CPA
Practice Advisor

States

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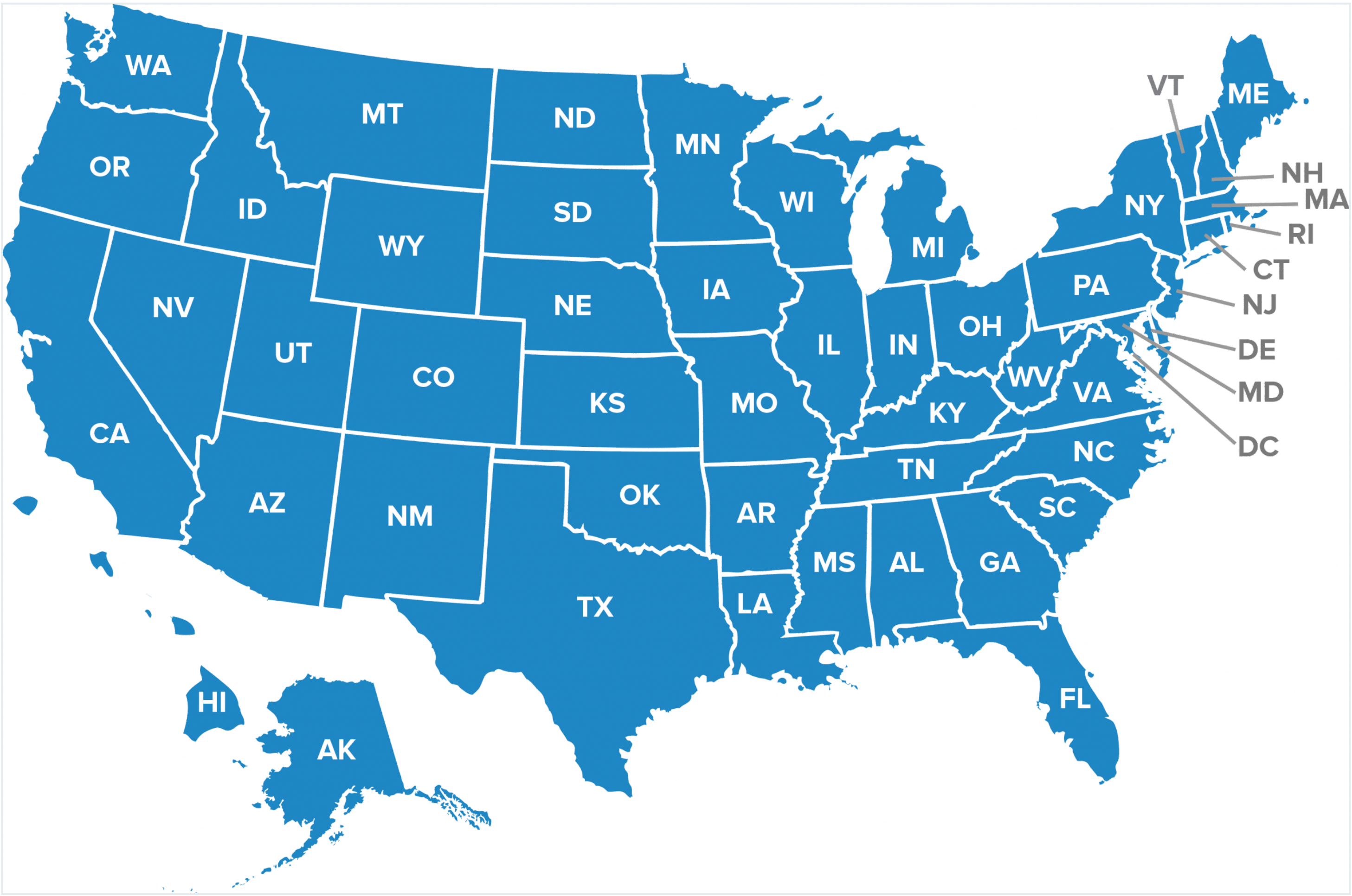

More than five states will require out-of-state sellers to collect and remit sales tax starting January 1, 2019: Georgia, Iowa, Nebraska, Utah, West Virginia, and Washington, D.C. That same date, new sales tax collection requirements for marketplace facilitators will take effect in Alabama.

States were once prohibited from taxing sales by businesses with no physical presence in the state. However, the Supreme Court of the United States overruled the physical presence restriction in its decision in South Dakota v. Wayfair, Inc. (June 21, 2018), finding it to be "unsound and incorrect." The court determined that an out-

upcoming legislative sessions.

To date, all states with remote seller sales tax policies allow an exception for small sellers. For example, a sales tax collection obligation is triggered in Minnesota when a remote seller has 10 or more retail sales totaling more than $100,000, or at least 100 retail sales, during a period of 12 consecutive months. Yet in Alabama, a remote seller must have more than $250,000 in annual Alabama sales and engage in additional activities in the state to trigger sales tax nexus.

Read on to learn more about sales tax economic nexus policies taking effect January 1, 2019.

Alabama. Marketplace facilitators must collect and remit tax on sales made by or on behalf of their third-party sellers or comply with non-collecting seller use tax reporting and customer notification requirements if they:

- Have annual Alabama marketplace sales in excess of $250,000.

Georgia. Remote sellers must collect and remit Georgia sales tax or comply with non-collecting seller use tax reporting and customer notification requirements if, in the previous or current calendar year, they:

- Have gross revenue in Georgia in excess of $250,000 from retail sales of tangible personal property to be delivered electronically or physically to a location in Georgia; *or*
- Conducted 200 or more separate retail sales of tangible personal property to be delivered electronically or physically to a location in Georgia.

Iowa. Marketplace facilitators and remote sellers must collect and remit Iowa sales tax if, in the current or previous calendar year, they:

- Have $100,000 or more in gross revenue from sales of taxable or exempt tangible

- 200 or more separate transactions for delivery into the state annually.

Utah. Remote sellers must collect and remit Utah sales tax if, in either the previous or current calendar year, they:

- Receive more than $100,000 in gross revenue from the sale of tangible personal property, any product transferred electronically, or services for storage, use, or consumption in Utah; *or*
- Have 200 or more separate transactions of tangible personal property, any product transferred electronically, or services for storage, use, or consumption in Utah.

West Virginia. A remote seller is required to collect and remit West Virginia sales tax if, during the calendar year, it:

- Had gross sales of tangible personal property and/or services for delivery in West Virginia of more than $100,000; *or*
- Had at least 200 sales transactions for delivery in West Virginia.

Washington, D.C. Remote retailers must collect and remit sales or use tax in the District if, in the current or previous calendar year, they have or had either:

- Gross receipts of more than $100,000 from all retail sales delivered into the District; *or*
- 200 or more separate retail sales delivered into the District.

Avalara maintains a list of states with remote seller sales tax policies, along with their effective dates and thresholds. You can also check to see if you're at risk for establishing nexus with this state-by-state guide to sales tax nexus rules.