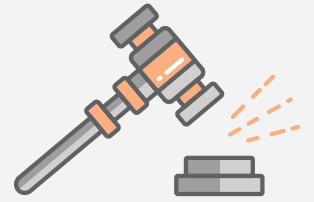


New Sales Tax Rules for Remote Sellers



The long-standing physical presence requirement is no longer needed to trigger nexus, as the Supreme Court grants states authority to impose economic nexus laws on out-of-state transactions.

Who's on the hook for sales tax?

South Dakota's economic nexus law applies to any remote seller that isn't currently registered with the state and meets the threshold requirements: more than \$100,000 in gross revenue from taxable sales, or 200 or more separate transactions for goods, electronically delivered products, or services.

Which states are on board?

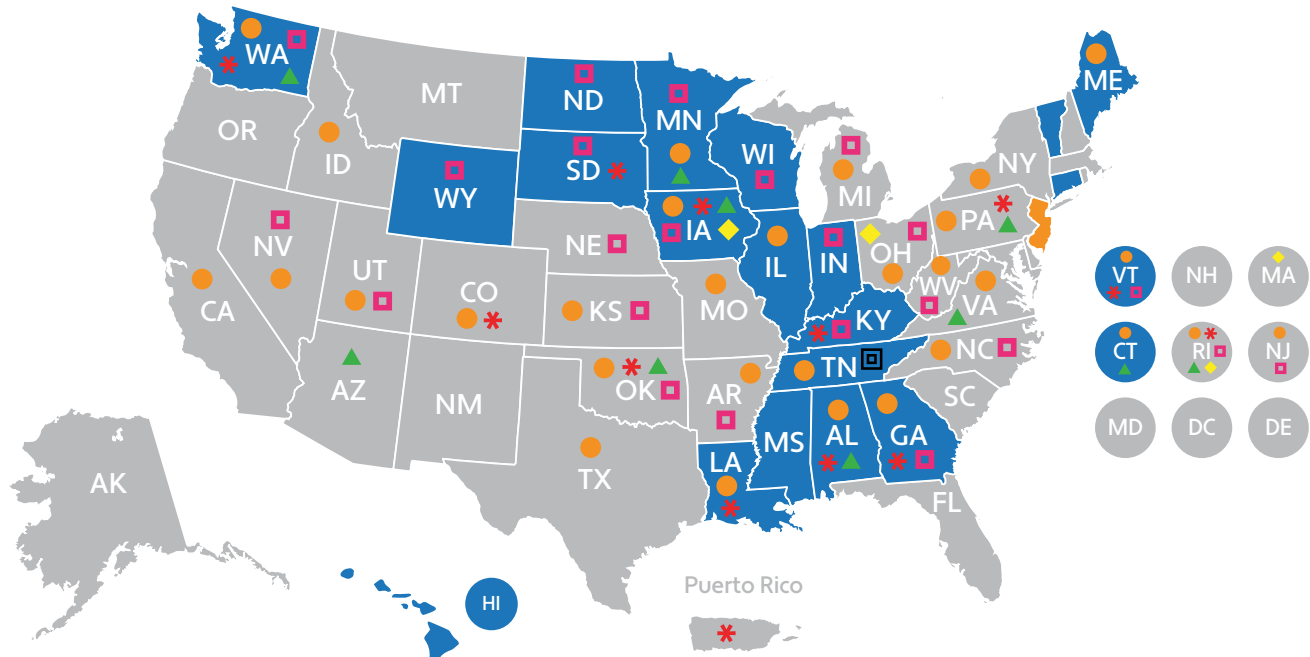
South Dakota was the first to get permission from the court, but several other states with similar economic nexus rules will likely follow their lead. See the map below for states with either active or proposed economic nexus rules.

What is economic nexus?

Economic nexus is a tax collection obligation imposed on companies that have a certain level of economic activity within a state. Unlike nexus that's based on physical presence, economic nexus is based entirely on sales revenue, transaction volume, or a combination of both. Like many sales tax laws, economic nexus criteria vary by state.

Various types of nexus by state (as of July 2018)

- States with economic nexus
- States with affiliate or click-through nexus
- * States with use tax reporting for non-collecting sellers
- Streamlined Sales Tax (SST) state
- SST associate member state
- ▲ States that tax marketplace sales
- ◆ States with cookie/software nexus



Advice to remote sellers

Keep an eye on all states in which you do business and closely monitor your transaction history and nexus laws already in place. When it comes to staying up to date with economic nexus and your obligations, the Avalara Tax Advisory Services team is here to help. Our Tax Advisory Services team is a group of tax experts that can:

- Help you determine where you have nexus
- Provide ongoing monitoring services to see when new nexus is established
- Help you register in new jurisdictions
- Navigate the tasks related to establishing new nexus

Hear from the experts! Watch the on-demand Q&A forum: Tax Experts Explain Supreme Court Decision on Nexus. [Q&A Forum: Tax Experts Explain Supreme Court Decision on Nexus](#)

Looking for more information? Read our FAQ guide and get other resources [here](#).



About Avalara

Avalara helps businesses of all sizes achieve compliance with transaction taxes, including sales and use, VAT, excise, communications, and other tax types. The company delivers comprehensive, automated, cloud-based solutions designed to be fast, accurate, and easy to use. The Avalara Compliance Cloud® platform helps customers manage complicated and burdensome tax compliance obligations imposed by state, local, and other taxing authorities throughout the world.

Avalara offers more than 600 pre-built connectors into leading accounting, ERP, ecommerce and other business applications, making the integration of tax and compliance solutions easy for customers. Each year, the company processes billions of indirect tax transactions for customers and users, files more than a million tax returns, and manages millions of tax exemption certificates and other compliance documents.