

9 deciding factors for obtaining and using Sales Tax Permit in Texas

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1. Texas sales and use tax permit

A person must obtain Texas sales and use tax permit if he is engaged in a business in Texas and trade tangible private property in Texas or lease tangible private property in Texas or trade taxable services in Texas.

2. Tangible Personal Property

Tangible personal property is individual property that can be, weighed, seen, measured, or touched.

3. Engaged in Business

A person or a merchant is said to be engaged in a business in Texas if he occupies, maintains or utilizes an office or storage place, or any other place of business, has any representatives or solicitor who is engaged to operate in this state under the influence of the seller to sell, or take orders for any kind of taxable items. If a person supports a flea market or any other event involving sales of taxable items, uses autonomous salespersons for direct sales of items that are taxable then also he is said to be engaged in business.

4. Gain Permit

You can gain a sales tax permit by applying through Texas Online Sales Tax Registration System.

5. More than one permit

If you have more than one place of business you will require separate sales tax permits for each location, which displays the same taxpayer identification number, but separate outlet numbers.

6. New Permit

Yes. The new owner should gain permit incase of change in ownership of business. Integrating a business or starting a partnership or company with limited liability is considered a change of ownership.

7. Validity

The validity of the permit lasts only as long as a person is actively involved as a seller. If you have stopped carrying out a business, you must get the permit cancelled by a Comptroller.

8. Audit

Yes. All your business records could be subject to audit to establish whether you have paid the right amount of tax. Generally the audit takes place once in 4 years, thus, you needed to preserve the records for a minimum of four years.

9. Responsibilities

The responsibilities include posting the permit at the place of business, collecting sales tax on all sales that are taxable, pay sales & use tax on all purchases that are taxable, timely report and paying the sales and use taxes and finally record keeping.

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