

[Date]

[Recipient Name]

[Title]

[Company Name]

[Address Line 1]

[City, State, Zip Code]

RE: Risk Assessment - Economic Nexus and Wayfair Compliance

Dear [Recipient Name],

This letter provides a formal assessment of [Company Name]'s current exposure regarding state sales tax obligations following the U.S. Supreme Court decision in *South Dakota v. Wayfair, Inc.*

1. Background

Under the Wayfair ruling, states are permitted to require out-of-state sellers to collect and remit sales tax based on "Economic Nexus." This occurs when a business exceeds a specific threshold of sales revenue or transaction volume within a state, regardless of physical presence.

2. Identified Risks

Based on our preliminary review of your multi-state sales data, we have identified the following areas of concern:

- **Threshold Breaches:** [Company Name] has surpassed the economic thresholds (typically \$100,000 in sales or 200 transactions) in the following jurisdictions: [List States].
- **Uncollected Tax Liability:** Continued sales in these states without registration creates a cumulative liability for uncollected sales tax, plus applicable interest and penalties.
- **Audit Exposure:** State revenue departments are increasingly using third-party data to identify non-compliant remote sellers.

3. Recommended Actions

To mitigate financial and legal exposure, we recommend the following steps:

- Conduct a comprehensive nexus study to determine the exact date obligations began in each state.
- Register for Sales and Use Tax permits in high-risk jurisdictions.
- Implement an automated tax calculation software to manage varying state and local rates.
- Evaluate eligibility for Voluntary Disclosure Agreements (VDA) to waive or reduce past penalties.

4. Conclusion

Non-compliance with Wayfair regulations poses a significant financial risk to the company's balance sheet. We advise a prompt review of your filing status to bring [Company Name] into full compliance.

Please contact us to schedule a detailed review of your sales data.

Sincerely,

[Your Name]

[Your Title]

[Your Organization]