



United States

General	Types of indirect taxes (VAT/GST and other indirect taxes)	The United States does not have a national sales tax system. Rather, indirect taxes are imposed on a subnational level. Each state has the authority to impose its own sales and use tax, subject to US constitutional restrictions. In many states, local jurisdictions (e.g. cities and counties) also impose sales and use taxes.
	Are there other indirect taxes?	Depending on the jurisdiction, taxpayers may be subject to property taxes, excise taxes, business license responsibilities and unclaimed property reporting requirements.
	What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?	There is no national sales tax in the US and therefore no standard rate. The sales or use tax rates vary by state, ranging from 2.9% to 7.5% at the state level. In addition to the state rate, local governments in 35 states impose an additional sales or use tax, ranging from 1% to 5%.
	Who is required to register for VAT/GST and other indirect taxes?	Typically, every person or entity that is engaged in the business of selling tangible personal property at retail or furnishing any taxable service must register with the state to obtain a sales tax license, permit or certificate before making sales or providing services.
VAT/GST registration	Is voluntary registration for VAT/GST possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?	Yes, an overseas or out-of-state company without substantial nexus in a state may voluntarily register for collection of sales or use tax. A taxpayer voluntarily registering for sales or use tax is subject to the same duties and obligations as a taxpayer who is required to register and will be required to file returns and comply with the laws of that state.
	Does an overseas company need to appoint a fiscal representative?	Some states may require an overseas and/or out-of-state registrant to have a registered agent in the state to receive official notices (such as service of process for legal action). The state may require a bond or deposit prior to issuing a sales tax permit to a foreign or out-of-state business.

VAT/GST registration (continued)	Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?	Sellers, vendors and retailers can register with the various states by using one of the following methods: registering with the state tax authority website or filing a form with the state's tax authority. Generally, each separate legal entity must register for its own sales tax permit, regardless of its tax classification. A separate application may also be required for each place of business.
	Is grouping* for VAT/GST and other indirect taxes possible?	A majority of the states require or permit the filing of a consolidated sales and/or use tax return when a single legal entity operates more than one location within the state. A few states require a minimum number of business locations before a consolidated return is allowed. Some states require prior approval to file on a consolidated basis.
VAT/GST compliance	How frequently are VAT/GST and other indirect taxes returns submitted?	Sales and use tax returns must be filed either annually, semi-annually, quarterly, monthly or semi-monthly, depending on state requirements. Filing frequency is commonly based on the taxpayer's sales volume and/or the amount of tax that the taxpayer collects during the period.
	What are the exchange rate rules in your country?	Varies by jurisdiction.
VAT/GST recovery	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	Not applicable in the US.
	Are there any exemptions with the right to recover or deduct input VAT?	Although there is no system to recover sales and use tax, states do provide various exemptions from tax based on particular activities of the buyer. States provide various exemptions from sales or use tax. Exemptions are specifically stated within a state's sales or use tax statute and the burden of proving an exemption is on the taxpayer. Various states also offer reduced or zero rates on certain types of property, such as food for home consumption, residential utilities and manufacturing-related machinery. Generally, exemptions are based on either the type of entity purchasing the property, the type of property being purchased, the intended use of the property or the type of transaction. Exemptions that apply at the state level generally also apply at the local level. Exemptions are generally applicable to both sales and use tax.
	Are there any restrictions to the deduction of input VAT?	Not applicable in the US.

* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

Invoices	Is a business required to issue tax invoices?	In most states, invoices or receipts are required to be issued for each transaction. However, each state has its own requirements for how tax must be stated on the invoice.
	Is it possible/mandatory to issue invoices electronically?	Yes. The use of Electronic Data Interchange (EDI), advanced digital signatures and other forms of electronic invoicing is permitted by most states. However, for a taxpayer that uses EDI processes and technology, the level of record detail, in combination with other records related to the transactions, must be equivalent to that of an acceptable paper record. The requirements for an EDI accounting system should be similar to that of a manual accounting system.
	Is it possible for recipient to issue tax invoices/self-invoices (self-invoicing)?	Generally, no. Some states do allow certain taxpayers use a 'direct pay permit' to remit use tax to the state in lieu of paying their vendors sales tax on their purchases.
Audits	Do tax audits take place on a regular basis?	Yes. Generally, taxpayers are on an audit cycle of 3 to 4 years based on the jurisdiction's statute of limitations.
	Are there audits done electronically in your country (e-audit)? If so, what system is in use?	No.
	What penalties can arise from non-compliance?	As a general rule, states impose penalties for the failure to timely file a return and pay taxes due. The maximum penalty imposed by most states, in cases other than fraud, is 25% of the amount of tax due. However, some states are much more aggressive, assessing and imposing maximum penalties in excess of 25%. Generally, a state's penalty for late payment of tax is imposed at the same rate as its penalty for late filing.
Special indirect tax rules	In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?	Some states offer a type of exemption for occasional or bulk sales (sales outside of the seller's ordinary course of business and sales of entire lines of business). Specific application of rules and definitions varies by state.
	In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?	Because each state has authority to enact its own sales and use tax laws, there is no 'standard' in the US.
	Does a reverse charge mechanism apply in your country for goods or services?	Not applicable in the US.
	Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?	Yes. Sales and use tax incentives are often offered to encourage taxpayers to locate business in economically disadvantaged areas to reduce the company's impact on the environment or to achieve other economic or social ends. Such incentives vary by jurisdiction.
Rulings	Are rulings and decisions issued by the tax authorities publicly available in your country?	Yes. The rules and applicability vary by jurisdiction and often may be found on the tax jurisdiction's website.