



IMPORTANT: NOTIFICATION OF SALES TAX EXPANSION

We are writing to inform you of a change in sales tax requirements which expands our sales tax collection obligations. As a result, we will begin charging sales tax for additional states which may result in additional tax on the invoices we issue to you. This change to additional states will go into effect on January 1, 2024.

The change in our obligations is due to a 2018 U.S. Supreme Court decision commonly referred to as “Wayfair” which has become the basis for states to require out-of-state sellers to collect and remit sales tax for locations to which taxable products are shipped. It is very common for businesses to sell taxable goods and services remotely, so the new requirements have had a broad and significant impact across the United States. The change may also impact organizations from the Your own organization may have been impacted as either a buyer or seller (or both) of taxable goods shipped to states where you have no physical presence. Under these new economic nexus laws, a seller may be required to charge and collect sales tax in states where materials are delivered, even if neither the purchasing organization nor the vendor have a physical presence there.

Complying with the requirements is especially challenging for the printing and direct mail industry because a single purchase by a customer could be mailed to recipients in most or all of the 50 states; the sale amount must be allocated by destination, and sales tax assessed based on the applicable rules and rates for those many destinations. Additionally, if the printer/mailer does not charge the applicable sales tax on mailings or other shipments delivered into a state, under new state economic nexus laws the purchasing organization may still be obligated to remit use tax -- even if it has no physical presence in those states – if their taxable purchases have exceeded a destination-state’s remote sales activity threshold.

In future years, Modern Litho expects that its state sales tax collection obligations will gradually expand to include additional states. This is likely to happen over the course of several months, starting with states to which our clients, in the aggregate, most frequently direct us to ship or mail printed product or materials. Most states provide that a purchasing organization may be relieved of the sales tax charge if their purchase is a qualifying type and the purchaser issues an exemption certificate to the printer/mailer. If your organization determines that your purchases from Modern Litho are exempt from tax under destination-states’ regulations, be sure to provide fully completed exemption forms for those states to us so that your purchases will be free of tax. Please note that an exemption form or resale certificate for one state may not be valid for other states, and you may need to provide exemption certificates for multiple states. We recommend that you share this letter with your organization’s accounting or tax staff. They are likely to be familiar with the requirements of sales and use tax and can help you understand why new or additional states’ sales tax may be included on invoices we issue to your organization.

Our inclusion of state sales tax on the invoices we issue will remove your company’s obligations to assess and pay use tax on those purchases for those states; this may save your organization time and/or limit your tax risk related to those states. If you have questions about new or additional states’ sales tax the invoices Modern Litho issues to your organization, we ask that you first reach out to your organization’s accounting personnel. If they have additional questions, they may contact their Account Executive or Kevin Heislen at Modern Litho.

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More
Information At:



Modernlitho.com/sales-tax