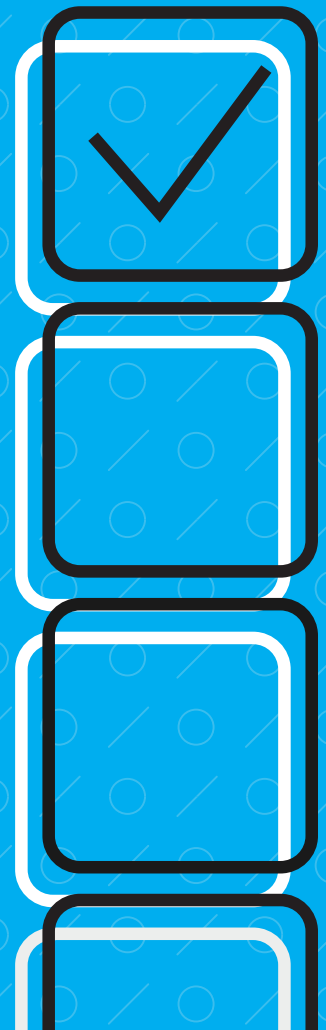


# 2023 Sales Tax Preparedness Guide



6 essential steps to setting your business up  
for sales tax compliance now and in the future

**TaxJar**

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## Introduction

Managing your sales tax responsibilities can be a daunting task. With over 46 different sales tax nexus laws, 11,000 taxing jurisdictions, and the constantly changing regulations, there's a lot to track.

To help with this, we've created a step-by-step guide that outlines six steps to sales tax compliance in 2023. We'll walk you through the different components of sales tax compliance, beginning with an overview of nexus and product taxability, and share some new state sales tax laws and trends to be aware of as we head into 2023. Whether you are new to sales tax or have just passed a nexus threshold in a new state, this guide can help you stay compliant as your business grows.

Since sales tax management can be a challenging process, we'll show you how to make it more efficient and accurate with new automation tools. Automation can help you spend 2023 focusing on more important things, like growing your business.

Let's get started.

### In this Sales Tax Preparedness Guide you'll learn:

1. What is sales tax
2. Sales tax trends and changes for 2023
3. 6 steps to sales tax compliance
4. How to automate sales tax with TaxJar

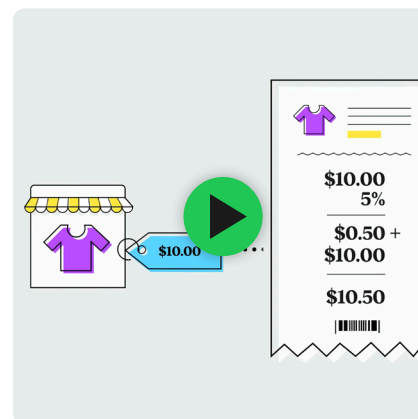


## What is sales tax?

States and local governments use sales tax to pay for budget items like schools, roads and public safety. Sales tax is a “consumption tax” because it’s only charged when a buyer buys goods or services.

And it’s a “pass-through tax,” because even though a business charges sales tax to customers, they don’t get to keep it. It “passes through,” because a business takes the money they collected from the customer and remits it to the state taxing authority.

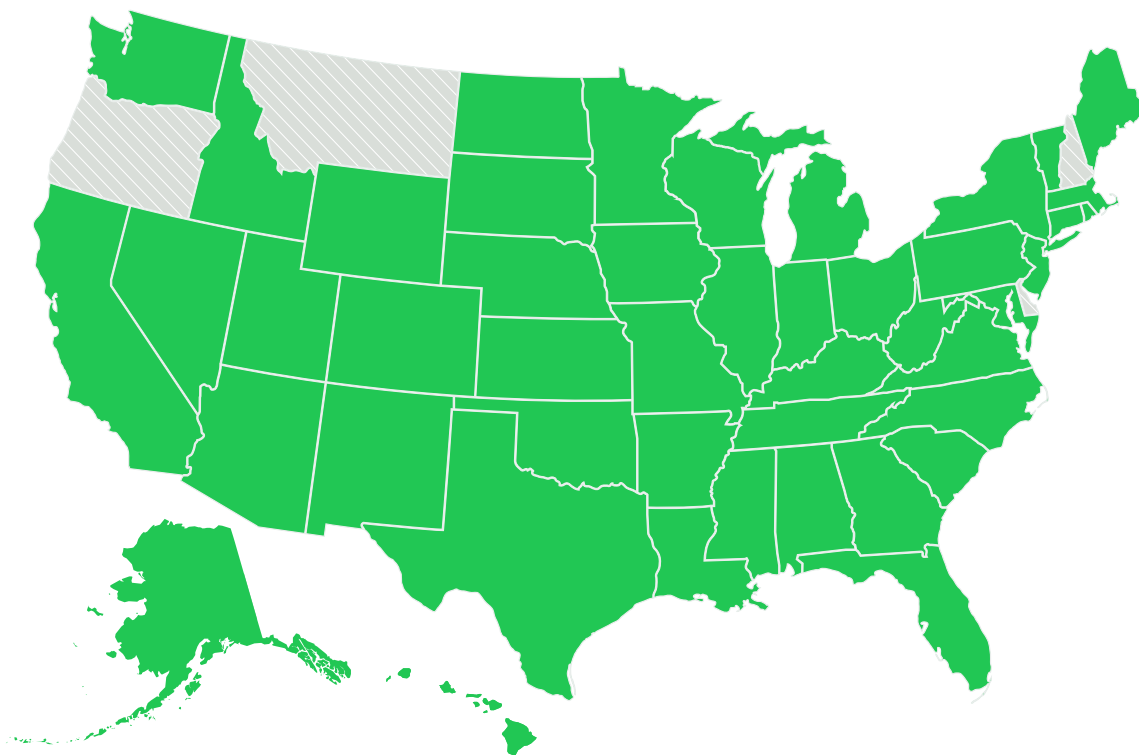
Sales tax is governed at the state level, which means each state gets to make its own rules and laws — within the framework of the U.S. Constitution — when it comes to administering sales tax. This is part of the reason sales tax compliance can be so complex. For a business selling in multiple states, they have to be aware of all the different sales tax laws and keep up with when sales tax is due in each state.



**Video: The Basics of Sales Tax in the U.S.**

**Forty-six U.S. states and Washington D.C. all have a sales tax.**

Click the map for detailed sales tax information about every U.S. state.



