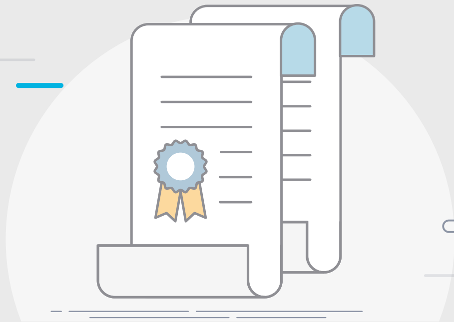
A guide to economic nexus for B2B manufacturers



Let's start with the obvious: Why should you even care about sales tax? You don't deal directly with consumers, you only have facilities in a few locations, and most of your sales are tax-exempt. So, why even concern yourself with the whole South Dakota v. Wayfair decision and economic nexus? It's a fair question.

How are manufacturers impacted by remote seller sales tax laws?

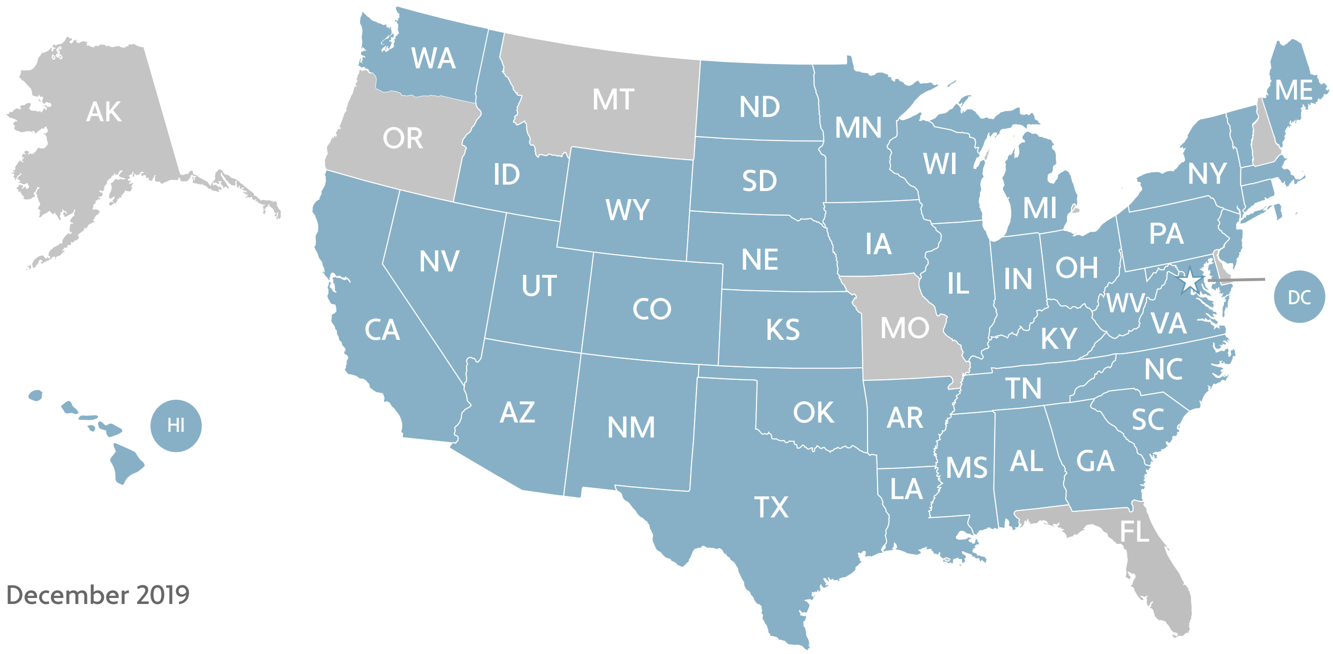
On the surface, it may seem like economic nexus only affects ecommerce sellers and their customers. But in truth, Wayfair drastically changed the standards by which all businesses have to comply with state sales and use tax regulations. Physical presence is no longer the litmus test for creating a taxable connection to a state. Economic nexus creates that connection based solely on transaction volume or revenue thresholds. Those thresholds vary by state and may include exempt sales as part of gross sales.

To date, more than 30 states have economic nexus laws in place or pending.

For B2B manufacturers, economic nexus can become a real compliance headache if you:

1. Have gross sales (including exempt sales) that meet revenue or sales volume thresholds
2. Provide services such as design, installation, repairs, or maintenance
3. Sell products that may or may not be classified as real property
4. Sell online or direct to consumers

Sales tax laws on remote sellers tripled after the U.S. Supreme Court ruling in South Dakota v. Wayfair, Inc.



