

# STATE & LOCAL TAX SERVICES

## COMPREHENSIVE NEXUS STUDY

State and Local Tax (SALT) administration is becoming a renewed focus by taxing jurisdictions. In June of 2018, the U.S. Supreme Court used *S. Dakota v. Wayfair, Inc.* to overturn the 1992 *Quill Corp. v. N. Dakota* decision that established the Sales and Use Tax (SUT) physical presence nexus standard. The *Wayfair* decision has created a new precedent of economic nexus where a business may be subject to a jurisdiction's tax without physical operations within that jurisdiction. A comprehensive nexus study will evaluate your SALT footprint and will cover Income, Franchise, and Sales Tax.

The Comprehensive Nexus Study will consist of an analysis of your sales, purchases, and operations to determine what obligations you may have in each jurisdiction. The study will include the following:

1

Interviews and meetings with key professionals from accounting and tax.



Nexus standards by state.

2

3

Client's underlying nexus-creating activities listed by state.



Recommendations of next steps to address risk and/or refund opportunities

4

5

Training opportunities for key company stakeholders.



In order for a jurisdiction to impose their tax on a foreign entity, it must be able to show that the entity's activity within the jurisdiction is sufficient to assert authority over the entity. This sufficient relationship concept is known as nexus and it lies at the core of state and local taxation. A business' operations can become disconnected with current nexus standards and can result in additional State and Local risk. A comprehensive nexus study will evaluate which jurisdictions can assert their tax on you and where you may have compliance obligations.

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