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Sales Taxes' Evolving Influence On Long-Term Corporate Decision-Making And Strategy

7 key areas where it will be valuable to consider nexus and other sales tax issues in corporate strategic decision-making.

PHILADELPHIA, PA, UNITED STATES, March 28, 2025 /EINPresswire.com/ -- Bill Flick, a Managing Partner at EisnerAmper Advisory Services and a thought leader in sales tax policy and process said, “Until recently, payment of sales and use taxes, has been viewed by many corporations as a ‘pass through’ item, where companies simply paid, with little question, the sales tax amount shown on vendors’ invoices. Since the 2018 Wayfair decision by the Supreme Court, sales tax liability has dramatically changed and become much more complex, especially due to the continually evolving definitions of nexus as defined by each state. Yet, many companies continue to manage sales taxes in the automatic way they always have.”

> “
> At a typical sales tax rate of 6-10+%, managing sales taxes automatically is no longer a best practice because their effect can have a significant impact on corporate results and success.”
>
> *William Flick, Managing Partner, EisnerAmper Advisory Group, LLC*

According to the Bureau of Economic Analysis (BEA), corporate net profit averages around 7% per year. Today, with sales tax rates breaking through the 10% level, decisions about sales tax policy have the potential to significantly affect the bottom line. Because of that potential, Flick advises that sales tax policy merits a new perspective and a higher level of corporate management scrutiny and planning. As states grapple with definitions of sales tax nexus - generally some combination of location, dollar volume and number of transactions - companies that do business in multiple states will benefit from being more strategic regarding making corporate decisions, by taking sales tax impact into consideration.

Flick has identified 7 key areas where it will be valuable to consider nexus and other sales tax issues in corporate strategic decision-making:

1) Location – from the corporation’s perspective
Decisions regarding locating offices, manufacturing facilities, assembly, warehousing and others must include consideration of sales tax nexus definitions both in the state where the location is

planned, as well as those key states from which parts, materials, services and more are being purchased and brought into that state.


William Flick - Managing Partner EisnerAmper

2) Location – From the customers' perspective
Companies should consider whether locating facilities in a certain state will mean that products and/or services will need to be sold at a price advantage or disadvantage due to sales tax liability.

3) Warehousing/inventory
Companies will need to analyze whether locating warehousing/inventory in a certain state will mean that products and services will be sold at a price advantage or disadvantage due to sales taxes.

4) Supply chain & vendor selection
Purchasing decisions should also assess sales tax impact. Will purchasing from vendors located or warehoused in certain states mean that sales tax will put products at a price advantage or disadvantage?

5) Employee location and satellite offices
For some states, even having a local sales office, service team or administrative presence will trigger nexus and cause sales tax liability.

6) Selecting third party service providers
For some states, if a company is working in a certain way with a third party, even if the company itself doesn't have a physical presence in that state, it can trigger nexus.

7) Corporate investment
Will decisions regarding your company's making investments in or purchasing other companies create complexities that add sales tax liability such that the deal becomes viable or not?

In addition to investigating the current sales tax situation, Flick recommends looking to the future by taking a deeper look into a state or local government's financial well-being and assessing the quality of fiscal management. How likely is it that the jurisdiction will increase or change tax rates and rulings, as well as eliminating sales tax exemptions?

Says Flick, “Sales tax nexus works both ways. Corporations can use it to their advantage or it can hurt them. At a typical sales tax rate of 6-10+%, managing sales taxes automatically is no longer a best practice because their effect can have a significant impact on corporate results and success.”

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