5 Sales Tax Issues To Consider When Locating Warehousing, Back Office And Logistics Hubs

Non-tax endeavors have the potential to create nexus and trigger sales tax responsibility


William Flick - Managing Partner EisnerAmper

PHILADELPHIA, PA, UNITED STATES, October 8, 2025 /EINPresswire.com/ -- The decision to select new locations for warehousing, back office, logistical hubs and other facilities doesn't sound like a state sales tax decision. However, it can be. At one time, a company's tax experts would not have been brought into the decision-making process for these initiatives. However in recent years, the location of new facilities and personnel has the potential to open the door to increased sales tax liability by inadvertently creating sales tax nexus in a new state.

What is sales tax nexus? Prior to 2018, it was defined as a company having a physical presence in a state. However in 2018, the U.S. Supreme Court's Wayfair decision redefined the concept of "nexus" to include remote sellers who do business in the state but are physically located outside of the state. This ruling allowed for broadened definition of "presence" and it empowers each state to legislate its own definition. Today, nexus definitions have expanded to the point where factors can trigger nexus that seemingly have little or nothing to do with taxes or with the sale of products and services.

William Flick, a thought leader in sales tax policy and process, and a Managing Partner at EisnerAmper Advisory Services, said, "Companies often assume that sales taxes billed are correct. They accept and pay what is billed on invoices without reviewing them or confirming their accuracy. However in recent years, multi-state companies are starting to increase their focus on sales taxes because of the broader compliance definitions instituted post-Wayfair; as well as the fact that they sales taxes are expensive. Imagine what a 5% or 6% or 7% difference can have on a bottom line or as a competitive advantage." Flick recommends that

> "
> There is significant value in making all executive teams nexus-aware and bringing their sales tax specialists into the conversation much earlier when planning location and expansion."
> *William Flick, Managing Partner, EisnerAmper Advisory Group, LLC*

multi-state companies take a new view on sales taxes and elevate their significance, actively manage them and self-audit to challenge the accuracy of sales taxes billed. He believes that prioritizing sales tax management can result in the addition of as much as a six or seven figure savings to the bottom line. This approach also offers the opportunity to receive refunds on prior year overpayments.

Whether a company is responsible for taxes or eligible for a refund is based on whether they qualify for nexus to a state. Today, the definition of nexus has evolved to the point where qualification factors may have little or nothing to do with sales or purchases or even taxes. Flick has identified 5 non-tax issues with the potential to create nexus and thus trigger sales tax responsibility including:

1) The state where a company stores inventory.

2) The state where remote workers live and work.

3) The state where 3rd party delivery, fulfillment, payment, storage and other facilitators are located.

4) Having in-state affiliates that remotely click-refer business to the company's national website.

5) The company attends in-state trade shows where orders or sales are written.

Realistically, it is unlikely that sales tax experts within an organization would be invited to participate in the decision-making process relating to those five issues. They are typically covered by other departments. However Flick believes that sales tax experts should now be invited to participate in the decision-making because these issues affect sales tax nexus. In addition, he recommends that non-tax employees be made aware of the impact that their decisions might have on sales tax responsibility and costs, especially when deciding where to locate warehousing, back offices, logistical hubs and other non-sales facilities. Flick said, "In this day and age, we recommend that companies adopt what we call a 'sales tax culture', making all executive teams nexus-aware. Teams should also bring sales tax people into the conversation much earlier when planning location and expansion. The potential savings can be significant."

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