

Step-by-Step Compliance Checklist

Tax Nexus Assessment and Obligations

- Use Amazon Seller Central to review your sales data from the past 12 months.
- Identify whether you've crossed nexus thresholds based on the state (typically, this is 200 transactions or \$100,000 in annual sales)
- Track physical nexus via FBA inventory storage. Amazon's stock shifts could create a nexus in states like California.
- Account for multi-channel sales (i.e., your website) and international thresholds (if any)

Amazon FBA Tax Filing Checklist: Sales Tax Permit Registration (One-Time, with Occasional Reviews)

- Register in all nexus states via SST (if applicable) or individually (for non-SST states)
- Register for filing if you have a nexus through non-Amazon sales, even in a marketplace facilitator state
- Set up monthly/quarterly/annual filing schedules based on your sales volume
- Note and track filing deadlines to avoid penalties

Enabling Tax Collection

- Enable automatic sales tax collection through Amazon Seller Central
- You can also enable automatic collection for non-facilitator states, with Amazon charging a small fee (optional)
- Correctly classify items (some items, like groceries, are tax-exempt in certain states)
- Include shipping/handling where required during classification
- Download Amazon marketplace reports regularly for bookkeeping

Amazon FBA Tax Prep: Tracking Income and Expenses

- Log all relevant Amazon data, including:
 - o Gross sales
 - o FBA fees (these are deductible)
 - o COGS
 - o Advertising costs
 - o Shipping costs

- Calculate net taxable income (sales minus deductions)

- Reconcile this data with your 1099-K form

- Finalize this by Q4 to prepare your estimates

Amazon FBA Tax Filing Checklist: Estimated Quarterly Tax Payments (Where Applicable)

- Estimate your federal liability

- If necessary, use the IRS withholding calculator to calculate your payments

- Make payments based on projected net profit

File Returns and Remit Taxes

- File Form 1040 with Schedule C (by the federal deadline).

- File + remit sales taxes per state schedule (this can be monthly at high volumes)

- Use Amazon reports when filing for facilitator sales