**Some aspects of sales tax that can vary from state to state include:**

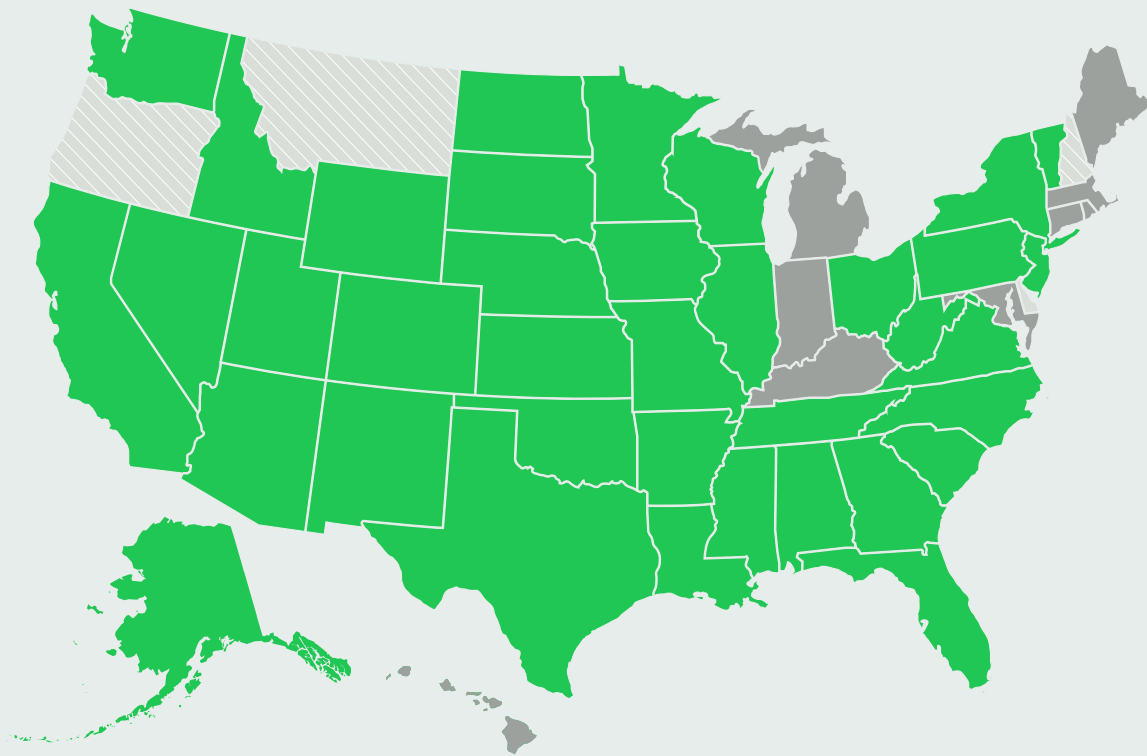
- Which products and services are taxable
- How much sales tax is charged
- When and how often businesses are required to file sales tax returns
- Sales tax returns due dates
- If the state allows local areas to collect sales tax, too

**Sales tax fact:**


You can easily remember the four states with no state sales tax by remembering their initials, **NOMD**: New Hampshire, Oregon, Montana, and Delaware.

**Key points to remember:**

- Sales tax is governed at the state and local level.
- 46 states and Washington D.C. have a sales tax.
- Every state's sales tax laws and rules are different.

**States with Local Sales Tax Rates**

 States with local sales tax rates

 States with no local sales tax rates

 States with no sales tax

# Sales tax trends and changes for 2023

Sales tax laws and regulations change often. This is one of the many reasons why maintaining tax compliance can be so challenging for sellers. While you are busy preparing your online store for the new year, don't forget to check in on these important sales tax changes and trends that are coming in 2023.

## Trends and Changes

### Modernization of the sales tax base

State legislators are often left playing catch up when new business types or services are introduced into the economy. The tax code is written with what is currently offered to consumers at the time. As new products and services are introduced, sales tax proposals are introduced to include these offerings — but tax changes take time.

However, states are not exempt from the hardships that have come as a result of rising inflation and pandemic-related issues. While sales tax is not the only way for states to bring in revenue, it is an important one. One way for states to ensure they are optimizing their sales tax revenue potential is to modernize their tax code. Like we've begun to see in services and SaaS products, states are starting to evolve to the modern economy, and we believe we'll see big changes in the taxability of these industries as states look to maximize sales tax revenue.

### Changes in the non-luxury necessities category

The non-luxury necessities category includes items like groceries, prescriptions, diapers, and feminine hygiene products, and the majority of US states exempt these purchases from sales tax or charge sales tax at a lower rate.

However, despite these items being necessities, there are still states that charge the full sales tax rate on items in this category, including groceries and feminine hygiene products.

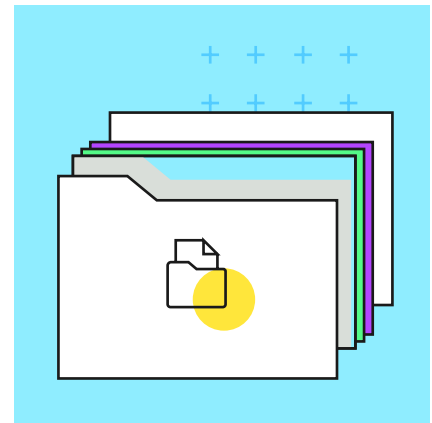
Maybe not for long though. Over the last year, a few states, like Louisiana and Michigan, have decided to exempt feminine hygiene products from sales tax. And the momentum will continue into 2023. Colorado and Iowa will also eliminate sales tax on these goods as of January 1, 2023. In addition, states are beginning to remove sales tax on grocery items. Alabama, Kansas, and Oklahoma have introduced sales tax measures that would decrease or remove the sales tax on grocery items in 2023. We expect to see more states follow these trends in the new year.

## Streamlined sales tax filing requirements

Sales tax filing requirements are complex for sellers operating in multiple states. In some states, like Alabama and Arizona, the home rule system makes it even more difficult to stay compliant. These cities can define their own tax rules and sellers may be required to complete additional registrations in these areas.

Sellers are getting increasingly frustrated by the complicated filing requirements – and are taking action. In 2022, two states, Colorado and Louisiana, were sued by sellers, noting the intricate sales tax obligations as an impediment to interstate commerce. While these cases are still ongoing, we're interested to see if any changes come as a result of the lawsuits.

Diane Yetter, founder of the Sales Tax Institute, spoke about these hardships during a senate hearing earlier this year. She explained how these elaborate filing requirements are especially damaging for small businesses, who might not have the resources to maintain compliance in certain states. We're hoping these lawsuits will force states to create a streamlined process, enabling more businesses to meet their tax obligations with more ease.



