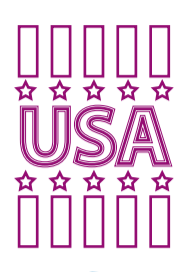


Supreme Court Overturns Quill Nexus Standard

Remote sellers are likely to have greater sales tax collection and remittance obligations. States will now have to write or revise sales and use tax nexus laws to reflect the absence of the physical presence standard.

This infographic concisely explains the background, timeline, and ramifications of this monumental case ruling. Let's begin!

Key Drivers in the Dispute:



Over \$123 billion dollars in online sales were conducted in just Q1 2018, according to US Department of Commerce.¹



The primary issue of contention was whether the physical presence nexus standard makes sense in today's digital marketplace.



The state of South Dakota (and other states) sought to overturn the physical presence nexus standard (decided in the Quill Corp. v. North Dakota case), so as to gain access to more sales tax revenue.

Alternate Nexus Approaches:

In response to the physical presence nexus standard, states became creative in implementing alternate nexus approaches in order to capture their share of sales tax revenue.

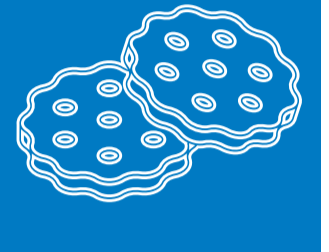


Economic Nexus

Nexus is established if an out-of-state seller makes sales within the state exceeding a fixed dollar threshold or fixed number of transactions.

"Cookie" Nexus

Nexus is established if any state resident visits an out-of-state vendor's website and downloads its cookie and/or app.



Click-through Nexus

Nexus is created when an individual/business provides a link to another website (i.e., Amazon.com) that offers products for sale online. These "associate" businesses receive compensation for their referral if a purchase is made at the online retailer.

Online Marketplace Providers Nexus

Nexus may occur based on electronic platforms for advertising and/or online ordering.



Attributional Nexus

Established when an out-of-state retailer is deemed to have nexus through their relationship with an in-state affiliate performing agency-like behavior.

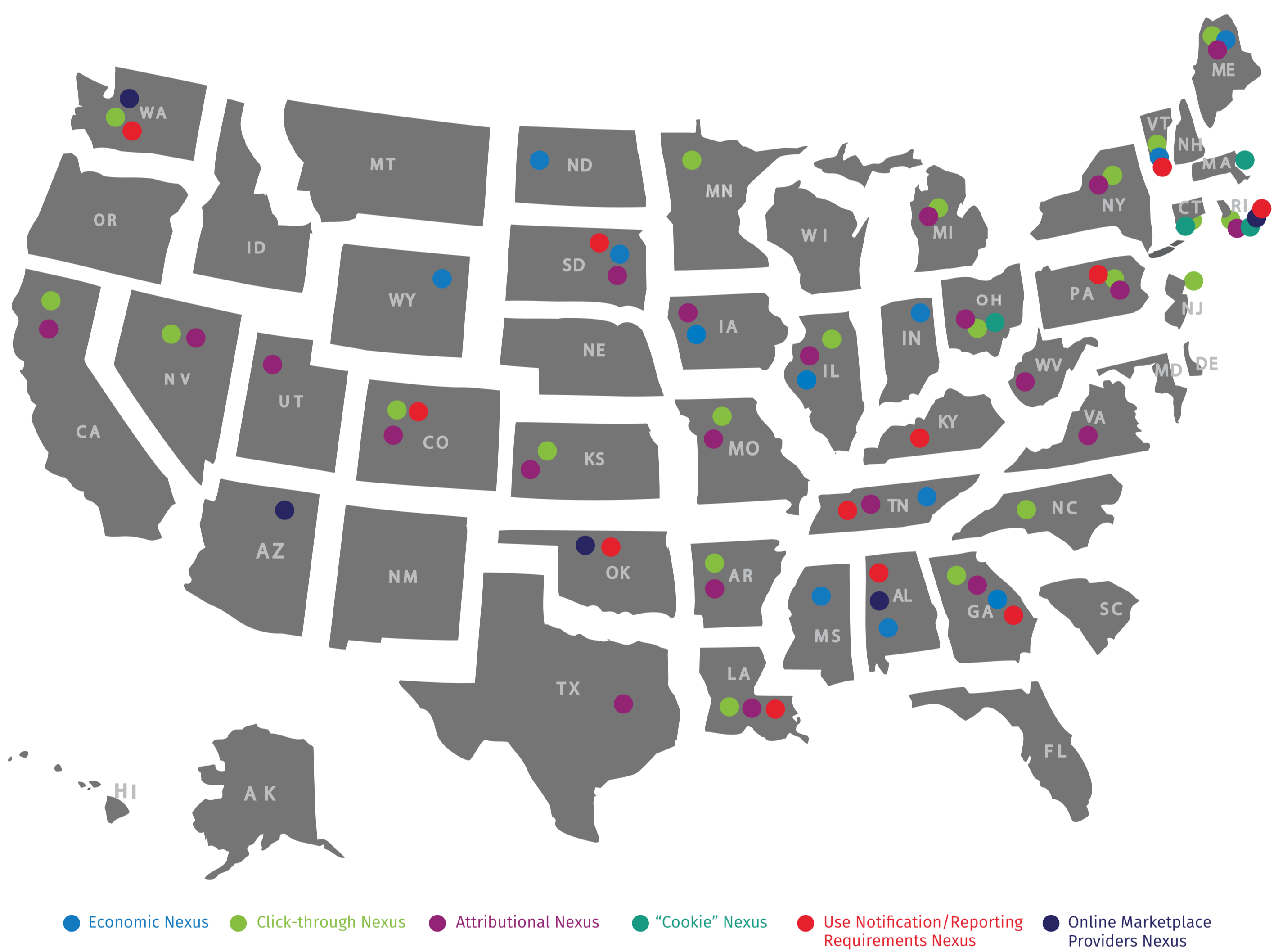
Customer Information Reporting/ Notice Requirements

Method where state-level legislation (outside of nexus) requires out-of-state retailers, not currently collecting sales tax, to report sales information for tax purposes to the state and/or consumer.

