



July, 2019  
631-491-1500  
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## It's Been Over A Year Since the Supreme Court Rocked the Sales Tax World



The date was June 20, 2018. It was a cloudy Wednesday, the Mets lost on the road to the Rockies 8 to 10 and we finished filing the last few New York State quarterly sales and use tax returns due that day. As we went to bed that night, we had no idea what the future had in store for us. The next day, the Supreme Court upheld South Dakota's law creating economic nexus and the sales and use tax world was never the same.

Now that we've lived through a full year of economic nexus, we thought it would be a good time to take inventory of the events that have transpired.

First and foremost, almost every state that imposes a sales tax has a passed law enacting some sort of economic nexus. Even the states that didn't enact an economic nexus have enacted some sort of affiliate or click-through nexus. It seems almost inevitable that at a certain dollar threshold or number of transactions that a business

will have to collect sales tax in a state regardless of their physical presence.

[Economic nexus has not only swept the nation, it seems to have also encouraged the spread of tax on marketplace sellers. Read here.](#) This means that in many cases, the facilitator of a sale can be required to collect and remit sales tax on transactions involving two other parties. While this can seem draconian to many businesses, it is the natural evolution of sales tax collection - if you are making sales to a state's residents, that state is working to collect their sales tax.

Regardless of the type of nexus, states have started contacting out-of-state businesses about sales tax. Sometimes a state sends a letter, sometimes a state sends an email and sometimes a state simply starts an audit. But regardless of how a state initiates contact; they are seeking the tax whether your business is ready or not.

Lastly, we've received countless calls and emails from frustrated business owners who are trying to comply with all the new tax laws and regulations but simply don't have the understanding to do so. To figure out if you have nexus in each state, then figure out if your sales are subject to sales tax in each state, then figure out how to register for sales tax in each state and then figure out how to actually file the return in each state... it's a lot for anyone trying to operate a business. We can help you with your sales tax needs, please contact us!

## **Sales Tax Audit Liability Reduced by over \$800,000!!!**



A Company came to Sales Tax

## **ABOUT THE FIRM**



We are a dedicated team of sales and use tax professionals who have committed our

Defense LLC with an audit assessment of approximately \$850,000. This Company sold and installed various types of alarm systems and the Tax Department was holding many of the installations as taxable.

We met with the auditor and argued the taxability of the installations stating that most of the jobs met the three-prong test to qualify for the capital improvement exemption. After meeting with the auditor, we then had to meet with the auditor's supervisor to go through the details of each job being assessed. In addition to arguing about the taxability of the jobs, Tax Defense also had to reconcile the sales tax payable account and show the Tax Department that the Company's fixed asset purchases were exempt under an IDA.

After several negotiations, the Tax Department agreed that most of the jobs were capital improvement jobs, the sales tax payable account reconciled, and the fixed asset purchases were in fact exempt from tax. The company's liability was reduced from \$850,000 to \$9,000! A savings of \$841,000!!

careers to helping businesses and fellow professionals with sales and use tax problems.

Since the only work we are focused on is sales tax consulting, businesses never have to be concerned that we will try to sell them other services they do not need. And professionals never have to be concerned with Sales Tax Defense LLC encroaching on their client relationships, because we view you, our fellow professional, as our client.

# Upcoming Seminars

## Bernath Rosenberg - Staten Island

### Hilton

**Date/Time:** July 15th - 11:30-12:30

**Topic:** The Basics of Sales Tax

## NYSSCPA Seminar - City Line

### Restaurant 245 Main Street New City,

### NY

**Date/Time:** July 25th - 8:30-10:30am

**Topic:** Sales Tax Over The Internet

## The A Team Consulting - Breather

### 115-125 30th Street, New York, NY

**Date/Time:** July 30th - 4:45-5:30pm

**Topic:** Sales Tax Over the Internet

## Cornick Garber Sandler 555 Madison

### Avenue New York, NY

**Date/Time:** August 1st - 9:00-11:30am

**Topic:** NYS Sales Tax and Audit Traps

## Meyer, Suozzi, English & Klein P.C. -

### 990 Stewart Avenue, Garden City, NY

**Date/Time:** August 7th - 12:30-2:00pm

**Topic:** What Every Lawyer Needs to

Know About Sales Tax

## **The Accounting and Finance Show - (Metro Toronto Convention Centre)**

**Date:** September 9th

**Topic:** US Sales Tax - What you need to know

\*The Wayfair Decision & Nexus

\*Amazon: FBA, a sales tax nightmare

\*Audit & Collection Activity - the taxman cometh

## Stony Brook Small Business

### Development Center

**Date/Time:** October 2nd - 9:00-11:00am

**Topic:** Surviving Sales Tax

## NYSSCPA Real Estate Committee –

### Marks Paneth 88 Frohlich Farm Blvd.

### Woodbury, NY

**Date/Time:** October 24<sup>th</sup> – 6:00-8:00pm

**Topic:** Capital Improvements and LLC's

## Tax Update Seminar

**Date/Time:** December 7th

**Topic:** Sales Tax Update

WHEN YOU HAVE A SALES TAX PROBLEM, *WE ARE THE SOLUTION!*

**CALL: 631-491-1500**

**CONTACT US!**

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"I wanted to reach out and thank you and your firm for the work on my VDA last year. I very much appreciate the knowledgeable guidance and professional approach to the work on my case. While I hope I do not need your services in the future, I wouldn't hesitate to recommend you to other people I know that may need your help."

*Troy*

Business Owner

**MORE TESTIMONIALS**

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