

TaxJar

Sales Tax Checklist for Health, Wellness and Beauty Companies

**A checklist to guide your team
down the road to compliance**



Sales tax is a time-consuming hassle for health and wellness companies. Making sure to charge the right rates, collecting in the right states, and filling out sales tax returns isn't fun, and it isn't profitable! Here's a checklist to help you get started so you can focus on growing your business and leave the sales tax management to us.

Product Taxability 101

States make their own rules and laws about what items are taxable. For example, clothing is tax exempt in some states. In other states, clothing priced under a certain threshold per product is tax exempt.

Step 1

Understanding Your Business

- ☐ Are you currently collecting sales tax in the US?
- ☐ Where does your business have nexus? Where are your employees? What tradeshow do you participate in?
- ☐ Have you registered in these states?
- ☐ Are you approaching economic nexus in new states?
- ☐ Who is responsible for sales tax internally?
- ☐ Are the teams working together: from collecting the right amount to filing the required returns?

Step 2

Understanding Your Product Taxability

- ☐ Are the products you sell generally taxable?
- ☐ Do you sell products that may be taxed at a reduced rate or be tax exempt depending on the state? (Common examples: Food, clothing, medicine or supplements, digital products)

Step 3

Infrastructure

- ☐ Does your current sales channel or ERP support accurate sales tax collection?
- ☐ Are you collecting sales tax on shipping charges in applicable states?
- ☐ Do your invoices reflect accurate collection?
- ☐ Are taxable and non-taxable charges separately stated?
- ☐ Do you need to introduce any changes to your sales process (Salesforce quotes, etc.)?
- ☐ Will any of these changes require development work to implement? What is the timeline and how will you roll this out?

Step 4

Implementation and Customer Communication

- ☐ If you are not currently collecting, how will you communicate this change to customers?
- ☐ Do you need to include FAQs in your support center?
- ☐ Are your front-line teams trained of any changes to the quoting or refund process?

Now that you know more about what's expected of food and beverage companies around remitting sales taxes, you can turn to the highest-rated sales tax solution to help you automate your reports and state filings.

Step 5

Compliance and Remittance

- ☐ How will you be filing returns when they are due?
- ☐ Who within your company will be continuing to track economic nexus activity?
- ☐ How often will you need to file for each state (monthly, quarterly, annually, semi-annually)?
- ☐ Where will you archive your completed returns?
- ☐ Will you be filing returns manually or leveraging sales tax automation like TaxJar?