



TAX SEASON & REFUNDS

For accountants and CPA's, this time of year means excessive hours trying to prepare a seemingly insurmountable amount of tax returns. But for individuals, it means refund money (or at least, they want it to mean that). You can spend your income tax refund on anything you like, but keep in mind that just because the income tax people just gave you a refund it doesn't mean the sales tax people don't want that money back!

That leads us to the mother of all fake exemptions: stuff bought over the internet. Things purchased over the internet are not exempt from sales tax. Delivery charges related to things purchased over the internet are not exempt from sales tax. So why don't customers pay sales tax on a lot of things purchased over the internet? Nexus.



In layman's terms, having nexus with a state means having a physical presence in a state – whether it's an office or you send your own delivery truck into the state. When a business (that is selling you the item on the internet) doesn't have nexus in a state, it doesn't have to collect sales tax for that state. That's why the business doesn't charge you sales tax.

However, that doesn't mean you don't owe any tax, though. Instead, you owe its lesser-known twin: use tax. Individuals self-assess use tax on their income tax return (businesses, including schedule C's) can self-assess use tax on their sales and use tax return). What you purchase over the internet may not be taxable, but if you don't self-assess use tax on what is taxable when you should, a state can technically assess you the tax, interest and penalty. And it's up to you to figure out what is subject to tax. For example, in New York dandruff shampoo is exempt from sales and use tax, but you would owe sales and use tax on regular shampoo or soap.

States are aggressively working to either expand the definition of nexus to better apply to today's world or are looking to change how sales tax is imposed all together. It's not our job to make the rules. But it is our job to help inform you about sales tax so you don't turn your tax refund into a sales tax debt.

Happy Tax Season (Merry Tax Season?) from Sales Tax Defense LLC! And be careful not to spend your whole refund on sales and use taxes...

\$100,000 SALES TAX LIABILITY SETTLED FOR \$20,000 AND A Driver's License Suspension Stopped in its Tracks!



A client came to Sales Tax Defense LLC with a sales tax liability from a restaurant that was no longer operating. However, as you know, sales tax liabilities do not "die" with the company. The liability is also assessed against the responsible person and NYS will try to collect for 20 years!

Well, with this client, NYS had started its new collection method and issued a letter that they would be suspending the responsible officers driver's license. Sales Tax Defense was able to put Offer-In-Compromise paper work together and get it filed before the 60 days had passed. Filing this offer got the case out of the hands of collections and allowed the client to continue driving without a suspended license!

Eventually, the offer was assigned to a reviewer and we were able to negotiate a settlement of \$20,000 to pay off the \$100,000 liability. The client was able to keep their driver's license and settle his liability without it chasing him for the next 20 years!!

ABOUT OUR FIRM



We are a dedicated team of sales and use tax professionals who have committed our careers to helping businesses and fellow professionals with sales and use tax problems. Since the only work we are focused on is sales tax consulting, businesses never have to be concerned that we will try to sell them other services they do not need. And professionals never have to be concerned with us encroaching on their client relationships, because we view you, our fellow professional, as our client.

WHEN YOU HAVE A SALES TAX PROBLEM, *WE ARE THE SOLUTION!*

CALL: **631-491-1500**

CONTACT US!

“

Thank you for all you did with NYS Audit! You & your staff did what others couldn't do in 5 years.
Thanks again!

-Susan & Bill

MORE TESTIMONIALS

Phone: 631-491-1500

2106 Deer Park Avenue

Deer Park, NY 11729



This newsletter is not intended to be used as tax, legal or accounting advice.

[Update](#) / [Unsubscribe](#)

© Sales Tax Defense LLC