



STATES OF AFFAIR

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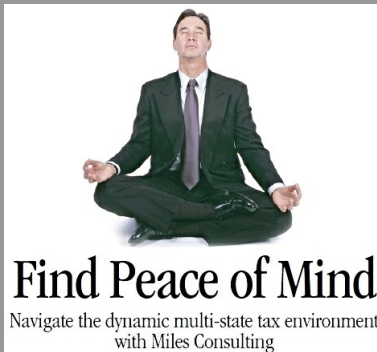
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Greetings!

Can you believe that the year is more than half over? The recent Wayfair ruling has been keeping my firm very busy. It seems that everyday I receive calls and emails asking for explanations and tips for navigating this new landscape. In light of that, I've put together a technical presentation that I'll be delivering many times in the upcoming few months. (Let me know if you'd like more information on a customized Wayfair presentation for your firm!)

Check out some of the multi-state tax articles in this month's newsletter. Wayfair continues to make headlines, as we share a couple of Q&A articles related to the case- the hot things you need to know. We also begin a series about how SaaS is taxed in different states around the country. This month, we explore SaaS in the West and Southwest. Lastly, we also take a look at current and upcoming amnesty programs.

Here's wishing you and your families a delightful summer. I'll be back in the chair soon- after a nice, hot family vacation on the East Coast.

Happy Summer!,
Monika Miles
Miles Consulting Group, Inc.



U.S. SUPREME COURT: GOODBYE QUILL; HELLO WAYFAIR

So, what's new in state sales tax? As of 6/21/18
- EVERYTHING!!

In a highly anticipated ruling, the U.S. Supreme Court

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ruled 5-4 in favor of overturning its 1992 decision in *Quill*, which set a standard requiring substantial physical presence before a state could enforce the sales tax collection

responsibilities on a seller. In a recent case, *South Dakota v. Wayfair, Inc.*, writing for the Court's majority, Justice Anthony Kennedy indicated "...the Court concludes that the physical presence rule of *Quill* is unsound and incorrect. The Court's decision in *Quill Corp v. North Dakota*, 504 U.S. 298 (1992), and *National Bellas Hess, Inc. v. Department of Revenue of Ill.*, 386 U.S. 753 (1967), should be, and now are, overruled."



[Click here to read more about this landmark Supreme Court decision.](#)

U.S. SUPREME COURT SALES TAX DECISION (WAYFAIR)- Q&A

The hot news in the sales tax world within the last month is, of course, the U.S. Supreme Court's 6/21/18 ruling in *South Dakota v. Wayfair, Inc.* This ruling overturned the high court's 1992 decision in *Quill (Quill Corp v. North Dakota*, 504 U.S. 298 (1992)), which set a standard requiring

substantial physical presence before a state could enforce the sales tax collection responsibilities on a seller. It's a standard that we've lived with for over 25 years. But in the decision for the majority in *Wayfair* Justice Anthony Kennedy, who served on the Court in 1992 and at the time voted in favor of the *Quill* decision, now indicated that "the internet's prevalence and power have changed the dynamics of the national economy" since 1992's ruling, and that for many reasons, it was time to revisit and overturn the ruling.



So, what does it mean for our clients? In this blog, we address a few of questions that have come up for us in the past few weeks.

[Click here to read more about this paramount Supreme Court decision.](#)

U.S. SUPREME COURT SALES TAX DECISION (WAYFAIR)- Q&A PART 2

If you're a frequent reader of this blog (or you've just been scanning headlines), you know that the hot news in the sales tax world is the recent U.S. Supreme Court's June 2018 ruling in *South Dakota v. Wayfair, Inc.* This ruling overturned the high court's 1992 decision in *Quill (Quill Corp v. North Dakota*, 504 U.S. 298 (1992)), which

established a physical presence standard before a state could enforce sales tax collection responsibilities on a seller. With the Wayfair decision, the Supreme Court effectively ruled that



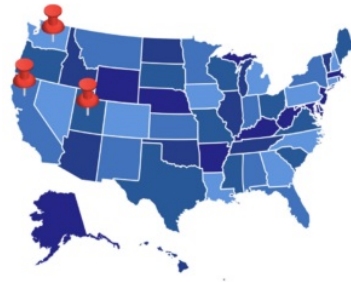
another indicator of sufficient presence in a state is "economic nexus". Essentially that means that a certain dollar volume or number of transactions in a state can create nexus and therefore a responsibility on the seller to collect and remit sales tax. In the South Dakota statute, those amounts are SD sales in excess of \$100,000 or 200 transactions in the state within a year.

