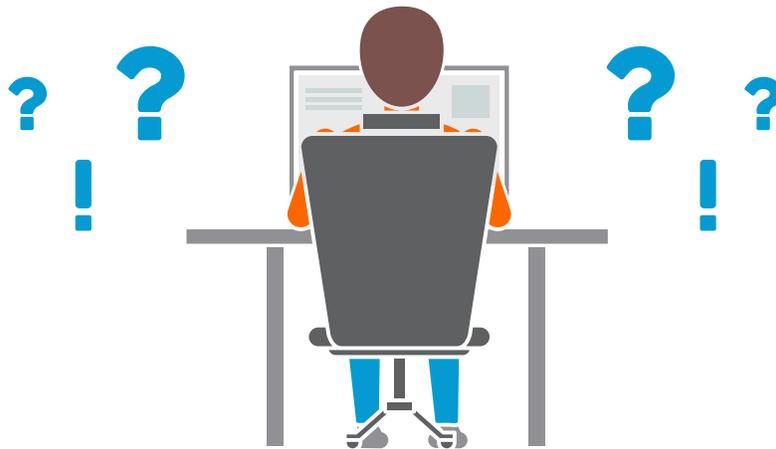


# I THINK I HAVE NEXUS ... NOW WHAT?

What to consider and when to take action  
if you establish new sales tax obligations



Nexus is the connection between your business and a taxing authority that requires you to collect and remit sales tax in that jurisdiction. If nexus exists, your business must comply with the rules and reporting requirements of that taxing authority.

Deciphering where you have nexus is often the first step in maintaining sales and use tax compliance. But what are the next steps once you've determined (or think you've determined) that you have established nexus in a new jurisdiction? Let's break down a few common scenarios on the following page.

## COMMON BUSINESS ACTIVITIES THAT MAY TRIGGER SALES TAX NEXUS:

- Brick-and-mortar locations
- Employee presence
- Home office locations
- Cookies placed on computers in another state
- Location of inventory such as fulfillment centers
- Location of company agents or representatives
- Trade show, conference, or convention attendance
- Economic activity in another state
- Location of company website or data servers
- Remotely licensed software
- Affiliate relationships



To learn more about the business activities that may trigger nexus, read our [Know Your Nexus eBook](#).



## I THINK I HAVE NEXUS, BUT I'M NOT SURE

### Confirming nexus obligations

Staying on top of where your business has nexus can be a difficult and time-consuming task. However, understanding where you have nexus is the cornerstone of maintaining compliance. To stay on top of changing responsibilities, we recommend that you:

- Study up on the business activities that may trigger a nexus connection
- Have a plan in place to monitor your business activities and when they may trigger nexus
- Review state tax authority laws to ensure you understand jurisdictional nuances

If the above seems overwhelming, Avalara's Nexus Studies or Nexus Monitoring Services can help determine where you have nexus today and keep track when additional nexus is triggered.



## I'VE ESTABLISHED NEXUS AND NEED TO START COLLECTING AND REMITTING IN A NEW JURISDICTION

### Growing nexus obligations

It only takes one small change to create a nexus connection. And when that happens, there are typically a few tasks that you'll need to check off:

- Register to start collecting sales tax in the new jurisdiction
- Enable tax collection in the new jurisdiction within Avalara AvaTax
- Set up your filing calendar within Avalara Returns for the new jurisdiction

Finding the correct forms and navigating the nuances of each jurisdiction's registration process can be a time-consuming process. If you need assistance with getting registered, [Avalara Licensing](#) can help. And if you'll be collecting and remitting tax in new jurisdictions, it's a good idea to discuss your AvaTax and Returns usage with your Account Manager to ensure you're on the appropriate tier, as adding new jurisdictions may impact your usage.



## I SHOULD'VE ESTABLISHED NEXUS EARLIER AND MAY BE NON-COMPLIANT

### Neglected nexus obligations

As you work to grow your business and potentially move into new sales channels such as online sales, your tax responsibilities can grow. And sometimes jurisdictions will institute new regulations regarding nexus without your knowledge. If you think you've been non-compliant with state sales tax laws, it's important to take action to remedy the situation. Some actions you may take include:

- Determine your tax exposure in the neglected taxing jurisdiction
- Decide on the best course of action to become compliant within the jurisdiction. Depending on the exposure level, this may require backfiling of missed returns, or participating in a voluntary disclosure agreement to enable your business to move forward with the state.

Avalara is committed to helping our customers become and stay compliant, so if you need assistance with determining your exposure or the required tasks to make it right with a jurisdiction, our team is here to help.

We hope this information is useful, but every business is unique. If you have questions about your tax liability or concerns about compliance, please consult your qualified legal, tax, or accounting professional. If you're an Avalara customer, contact your Avalara Account Manager to discuss how our team can help.