# 6 steps to sales tax compliance

**To get the full picture of sales tax compliance for e-commerce companies, work through these six steps:**

- 1. Determine where you have sales tax nexus and are required to collect sales tax.**
- 2. Verify if your products are subject to sales tax.**
- 3. Register for sales tax permits.**
- 4. Set up sales tax collection on all your sales channels.**
- 5. Report how much sales tax your business collected.**
- 6. File sales tax returns.**



**Step 1**

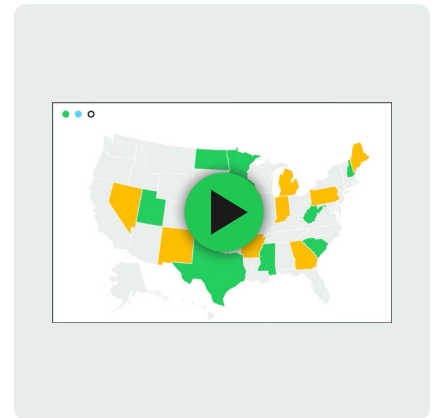
## Determine where you have sales tax nexus

### Find out where you are required to collect sales tax

In the U.S., retailers are required to collect sales tax from buyers in states where they have “sales tax nexus.” “Nexus” originates from a Latin word meaning “to bind” or “to tie.” If you have **sales tax nexus**, think of your business as having a “tie” to the state.

There are two different types of sales tax nexus, or in other words, two different ways you can meet the requirements to collect and remit sales tax to a state. Physical nexus is just that, a physical connection to a state. Examples of physical nexus (also sometimes referred to as “physical presence”) include employees, offices, stores, warehouses, conference attendance, servers, etc.

Then there is economic nexus. Based on a 2018 Supreme Court ruling, states are now allowed to require that businesses who exceed certain economic thresholds in the state are required to collect sales tax from buyers in that state. For example, you may have never set foot in a certain state, but if your business transacts more than \$100,000 in sales in that state, then you are considered on the hook to collect sales tax. What constitutes nexus varies from state to state.



**Video: What is economic nexus?**

## Physical Presence

The following business activities may create sales tax nexus through physical presence:

- **A location.** This includes an office, warehouse, store or other physical place of business.
- **Personnel.** An individual who is an employee, contractor, salesperson, installer or other person doing work for your business falls under personnel.
- **Inventory.** Most states consider storing inventory in the state to cause nexus even if you have no other place of business or personnel.
- **Affiliates.** Someone who advertises your products in exchange for a cut of the profits creates nexus in many states.
- **Selling products at a tradeshow or other event.** Some states consider you to have nexus even if you only sell there temporarily.



## Economic Nexus

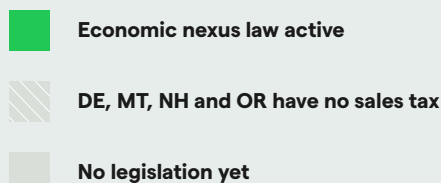
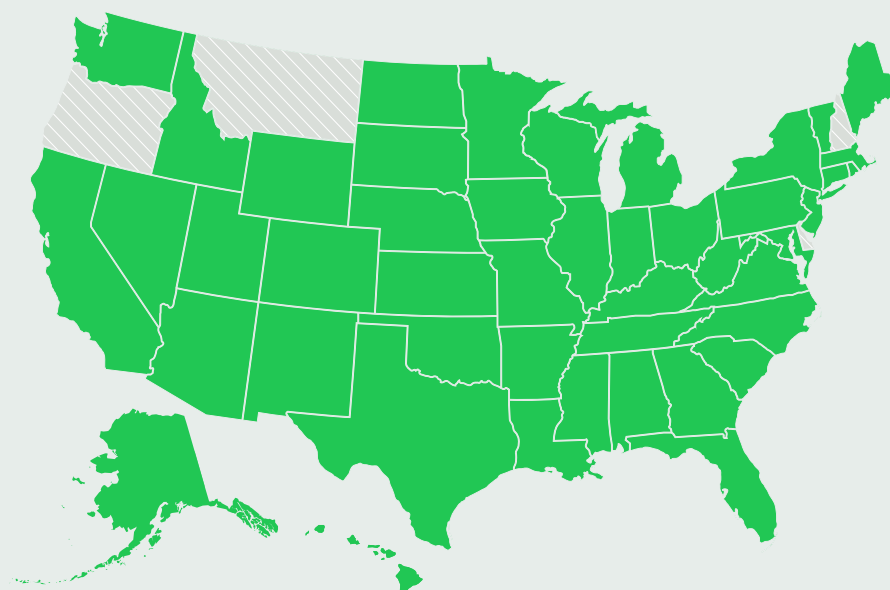
While physical nexus (or physical presence) is fairly self explanatory, economic nexus is a bit more complicated. Essentially, economic nexus is an economic tie to a state. So if a company has economic nexus in a state, that means their sales or transactions into a state triggered the state's economic nexus thresholds. This is a fairly new concept -- prior to June 2018, sales tax nexus just consisted of physical nexus. Then, a landmark **South Dakota v. Wayfair** Supreme Court decision overturned a decades-old case, *Quill v. North Dakota*, which initially defined sales tax nexus. This gave states the green light to enact their own economic nexus laws.

Now, not only does physical presence or activity trigger nexus, but economic activity in a state can create sales tax nexus as well. Even if you don't have a physical presence in a state, if you pass the economic threshold for total revenue or transactions in a state, you're legally required to collect and remit sales tax to that state.

States can set their own thresholds based on sales and/or transactions, so it's important to follow **each state's laws** to know when and where you have nexus.

### Meeting State Sales Tax Requirements:

1. Determine if your business has physical presence or economic nexus in a state
2. Register your business
3. Collect sales tax on orders shipped to that state
4. Pay what's been collected



- ✓ **Nexus**  
Your business has a presence in a state significant enough that you're required to comply with state sales tax law
- ✗ **No Nexus**  
No nexus in a state means you don't have to collect

