

Purpose

The purpose of this publication is to define nexus and provide general guidelines for determining whether a business entity's activities create nexus with the state of Utah.

Definitions

Nexus

Nexus means a business entity has established a direct or representational presence within a state or jurisdiction. This presence allows the state to require the business to collect and pay certain taxes.

The standards are different for determining whether a business has nexus for purposes of sales tax or corporate franchise/income tax.

Retailer

Utah law defines a retailer as any person regularly engaged in regular solicitation of a consumer market in Utah. A retailer includes commission merchants, auctioneers, salespersons, representatives, distributors, supervisors and employers.

Sales Tax

The United States Constitution requires a business to have sufficient nexus with Utah in order for Utah to require that business to collect and pay sales tax.

A business that engages in the following activities exceeds the minimum threshold of nexus, subjecting it to Utah's sales and use tax requirements.

Retailers and marketplace facilitators must collect and pay sales and use tax on their sales and on sales they facilitate on their marketplace if they:

1. sell tangible personal property, products transferred electronically, or services for storage, use, or consumption in the state; in either the previous calendar year or the current calendar year, that result in ~~either:~~
 - ~~a. gross revenues of more than \$100,000; or~~
 - ~~b. 200 or more separate transactions.~~
2. have or use an office, distribution house, sales house, warehouse, service enterprise or other place of business;
3. maintain a stock of goods in Utah;
4. regularly solicit orders (whether or not those orders are accepted in Utah), unless the activity in Utah is only advertising or solicitation by direct mail, email, the Internet, telephone or similar means;
5. regularly deliver property in Utah other than by common carrier or U.S. mail; or
6. regularly engage in any activity related to the leasing or servicing of property located in Utah.

A seller also has nexus in Utah if: