

GEOINVOICE: THE ULTIMATE SOLUTION TO TRACKING SALES TAX IN THE MOBILE FOOD INDUSTRY

Geospatial Technology in Determination of Sales and Use Transaction Tax for Mobile Food Vendors

Transaction tax determination and compliance is often a confusing and difficult issue, particularly with respect to the mobile food industry since operations are not typically attached to a physical address. Geospatial technology addresses the problem in determining transaction tax for unconventional points of sale by implementing geospatial resources. With GeoInvoice, mobile food vendors, including food trucks, can now easily and reliably implement GPS technology through a phone or mobile device to determine sales and use tax for any and all points of sale, regardless of location.



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Unconventional Points of Sale

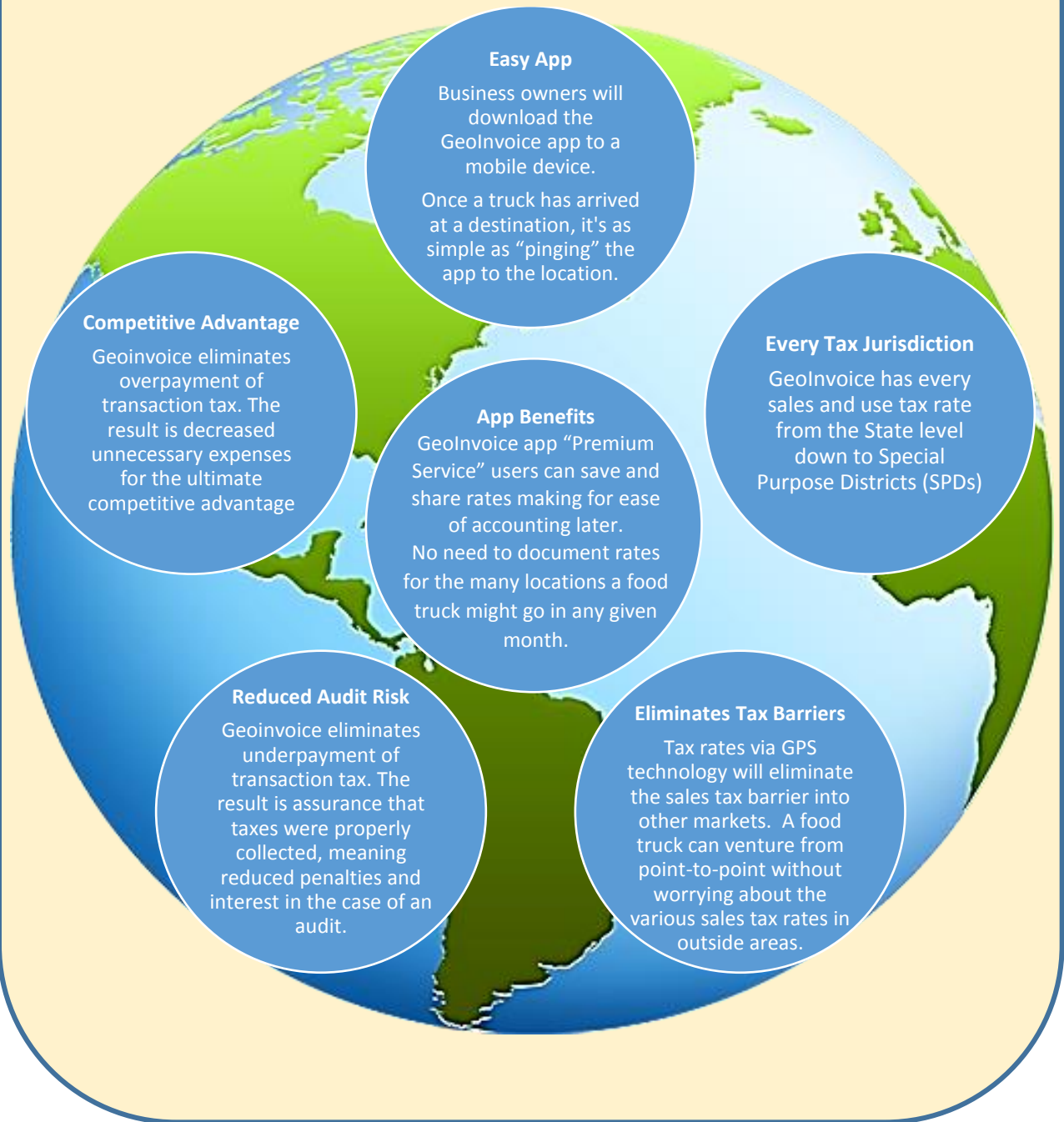
Businesses with a physical address are able to collect and pay sales and use taxes directly through address or zip code look-up to determine the rates within their areas of operation. Examples of such would be a big-box store, your salon in town, or the café where you get your morning latte. Relatively speaking, any traditional “brick-and-mortar” place of business has it easy when determining sales tax.

