

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

## **RE: Management Letter - Summary of Physical and Economic Nexus Findings**

Dear [Client Contact Name],

We have completed our review of your business activities to determine the states in which your company has established sales tax nexus. Below is a summary of our findings regarding physical and economic presence.

### **1. Physical Nexus Findings**

Based on our review, your company maintains a physical presence in the following states through employees, property, or inventory:

- [State Name]: [Reason, e.g., Remote Employee/Office]
- [State Name]: [Reason, e.g., Third-party Warehouse/Inventory]

### **2. Economic Nexus Findings**

The following states have been identified where your sales volume or transaction count exceeded the specific state thresholds during the [Year] calendar year:

- [State Name]: [Sales Amount/Transactions] (Threshold exceeded as of [Date])
- [State Name]: [Sales Amount/Transactions] (Threshold exceeded as of [Date])

### **3. Recommendations and Next Steps**

- **Registration:** We recommend registering for sales tax permits in the states listed above immediately to begin collection.
- **Prior Liability:** For states where thresholds were met in prior periods, a Voluntary Disclosure Agreement (VDA) should be considered to mitigate penalties.
- **Exemption Certificates:** Ensure that valid exemption certificates are collected and maintained for all non-taxable wholesale or exempt sales.

Please review these findings. We are available to discuss the implementation of a compliance strategy and assist with the registration process.

Sincerely,

[Your Name/Firm Name]

[Your Title]