

DATE: [Insert Date]

TO: [Client Name/Company Management]

FROM: [Your Name/Firm Name]

SUBJECT: Advisory Regarding Multistate Economic Nexus Thresholds

Dear [Name],

We are writing to provide a formal update regarding your company's potential sales tax collection and reporting obligations across various states. Following the Supreme Court decision in *South Dakota v. Wayfair, Inc.*, most states have established "economic nexus" laws. These laws require businesses to collect and remit sales tax once they reach specific activity thresholds, even without a physical presence in that state.

General Threshold Standards

While requirements vary by state, the most common thresholds triggering a filing obligation are:

- Total gross sales into the state exceeding \$100,000; or
- A specific number of separate transactions (commonly 200) into the state.

Current Compliance Status

Based on our preliminary review of your recent sales data, your company has:

- **Exceeded thresholds in:** [List States]
- **Approached 80% of thresholds in:** [List States]
- **No current exposure in:** [List States/Remaining States]

Recommended Actions

To ensure compliance and mitigate potential penalties and interest, we recommend the following steps:

1. Register for sales tax permits in the states where thresholds have been met.
2. Implement a software solution to automate tax calculation and collection at the point of sale.
3. Begin collecting and remitting sales tax by the required effective dates.
4. Maintain exemption certificates for any non-taxable wholesale or exempt transactions.

Next Steps

Failure to comply with these regulations can result in significant back-tax liabilities. We are available to assist with a full nexus study, state registrations, and the implementation of a compliance system.

Please contact us at your earliest convenience to discuss a formal compliance plan.

Sincerely,

[Your Signature]

[Your Title]