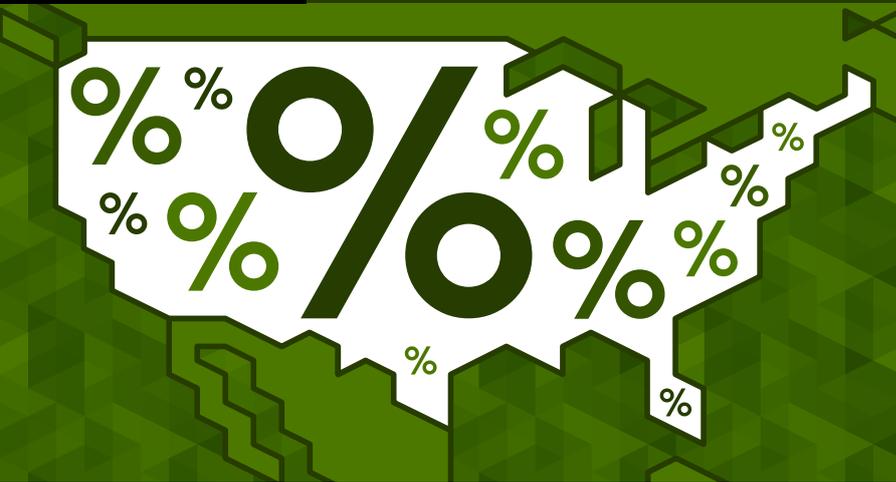




U.S. Sales Tax Guide for SaaS Businesses



So you're a tech company doing business in the United States. Great, congratulations!

However, if you've ever done business within the U.S., you know that there are state-specific laws regarding taxation, the most important of which is sales tax.

Sales taxes vary by state, and the way in which each state applies sales tax to digital products also varies. Specifically, every state has its own views on SaaS products, and it's up to each SaaS company to charge the correct sales taxes.

To help your company charge the right sales tax on SaaS products sold within the U.S., we've put together a U.S. sales tax guide for your reference. This will allow you to determine:

1. If your company is considered a SaaS business within the U.S.
2. And if so, which states require that you charge sales taxes on your product.

How to Tell if Your Company is a SaaS Business in the U.S.

- Your product is accessed via the cloud by your consumers
- Your product is a tool in which people access over the Internet
- Your product is intangible and uses remote access
- Your product uses hosted application management or software on demand

If you answered yes to any of these, then your company is a SaaS business by U.S. standards.



How to Determine What States Require Sales Taxes on SaaS Products

You now know that you have a SaaS business. The next step is to determine which states in the U.S. require a sales tax on the purchase of a SaaS product.

For an in-depth understanding of how each state determines sales taxes on technology products feel free to read out [full-length article](#). However, for quick reference, below is a list of each state that requires sales taxes on SaaS products.

If you make sales in any one of these states, you need to charge sales taxes for every sale within the state:

- Arizona
- Connecticut
- Hawaii
- Indiana
- Massachusetts
- Minnesota
- New Mexico
- New York
- Ohio
- Pennsylvania
- South Carolina
- South Dakota
- Tennessee
- Texas
- Utah
- Washington
- Washington, D.C.
- West Virginia

Each state has its own sales tax burden. However, state taxes are constantly changing and if you need to charge a sales tax in any of the above states, check the current tax brackets first.