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organizing and monitoring state and local tax chores and obligations is really not feasible at this point in time, but there are some best practices you can employ that ...

Gail Perry • Feb. 17, 2016



It's February and you're in the heart of busy season. Starting a new process for organizing and monitoring state and local tax chores and obligations is really not feasible at this point in time, but there are some best practices you can employ that

will help you make sure you're approaching this complicated area of taxation in the

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conducted in a state you haven't worked with in the past.

Know the nexus rules for each state where your client is doing business. Nexus determines whether your client has enough of a connection to the state to have to pay taxes there. Nexus rules have changed in recent years, so if your knowledge is dated, make sure you get up-to-date with the rules for each state.

Inquire as to the frequency of your client's business within different states. Sometimes occasional and one-time sales constitute doing business in a state, and other times they do not. Once again, it's in your interest to learn the specific laws of the states where your clients are conducting business transactions.

Determine the income subject to tax in each state where your client is doing business. Each state is entitled to create its own laws regarding taxability of various items, so knowing the rules in your own state doesn't mean you automatically understand how items are taxed elsewhere. Not only do you need to know the laws for what types of items are subject to tax, but also you need to know what constitutes a sale within the state. For some states, the state from which you make the sale has the taxing authority, for other states, it's the state to which you are shipping. Sales tax rules and income tax rules don't always go hand-in-hand, so make sure you check for both.

Determine tax deadlines and create a year-long schedule to make sure all deadlines are met. Whether it's income tax, payroll tax, sales tax, or property tax, make sure you know all the deadline requirements. Setting up a schedule for the year will help you and your client be proactive about preparing for and meeting deadlines.

Consider credits and incentives in each state where your client is doing or might do business. Many states offer a variety of incentives to attract and retain business. If

your client is already doing business in a state or is considering launching new

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