

Complyt

Q&A 7

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Shelf.

How to register for a sales tax permit

You started your own business for many reasons, but we're pretty sure that navigating the complexities of registering for a sales tax permit wasn't one of them. As dry as it sounds, it's a crucial step, often overlooked by entrepreneurs. This small document unlocks opportunities for your business to thrive.

What is a sales tax permit?

Think of it as your official license to collect and remit sales tax on behalf of the government. Without it, you could face penalties and fines, jeopardizing your business's future. A fringe benefit is that the permit establishes your legitimacy and fosters trust with customers, partners, and stakeholders.

This is a typical permit. The form will look different depending on the issuing department.


DISPLAY CONSPICUOUSLY AT PLACE OF BUSINESS FOR WHICH ISSUED

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

SELLER'S PERMIT

June 18, 2018
ACCOUNT NUMBER
[REDACTED]

SEWMEIMEI
[REDACTED]
SAN FRANCISCO CA 94107-4181
USA



Office of Control:
San Francisco Office

NOTICE TO PERMITTEE:
You are required to obey all Federal and State laws that regulate or control your business. This permit does not allow you to do otherwise.

IS HEREBY AUTHORIZED PURSUANT TO SALES AND USE TAX LAW TO ENGAGE IN THE BUSINESS OF SELLING TANGIBLE PERSONAL PROPERTY AT THE ABOVE LOCATION. THIS PERMIT IS VALID ONLY AT THE ABOVE ADDRESS.

THIS PERMIT IS VALID UNTIL REVOKED OR CANCELED AND IS NOT TRANSFERABLE. IF YOU SELL YOUR BUSINESS OR DROP OUT OF A PARTNERSHIP, NOTIFY US OR YOU COULD BE RESPONSIBLE FOR SALES AND USE TAXES OWED BY THE NEW OPERATOR OF THE BUSINESS.

Not valid at any other address

For general tax questions, please call our Customer Service Center at 1-800-400-7115 (TTY:711).
For information on your rights, contact the Taxpayers' Rights Advocate Office at 1-888-324-2798 or 1-916-324-2798.

CDTFA-442-R REV. 18 (5-18)

Do all these names mean the same as a 'sales tax permit'?

Yep, these terms are used interchangeably in different states, but they all refer to the same document authorizing your business to make taxable retail sales and collect sales tax from customers.

- Seller's permit
- Retail license
- Sales tax license
- Sales and use tax permit
- Vendor's license
- Resale permit
- Wholesale certificate
- Reseller's permit
- Nontaxable transaction certificates
- Sales tax exemption certificate

What does it allow your business to do?

Whatever they're called, they all give your company permission to collect sales tax from customers at the point of sale. They allow you to remit the collected sales tax to the appropriate government agency. It's Avoid penalties and fines for non-compliance.

Does your business need a permit? Well, do you...

- Sell tangible personal property, such as clothing, furniture, and electronics?
- Sell certain services, such as restaurant meals, haircuts, and car repairs?
- Sell digital products and services, such as software and streaming services?
- Have a physical presence in the state, such as a store, office, or warehouse?
- Have economic nexus in the state, meaning they exceed a certain sales threshold, even without a physical presence?

How to register for a sales tax permit in the US

The process varies by state. However, it generally involves six steps:

Step 1	Gather business and contact information.
Step 2	Visit Your State's Department of Revenue Website
Step 3	Determine your registration states
Step 4	Complete the application form
Step 5	Pay the application fee
Step 6	Submit application and required documentation

1. Gather business and contact information

Typically, the registration process requires submitting general business and industry information (like your product catalog) and financial information (like total sales). The time it takes to complete a registration varies by jurisdiction.

Additionally, some jurisdictions might require you to file returns even if you don't have any collected tax to remit.

2. Visit your state's Department of Revenue website

Since each state has its own sales tax authority, you have to individually register to collect sales tax in each state where you have met tax registration requirements. To register for a sales tax permit, visit the state tax authority website using our guide.

Your Complyt List of State Department of Revenue Websites

Online registration link	Fee	Online registration link	Fee
Alabama	\$100 fee for online sellers	Alaska	\$0
Arizona	\$12/location, additional city fees \$1 - \$50	Arkansas	\$50

