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With more and more states broadening sales tax laws to include remote sales, the number of businesses required to collect sales tax in multiple states is growing. But before you can collect sales tax, you need to obtain a sales tax permit (also known as a seller's permit, reseller permit, transaction privilege tax license, vendor's license, etc.) from the state tax authority.

Once you've determined you have an obligation to collect sales tax in a state, registering for a sales tax permit typically entails the following steps:

Find out where and how to register. Sales tax permits are issued by the state tax

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others.

Gather the necessary information. All state tax departments require taxpayers to divulge a certain amount of information about the business being registered and its owner(s). Exact requirements vary by state and may include:

- Type of business (e.g., Limited Liability Company, Profit Corporation)
- Legal name of business
- Name and contact information of all managing members, officers, and/or partners
- Date business was formed
- Driver license number
- Social security number
- Federal Employer Identification Number (FEIN)
- State Employer Identification Number (SEIN)
- North American Industry Classification System (NAICS) code
- Projected monthly taxable sales

Register your business. Some states require online registration and most encourage it. However, most states do allow businesses to register on paper then mail or drop off the form. It can take as little as a few minutes to register and obtain a permit online, while mailed paper applications can take up to 8 weeks to process.

Registering for a sales tax permit is free in many, but not all, states. For example, there's a \$60 non-refundable fee in Wyoming; and in Colorado, there's a \$16 fee per two-year license plus a one-time \$50 deposit that's automatically refunded once you remit \$50 in state sales tax to the Colorado Department of Revenue.

Renew your sales tax permit as required. While some states (e.g., Texas, Virginia) automatically renew sales tax permits, others require businesses to renew them periodically. For example, all transaction privilege tax licenses in Arizona expire at

the end of each year. In Colorado, all sales tax licenses are valid for a two-year period

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and filing sales tax registrations for you.

Sales Tax • Small Business

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