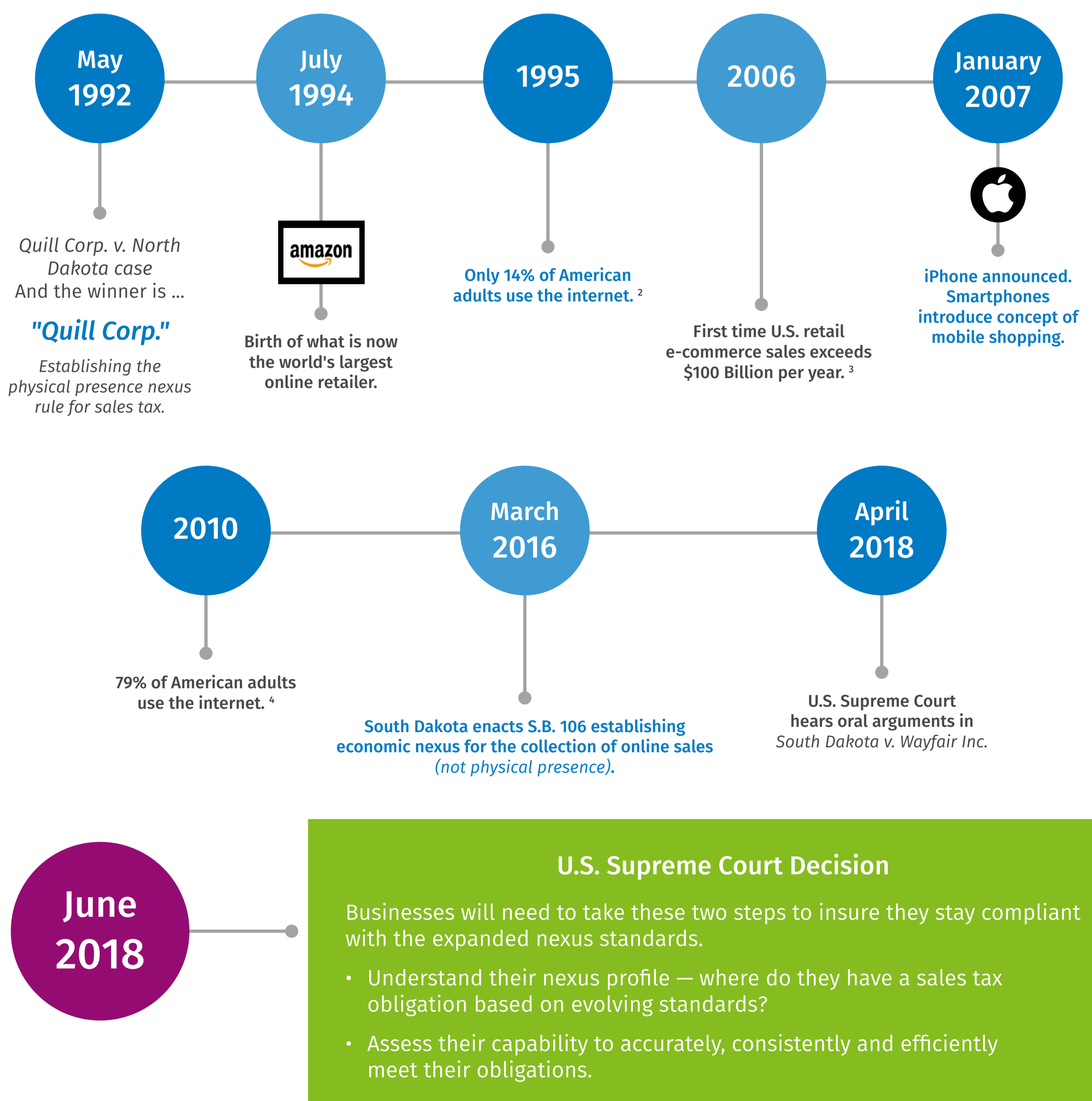


Where does your business have nexus?

US map graphically illustrates the retailer's challenges in sales tax compliance, due to the creative and aggressive actions by the various states to introduce new nexus standards.



Marketplace Changes Since the Court Established Physical Presence Nexus.



1 - https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

2 - <http://www.pewinternet.org/2014/02/27/part-1-how-the-internet-has-woven-itself-into-american-life/>

3 - <https://www.statista.com/statistics/273424/retail-e-commerce-sales-in-the-united-states/>

4 - <http://www.pewinternet.org/2014/02/27/part-1-how-the-internet-has-woven-itself-into-american-life/>

The first step to insure you understand your tax obligations is determining your nexus footprint. Visit SalesTax.com/Nexus to learn more.