



# Mitigating the Compliance Impact of the *South Dakota v. Wayfair* Decision

With the recent U.S. Supreme Court decision in favor of the state in *South Dakota v. Wayfair*, online retailers who have not been collecting sales tax in all states are now trying to determine the implications and compliance requirements of the decision. Online retailers can greatly benefit from a Tax Process Assessment to help address the new challenges resulting from the *Wayfair* decision and protect the tax efficiency and effectiveness of their organizations. This impactful analysis identifies answers to a wealth of new tax compliance questions many companies are now facing.

## ***Where Will I Need to Collect Sales Tax?***

Receive an assessment of your new obligations and recommendations for where you will need a new process for sales tax compliance, as well as how quickly you will need to act.

### **Services include:**

- A review of your existing sales footprint
- An examination of which states have legislation in place to impose tax collection responsibilities under an economic nexus test
- The identification and documentation of any new thresholds for states
- Updates on when tax collection is required to start

## ***How Do I Comply with the New Requirements?***

Leverage a process capability assessment to understand the impact on internal systems and processes, as well as outsourcing or technology solutions that will improve your performance. **You will receive:**

- A gap analysis on current systems and processes
- Recommendations on software solutions or outsourcing services
- A cost/benefit analysis for the recommended options
- Ad hoc assistance with registration process or securing direct pay permits where beneficial
- Ad hoc assistance with national product taxability research



**Ryan can offer Tax Process Assessment services on a fixed-fee basis and ad hoc services in a flexible and scalable pricing model. Please contact [BD@ryan.com](mailto:BD@ryan.com) to get a quote for your business.**

### States will:

- ▶ Set thresholds for the number of sales transactions and/or sales amounts allowed in the state, which, when exceeded, require tax collection by the seller.
- ▶ Provide notice of the date when sellers are expected to start tracking the thresholds and collecting taxes.
- ▶ Consider whether their previously adopted Remit or Report model should be eliminated.



### Sales Transactions

- ▶ Sellers will need to know which states have adopted an economic nexus position, what the thresholds are, and when tax collection is required to start.
- ▶ Sellers should identify their largest customers by sales amount in each new collection state and contact them in advance to determine if the customer will be providing any exemption certificates.
- ▶ Sellers will need to ensure their software is adequate to calculate the sales tax.
- ▶ Sellers will need to confirm they have sufficient staffing to handle the additional compliance burden.



### Purchase Transactions

- ▶ Sellers' invoices will now have sales tax on purchases, so the purchaser will need to be vigilant in determining whether the item should be exempt and provide an exemption certificate.
- ▶ Because the seller may not be familiar with the state's sales tax rate, purchasers should ensure the amount charged is correct.
- ▶ There will be much less use tax to accrue and report.
- ▶ Purchasers may want to get a direct pay permit, so they can better manage their sales tax liability.

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