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**Mary Girsch-Bock** • Sep. 08, 2021



It's so easy to track sales tax – said no one ever. Collecting the correct amount of sales tax, reporting that tax, and making tax payments is one of the more cumbersome challenges that business owners face.

Sales tax management can be particularly confusing for businesses that sell merchandise in more than one tax jurisdiction, as is the case with most online sellers, who frequently sell in all fifty states, as well as in many global destinations. To make it even more confusing, if that's possible, each state has its own sales tax requirements, with several states not charging sales tax at all, while others do not collect state sales tax, but allow other taxing jurisdictions to impose taxes on items sold.

Though the buyer bears the larger responsibility of paying the required sales tax

Of course, each state has specific tax exemptions that need to be properly accounted for as well. And once again, it falls on the business owner to make sure that they present the correct documentation or other eligibility requirements to taxing authorities to properly use those exemptions.

To calculate sales tax properly for your business, it's important to understand that different types of sales can influence whether you need to collect sales tax or not. For example, a sale made at your local brick and mortar location may require different tax collection and remittance than that of a sale made to a customer in another state.

Of course, the best way to handle sales tax is to turn it over to the experts. There are numerous sales and use tax applications on the market today that can make the process a lot easier, not to mention less confusing.

But before deciding which product will work best, be sure that you know the answers to these questions:

- **Will the product integrate with my current accounting or point of sale system?** This may be the most important question you'll want answered before you purchase a sales tax application. In most cases, you'll want to purchase an application that integrates with your point of sale or accounting application to minimize the amount of data entry you'll need to do.
- **How often is the sales tax database maintained?** This is an important one as well. While most state rates are static and don't change from year to year, cities and counties are notorious for changing tax rates mid-year to pay for infrastructure. You'll also want to be sure that the application considers tax holidays when processing a transaction.
- **Does the application offer filing and payment options?** This can be a time-saver. The best-case scenario is to use an application that can properly calculate the

correct amount of sales tax for customer transactions, complete and file the

your business, or an accounting professional looking for a system that helps your clients better manage their sales tax, consider using a system that can bear the brunt of the work for you.

Sales Tax

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