On the other hand, there are companies with business operations at locations that do not have a physical address. Those businesses include, but are certainly not limited to, field service companies (oil and gas, electrical, plumbing, etc.), pipelines that cross jurisdictions and, notably for the effort of this paper, mobile food vendors such as food trucks. There are over 4,000 food trucks motoring around the USA, with that number rapidly growing.¹ How can mobile food vendors determine sales tax with any accuracy when they are bouncing between cities, counties, special purposes districts, and even states, all within a matter of hours without a physical address? This is where geospatial technology can help.

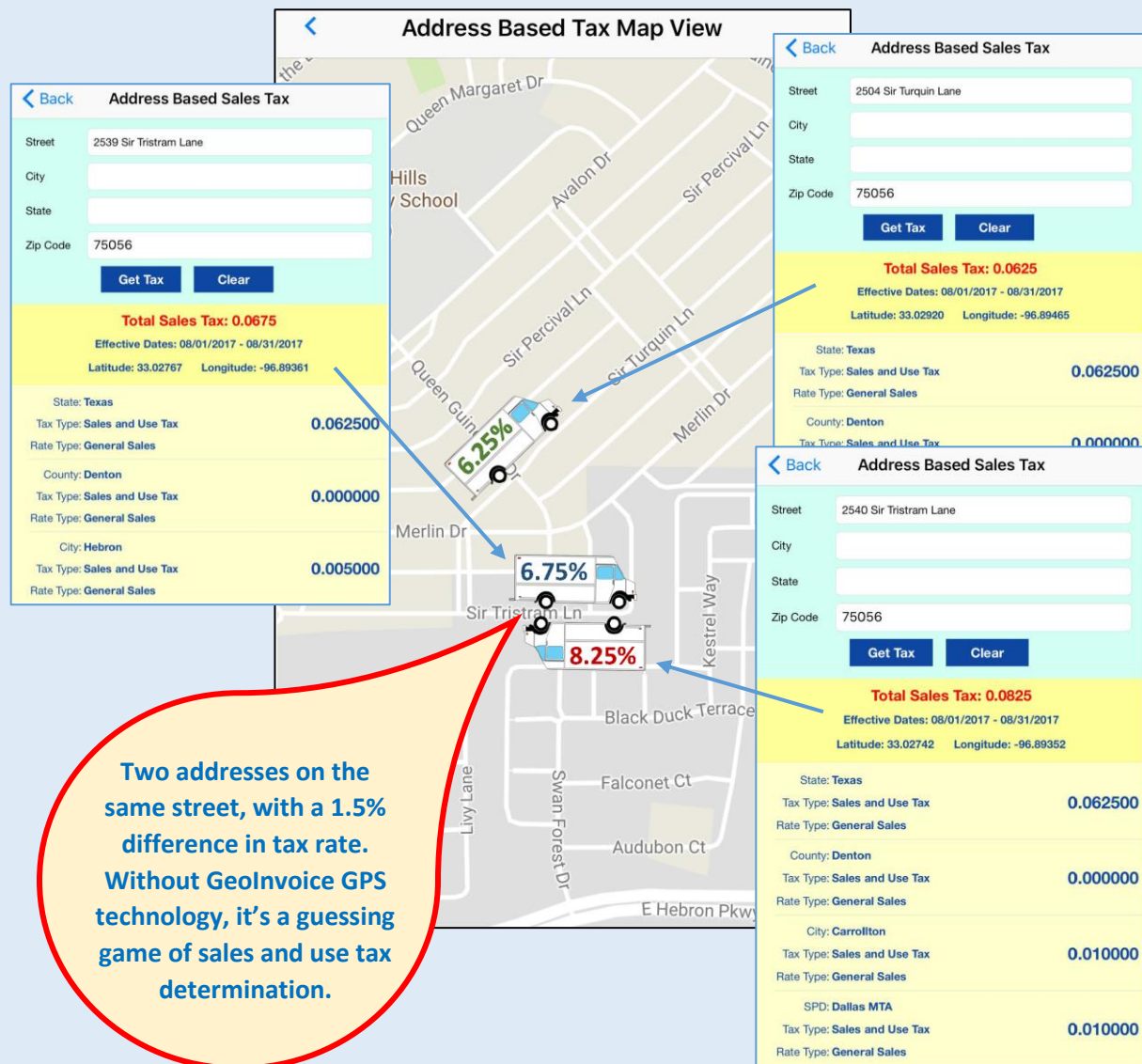
The Implications of Incorrect Tax Collection