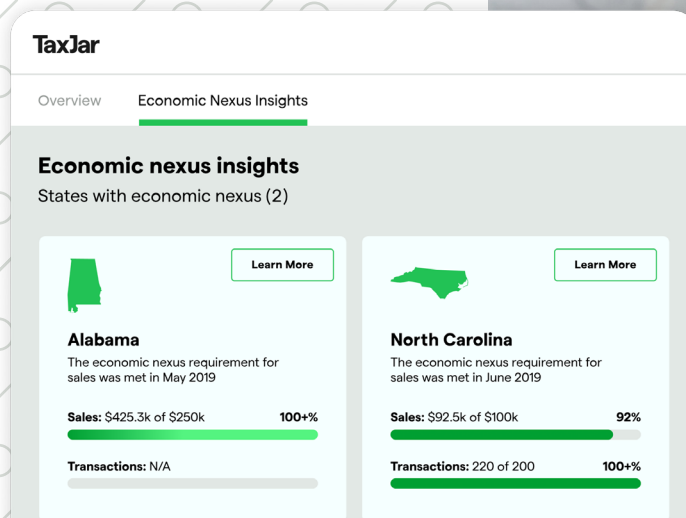
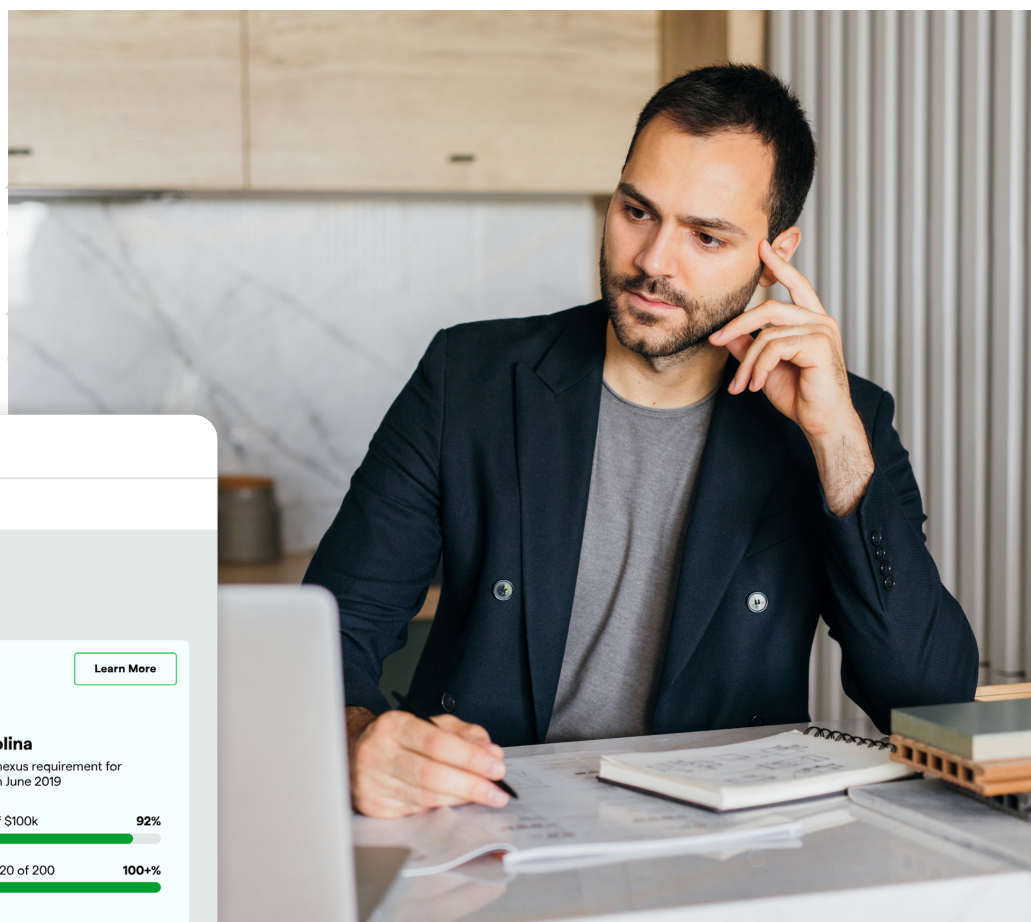
**To determine if you have nexus, ask yourself these questions:**

1. Do I have a location, warehouse or other physical presence in a state?
2. Do I have an employee, contractor, sales person, installer or other person working for me in a state?
3. Do I have products stored in a state?
4. Do I have an affiliate program with affiliates in various states?
5. Do I cross state lines to sell my products at a tradeshow, craft fair or other event?
6. Do I have qualifying sales or transactions that exceed the state's economic nexus threshold?

**TaxJar's Economic Nexus Insights Dashboard will alert you when you've crossed a state's threshold and triggered economic nexus based on your activity.**

**If you answered yes to any of these questions, explore where you have sales tax responsibilities by learning about each state's sales tax nexus laws.**

**Remember:** Collect sales tax from ALL buyers in states where you have sales tax nexus. (Unless a **marketplace collects on your behalf**.) Nexus is slightly different in every state, so check with the state or a sales tax expert if you are not sure whether you have nexus.



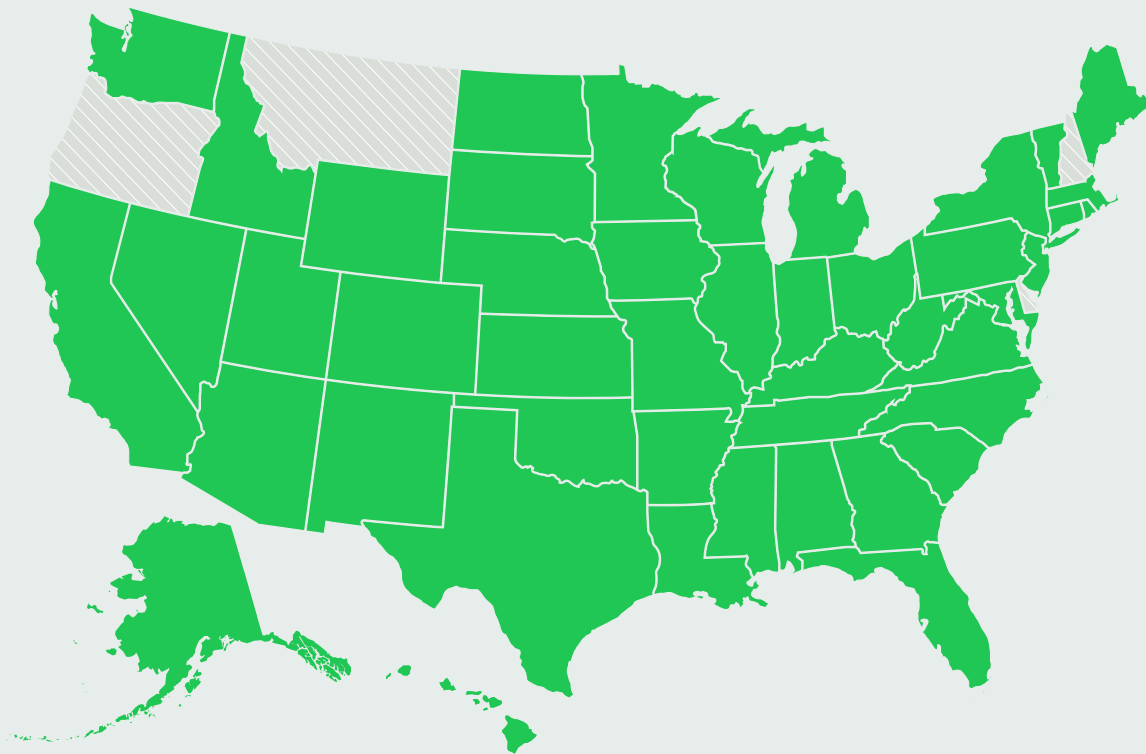
## Marketplace Facilitator Laws

After you've determined you have sales tax nexus in a state, you'll also want to check to see if any of those states have passed marketplace facilitator laws. States which have active marketplace facilitator laws require the marketplace facilitator, such as Amazon or Walmart, to collect sales tax on your behalf.

