Your Business Is Growing. Is Your State Tax Compliance Keeping Up?



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New customers. Remote employees. Independent contractors. Growth can expand your state tax footprint—even without another facility. Meanwhile, exemptions and filing requirements can leave accounting teams working to keep pace with changing tax obligations.

As manufacturers grow, changes in sales activity, purchasing practices, and business operations can introduce new tax considerations. What worked when a business operated in one state may become more complicated as it expands into additional markets. Regularly evaluating tax compliance practices can help manufacturers identify potential gaps, understand their obligations, and keep pace with the business.

Common State and Local Tax (“SALT”) Challenges for Manufacturers

- **Expanding nexus.** Sales growth and out-of-state personnel or activities may trigger new tax obligations. As business operations evolve, manufacturers should periodically evaluate whether their activities create new state filing requirements.
- **Manufacturing exemptions.** Are you paying unnecessary tax—or claiming exemptions that do not apply? Understanding how exemptions apply to business purchases can help manufacturers evaluate potential savings while maintaining appropriate compliance practices.
- **Exemption certificates.** Missing or incomplete customer documentation can create costly audit exposure. Consistent documentation practices can help businesses support their tax treatment and address questions that may arise during an audit.
- **Overlooked use tax.** The absence of tax on a vendor’s invoice does not always mean the purchase is exempt. Reviewing purchasing and accounting processes can help manufacturers identify potential gaps and better understand whether applicable tax obligations are being addressed.
- **Multistate compliance.** More jurisdictions mean more deadlines, tax rules, and opportunities for errors. As manufacturers expand into additional states, differences in tax requirements can make it increasingly difficult to maintain consistent processes and accurate reporting.

Keeping Compliance Aligned with Growth

State and local tax compliance is not a one-time exercise. As manufacturers enter new markets, change how they operate, or expand their workforce, their tax obligations may also change. Periodic reviews can help businesses

assess whether their existing processes reflect their current operations and identify areas that may warrant further attention.

Technology can also play a role in managing compliance across multiple jurisdictions. However, automation works best when supported by accurate data, appropriate processes, and ongoing review. Taking a broader look at both the technology and the underlying compliance practices can help manufacturers maintain consistency as their businesses evolve.

For manufacturers, staying ahead of SALT requirements means understanding how business decisions affect tax obligations and making compliance part of the growth conversation—not simply addressing issues when a filing deadline or audit arises.