Tax Implications of Interstate Commerce

Due to the complexity of law surrounding nexus and what is taxable when one engages in interstate commerce, the MNLGA requested the University of Maryland Agriculture Law Education Initiative to compile a user's guide, for lack of better term, explaining how nexus is established and what potential tax liabilities are incurred when either physically or electronically conducting commerce in another state.

The Ag Law Education Initiative responded with the attached (link here) document which is a guideline defining how nexus is established and then details state-by-state rules governing taxable activities in the following states along the eastern seaboard: Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, New Jersey, Delaware, Maryland, and Virginia.

It is important to understand what your potential obligations are, ***before*** you engage in business in a foreign state (meaning not your home state).

One of our MNGLA members has also completed a lot of research into this issue. This member provides the following additional information that you may find useful:

- Understanding Origin and Destination Based Sales Taxes - if you subscribe to Quick Books you may have access to this article
- *Guide to Doing Business Outside Your State*, published by the Corporation Service Company, www.cscglobal.com
- *5 Things to Understand About Your Nexus Footprint*, published by the Sales Tax Institute, www.salestaxinstitute.com