

STATES' POWER TO TAX: Sales, Income, and Property Taxes



SALES TAX: Remote Seller and Marketplace Facilitator Economic Nexus Thresholds

This chart summarizes the sales/use tax economic nexus thresholds for remote sellers and marketplace facilitators in each state. A remote seller is an out-of-state entity that does not have physical presence in a state but makes sales that are delivered into the state. A marketplace facilitator, also known as a marketplace provider, is generally defined as the entity that owns and operates the marketplace (or platform), and it directly or indirectly processes transactions on behalf of marketplace sellers.

State	Sales	and/or	Transactions
Alabama	\$250,000	-	-
Alaska*	No state sales tax - local sales tax is allowed		
Arizona	\$100,000	-	-
Arkansas	\$100,000	or	200
California	\$500,000	-	-
Colorado	\$100,000	-	-
Connecticut	\$100,000	and	200
Delaware	No state sales tax		
District of Columbia	\$100,000	or	200
Florida	\$100,000	-	-
Georgia	\$100,000	or	200
Hawaii	\$100,000	or	200
Idaho	\$100,000	-	-
Illinois	\$100,000	or	200
Indiana	\$100,000	-	-
Iowa	\$100,000	-	-
Kansas	\$100,000	-	-
Kentucky	\$100,000	or	200
Louisiana	\$100,000	-	-
Maine	\$100,000	-	-
Maryland	\$100,000	or	200
Massachusetts	\$100,000	-	-
Michigan	\$100,000	or	200
Minnesota	\$100,000	or	200
Mississippi	\$250,000	-	-

State	Sales	and/or	Transactions
Missouri	\$100,000	-	-
Montana	No state sales tax		
Nebraska	\$100,000	or	200
Nevada	\$100,000	or	200
New Hampshire	No state sales tax		
New Jersey	\$100,000	or	200
New Mexico	\$100,000	-	-
New York	\$500,000	and	100
North Carolina	\$100,000	or	200
North Dakota	\$100,000	-	-
Ohio	\$100,000	or	200
Oklahoma**	\$100,000	-	-
Oregon	No state sales tax		
Pennsylvania	\$100,000	-	-
Rhode Island	\$100,000	or	200
South Carolina	\$100,000	-	-
South Dakota	\$100,000	-	-
Tennessee	\$100,000	-	-
Texas	\$500,000	-	-
Utah	\$100,000	or	200
Vermont	\$100,000	or	200
Virginia	\$100,000	or	200
Washington	\$100,000	-	-
West Virginia	\$100,000	or	200
Wisconsin	\$100,000	-	-
Wyoming	\$100,000	or	200

Note: The states vary on whether the calculation is gross sales or taxable sales. In some states, the "sales threshold" is evaluated on a separate-company basis, while other states evaluate the threshold by including sales made by all affiliates. Marketplace facilitator laws also have bearing on whether the "sales threshold" is met in certain states.

*Alaska remote sellers and marketplace facilitators that exceed certain economic thresholds are required to register with the Alaska Remote Seller Sales Tax Commission to collect local sales tax where applicable.

**Oklahoma's marketplace facilitator threshold is different from its remote seller threshold.

Consult with a BDO professional for more information.

INCOME/FRANCHISE/ GROSS RECEIPTS TAXES: Factor-Based Presence Thresholds and Economic Nexus Rules

This chart summarizes “factor-based presence” nexus thresholds for income, franchise and gross receipts taxes. A state with a “factor-based presence” nexus standard provides that an out-of-state entity has “substantial nexus” and a filing requirement in a state if the company’s sales, property and/or payroll exceed the thresholds established by the state. The chart summarizes the “sales” threshold in each state with “factor-based presence” nexus standards that would subject an out-of-state company to tax even without a physical presence.

In addition, there are numerous states that impose “economic” nexus on out-of-state companies but have not established factor-based thresholds (i.e., Indiana, New Hampshire, Oregon [income tax], Rhode Island, Wisconsin). These states create economic nexus standards by statute or case law.

State	Tax Type	Thresholds/ Other
Alabama	Income	\$596,000 (1)
Alaska	Income	Statute/Rule (2)
Arizona	Income	Case Law (2)
Arkansas	Income	Statute/Rule (2)
California	Income	\$690,144 (1)
Colorado	Income	\$500,000 (1)
Connecticut	Income	\$500,000
Delaware	Income	
District of Columbia	Income	
Florida	Income	Statute/Rule (2)
Georgia	Income	
Hawaii	Income	\$100,000
Idaho	Income	
Illinois	Income	
Indiana	Income	Statute/Rule (3)
Iowa	Income	Statute/Rule (2)
Kansas	Income	
Kentucky	Income	Statute/Rule (2)
Louisiana	Income	Case Law (2)
Maine	Income	\$500,000 (1)
Maryland	Income	Case Law (2)
Massachusetts	Income	\$500,000
Michigan	Income	\$350,000
Minnesota	Income	Statute/Rule (3)
Mississippi	Income	
Missouri	Income	

