



Tax Registrations

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About the Presenter



Clifford Turner

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Clifford Turner is an industry veteran with 20 years of sales and use tax experience. He has built and managed sales and use tax compliance operations for two of the 'Big 4' accounting firms and is supported by a team of in-house professionals, including data transformation specialists, former auditors and compliance department managers.



Agenda

1. Why is Sales & Use Tax Registration Required?
2. Types of Sales & Use Tax Permits and Licenses
3. Tax Registration Process Overview
4. Filing Frequencies and Tax Reporting Requirements
5. Special Reporting Requirements
6. Closing Out Your Tax Permit
7. Avalara Professional Service Offerings
8. Questions & Contacts

Why is Tax Registration Required?



- **Obligation of the Retailer**

- For the 'privilege' of selling property or services at retail
- Statutory requirement
- Pre-requisite for collection of tax reimbursement
- Similar to having a driver's license and insurance in order to legally drive



Why is Tax Registration Required?



- **Obligation of the Purchaser**

- Required for tax reporting on ex-tax purchases made in the course of business
- Statutory requirement
- Consumer's Use Tax



Types of Sales & Use Tax Permits



- **Traditional Seller's Permit or License**
- **Temporary Permit**
- **Direct Pay Permit**
- **Certificate of Registration – Use Tax**
- **Consumer's Use Tax Permit**



Tax Registration Process Overview



- **Initial Registration Application**

- Gather information about the business
 - Owner information
 - Corporate Officers
 - Partners
 - LLC Members
 - 'Responsible Party'
 - Business information
 - Offices and locations
 - Business activities



Tax Registration Process Overview



- **Initial Registration Application**

- May request additional documentation
 - Copies of Driver's Licenses and/or Passports
 - Corporate Officers
 - Partners
 - LLC Members
 - 'Responsible Party'
 - Corporate Documents
 - Articles of Organization
 - Corporate Charter
 - Partnership or Membership Agreement



Tax Registration Process Overview



- **Initial Registration Application**

- Other Pre-Requisites

- May require registration with the Secretary of State
- May require the posting of a bond
- May require supplemental registration for ancillary taxes and fees
 - Gasoline sales
 - Alcoholic beverage sales
 - Recycling fees



Tax Registration Process Overview



- **Initial Registration Application**

- Generally a one-time registration event
- Some states have annual registration requirements
 - RI – Annual renewal is required
 - FL – Automatically issues an Annual Exemption Certificate



Tax Registration Process Overview



- **Initial Registration Application**

- Upon successful completion of the tax registration process:
 - Issued a seller's permit or tax registration number or license
 - Assigned an initial filing frequency
 - Assigned an initial prepayment requirement



Filing Frequencies & Tax Reporting Requirements



- **Filing Frequencies**

- Quarterly is the most common
 - Typically calendar
 - NY is an 'odd-quarterly' basis
- Monthly if there is significant recurring tax liability
- Less frequent:
 - Semi-Annual
 - Annual
- Infrequent:
 - Occasional



Filing Frequencies & Tax Reporting Requirements



- **Filing Frequencies**

- Some states require supplemental additional annual filings or reconciliations
- Many states require prepayments
 - Usually monthly prepayments and quarterly filings
 - Sometimes weekly or bi-weekly if significant tax liability



Special Reporting Requirements



- **Location-Based Reporting**

- Typically required for retail stores or other physical instate locations from which sales are made
- Sub registrations
- Initial notification and subsequent changes
- State-assigned outlet or location numbers



Special Reporting Requirements



- **Other Special Reporting Requirements**

- MLM, direct sellers, network selling companies
- Re-define the company as the 'retailer of record'
- Require tax 'pre-collection' on the initial sale at the MSRP
- Affidavits acknowledging tax collection responsibility



Closing Out Your Permit



- **Events that trigger a registration change**

- M&A event
- Corporate re-organization
- Significant change in ownership
 - Partnership taking on a new partner
 - LLC converting to a C Corp
 - Asset acquisition



Closing Out Your Permit



- **Events that trigger a registration change**

- De-registration of the legacy reporting company
- Close-out process
- Final return and payment
- Release of any unapplied credits and/or bonds
- Final audit
- Tax clearance
- Successor's liability for the buyer (up to the purchase price)
- Residual nexus and reporting requirements



Professional Services Overview



- **Tax Registration Services**

- Standard Tax Registrations
 - Expedited Tax Registration Services
 - Full-Service vs Standard Service
- De-Registration Services
- Name and Address Change Notification Services
- Tax Registration Monitoring Service



Professional Services Overview



- **Tax Registration Services**

SKU	Project Type	Item Type	Number of Jurisdictions	Price Per Jurisdiction	Comment
TS-REGISTER	Tax Registration	Registrations	1-5	\$ 175.00	Minimum \$500 order
TS-REGISTER	Tax Registration	Registrations	6-15	\$ 150.00	
TS-REGISTER	Tax Registration	Registrations	16-25	\$ 125.00	
TS-REGISTER	Tax Registration	Registrations	26-50	\$ 110.00	
TS-REGISTER	Tax Registration	Registrations	50+	\$ 99.00	
TS-REGISTER	Tax Registration	Expedited Registration	N/A	\$ 225.00	Minimum \$1,000 order
TS-REGISTER	Tax Registration	Full Service Registration	N/A	\$ 225.00	Minimum \$1,000 order



Professional Services Overview



- **Tax Registration Services**

- Low-priced, value-added service
- We are seasoned tax professionals with specific expertise in performing these services
- Quick and efficient way to get registered correctly for tax collection and reporting



Professional Services Overview



- **Tax Registration Services**

- Tax registration is **REQUIRED BEFORE TAX COLLECTION IS AUTHORIZED**
- Collecting tax without authorization is a **MISDEMEANOR** or **FELONY**
- Incorrect tax registration can lead to:
 - Delays in the ability to collect tax
 - Tax notices requiring additional interaction with the taxing authorities
 - Inconsistencies between tax collection and tax reporting



Avalara Community Forum

Join us for our next live event!

February 12, 10:00-12:00: Avalara experts on rates/boundaries and taxability rules

Visit **community.avalara.com** for more details!





Summary

Questions & Contacts

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