



## EMBRACE YOUR GEEK-NESS



July is Lasagna Awareness Month and while that sounds delicious, we will not be discussing that. July is National Doghouse Repairs Month and while we love dogs, we will not be discussing that. July is Cell Phone Courtesy Month and while we can all agree that some people could definitely be more courteous when using their cell phone, we will not be discussing that either. What we will be discussing though is that July 13<sup>th</sup> was Embrace Your Geek-ness Day and that gave us the opportunity to dial our sales tax geek-ness all the way up to 10!

Did you know that some chocolate “milks” are actually drinks and that chocolate drinks are subject to sales tax in New York? Did you know that New Jersey has a category of storage called “storage-in-transit” that has its own specific tax rules? Did you know that how software is installed on a customer’s computer in California can affect the taxability of the transaction?

All those facts are interesting but the topic that really gets the sales tax geeks going is nexus. In today’s world, technology and a change in the way business is conducted has changed everything and outdated laws struggle to answer questions about who must collect sales tax and in which jurisdiction.

In the landmark case *Quill Corp. v. North Dakota*, the U.S. Supreme Court decide that Quill Corp., didn’t have a physical presence in North Dakota and therefore, it did not have an obligation to collect and remit sales tax in North Dakota. That ruling was easy to apply in 1992 but in 2017, things are less clear.

What happens when a person can sell software in all 50 states without leaving their parents’ garage? And what happens if customers access the software from a server which happens to be located in a third state? States would like to tax those sales but the outdated tax rules make it difficult.

Beyond software, new business models make nexus confusing, at best. There are large online companies that act as a marketplace for companies and customers to interact without the marketplace ever taking possession of any goods. There are also some large online companies that do take possession of goods. Do vendors need to know where large online companies have warehouses to determine if storing their goods in the warehouse creates nexus?

In a world with so many questions, who can you turn to for answers? Sales Tax Defense LLC of course!

## TAX DEPARTMENT ADMITS TO AUDITING THE WRONG TAXPAYER



## ABOUT OUR FIRM



A restaurant in the city came to Sales Tax Defense because they were contacted by the Tax Department for a sales and use tax audit. The Company had no idea why they were being audited because they had all of their records and reported from their records. (Unfortunately, sometimes an audit selection is just bad luck.)

Well the Company was right, they did keep all their sales records, and all of their sales records did tie into their reporting. However, the Company was not familiar with their use tax filing requirements. Tax Defense worked with the Company to gather their purchase and expense invoices and determine arguments as to why certain items were not taxable when no tax was charged.

At the end of the audit, and after some persuasion, the auditor decided that the amount of use tax owed was di minimis and that they unnecessarily audited a company with accurate records. The audit resulted in a no change!

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!**

“

Mark,

I can't thank you enough for the hard work you and your staff put in to helping me out of the deep tax issue I was saddled with. With the settlement now fulfilled I am able to live life with a lot less stress and move towards financial stability.”

**-Daniel C, Business Owner**

**MORE TESTIMONIALS**

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