Figuring out sales taxes to collect and pay is not exactly easy, even when you have a physical address for your place of business. However, what is even more difficult than having a physical address is not having one at all. What does this mean for businesses that have physical but not address-based presence? Think of that food truck, that might sell at ten different locations a month², but none of which has an address. How can that food truck verify that the 8.25% it assumes it should be accounting for while operating on a street in Denton County, Texas is not actually 6.25% – the rate a mere few streets over which is not subject to additional 2% city and SPD taxes (see example on page 3)? A 2% overpayment for a company could be a deal-breaker in a competitive market. This is one of the primary benefits behind a new concept developed by GeoInvoice with technology serving any business operation without a physical or land-based location – also known as an unconventional point of sale. This new technology provides that a sales or use tax rate will be found from any location with a GPS signal.

The Benefits of Using GeoInvoice GPS Technology in Mobile Food Industry



The images below – all from the GeoInvoice App – indicate three locations in close proximity yet with significantly different sales tax rates. The street addresses sound similar and all have the same zip code. However, notice the variations in rate types between them: State, County, City, and Special Purpose District (SPD). This is a perfect example of how using an address look-up method for sales and use tax determination can be confusing, not to mention costly! An understandably easy mistake would mean paying 2% higher taxes than necessary. However, using the GeoInvoice app with GPS technology would ensure the correct rate every time, everywhere. There are no mistakes to be made with GeoInvoice technology.



Address Based Tax Map View

Address Based Sales Tax

Street	2539 Sir Tristram Lane
City	
State	
Zip Code	75056

Total Sales Tax: 0.0675
Effective Dates: 08/01/2017 - 08/31/2017
Latitude: 33.02767 Longitude: -96.89361

State: Texas	
Tax Type: Sales and Use Tax	0.062500
Rate Type: General Sales	
County: Denton	
Tax Type: Sales and Use Tax	0.000000
Rate Type: General Sales	
City: Hebron	
Tax Type: Sales and Use Tax	0.005000
Rate Type: General Sales	

Address Based Sales Tax

Street	2504 Sir Turquin Lane
City	
State	
Zip Code	75056

Total Sales Tax: 0.0625
Effective Dates: 08/01/2017 - 08/31/2017
Latitude: 33.02920 Longitude: -96.89465

State: Texas	
Tax Type: Sales and Use Tax	0.062500
Rate Type: General Sales	
County: Denton	
Tax Type: Sales and Use Tax	0.000000
Rate Type: General Sales	

Address Based Sales Tax

Street	2540 Sir Tristram Lane
City	
State	
Zip Code	75056

Total Sales Tax: 0.0825
Effective Dates: 08/01/2017 - 08/31/2017
Latitude: 33.02742 Longitude: -96.89352

State: Texas	
Tax Type: Sales and Use Tax	0.062500
Rate Type: General Sales	
County: Denton	
Tax Type: Sales and Use Tax	0.000000
Rate Type: General Sales	
City: Carrollton	
Tax Type: Sales and Use Tax	0.010000
Rate Type: General Sales	
SPD: Dallas MTA	
Tax Type: Sales and Use Tax	0.010000
Rate Type: General Sales	

Two addresses on the same street, with a 1.5% difference in tax rate. Without GeoInvoice GPS technology, it's a guessing game of sales and use tax determination.

