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The recent U.S. Supreme Court decision in June 2018, *South Dakota v. Wayfair, Inc.* turned sales tax on its head. Now, businesses selling online and/or remotely will no longer enjoy the same sales tax relief they did in the past.

What's your role? Between new policies across different states, ever-changing tax rates and rules, and transaction and invoice data residing in multiple systems, you have your hands full. Making sense of, and navigating, these issues is quite complex.

Your small business clients need you now, more than ever, to provide powerful sales

Here are nine ways you can help – and be the best trusted advisor you can for your clients.

1. **Understand each state's tax laws and know your nexus.** According to the Sales Tax Institute, nexus historically has always been associated with a physical presence, the determining factor as to whether an out-of-state business selling products into a state was liable for collecting sales or use tax on sales into the state. That all changed with Wayfair when the Supreme Court ruled that physical presence was the wrong test. Now, sales or an "extensive virtual presence" – not just physical presence – is sufficient for creating nexus. More states have started to pass sales tax laws and regulations imposing sales tax collection obligations based solely on the amount or number of sales or economic nexus made into their state.

2. **Reconcile your sales tax payable account.** To ensure accuracy over time, regularly reconcile your clients' sales tax payable account with their source documents:

- Identify the balance of their account at the beginning of the accounting period.
- Add the total amount billed to customers.
- Subtract the total sales and use tax paid, either electronically or by check, and account for any discounts a state may offer for filing on time.
- Reconcile this amount with the current balance of your clients' sales tax payable account.

3. **Track required prepayments.** At last count, more than 15 jurisdictions require prepayment from some businesses. The larger the sales tax liability, the more likely your clients will need to prepay. Prepayments are typically made on a monthly basis, but can sometimes be required by states as often as four times a month. To

ensure accurate and on-time prepayments, help your clients develop a flexible

5. **Regularly confirm filing frequency for each state.** While your clients will likely be notified months in advance when a jurisdiction changes its filing frequency for sales and use tax returns, you still need to make sure they're aware of the change. Historically, states sent all notices by U.S. mail, but with some of the new cloud-based software systems, some states now post e-messages in client accounts. Ensure clients have a system in place to regularly check their electronic account at the state.

6. **Use exact location, not ZIP codes.** Each local jurisdiction is defined by a variety of often-complex criteria, and it is common to have multiple sales tax rates within a single ZIP code. As a result, relying on ZIP codes for sales tax rates can lead to applying the wrong rate, leaving out a special district tax or remitting sales tax to the wrong jurisdiction, leading to possible audits, penalties and return reconciliation. The only way to ensure the location is reliable is to use geo-location software that relies on longitude and latitude coordinates.

7. **Stay current with exemption certificates.** Inaccurate, missing or expired tax exemption certificates are a major cause of audit assessments. Regularly verify that each customer's tax-exempt status agrees with the term of the exemption certificate on file – and replace any that aren't current. If a company changed its name or acquired a new company, new exemption certificates may be necessary.

8. **Accurately tax new products.** With all the differences among states, it should be no surprise that different states have different rates for different products – and the same product may be taxable in one state and exempt in another. Identify the unique laws in each state that apply to your clients' new products. If they are moving into a new state, do not assume their existing tax rates apply.

9. **Respond to notices.** Failing to respond to notices in a timely manner can result in a levy against your clients' bank account, a lien on their corporate officers or

suspension of their business license. Notices can inform your clients of a number

role in a business-critical area.

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