State	Tax Type	Thresholds/ Other
Montana	Income	
Nebraska	Income	
Nevada	Gross Receipts	
New Hampshire	Income	Statute/Rule
New Jersey	Income	\$100,000
New Mexico	Income	Case Law (2)
New York	Income	\$1,138,000
New York City	Income	\$1,000,000
North Carolina	Income	Statute/Rule (2)
North Dakota	Income	
Ohio	Gross Receipts	\$500,000 (1)
Oklahoma	Income	Case Law (2)
Oregon	Gross Receipts	\$750,000 (1)
	Income	Statute/Rule
Pennsylvania	Income	\$500,000
Rhode Island	Income	Statute/Rule
South Carolina	Income	Case Law (2)
South Dakota	No Tax	
Tennessee	Income/Franchise	\$500,000 (1) (3)
Texas	Franchise	\$500,000
Utah	Income	Statute/Rule (2)
Vermont	Income	Statute/Rule
Virginia	Income	
Washington	Gross Receipts	\$100,000 (1)
West Virginia	Income	Statute/Rule (3)
Wisconsin	Income	Statute/Rule
Wyoming	No Tax	

(1) States that also have factor-based nexus thresholds for property and payroll. Even if a company does not meet the “sales” factor-based threshold, it would still have nexus if it exceeds the state’s payroll or property standards. In certain states with factor-based presence thresholds, a company will have nexus if 25% or more of its total sales (or more than 25% of its total property or payroll, for states with property and payroll thresholds) are from the state, even if the company does not exceed the factor-based thresholds.

(2) States that impose economic nexus on out-of-state companies based on statutory, regulations or other administrative decisions, and/or court decisions involving financial services, out-of-state licensors of trademarks, tradenames and other intangibles (e.g., franchises).

(3) States that impose factor-based nexus thresholds on out-of-state financial institutions.

PERSONAL PROPERTY TAXES: Imposition and Inventory Exclusion

This chart summarizes (1) whether a state imposes personal property taxes, and (2) whether the states that do impose personal property taxes include inventory as taxable personal property.

State	Imposed	Inventory	Assessment (Lien) Date
Alabama	Yes	Exempt	10/1
Alaska	Yes	Varies	1/1
Arizona	Yes	Exempt	1/1
Arkansas	Yes	Taxable	Varies
California	Yes	Exempt	1/1
Colorado	Yes	Exempt	1/1
Connecticut	Yes	Exempt	10/1
Delaware	No	N/A	Exempt
District of Columbia	Yes	Exempt	7/1
Florida	Yes	Exempt	1/1
Georgia	Yes	Taxable	1/1
Hawaii	No	N/A	Exempt
Idaho	Yes	Exempt	1/1
Illinois	No	N/A	Exempt
Indiana	Yes	Exempt	1/1
Iowa	No	N/A	Exempt
Kansas*	Yes	Exempt	1/1
Kentucky	Yes	Taxable	1/1
Louisiana	Yes	Taxable	1/1
Maine	Yes	Exempt	4/1
Maryland	Yes	Exempt	1/1
Massachusetts	Yes	Varies	1/1
Michigan	Yes	Exempt	12/31
Minnesota	No	N/A	Exempt
Mississippi	Yes	Taxable	3/1

State	Imposed	Inventory	Assessment (Lien) Date
Missouri	Yes	Exempt	1/1
Montana	Yes	Exempt	1/1
Nebraska	Yes	Exempt	1/1
Nevada	Yes	Exempt	7/1
New Hampshire	No	N/A	Exempt
New Jersey	No	N/A	Exempt
New Mexico	Yes	Exempt	1/1
New York	No	N/A	Exempt
North Carolina	Yes	Exempt	1/1
North Dakota	No	N/A	Exempt
Ohio	No	N/A	Exempt
Oklahoma	Yes	Taxable	1/1
Oregon	Yes	Exempt	1/1
Pennsylvania	No	N/A	Exempt
Rhode Island	Yes	Exempt	1/1
South Carolina	Yes	Exempt	1/1
South Dakota	No	N/A	Exempt
Tennessee	Yes	Varies	1/1
Texas	Yes	Taxable	1/1
Utah	Yes	Exempt	1/1
Vermont	Yes	Varies	4/1
Virginia	Yes	Varies	Varies
Washington	Yes	Exempt	1/1
West Virginia	Yes	Taxable	7/1
Wisconsin	No	N/A	Exempt
Wyoming	Yes	Exempt	1/1

Note: The assessment date is also commonly known as the "lien" date. Typically, taxpayers report the personal property located in the taxing jurisdiction, as of the "lien" date. Some jurisdictions have minimum threshold exemptions and may not require a filing; however, thresholds are subject to change and should be reviewed annually.

*Kansas exempts personal property on assets newer than 2006.