

SALES AND USE TAX NEXUS DECISION TREE

Physical Presence¹

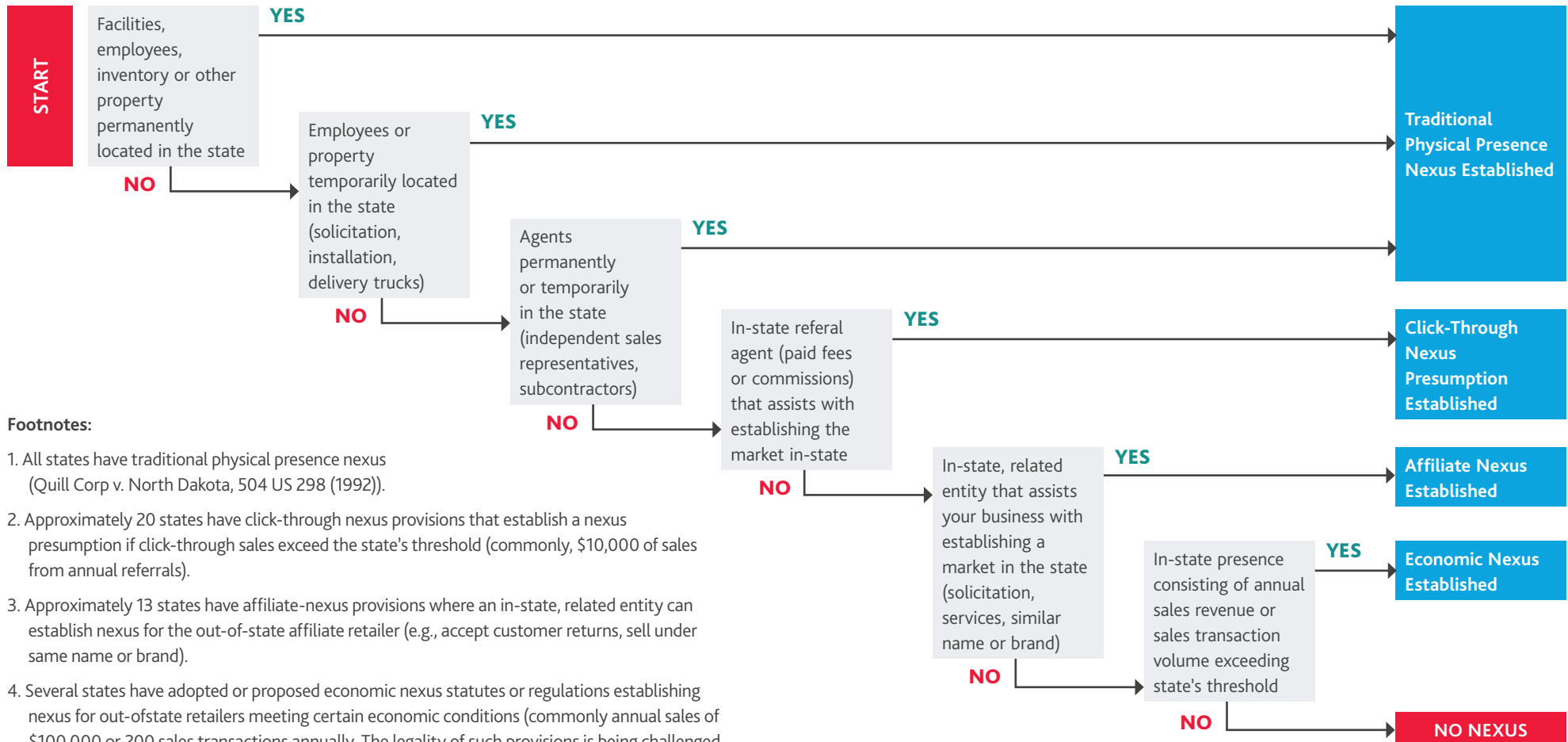
Click-Through²

Affiliate³

Economic⁴

Nexus Conclusion Generally

DOES YOUR BUSINESS HAVE THE FOLLOWING?



Footnotes:

1. All states have traditional physical presence nexus (Quill Corp v. North Dakota, 504 US 298 (1992)).
2. Approximately 20 states have click-through nexus provisions that establish a nexus presumption if click-through sales exceed the state's threshold (commonly, \$10,000 of sales from annual referrals).
3. Approximately 13 states have affiliate-nexus provisions where an in-state, related entity can establish nexus for the out-of-state affiliate retailer (e.g., accept customer returns, sell under same name or brand).
4. Several states have adopted or proposed economic nexus statutes or regulations establishing nexus for out-ofstate retailers meeting certain economic conditions (commonly annual sales of \$100,000 or 200 sales transactions annually. The legality of such provisions is being challenged in some states due to apparent conflict with the Quill standard.