The caveat, however, is that you're still liable for collecting on sales when selling via other channels, such as a brick and mortar store or through your business website. It's a good idea to keep up with evolving marketplace facilitator laws to know which platforms collect when and where.

### Marketplace Facilitator Laws in the US

This map shows the states that have active marketplace facilitator laws



Marketplace facilitator law active



State has no sales tax

## Step 2

## Verify if your products are taxable

### What products are taxable?

In the U.S., most “tangible personal property” is taxable. In other words, most items like furniture, jewelry, toothbrushes, coffee mugs, etc. will be subject to sales tax.

However, some items considered to be “necessities” may not be taxable in all states.

### Product taxability is not always “all or nothing.”

For instance, in New York, only clothing priced under \$110 is exempt from state sales tax. However, clothing may not be exempt from local sales tax. In Illinois, grocery items are taxable, but they are only taxable at a reduced rate of 1%. You can [read more about product taxability here](#).

### Here’s a list of common item types that may not be taxable in some states:

- Grocery food
- Clothing
- Certain books (textbooks, religious books, etc.)
- Prescription and nonprescription medicine
- Supplements
- Magazines and subscriptions
- Digital products (books, music, movies, etc.)

This is not a complete list, so keep in mind that some states may exempt other types of items. If you sell any of these items, [check with your state](#) to determine if you should collect sales tax on your products.

If the items you are selling are not taxable, then you are not required to collect sales tax on those items.

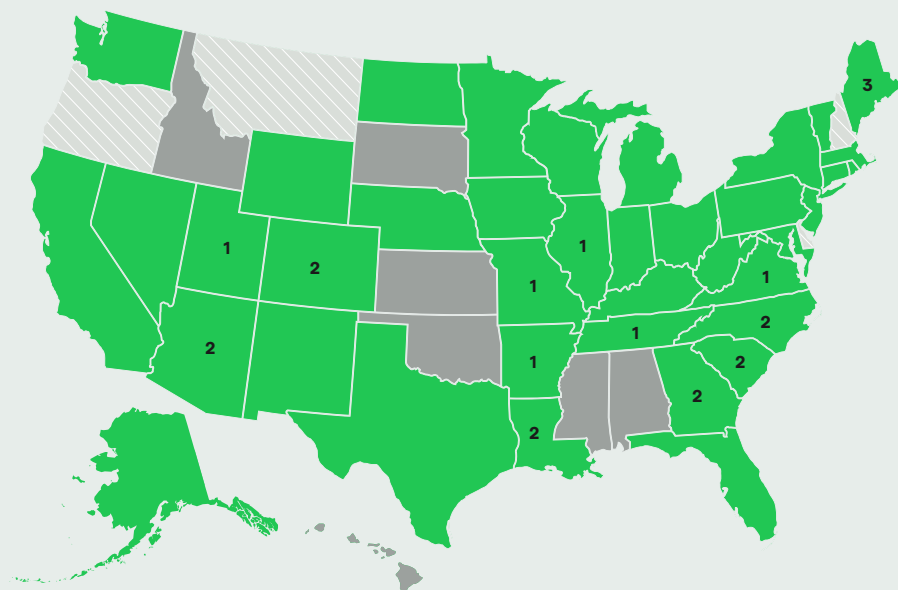
### Here are a few examples:

- **Grocery items** are not taxable in many states, though prepared food bought at a restaurant generally is taxable.
- **Clothing** is not taxable in some states, though luxury clothing is often taxable even in states where most clothing is considered non-taxable.

### Key points to remember

- An identical product may be taxable in one state, and non-taxable in another state.
- A product may not be taxable at the state level, but may still be taxable at the local level.
- Be sure to set up your online shopping cart or marketplace to avoid collecting sales tax on non-taxable items. How to do this varies by sales channel, and you can **[find sales tax guides for the most common sales channels here.](#)**

### In which states are groceries tax exempt?



- States where groceries are tax exempt
- States where groceries are taxable
- ▨ States with no sales tax

### Every state is slightly different

Find your state to read their exact rules and regulations around grocery items.

1. Grocery items taxed at a reduced rate
2. Grocery items exempt from state tax, but still subject to local tax
3. Limited to "grocery staples"

### Step 3

## Register for a sales tax permit

### How to register for a sales tax permit

Now that you have determined you have sales tax nexus in a state and that the products you sell are taxable in that state, your next step is to legally collect sales tax by registering for a state sales tax permit.

Each state's taxing authority — usually called the [State] Department of Revenue — handles sales tax registration. You can **register for a sales tax permit yourself**, or hire a professional to register for your state sales tax permits for you.

When filing online, you will sometimes receive your sales tax permit number instantly, though with some states it will take up to 10 business days. If you register on paper, it may take two to four weeks to receive your sales tax permit.

This is a crucial step! It is unlawful to collect sales tax from buyers without a valid sales tax permit. While collecting sales tax without a valid permit may be an honest mistake on a business's part, states generally view this as tax fraud and take it very seriously.

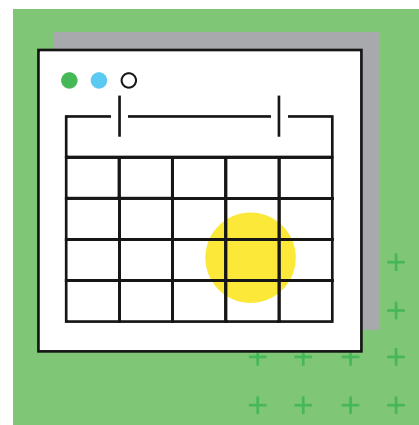
### When are sales tax due dates?

When they send your sales tax permit, the state will also assign you a sales tax filing frequency and due date.

These filing frequencies are generally monthly, quarterly or annually. Be aware that some states have other filing frequencies like semi-annually or twice-monthly for very large retailers. You can see **each state's general sales tax filing frequency here**. (States reserve the right to change this, so always file and pay based on the due date the state assigns you.)

Due dates will fall on a different day of the month depending on the state. In most states, sales tax is due by the 20th day of the month following the taxable period.

However, states reserve the right to set their own due dates. Sometimes sales tax is due on the 15th of the month, the last day of the month, the 25th of the month or even on some other date. High-volume businesses may also be assigned a different sales tax filing due date.





## Here's an example sales tax filing scenario for an e-commerce business:

Danny's Mattresses has sales tax nexus in three states: Georgia, California and Maine.

- His Georgia sales tax returns are due every month by the 20th.
- His California sales tax returns are due every quarter on the final day of the month.
- His Maine sales tax returns are due annually on the 15th day of the month.

