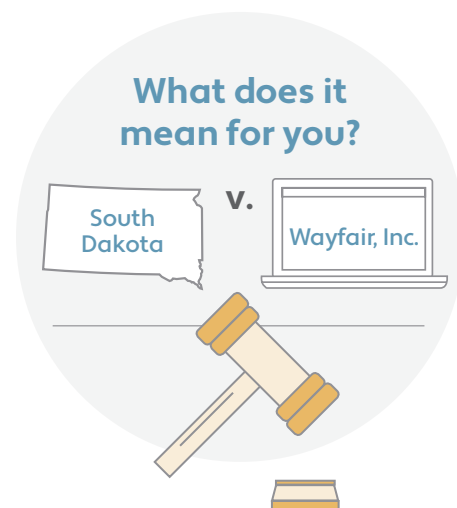


WHAT TO DO IF YOU'VE REACHED AN ECONOMIC THRESHOLD FOR REMOTE SALES

On June 21, 2018, the Supreme Court of the United States ruled in favor of South Dakota in *South Dakota v. Wayfair, Inc.* The court's decision allows the state to enforce its economic nexus law and tax remote sales based on economic activity – sales revenue and/or transaction volume – alone, expanding the [definition of nexus](#).

Since the ruling, more than 30 states have adopted or started enforcing economic nexus laws. Many customers are struggling to keep up and fully understand what it means for their business, because many economic nexus laws are vague and difficult to decipher. Follow these recommended steps if you think your business is close to, or has recently passed, a state sales tax economic nexus threshold.



STEPS TO MAINTAIN COMPLIANCE AFTER REACHING AN ECONOMIC THRESHOLD



Step 1

REVIEW ECONOMIC NEXUS LAWS: KNOW THEM, UNDERSTAND THEM

For each state that has an economic nexus law, there are different sales and transaction thresholds, effective dates, applicable sales periods, and treatment of exempt sales. You must first understand how each state administers economic nexus laws before you can implement changes to support compliance. Our [Understanding Economic Nexus](#) paper breaks down the state-by-state essentials for each economic nexus law.



Step 2

EVALUATE SALES DATA: MONITOR AND ANALYZE FREQUENTLY

Once you understand each state's economic nexus law, review your sales and transaction data and compare it to the laws in question. If all your sales data flows through Avalara AvaTax, you can [run a report](#) that shows sales by tax jurisdiction to see how your sales and transaction volume stacks up. If you have sales data outside of AvaTax, talk to your Account Manager about connecting all your sales channels to AvaTax. With more than 700 [integrations available](#), we can help ensure you have a single solution for managing sales tax compliance.

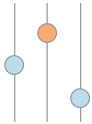


Step 3

DETERMINE NEXT STEPS: REGISTER AND LICENSE

If you've determined that you've reached a threshold and now have a tax obligation, you'll need to start collecting and remitting in the new tax jurisdiction. The first step is likely registering for a sales tax license. Each tax jurisdiction has its own registration process, forms, and requirements, making the process cumbersome and at times confusing. If you need assistance getting registered, [Avalara Licensing](#) can help.

Remember, economic nexus laws are just the newest version of sales tax nexus laws, so if you realize that you previously established nexus but haven't registered to begin collecting tax, you may need to take additional steps to get right with the tax jurisdiction, such as backfiling unpaid taxes or participating in a voluntary disclosure agreement. More information on those options can be found here. [here](#).



Step 4

ADJUST SETTINGS: UPDATE AVALARA AVATAX AND AVALARA RETURNS

To ensure you're ready to collect and remit in a new jurisdiction, you'll want to make some adjustments to your Avalara system to calculate, file, and remit on your behalf in additional jurisdictions.

- To enable a new state to collect tax within AvaTax, follow the directions in this [Avalara Help Center article](#).
- To set up and schedule returns in additional jurisdictions in Avalara Returns, follow the directions in this [Avalara Help Center article](#) (only for customers with Avalara Returns).



REMEMBER:

Sales tax compliance is not a set-it-and-forget-it activity. Rules and regulations are constantly changing, as is your business. To keep up and ensure you get tax compliance right, we encourage you to regularly discuss and review your needs with your Avalara Account Manager, since adding new tax jurisdictions or returns filings may impact your usage.