In the last month, we've received many questions from our clients and referral partners about what this really means for them and what they should be doing next. We addressed a few of those questions in an [earlier blog](#) and here, we tackle a few more.

[Click here to read more questions and answers regarding the Wayfair Case.](#)

WHAT YOU NEED TO KNOW ABOUT THE TAXABILITY OF SAAS IN WESTERN STATES

When it comes to [Software-as-a-Service](#) (SaaS) companies, there's often confusion regarding both nexus and the taxability of this revenue stream.



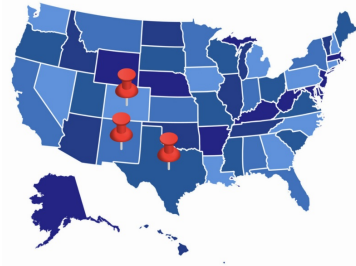
And while the recent [Wayfair decision](#) seems like it's directed only at online sellers, traditional multi-state sellers (including those that generate revenue from SaaS and software) will also be affected, as nexus will be easier to establish. Once it is established - either by traditional physical presence or by sales volume, then companies will need to consider the taxability rules of SaaS in each state in which they have nexus.

[Click here to read more about the taxability of SaaS in western states.](#)

WHAT YOU NEED TO KNOW ABOUT THE TAXABILITY OF SAAS IN SOUTHWESTERN STATES

In some ways, state statutes are crystal clear about which goods or services require the collection of sales and use tax. However, when it comes to [Software-as-a-Service](#) (SaaS), cloud computing and

electronically downloaded software, the laws become a bit more confusing. When does your company need to collect sales tax on these types of transactions?



To further complicate the issue, the recent [Wayfair decision](#) will affect traditional multi-state sellers (including those that generate revenue from SaaS and software) - not just online sellers. By making [nexus](#) easier to establish, companies will need to consider the taxability rules of SaaS in each state in which they have nexus even more closely.

[Click here to read more about the taxability of SaaS in Southwestern states.](#)

MORE AMNESTY IN THE WAKE OF THE WAYFAIR DECISION!

There always seems to be an amnesty program going on somewhere. We recently reported on an [amnesty program in Texas](#) and other states are jumping on the bandwagon as well.



The recent Wayfair Supreme Court decision has shed light on the requirements to collect sales tax and as a by-product more companies are focusing on getting into compliance. States are encouraging this behavior by administering amnesty programs.

When businesses become delinquent on their taxes, they often accrue penalties and interest with the states. During these amnesty programs, states may waive penalties and/or interest. States administer amnesty programs because they want companies doing business in their state to be compliant and in the process collect the revenue!

[Click here to read about more amnesty programs taking place.](#)

What's Up at Miles Consulting?

Networking:

[NAWBO SV](#)

As a Past President of the National Association of Women Business Owners, Monika invites you to its next meeting on August 21. Susan Ellenberg will be speaking about Civic Engagement in Times of Incivility. To register for this event, [click here](#).

[AFWA](#)

As a member of the Accounting & Financial Women's Alliance, Monika invites you to its next meeting on August 28th.

Educating:

Monika is a featured blogger at [SalesTaxSupport](#). Check out her latest blog [here](#) about the California

Manufacturer's Sales Tax Exemption.

Don't forget - We do customized multi-state tax presentations for local accounting firms; invite us to do one at your firm! Stay tuned for upcoming webinars!

For more information, please call us at 408-266-2259.

About Miles Consulting

Miles Consulting Group is a professional services firm specializing in multi-state tax solutions. We address state and local tax issues for our clients, including general state tax consulting, nexus reviews, credits and incentives maximization, income tax and sales/use tax planning, and other special projects. We also specialize in SaaS and other technology industries. For more information visit, www.milesconsultinggroup.com.