

Sales Tax: Monthly Filing and Setup

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Sales Tax Service

An additional service provided to Lone Oak Payroll Funding clients is sales tax filing, which we complete **monthly** on your behalf.

Sales Tax Setup

While Lone Oak Payroll completes the monthly filing for Funding clients, it is still the responsibility of each Funding client to add/manage sales tax applicability for their customers. By default, no customer records or worksites have sales tax applied. [Review how to add Sales Tax to customer records here.](#)

When to Add Sales Tax

So how do you know if sales tax is applicable for your customer(s)? Well, it depends on the state you are operating in, as every state taxes services in its own way. For example, there are five states (Alaska, Delaware, Montana, New Hampshire, and Oregon) that do not impose any type of sales tax - on either goods or services. On the other side of the coin, there are four states (Hawaii, New Mexico, South Dakota, and West Virginia) that tax services by default. The rest of the states leave us in a bit of gray area where services are not typically taxed. In fact, we can say situations in which a client needs to collect Sales Tax for services rendered is limited and specific.

Okay, so how do you know *for sure* where your situation lands? The best course of action is to (1.) review with a CPA and to (2.) review the state's department of revenue site to determine whether sales tax is applicable for a customer and worksite.

If you believe sales tax should be calculating for clients in a certain state, a decision maker for your company should contact Lone Oak Payroll to notify us that you would like to collect Sales Tax in that state.

Our Safety Mechanisms

To prevent incorrectly collecting sales tax, Lone Oak Payroll will notify you if sales tax is being calculated for a client that we have not discussed and approved jointly. Additionally, we have mechanisms in place to alert us if we expect to be calculating sales tax and are not. In either scenario, we reach out to you to discuss and determine the best resolution (ex. by adding or removing sales tax on the customer's worksite(s)).

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