

## FAQs Regarding Sales Taxation of Staffing Services

### **Isn't our CPA firm already handling any sales tax issues for us?**

Most CPA firms are generalists, advising on multiple areas of corporate tax and accounting practice. Typically, they do not have a consulting focus specifically on sales and use tax, as it requires close monitoring of constantly changing sales tax laws in 50 states. As a result, they may not know the specific sales tax laws that apply to your business in a given state. Interstate Tax Strategies works with CPA firms from across the country to assist them in serving their client on complicated sales tax matters.

### **Staffing services are not taxable in our home state, and we do not have any branch offices in other states. Could we still be liable?**

Yes. Sales tax is imposed in the state where your staff is located. If your clients consume staffing services in a state that taxes this service, you may be required to collect and remit sales tax to the state in which they are located. Contact ITS and we can help you determine where you may have liability.

### **We don't have any clients in states that tax staffing services. Could we still owe sales tax in other states?**

Potentially. If your company delivers temporary staffing services in any service-taxable states—even if the client to whom you sold the services is located in a non-taxable state—you may need to charge your client sales tax on those services delivered in a taxable state. There are many factors that affect liability in this scenario; contact ITS and we can ask a few key questions that can help determine liability.

### **What if our services are "resold" by another company? Are we still liable for sales tax?**

Further complexity is added when staffing services are purchased for "resale" by the company to which they are provided by your company. In these cases, the burden is on you to obtain the proper reseller exemption certificates from your customers to support this exemption. Additional issues arise if your company also provides independent consulting services directly to clients in addition to the placement of temporary personnel.

### **Isn't staffing for non-profit organizations and medical practices tax-exempt?**

In some states there are specific exemptions for staffing provided to certain non-profit organization and certain medical personnel staffing. Close examination of the specific sales tax laws is necessary to make certain your company is in compliance with each state's requirements. In addition, make sure to always request a sales tax exemption certificate from a client who states they are tax exempt—just in case!



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