

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

Re: State Tax Nexus and Sales Tax Applicability for SaaS Transactions

Dear [Client Contact Name],

This letter provides our professional opinion regarding the state tax nexus profile and sales tax obligations for [Company Name] ("the Company") in relation to its Software as a Service (SaaS) offerings.

1. Scope of Analysis

We have evaluated the Company's activities, including digital delivery methods, server locations, remote employee presence, and economic sales thresholds in the following jurisdictions: [List States].

2. Factual Background

The Company provides a cloud-based software platform where users access functionality via a web browser. The Company does not provide tangible personal property or perpetual software licenses. Revenue is derived from recurring subscription fees.

3. Nexus Determination

Based on the standards set forth in *South Dakota v. Wayfair, Inc.* and subsequent state statutes:

- **Physical Nexus:** The Company maintains a physical presence in [State A] due to its office location and in [State B] due to resident remote employees.
- **Economic Nexus:** The Company has exceeded the economic thresholds (e.g., \$100,000 in sales or 200 transactions) in the following states: [List States].

4. Taxability of SaaS

States vary in their treatment of SaaS. Our analysis indicates:

- **Taxable Jurisdictions:** SaaS is classified as a taxable service or tangible personal property in [List States].
- **Nontaxable Jurisdictions:** SaaS is currently exempt or classified as a nontaxable data processing service in [List States].

5. Conclusion and Recommendations

It is our opinion that the Company has a legal obligation to register for, collect, and remit sales tax in [List Jurisdictions]. We recommend the following actions:

1. Register for Sales and Use Tax permits in the identified states.
2. Implement an automated tax calculation system within the billing platform.
3. Collect and maintain valid exemption certificates for B2B wholesale clients.

6. Limitations

This opinion is based on current state statutes and administrative rulings as of the date of this letter. Tax laws are subject to frequent change, which may impact these conclusions.

Sincerely,

[Signature]

[Name of Firm/Tax Advisor]

[Title]