California	Online Only: \$0	Colorado	\$4 – \$16 + \$50 deposit
Connecticut	Online Only: \$100	Delaware	No specific fee
Florida	\$5 (mail), Online: Free	Georgia	Online Only: \$0
Hawaii	\$20	Idaho	\$0
Illinois	\$0	Indiana	Online Only: \$25\$20
Iowa	\$0	Kansas	\$0
Kentucky	\$0	Louisiana	Online Only: \$0
Maine	\$0	Maryland	\$0
Massachusetts	Online Only: \$0	Michigan	\$0
Minnesota	\$0	Mississippi	Online Only: \$0
Missouri	\$0 (bond may be required)	Montana	\$25–\$50 depending on business type
Nebraska	\$0	Nevada	\$15/location (in-state), minimum \$15 (out-of-state)
New Hampshire	\$0	New Jersey	\$0
New Mexico	\$0	New York	\$0
North Carolina	\$0	North Dakota	Online Only: \$0
Ohio	\$25 (in-state), \$0 (out-of-state)	Oklahoma	Online/In Person: \$20 + \$10/location
Pennsylvania	Online Only: \$0	Rhode Island	\$0
South Carolina	\$50 (in-state), \$50 (out-of-state)	South Dakota	Online: \$0
Tennessee	Online: \$0	Texas	\$0
Utah	\$0	Vermont	\$0
Virginia	\$0	Washington State	\$50
District of Columbia	Online Only: \$0	West Virginia	\$30
Wisconsin	\$20	Wyoming	\$60

3. Figure out which states you need to register in

It all depends on where you have nexus.

Your company needs to register for sales tax in each state where you have met the state's [physical nexus](#) or [economic nexus](#) standards or any other requirement. If you're an out-of-state seller, economic nexus is generally your go-to standard for determining when to register to collect sales tax.

Economic nexus thresholds are based on sales revenue or the number of transactions you make in that state – or, in some states, both. For instance, if you do

business in Pennsylvania, your company must collect sales tax if you exceed \$100,000 in sales revenue or complete 200 customer transactions. Here's a complete breakdown of these thresholds.

Your Complyt list of Economic Nexus Thresholds

State	Economic Nexus Threshold	State	Economic Nexus Threshold
State	Economic Nexus Threshold	State	Economic Nexus Threshold
Alabama	\$250,000	Missouri	\$100,000 or 200 transactions (bond may be required)
Alaska	\$100,000 or 200 transactions	Montana	\$25,000 - \$50,000 depending on business type
Arizona	\$100,000	Nebraska	\$100,000 or 200 transactions
Arkansas	\$100,000 or 200 transactions	Nevada	\$15/location (in-state), minimum \$15 (out-of-state)
California	\$500,000	New Hampshire	\$100,000 or 200 transactions
Colorado	\$100,000	New Jersey	\$100,000 or 200 transactions
Connecticut	\$100,000 or 200 transactions	New Mexico	\$100,000 or 200 transactions
Delaware	\$50,000 or 250 transactions	New York	\$300,000
Florida	\$100,000	North Carolina	\$100,000 or 200 transactions
Georgia	\$100,000 or 200 transactions	North Dakota	\$100,000 or 200 transactions
Hawaii	\$100,000 or 200 transactions	Ohio	\$100,000 or 200 transactions (in-state), \$0 (out-of-state)
Idaho	\$100,000	Oklahoma	\$100,000 or 200 transactions (in-person), \$20 + \$10/location (online)
Illinois	\$100,000 or 200 transactions	Oregon	\$200,000
Indiana	\$100,000 or 200 transactions	Pennsylvania	\$100,000 or 200 transactions (in-state), \$0 (out-of-state)
Iowa	\$100,000 or 200 transactions	Rhode Island	\$100,000 or 200 transactions
Kansas	\$100,000	South Carolina	\$50,000 (in-state), \$50,000 (out-of-state)
Kentucky	\$100,000 or 200 transactions	South Dakota	\$100,000 or 200 transactions
Louisiana	\$100,000 or 200 transactions	Tennessee	\$500,000
Maine	\$100,000 or 200 transactions	Texas	\$100,000 or 200 transactions
Maryland	\$100,000 or 200 transactions	Utah	\$100,000 or 200 transactions
Massachusetts	\$500,000	Vermont	\$100,000 or 200 transactions
Michigan	\$100,000 or 200 transactions	Virginia	\$100,000 or 200 transactions

Minnesota	\$100,000 or 200 transactions	Washington State	\$500,000
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Want to confirm your nexus the easy way? [Book a Demo now.](#)

4. Complete the application form

Visit your state's [Department of Revenue website using this handy list](#). Locate the sales tax registration section. This can be done online or by mail. Most states offer online applications, but paper versions might be available. Be sure to answer all questions accurately and thoroughly.

5. Pay the application fee

Each state has a different registration fee, usually paid online or by mail - [scroll back up](#) to take another look.

6. Submit the application and required documentation

Submit your completed application and documents to the appropriate agency. Once approved, you'll receive your sales tax permit. This allows you to collect and remit sales tax legally.

Complyt tips

- **Start early:** The application process can take weeks or months, so begin early to avoid delays
- **Stay informed:** Keep your permit up to date and familiarize yourself with any changes in state regulations
- **Seek professional advice:** Consult a tax advisor or [talk to our teams](#) if you need personalized guidance in plain, jargon-free English