As you can see, it's tough to get into a rhythm when filing sales tax when the due dates and filing frequencies vary. If it's challenging to keep track of sales tax due dates, **TaxJar AutoFile** will automatically file for you on time, every time.

### Have this information handy when registering for a sales tax permit:

- Your personal contact information
- Your business contact information
- Social security number (SSN) or Federal Employer Identification Number (FEIN) also known as Employer Identification Number (EIN)
- Business entity (sole-proprietor, LLC, S-Corp, etc.)
- Your NAICS Code (Hint: The NAICS code for online stores is 454110)

Individual states may ask for additional information.

**Pro Tip:** Some businesses have had success asking the state to allow them to file sales tax less often. You can try this yourself by calling the state's taxing authority. Find the best **phone number to contact each state's sales tax department**. To avoid long hold times, we recommend calling in non-quarterly months.

### Key points to remember:

- Always register for a sales tax permit before you begin collecting sales tax.
- States don't have the same sales tax filing frequency and due dates. In fact, some may have multiple filing frequency and due dates based on sales volume.
- Keep track of your sales tax filing frequency and due dates. These will be assigned to you by the state.
- Your sales tax permit often also serves as a resale certificate that you can use to buy items tax-free if you intend to resell them. Always follow each state's individual rules for using a resale certificate.

## Resale certificates

In most states, your sales tax permit also serves as a resale certificate. If you hold a valid sales tax permit with the state, you can buy from wholesalers, and also often buy items tax-free at retail as long as you intend to resell the items. Each state is a little different when it comes to how you can use and accept a resale certificate as a retailer.

- Read our [Resale Certificate FAQ](#).
- See [resale certificate rules for each state](#).
- Has one of your buyers presented you with a resale certificate? You can [verify the authenticity of their resale certificate here](#).
- Looking for information on how to obtain a resale certificate? [Here's how to do that in each state](#).

### Remember:

In general, the more sales tax a business collects in a state, the more often the state wants the business to file a sales tax return. The states use this money to pay for budget items like schools and roads. Thus, they want to pocket the sales tax businesses have collected as soon as they can!

### Example:

The monthly taxable period in Colorado is January 1-31. Your Colorado monthly sales tax return for January would be due by February 21.

CDTFA-230 REV. 1 (8-17)  
GENERAL RESALE CERTIFICATE

STATE OF CALIFORNIA  
CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

### California Resale Certificate

#### I HEREBY CERTIFY:

1. I hold valid seller's permit number: \_\_\_\_\_
2. I am engaged in the business of selling the following type of tangible personal property:  
\_\_\_\_\_
3. This certificate is for the purchase from \_\_\_\_\_ of the item(s) I have listed in paragraph 5 below.  
[Vendor's name]
4. I will resell the item(s) listed in paragraph 5, which I am purchasing under this resale certificate in the form of tangible personal property in the regular course of my business operations, and I will do so prior to making any use of the item(s) other than demonstration and display while holding the item(s) for sale in the regular course of my business. I understand that if I use the item(s) purchased under this certificate in any manner other than as just described, I will owe use tax based on each item's purchase price or as otherwise provided by law.
5. Description of property to be purchased for resale:  
\_\_\_\_\_

## Step 4

# Set up sales tax collection on your online shopping carts and marketplaces

Ready to register for a state sales tax permit? Get [instructions](#) on how to register yourself or hire a sales tax pro to register for you.

## Origin-based and destination-based sales tax collection

Once you have your valid sales tax permit, your next step is to begin collecting sales tax from your customers.

Each online shopping cart and marketplace allows you to set up sales tax collection. Here's where you can [find guides on how to set up sales tax collection on the major shopping carts and marketplaces](#).

**States generally require online sellers to collect sales tax in one of two ways:**

1. Origin-based sales tax collection
2. Destination-based sales tax collection

This concept is also commonly referred to as "sales tax sourcing."

[Find out if your nexus state is an origin-based or destination based state here.](#)

## Origin-based sales tax collection

Online sellers who are based in states with origin-based sales tax sourcing are required to collect sales tax at the seller's business location.

If your business is based in an origin-based state like Texas, you would determine the sales tax rate at your home, warehouse, store or other headquarters. Then, charge all your buyers in Texas that single sales tax rate.

This type of sales tax collection is simple. You're only required to know and charge a single sales tax rate to all buyers in the state.

### Origin: Sale in Texas

The Irving sales tax rate should be applied to this transaction: **8.25%**

State:	Irving County:	Dallas MTA:	Total Rate Collected			
<b>6.25%</b>	<b>+</b>	<b>1%</b>	<b>+</b>	<b>1%</b>	<b>=</b>	<b>8.25%</b>

## Destination-based sales tax collection

Online sellers who are based in states with destination-based sales tax sourcing are required to charge the sales tax rate at the buyer's "ship to" address.

As a seller, you are required to calculate and charge the state, county, city and other local sales tax rates where your buyer is located. Most states have destination-based sales tax collection.

### Destination: Sale in New York

The Buffalo sales tax rate should be applied to this transaction: **8.75%**

State:	Erie County:	Total Rate Collected		
<b>4%</b>	<b>+</b>	<b>4.75%</b>	<b>=</b>	<b>8.75%</b>

### Important to note:

If your business has sales tax nexus in a state, then you are required to collect sales tax from ALL buyers in that state on ALL your sales channels (unless a marketplace is collecting on your behalf).

### Important to note:

The examples only apply when selling to buyers in a state where your business is based. If you have nexus in a state for another reason — such as having employees there, inventory stored there, or attending a tradeshow there — then charging sales tax is different.

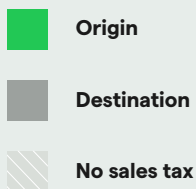
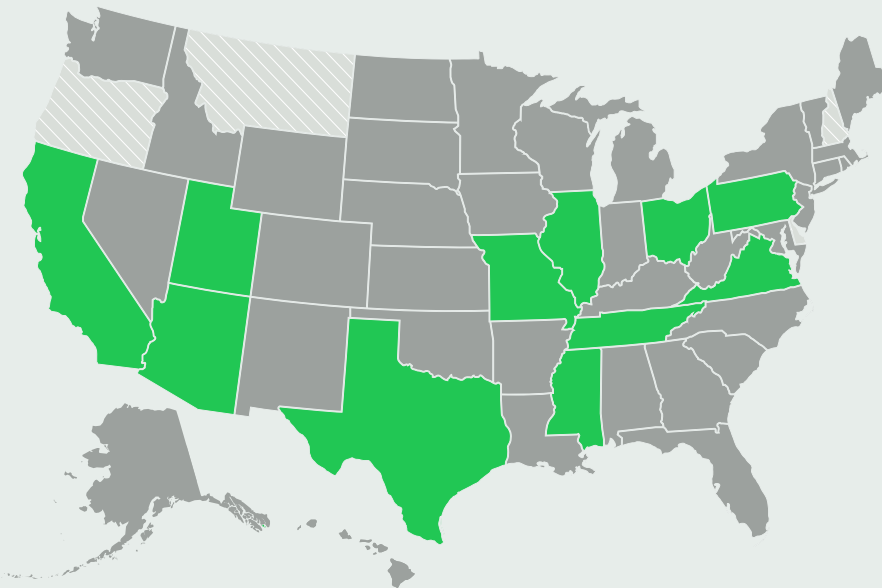
In many cases, when selling to a buyer outside your "home" state, you would charge that buyer the sales tax rate at their "ship to" location. This can get a little tricky, but you can read more about origin and destination-based sales tax collection [here](#).

