registered and have received a sales tax permit, find out how frequently your state expects you to make your payments. Penalties will apply if payments are made late.
- Determine what sales tax rate to collect in all states where you are doing business. Avalara's Avatax app, downloadable on all devices, is a handy tool for doing this in a hurry.
- Prepare your invoicing system so that you can accommodate sales tax on your forms.
- Set up a system for keeping track of the sales tax you have collected so that you will know how much you must pay your state(s).
- Find out if your state offers an early payment discount and then be prepared to take advantage of that if it exists. About half of the states provide a discount on your sales tax remission if you pay early.
- Determine what sales tax reporting is required by all states in which you are collecting and paying sales tax. Typically some type of reconciliation form is required that shows your taxable sales, the amount of tax owing on those sales, and the amount you have remitted.
- Your state might provide the opportunity to file forms and remit taxes online. Go to your state's department of revenue (see link above) to find out if this is an option.

Sales tax rules are constantly changing and that situation is expected to continue. Make sure someone in your organization is staying on top of legislation (both state and federal) that might affect your sales tax liability and collection process.

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