

**Date:** [Insert Date]

**To:** [Client Name / Company Name]

**Attn:** [Contact Person]

**Address:** [Street Address, City, State, Zip]

**Re:** Tax Nexus Opinion Regarding Telecommuting Employees in [State Name]

Dear [Name],

We have been engaged to provide a formal tax opinion regarding whether the employment of [Employee Name(s)], who resides and performs services remotely in [State Name], creates a taxable "nexus" for [Company Name] (the "Company") in that jurisdiction.

## 1. Background

The Company is currently headquartered in [Home State] and has no physical offices, property, or inventory in [State Name]. Starting on [Date], the Company permitted [Employee Name] to telecommute full-time from their personal residence in [State Name]. The employee's primary duties include [Brief Description of Duties].

## 2. Legal Analysis

In most jurisdictions, "nexus" is the minimum connection required for a state to impose tax obligations on an out-of-state corporation. Under [State Statute or Regulation Number], the physical presence of a single employee performing services on behalf of an employer typically establishes both Sales Tax and Income Tax nexus.

While some states provided temporary nexus relief during the COVID-19 pandemic, [State Name] currently [does/does not] provide a permanent de minimis exception for remote administrative workers.

## 3. Opinion

Based on the facts provided and the current laws of [State Name], it is our opinion that:

- **Corporate Income Tax:** The presence of the employee likely creates nexus, requiring the Company to file a corporate tax return and apportion income to [State Name].
- **Sales and Use Tax:** The Company may be required to register for a sales tax permit and collect tax on sales delivered to customers in [State Name].
- **Payroll Tax:** The Company must withhold state income tax for [State Name] and contribute to the state's unemployment insurance fund.

## 4. Recommendations

We recommend the Company register with the [State Department of Revenue] and the [State Department of Labor] immediately to ensure compliance. Failure to do so may result in penalties and interest for late filing.

## **5. Limitations**

This opinion is based on the law as of the date of this letter and the specific facts provided by the Company. Changes in state legislation or employee job duties may alter this conclusion.

Sincerely,

[Your Name/Firm Name]

[Title]

[License Number, if applicable]