## When do I charge sales tax on shipping?

Do you charge your customers for shipping? In some states, shipping is considered a necessary part of an e-commerce transaction, and the state requires that you charge sales tax on the amount you charged for shipping. In other states, shipping is considered a separate charge and is not considered taxable. **Every state's rules on shipping tax are slightly different.**

**Note:** In e-commerce, the point of sale is generally your buyer's "ship to" address. Always follow sales tax rules and laws in the state where your buyer is located. Never charge a customer another state's sales tax. Example: A seller has nexus in Florida and Texas. That seller would never charge a Texas sales tax rate to a Florida customer.

Here's a map of the origin- and destination-based sales tax states:



Find your **home state** to determine whether you should collect sales tax based on your location or the location of your buyer.

### Shipping taxability example:

Taylor's Happy Mugs sells a coffee mug for \$10 and charges \$5 for shipping. **The total of the product price and shipping is \$15.** Since shipping is taxable in the state where Taylor is shipping the product, she charges 5% sales tax on that \$15 total. This equals .75 sales tax. So, the total price the customer pays would be \$15.75.

But now Taylor is **selling the same items for the same price, but she is not required to collect sales tax on the shipping charges.** She only charges the 5% sales tax on the \$10 price of the mug. So, the total price of the mug is \$10.50 (\$10 + 5% sales tax.) She then adds the \$5 shipping charge. The total amount the customer pays is \$15.50.

Fortunately, when setting up sales tax collection on your sales channels, most channels allow you to indicate whether you want to charge sales tax on shipping charges.

**Here's a list of states where shipping is considered taxable and non-taxable.**

#### Shipping is taxable

$$\begin{aligned} & \$10.00 + \$5.00 = \\ & \$15.00 \times 5\% \text{ sales tax} = \\ & \mathbf{\$15.75} \end{aligned}$$

#### Invoice

Mug	\$10.00
Shipping	\$5.00
Subtotal	\$15.00
Sales Tax	\$00.75
<b>Total</b>	<b>\$15.75</b>

#### Shipping is not taxable

$$\begin{aligned} & \$10.00 \times 5\% \text{ sales tax} = \\ & \$10.50 + \$5.00 = \\ & \mathbf{\$15.50} \end{aligned}$$

#### Invoice

Mug	\$10.00
Sales Tax	\$0.50
Subtotal	\$10.50
Shipping	\$5.00
<b>Total</b>	<b>\$15.50</b>

Is shipping taxable in your state?

## Collecting sales tax when drop shipping

### Drop shipping and sales tax

Drop shipping — where you have your vendor ship an item directly to your customer — can be a lucrative business model. However, it can create complications when it comes to collecting sales tax.

### Drop shipping example:

You sell phone cases on your website, but use a third-party printing company to print your design on the cases and ship them to your customer.

### In this example, three things are happening:

1. Your customer buys the item from you.
2. You buy the item from your vendor.
3. Your vendor ships the item to your customer.

In this case, if your vendor has nexus in your state, they'll be required to charge you sales tax on that purchase. Unless you present them with a resale certificate stating that the item you bought from them is for resale. And if your customer is in a state where you have nexus, then you'll be required to charge sales tax to your customer.

Drop shipping can get complicated. It depends on where the three parties — you, your vendor and your customer — are located and have sales tax nexus. You may be required to charge sales tax to your customer, and your vendor may charge sales tax to you.

You can [read more about drop shipping and sales tax](#). This post walks you through several scenarios to help you determine who charges sales tax. It will also explain how to use a resale certificate to buy items for resale without paying sales tax to your vendor.

# 01

You design and sell  
phone cases



# 02

A third-party printing  
company prints your  
designs onto the  
phone cases



# 03

After printing,  
they ship the item to  
your customer

### Key points

#### to remember:

- Set up sales tax collection on all your online shopping carts and marketplaces.
- Though some states have "origin-based" sales tax collection, you will — for the most part — collect the sales tax at the rate at your buyer's "ship to" address.
- Shipping charges are taxable in some states. Be sure to indicate whether you want to charge sales tax on shipping when you set up sales tax collection.
- Drop shipping relationships are some of the most complicated in sales tax. You'll need to work with your drop shipping vendor to determine who is responsible for collecting sales tax.
- You can look up sales tax rates using [TaxJar's Sales Tax Rate Calculator](#).

## Step 5

## Report how much sales tax you collected

Soon enough, a sales tax filing due date will roll around. When preparing to file a state sales tax return, you need to determine how much sales tax you collected from buyers in not only the entire state, but in each county, city and other special taxing district.

### Why is reporting sales tax important?

States rely on sales tax dollars to pay for infrastructure, public safety and other budget items. But they won't know which city or local area to allocate those funds to unless you break down your transactions for them.

In a small number of states, like origin-based states or states that only have a single statewide sales tax rate, filing sales tax isn't very difficult. But, in most cases, breaking all your transactions down manually is a time-consuming chore, especially if you are a high-volume seller or you sell on multiple channels.

Below, is a small portion of California Schedule B. And Schedule B is just one part of the multi-part California sales tax return. [\[Source\]](#)

### Key points to remember:

- A handful of states, like origin-based and single-rate states, have an easy sales tax filing process
- Most states require that you break down sales tax by county, city and other special taxing district
- This process can be simplified with automation

CDTFA-531 (FRONT) REV. 9 (5-18)

**SCHEDULE B - DETAILED ALLOCATION BY COUNTY OF SALES AND USE TAX TRANSACTIONS**
STATE OF CALIFORNIA  
CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

DUE ON OR BEFORE

YOUR ACCOUNT NO.