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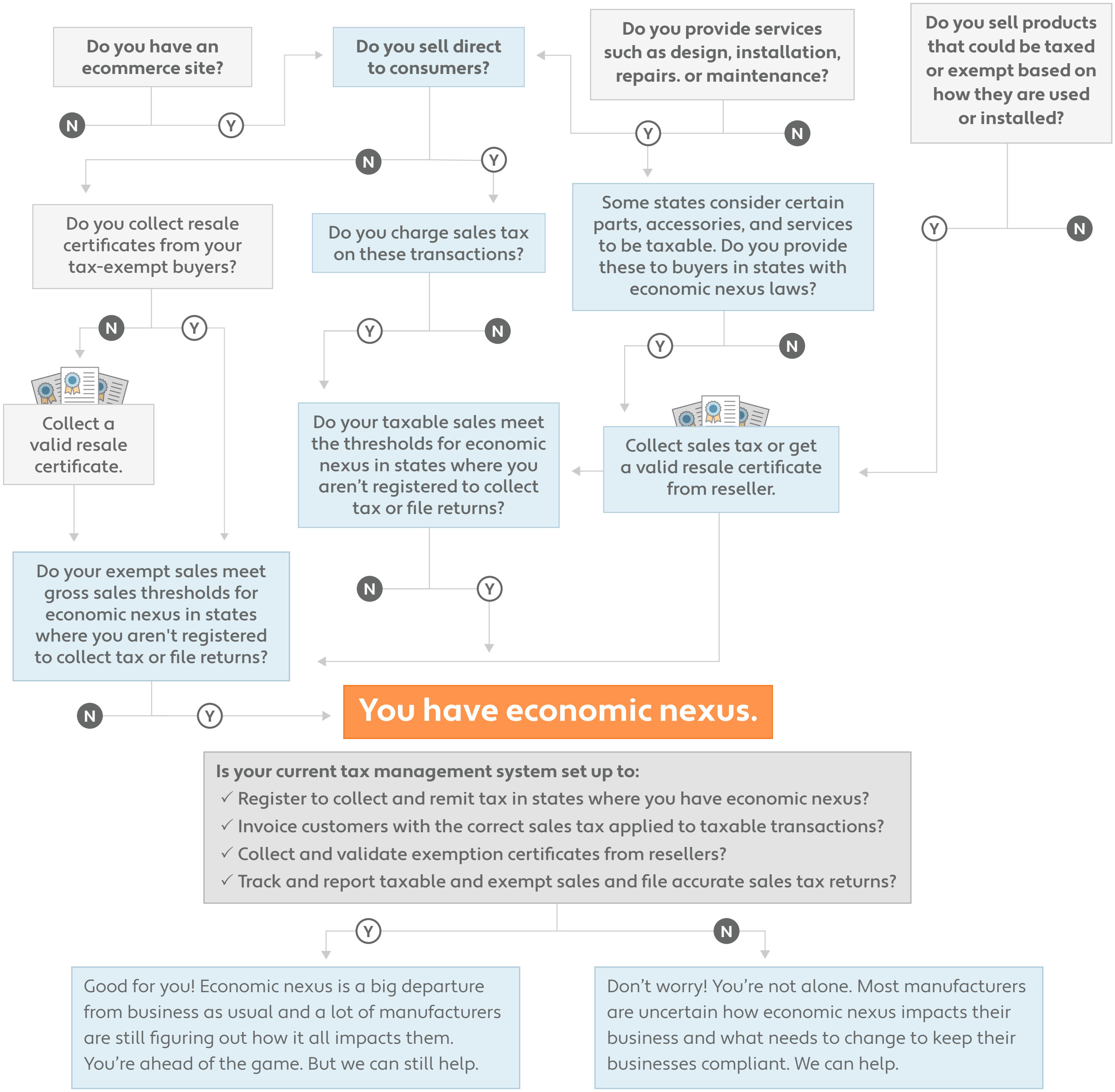
The right questions can determine if you have economic nexus and how to manage it.



Avalara's tax automation solutions help you ready your business for economic nexus. From registration to returns and all the steps in between, Avalara prepares you to take on the challenges of transactional tax from a manufacturers perspective, with expertise and platform integrations built with your business goals in mind. Learn more at avalara.com