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### Doing Business in Multi-States?

Business owners should periodically review all operations and ascertain if you are **doing business in additional states**. No matter where your company is headquartered, there's a good chance you conduct business across other state borders. How do taxes work in this situation? Learn about multi-state taxes to ensure that your business is registered with each appropriate secretary of state and collecting and submitting the proper taxes.

If your business is headquartered in one state, but you sell your products across the border, do you have to pay taxes in the recipients' state? This answer depends largely on whether you have what is referred to as a "**nexus**," meaning an establishment in the recipients' state.

What is a nexus or an establishment? The following might create a nexus in a given state:

- A temporary or permanent office
- A warehouse
- A storage locker
- A sales representative based in that state

Each state may have slightly different interpretations of how the rules work, further complicating the issue. Take for example, New Jersey, which does a lot of cross-border business with New York and Pennsylvania. NJ says any of the following may create nexus:

- Selling, leasing, or renting tangible personal property or specified digital products or services
- Maintaining an office, distribution house, showroom, warehouse, service enterprise (e.g., a restaurant, entertainment center, business center), or other place of business
- Having employees, independent contractors, agents, or other representatives (including salespersons, consultants, customer representatives, service or repair technicians, instructors, delivery persons, and independent representatives or solicitors acting as agents of the business) working in the state

Regulatory changes and court cases can change this interpretation at any time. States are desperate for revenues and are ingenious at identifying out-of-state businesses operating in their jurisdiction. With a sales tax in 45 states, it's essential you are in compliance.

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