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October 8, 2019

**Subject: Current & Past Customers Taxes for Online Purchases**

Dear Customer,

Due to the recent Supreme Court ruling in *South Dakota v. Wayfair*, sales and other mandated sales taxes must now be collected by online retailers that reach the minimum and new economic Nexus limits. In the past a physical presence in the state was needed to establish physical Nexus. Fleetistics is not a licensed authority on taxes and the content herein is solely Fleetistics' opinion. Consult your accounting and tax professionals for advice.

Current *and former* customers are responsible for reporting and paying all taxes until such a time that Fleetistics collects sales tax on behalf of customers. Paying sales tax for online purchases is a standard accounting practice and well known to accounting professionals. This is likely already being handled by your accounting department but confirming prior to an audit is a prudent step. The responsibility to pay tax for online purchases for all products, and possibly services, may go back seven years or longer. Fleetistics is working to establish a tax collection process per the Supreme Court ruling to remit sales tax on behalf of customers across all 50 states and has a target date of 1 January, 2020 to begin.

What does this mean?

1. Until Fleetistics collects sales tax, customers should continue to pay all taxes related to products and service purchased from Fleetistics.
2. If you have not paid applicable taxes on the products and services purchased from Fleetistics (formerly GPS Fleet Solutions), you need to do so quickly, per your purchase agreement and standard accounting practices.



3. It has been our experience that failing to pay taxes for *any and all* online purchases may “flag” your company with your state Department of Revenue (DOR) leading to an audit. Audits are time consuming, expensive and can lead to interest and penalties, and even the cost to defend Fleetistics.
4. If taxes have not been paid, paying the taxes before 2020 may be a way to reduce your current year tax liability.

It is our opinion if you voluntarily pay your taxes before being audited you are more likely to avoid an audit, interest and penalties. This may be done to encourage companies to come forward and pay back taxes in order to avoid the cost of audits and legal proceedings to fine and collect back due taxes. If taxes have not been paid, your company is at risk.

Fleetistics is communicating this to you because it represents a major shift in how business is done online and with Fleetistics. It is an opportunity to review your standard accounting practices to ensure the proper handling of all online purchases. Any company selling goods and services to you that is not collecting and paying taxes is doing your company a disservice and is unlikely to remain in business. It is Fleetistics’ belief that there will be so many companies failing to implement this important process that state DORs may be busy for years prosecuting cases, and those “doing it right” may be allowed to continue without less DOR interaction.

Fleetistics’ sincerely appreciates your business and the strong working relationship built over the years. We believe this change is a good one even with a significant increase in cost and effort to implement this program nationwide.

Sincerely,

A handwritten signature in blue ink that reads "Eron C. Iler".

Eron Iler

President