

MLM Executive FAQ: Do I have to pay sales taxes in states with sales tax laws?

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Most companies will be registered to pay sales taxes throughout the country. However, most network marketing companies will only register to do business as a foreign corporation doing business in those states in which they have a physical presence, such as having manufacturing facilities, warehouses, offices, or employees. The corporate laws of most states provide that a company is not “doing business in the state” merely because it sells through independent distributors in that state.

MLM companies with tangible personal property sales register to collect and remit sales and use tax. Services are generally not taxed, but more states are proceeding in this area. Your CPA will be able to track rates, classifications, and applicability, as well as handle registrations. He/she can also advise similarly on a few states that have been more aggressive, such as Washington with its business and occupation tax, or Texas and Pennsylvania with their franchise tax.

For additional information about sales tax, please consult a MLM attorney, such as [Jeff Babener](#).

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Jeffrey Babener
On Assignment

On any given day you can catch [Jeffrey Babener](#) lecturing on Network Marketing at the University of Texas or the University of Illinois, addressing thousands of distributors in Los Angeles, Bangkok, Tokyo and Russia, or writing a new book on Network Marketing, an article for Entrepreneur Magazine or a chapter for a University textbook. Over two decades he has served as marketing and legal advisor to some of the world's largest direct selling companies, the likes of Avon, Nikken, Melaleuca, Discovery Toys, NuSkin, and he has provided counsel to the most successful telecom network marketing companies...Excel, ACN, World Connect, ITI, AOL Select and Network 2000. An active spokesperson for the industry, he has assisted in new legislation and served on the Lawyer's Council, Government Relations Committee and

Internet Task Force of the Direct Selling Association (DSA) as well as serving as General Counsel for the Multilevel Marketing International Association. He is an MLM attorney supplier member of the DSA and has served as legal counsel and MLM consultant on MLM law issues for many DSA companies.

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