Fast Facts about Sales Tax in the Mobile Food Industry

Prepared food, including food trucks, is taxable in 46 States (counting D.C.)

Five states have no statewide sales tax: Alaska, Delaware, Montana, New Hampshire, and Oregon

However, some of these states might allow local municipalities to charge sales taxes. So, even if you are operating in a location without a state-wide uniform tax rate, there could still be local taxes you will need to collect

Mobile food vendors are required to have a sales tax permit which means they will collect and remit (i.e. pay) the state and appropriate local sales and use taxes when operating in most states.

Some states allow mobile food vendors to charge either a "tax included" price or separately state the tax on a customer's receipt, which confirms how the tax is being handled

Only 11 states have a uniform tax rate for the entire state

This means the majority of the US is not in a favorable position for ease of sales and use tax reconciliation. For example, Colorado, a state without a state-wide uniform tax rate, has over 700 possible combinations of sales tax a business may have to consider.³

A mobile food vendor is not only a "truck". It is any non-permanent structure selling food from a motor vehicle, pushcart, stand, wagon, tent, or cart.



Who is GeoInvoice?

GeoInvoice is a technology company specializing in geospatial transaction tax solutions, founded in 2013 by Susette M. McNeel, a Certified Public Accountant. McNeel discovered in her 20 years of tax accounting experience it was often impossible to ensure that proper sales or use tax was being collected and remitted purely based on the lack of a physical address. Finding a way around that issue was the foundation of GeoInvoice technology. Now, with the company's patented technology, there is a way to ensure correct sales and use tax rates each and every time, no matter how remote a location and without the risk of using a hand-entered address.

Facts about GeoInvoice

- ① In March of 2017, GeoInvoice was granted a US Patent (#9589259) for their exclusive technology. The patent covers the system and method of location-based calculation of transaction tax for unconventional points of sale.
- ② The GeoInvoice database currently contains over 37,000 shapefiles across all states, counties, municipalities, and special purpose districts within the North American continent
- ③ Tax areas and rates are routinely updated within the GeoInvoice system so users can be confident in getting the most up-to-date information for their accounting practices
- ④ Users can download the GeoInvoice app (available on the App Store and on Google Play⁴)
- ⑤ By the end of 2018, GeoInvoice will have a complete system of all applicable tax rates and areas for the entire globe. From Maine to Mongolia and Alaska to Argentina, a device with a GPS signal will be able to quickly and easily determine if a location has transaction tax (including VAT, GST, etc.), and what that applicable tax may be.

In Conclusion

The mobile food industry has more than its fair share of challenges, and figuring out sales and use tax should not be one of them. GeoInvoice's patented technology is now doing the heavy lifting of sales and use tax determination for each and every location a mobile food truck might sell at, simply by using the GeoInvoice app. Mobile food business owners can now relax, at least about sales tax, and focus on more important things: serving their customers.

Further Information

To find out more about GeoInvoice, please visit www.geoinvoice.com or send an email to info@geoinvoice.com

LinkedIn: <https://www.linkedin.com/in/geoinvoice>

App Store Link:

<https://itunes.apple.com/us/developer/geoinvoice-inc/id1087383117>

Google Play⁴ Link:

<https://play.google.com/store/apps/details?id=com.geoinvoice.SalesTaxRates>



References:

¹ The Economist, America's food-truck industry is growing rapidly despite roadblocks, May 4th 2017. Web.

² MobileCuisine.com, 10 Misconceptions About Food Trucks. Web.

³ The Denver Post, Colorado has one of the most complicated sales tax systems in the country. Here's why that's so hard to change, June 12, 2017. Web.

⁴ Google Play and the Google Play logo are trademarks of Google Inc.