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California Taxes In Heart Of Amazon Country



Like mosquitoes, [Amazon taxes](#) are swarming in states like New York, Illinois, Rhode Island, North Carolina, and Colorado. Arizona, Hawaii, Minnesota,

Mississippi and Vermont taxes are on the way. But California—often a leader when it comes to controversy—passed the newest and toughest of law. It requires many online merchants to collect California sales tax on shipments into California. See [California Law Pressures Amazon](#).

California’s law—Steve Forbes has labeled California the “[pickpocket state](#)”—reaches far beyond making retailers collect tax if they have a physical presence in the Golden State. Online affiliates in the state trigger the obligation. Plus, California collects sales tax if the retailer (directly or through a subsidiary) designs or develops products sold by the retailer. As expected, Amazon cut ties with its California affiliates. See [Letter Regarding Amazon Position on Sales Tax Nexus Bills](#).

Meanwhile, California is gearing up. Jerome Horton, Chair of California’s Board of Equalization tax agency announced [enforcement steps](#):

1. **Register.** Out-of-state online retailers who meet the criteria “must” register with the Board of Equalization and collect and remit the use tax. If the out-of-state retailers refuse to comply, the state will enforce the law.

2. **Constitutionality?** The Board of Equalization doesn't have the power to declare a statute unenforceable or to refuse to enforce a statute. It can only do so if an appellate court or a referendum by the people has made a determination the statute isn't enforceable. Until then, pay up.
3. **Key date.** The Board of Equalization will have its first indication of non-compliance on October 31, 2011 when California sales and use tax returns for the third quarter of 2011 are due. At that time, the Board may begin issuing estimated billings to retailers that have failed to comply.
4. **Heart of Darkness?** Amazon argues the law is unconstitutional and wants California voters to decide whether to overturn it. A [petition](#) for a referendum has been filed with the California Attorney General which could require voters to decide on the new law. "This will likely set the stage for a potentially high-dollar ballot fight next year that would pit business against business," said [Chairman Horton](#).

As in [Heart of Darkness](#), some of us may soon be repeating "the horror." Stay tuned.

For more, see:

[California tells online retailers to start collecting sales taxes from customers](#)

[Has Amazon Lost South And Tea Party In Internet Tax War?](#)

[Amazon Tax Attacks](#)

[Amazon.com's affiliates take hit for state tax law](#)

[Amazon won't collect sales tax; cuts off California affiliates](#)

[Amazon Pressured on Sales Tax](#)

[Amazon: Sales Tax Requirements](#)

[Connecticut Tax Hikes Target Rich In Death, Too](#)

[The Internet Taxman Cometh](#)

[Margins Narrowing, Amazon Faces a Well-Financed Campaign to Force it to Collect Sales Taxes](#)

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