

Top 5 Sales Tax Filing Mistakes That Small Businesses Make

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We all make mistakes. And, when you're a small business filing sales taxes, it's easy to do. After all, chances are, you're not a sales tax expert.

While we believe that "to err is human and to forgive divine," we also think taking steps to avoid errors is the best way to go. Here are 5 common mistakes to watch out for when you're filing sales taxes (and how to avoid them):

1. Failing to Keep Track of Different Rules for Different States

One thing that makes sales tax compliance challenging is that every single state has its own rules and procedures. You may be dealing with several different due dates, filing frequencies, formats, late penalties and other variables, and it can be easy to mix them up. Making sure you are getting it right for each state also means making sure you are updated on the latest requirements, which can, and do, change.

2. Reporting Incorrect Numbers

If your sales tax data is scattered across several platforms and possibly several states, it can be easy to make mistakes when you are adding things up for each state report. Many states require you to break down your collections based on jurisdiction, which adds another layer of complexity. It takes careful computation and checking to make sure you are getting your numbers right.

3. Not Filing Because You Didn't Collect Any Tax

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You may think that because you didn't collect any tax, you don't have to file for that reporting period. The truth is, however, that most states require you to file every reporting period, even if you didn't collect anything. Disregarding this requirement could result in late/non-filing penalties.

4. Missing Due Dates

When you register with a state, you should be assigned a filing frequency (monthly, quarterly, annually or other). These frequencies each come with their own due dates. Although the due date may officially be the same day of the month for each reporting period, these can actually move around due to holidays and weekends, for example. So, it's crucial to check when the exact dates are, rather than just assuming that you know what they are.

If you are filing/paying electronically, your payment may not always be credited the same day you submit it, so it's also important to know how far in advance you need to initiate a payment, in order to meet the due date.

5. Ignoring Late/Non-filing Penalties

All states impose penalties when you fail to file and/or pay on time. Sometimes, these can compound quickly with interest. While the best policy is to always be on time, if you can't, you need to know exactly what kind of a penalty hit you will take for missing the deadline. Otherwise, you may get an unpleasant surprise.

Simple Solution

Automation, such as Avalara's TrustFile software, can help you avoid many errors – and save you a lot of time. For example, TrustFile can automatically take all your sales data and quickly generate completely accurate reports for each state, broken down according to the state's requirement. TrustFile is constantly updated on the latest requirements for each state, so you will always have the right information for when, and how, to file.

Special plans for small businesses make TrustFile an affordable option that can help you file your sales taxes correctly and confidently. [Learn more now.](#)

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