

## Doing business in more than one state – Beware of Taxes!

If you need a review of your Nexus activities, please call us. We can provide many more details and information important to you to keep you meeting all your state tax liabilities wherever your activities and sales take you.

Many businesses have customers in more than one state. You might solicit, sell, service, ship, install or construct property outside your home state. What could make you subject to income and sales taxes in that other state? Here are three things to consider if you have "nexus" with another state.

- Generally, physical presence in another state will make you subject to other states taxes. Internet sales and shipping those sales by a third party in and of itself will not create nexus. Physical things like; delivery in company vehicle, servicing, installing, hiring employees, opening an office, or constructing property in another state will make your activity taxable and you will be subject to applicable sales and income taxes.
- If you have physical presence, states allow companies to apportion net taxable income based on certain factors; sales, property, and wages by state. For example, your factors could result in 60% of your net income taxed in NH and 30% in Mass and 10% in Maine. Thus, your state tax expense may not multiply, but simply be apportioned.
- The reason you want to voluntarily apply the apportionment every year and timely file all applicable states tax returns is that in three years the statutes will run and the various states cannot assess further taxes. However if you never file, statutes never run and a state can assess 20+ years of taxes, penalties and interest. This kind of assessment is a business killer.



[www.OSGroupCPAs.com](http://www.OSGroupCPAs.com)

Olbricht Storniolo Group is proud to present this general information and is not specific to your situation. This should not constitute tax and accounting advice as your individual financial and tax situations may be different. PLEASE SEEK professional advice from your own professional team of lawyers and CPAs, or contact us to obtain proper advice on using this general information.