Miles Consulting
Sales Tax Solutions

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Multi-State Sales Tax, in Plain English

A short guide to what it is, how it sneaks up on growing companies, and how to get ahead of it.

The problem most companies don't see coming

For most of the history of sales tax, the rule was simple: if you had people or property in a state, you collected tax there. The Supreme Court's 2018 Wayfair decision changed that. Today you can owe sales tax in a state where you have no office and no employees, just customers and enough sales to cross a threshold.

The word for it is nexus, the connection to a state that requires you to collect and remit its sales tax. There are two kinds. Physical nexus comes from people or property in a state: an office, inventory, a traveling salesperson, even leased equipment. Economic nexus comes from sales volume alone, commonly $100,000 in sales or 200 transactions in a year, with no physical presence required at all. It sneaks up because you're busy managing your business, not focused on sales tax.

Signs it might be time to take a look

- You've expanded into new states, launched e-commerce, placed inventory in a fulfillment center, or added remote staff
- You sell SaaS, software, or digital products, where taxability varies from state to state
- A notice or audit letter has arrived from a state
- You're buying, selling, or raising capital, and sales tax has come up in diligence
- You're based outside the U.S. and sell to American customers, or you suspect you owe somewhere but aren't sure how much

Sorting It Out, Step by Step

There's a natural order to it. First, figure out where you actually have nexus. Second, determine whether what you sell is taxable in each of those states. Third, register and start filing correctly going forward. Fourth, clean up whatever built up before you realized. Most companies start with one project that maps all four: a nexus and taxability review. It turns an open-ended worry into a clear plan, so you can fix the real problem instead of registering everywhere. The good news? When organizations bring their initial project to us, they walk away with a clear understanding of their position, often after months spent carrying an unknown worry. That clarity delivers peace of mind.

Questions companies commonly ask

We have customers in a state but no office or employees there. Do we really owe tax?
Possibly, yes. Since the Wayfair decision, most states can require you to collect based on sales volume alone. Cross a state's threshold, often $100,000 in sales or 200 transactions in a year, and you can owe there with no physical presence at all.

Does a remote employee, or a salesperson who travels into a state, create nexus?
It can. Physical nexus isn't just an office. An employee who lives in a state, a salesperson who travels there, inventory in a warehouse, or a contractor working on your behalf can each create it.

We sell SaaS or digital products. Is that taxable?
It depends on the state. Almost half the states tax SaaS today, and they don't all treat it the same way, so the answer changes from one state to the next. It's one of the most common things we sort out.

Do we have to register in every state where we have customers?
No. The goal isn't the most states, it's the right ones. You register where you genuinely have nexus and sell something taxable, which is usually far fewer states than people fear.

We already use tax software. Isn't this handled?
Not by itself. Software is very good at the math, but it can't tell you where you've created nexus or whether your product is taxable in a given state. If those assumptions are wrong, it's confidently filing the wrong thing.

How far back can a state make us pay?
Often further than you'd like. The good news is that a voluntary disclosure agreement can usually limit the lookback to a few years and waive penalties, as long as you come forward before the state finds you.

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About Miles Consulting Group

We're a boutique firm that does one thing: multi-state sales tax. That focus, and the fact that you work directly with senior people, is what sets us apart. For more than twenty years, we've helped companies from startups to the Fortune 500 find out where they stand, fix what's behind them, and stay ahead of what's next, with the same discretion we'd want for our own business.

People + Software > Software Alone

The math is easy to automate. The judgment, where you have nexus, what's taxable, and what to do about exposure, is the part that still needs experienced people. That's what we bring.

THE PEOPLE YOU'D ACTUALLY WORK WITH

Monika Miles, Founder. Big Four public accounting background and deep experience across multi-state tax.

Bill Loew, EVP. Extensive multi-state tax experience, including real experience on the state's side of the audit process.

At a boutique firm, the senior people are the ones who do the work. You get them on every engagement, not a rotating cast of juniors.

How we help

Nexus & Taxability Review. Where you owe, since when, and on what.
SaaS & Digital Taxability. Whether your product is taxable, state by state.
Audit Defense & Notice Response. Handle the audit and defend your position.
Voluntary Disclosure (VDAs). Resolve back taxes before a state finds them.
Compliance & Filing. Dozens of state returns, filed correctly and on time.
Software & Systems. Make sure your automation reflects the actual rules.
M&A and Transaction Support. Size and resolve exposure before it costs a deal.
U.S. Sales Tax for Non-U.S. Companies. The U.S.-side guide for foreign sellers.

Success Stories

A $1M Audit Assessment, Cut by More Than Half

A distributor faced a California audit assessment over $1 million. We challenged the auditor's sampling, cleared wrongly disallowed exemptions, and cut the liability by more than $500,000.

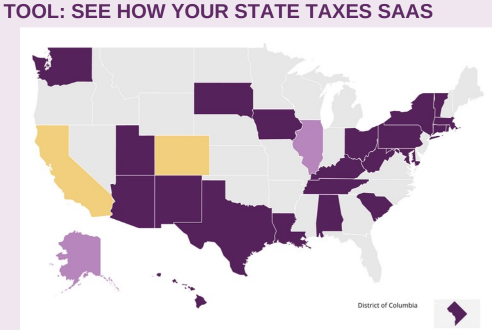
Years of Hidden Exposure, Cut by $600,000

A consumer products company had followed bad nexus advice for years. We corrected its software and used voluntary disclosures to cut the exposure by more than $600,000.

A Cross-Border Deal, Protected

Days before a European buyer acquired a U.S. software company, diligence surfaced SaaS exposure that threatened the deal. We built a defensible plan, unlocked the escrow, and kept the acquisition on track.

A FREE TOOL: SEE HOW YOUR STATE TAXES SAAS



Our interactive map shows how states across the country treat SaaS, digital, and cloud products. Scan the code, or visit milesconsultinggroup.com/saas-sales-tax-by-state-map/

The next step is just a conversation. Tell us what's going on and we'll give you an honest read: whether there's really an issue, how big it might be, and what's worth doing. If you don't need us, we'll tell you that plainly.

Talk with Monika, Bill, or a member of our team.

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Scan to schedule a call