**PLEASE READ INSTRUCTIONS ON BACK BEFORE PREPARING THIS SCHEDULE**

A	B	C	A	B	C
COUNTY IN WHICH TRANSACTION OCCURRED	CODE	TRANSACTIONS SUBJECT TO TAX	COUNTY IN WHICH TRANSACTION OCCURRED	CODE	TRANSACTIONS SUBJECT TO TAX
ALAMEDA	01	.00	PLACER	31	.00
ALPINE	02	.00	PLUMAS	32	.00
AMADOR	03	.00	RIVERSIDE	33	.00
BUTTE	04	.00	SACRAMENTO	34	.00
CALAVERAS	05	.00	SAN BENITO	35	.00
COLUSA	06	.00	SAN BERNARDINO	36	.00
CONTRA COSTA	07	.00	SAN DIEGO	37	.00
DEL NORTE	08	.00	SAN FRANCISCO	38	.00
EL DORADO	09	.00	SAN JOAQUIN	39	.00
FRESNO	10	.00	SAN LUIS OBISPO	40	.00
GLENN	11	.00	SAN MATEO	41	.00
HUMBOLDT	12	.00	SANTA BARBARA	42	.00
IMPERIAL	13	.00	SANTA CLARA	43	.00
INYO	14	.00	SANTA CRUZ	44	.00
KERN	15	.00	SHASTA	45	.00
KINGS	16	.00	SIERRA	46	.00



## Step 6

# File your sales tax returns

Your next step is to file your sales tax returns with the state. Most states allow you to file sales tax online, and some require it. If you wish to file manually, login at your state's taxing authority website to file. **[Here are instructions for manually filing sales tax returns in each state.](#)**

At TaxJar, we recommend filing at least a few days early to avoid any problems with your filing and to deal with any state idiosyncrasies.

For example, while the sales tax due date in Florida is technically the 20th of the month after the taxable period, Florida requires that a seller pays via electronic funds transfer (EFT) and that his payment hits their bank account by that date. So, to file "on time" in Florida, the seller needs to know how much he owes, and transmit his funds to the Florida Department of Revenue several days before the stated due date.

Failing to file on time in Florida will result in a \$50 fine, plus interest on the outstanding amount of sales tax owed. Other states have similar fines, and require sellers to pay interest when filing late.

If a seller is accidentally late filing and receives a penalty, then the seller can often contact the state's taxing authority and ask for a penalty waiver. This generally only works the first time a seller is late. You can find here the **[list of phone numbers for every state's taxing authority.](#)** (Even though we live in the digital age, many states prefer that you call rather than ask for help online.)

## Late filing?

If you know you are going to need to file late, some states allow you to request a last-minute filing extension. But keep in mind that most don't extend your time to pay sales tax, just the filing aspect. A seller may still end up with fines and penalties even when granted a filing extension.

## Here are two key things to remember when filing a sales tax return:

File “zero returns.” It’s important to file a sales tax return every time you have a filing due, even if you didn’t collect any sales tax over the taxable period. States consider your sales tax filings to be a “check in.” If a seller fails to file, the state could charge a penalty or even revoke the seller’s sales tax license. Be prepared to file sales tax returns by the due date, every time, even if you don’t owe a penny in sales tax.

Don’t forget sales tax discounts. About half the states with a sales tax allow on-time sales tax filers to keep a very small amount (usually 1-2%) of the sales tax collected.

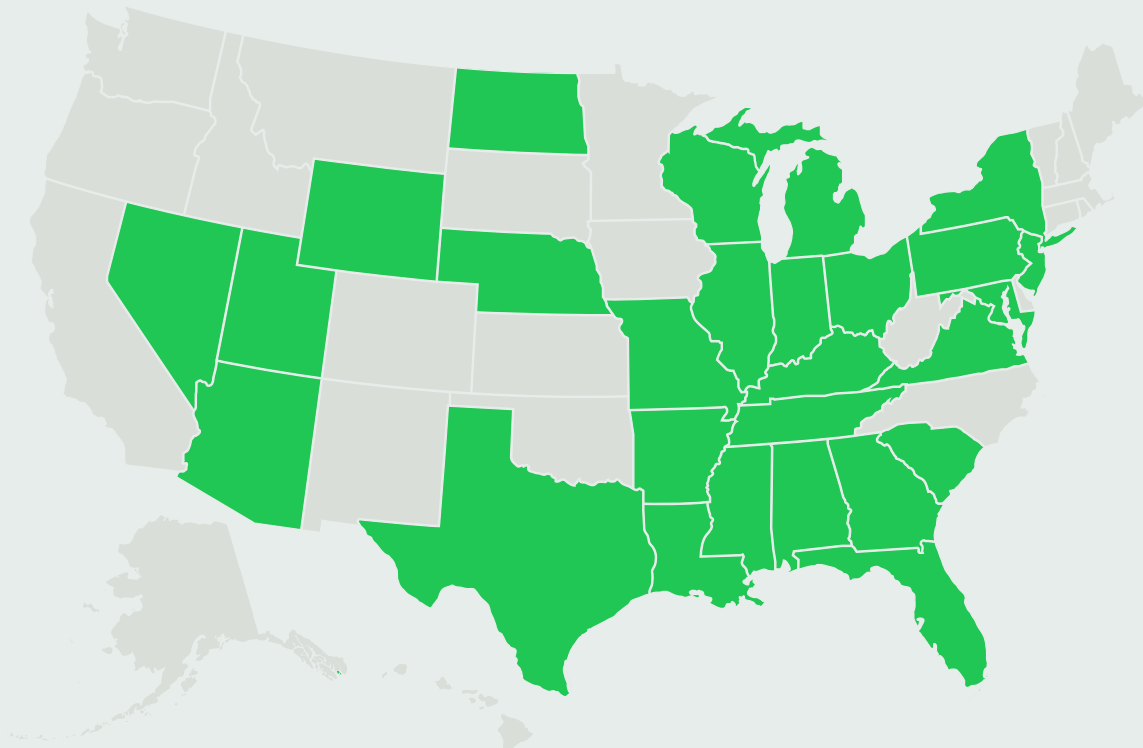
[Here is a list of states with sales tax discounts.](#)

### Key points to remember:

- Always file zero returns – failing to do so will result in fines or even losing the sales tax permit
- Check and see if your state offers sales tax discounts.
- If you’d rather never worry about sales tax filing again, automate sales tax filing with

[TaxJar AutoFile](#)

### States with sales tax discounts



# Sales tax compliance made easier

## Automate your sales tax with TaxJar

Automating your sales tax through a trusted solution increases efficiency and accuracy, but also allows you to focus on what's most important: running your business.

TaxJar's **AutoFile** is our automatic electronic filing service for state sales tax, built on best-in-class technology. Once enrolled in a particular state, we'll use the data that we receive from your e-commerce platforms or ERP systems to prepare and submit an accurate return along with your remittance. TaxJar manages all your filing details and deadlines, scaling up as you grow, so you can focus on the big picture.

Make 2023 the year you streamline your sales tax compliance.

# TaxJar

Get ahead of compliance  
Start a free, 30-day TaxJar trial today.