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### Amazon v. Ebay 'Fairness' Battle Will Make You Pay Tax

Are you paying your state sales tax when you buy online? If not, you soon will be. 45 states and the District of Columbia have a sales tax. The Amazon model of no sales tax online is fast disappearing. After a hiatus in federal legislation and three competing federal bills to regulate state sale taxes, there's a renewed push to get federal legislation passed. The revitalized Marketplace Fairness Act has bipartisan support in DC and strong support by retailers.



Online sellers are already required to collect sales tax from customers in their own states. But under the U.S. Supreme Court's 1992 holding in [Quill v. North Dakota](#), retailers are required to collect sales tax from out-of-state customers only if they have a physical presence (such as a store, warehouse or office) in the customer's state. The Court held that 45 state and 7,600 local sales tax systems were too complicated for a retailer to follow.

Amazon was the poster child that grew into a giant. Brick-and-mortar retailers have grumbled for years that Amazon has an unfair advantage in not collecting sales tax at the time of purchase. Since Amazon's 1994 founding, it cleverly avoided collecting sales taxes nationwide. But that was then. Amazon now collects taxes in more than half a dozen states.

A [growing number of states](#) are taking steps to extend sales taxes to online retailers with in-state sales affiliates. Amazon has already captured what some rank as over a third of all online shopping. As a top ten retailer, Amazon can afford to loosen its grip. Most recently, it agreed to collect sales tax in Pennsylvania, Texas, California and Connecticut.

And strangely, Amazon is now allied with many companies supporting the change in the law. [According to the Marketplace Fairness Act homepage](#), Amazon and a long list of companies support the proposal, including Best Buy, Barnes & Noble., Gap, Home Depot, J.C. Penney, REI, Sears, Target and Walmart. One of the big opponents is eBay.

Of course, the Marketplace Fairness Act doesn't impose a federal tax. It is seen as a kind of state's rights approach to providing uniformity to the sales tax mess. Time will tell, but regardless of whether you think it's fair, it seems likely that soon you'll be paying sales tax online.

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