[Date]

[Recipient Name]
[Title]
[Company Name]
[Address Line 1]
[Address Line 2]

Subject: Advisory Regarding Tax Nexus Implications of Remote Employees

Dear [Recipient Name],

We are writing to provide an initial advisory regarding the tax implications of your company's current remote workforce. As employees perform services from locations outside of the primary office jurisdiction, the company may be inadvertently creating "nexus" in new states or localities.

Tax nexus is the level of connection between a business and a taxing jurisdiction that allows the jurisdiction to impose tax obligations. With employees working remotely, the company may now be subject to the following requirements in new jurisdictions:

- **Payroll Tax:** Requirement to withhold state and local income taxes and pay unemployment insurance in the employee's work location.
- **Corporate Income Tax:** The presence of an employee can trigger a requirement to file corporate income or franchise tax returns and apportion income to that state.
- **Sales and Use Tax:** Physical presence often establishes a nexus for sales tax collection and remittance responsibilities on taxable sales made into that state.
- **Business Registration:** Requirement to register to do business as a foreign entity with the Secretary of State.

To ensure compliance and mitigate potential penalties, we recommend a formal Nexus Study to review your current employee footprint. This will help identify where filing obligations exist and determine if any voluntary disclosure agreements are necessary.

Please provide a list of all states and localities where your employees are currently performing work so that we may begin an initial risk assessment.

We look forward to discussing this further.

Sincerely,

[Your Name]
[Your Title]
[Your Firm/Department Name]