

The Wayfair Decision: Sales Tax and Nexus Impact

On June 21, 2018 the US Supreme Court ruled in *Wayfair v. South Dakota*. The decision determines the constitutionality of South Dakota's sales tax law which applies to an activity that has substantial nexus. The following explains the new law:

- In this case, the court held that the state had established that the vendor had substantial nexus through an extensive virtual presence.
- The threshold set in South Dakota for nexus is 200 transactions with in state purchasers or sales in excess of \$100,000.
- Wayfair's ruling does not impose South Dakota's law on all 46 states with sales tax provisions; it only opens up the possibility for other states to pass their own economic sales tax nexus provisions.
- The Wayfair decision overturned *Quill* which had established the physical presence standard for imposition of sales tax by a state.

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Helping your business understand your nexus footprint and evaluating your products and services, and how they are characterized because taxability is not universal among all states.



Keeping you updated as other states pass legislation similar to South Dakota.



Considering how registering for sales tax in a state may impact nexus for other state level taxes.



Considering tax planning strategies as they relate to nexus creating activities in multiple states.

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