

[Accounting Firm Letterhead]

[Date]

[Client Name]

[Client Address]

[City, State, Zip]

Dear [Client Contact Name],

As part of our recent review of [Company Name]'s financial records and multi-state operations, we have identified specific concerns regarding sales tax nexus. Following the U.S. Supreme Court decision in *South Dakota v. Wayfair, Inc.*, many states have established economic nexus thresholds that require businesses to collect and remit sales tax based on sales volume or transaction counts, even without a physical presence.

Our preliminary analysis indicates that the Company has exceeded established thresholds in the following jurisdictions: [List States]. Failure to comply with these regulations exposes the Company to significant liabilities, including uncollected tax, interest, and penalties.

To mitigate these risks, we recommend the following remediation plan:

- **Nexus Study:** A comprehensive review of historical sales data to determine the exact date nexus was triggered in each state.
- **Voluntary Disclosure Agreements (VDA):** For states with significant back-tax exposure, we suggest entering into VDAs to limit look-back periods and waive penalties.
- **Sales Tax Registration:** Registering the Company for sales tax permits in jurisdictions where a current and ongoing obligation exists.
- **Exemption Certificate Management:** Implementing a system to collect and validate resale and exemption certificates for non-taxable sales.
- **Automation:** Integrating sales tax software with your current accounting/ERP system to ensure accurate real-time calculation and filing.

We are available to assist with the implementation of these steps to ensure the Company returns to full compliance and to minimize financial exposure. Please contact us at your earliest convenience to discuss the next steps of this remediation process.

Sincerely,

[Partner Name]

[Accounting Firm Name]