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Marketplace Fairness Tax Pits Amazon v. eBay

Are you confused about whether your next online purchase will be taxed? You're not alone, and the playing field just got more confusing. First, it's not even clear whose **field** we're on.

We keep hearing about taxes 'leveling the playing field' between main street merchants who collect sales tax and online merchants who don't. But Senators [Lamar Alexander](#) (R-TN), [Dick Durbin](#) (D-IL), and [Michael Enzi](#) (R-WY) want to change all that so introduced the [Marketplace Fairness Act](#). See [U.S. senators introduce online sales tax bill](#). The basic idea is to coax or compel internet sellers to collect sales tax just like brick and mortar stores. But eBay blasts it [saying](#):



“This is another Internet sales tax bill that fails to protect small business retailers using the Internet and will unbalance the playing field between giant retailers and small business competitors. It does not make sense to expand Internet sales tax burdens on small businesses at a time when we want entrepreneurs to create jobs and economic activity.” Tod Cohen, eBay’s Vice President for Government Relations and Deputy General Counsel.

Amazon taxes are imposed in states such as New York, Illinois, Rhode Island, North Carolina, and Colorado. Laws are proposed in Arizona, Hawaii, Minnesota, Mississippi and Vermont. See [Amazon Sales Tax: The Battle, State by State](#). Some estimate the tax dollars could total more than \$10 billion a year. California enacted an Amazon tax but then delayed it until September 15, 2012 in a deal with Amazon. See [Amazon Tax: Good, Bad and Ugly](#). But it may be obviated if there's federal law.

The compromise Amazon struck with California was that California's tax would take effect on September 15, 2012 **only** if the federal government **does not** pass a federal online tax measure. If the [Main Street Fairness Act](#) passes it would impose a national tax standard but allow states abiding by the [Streamlined Sales and Use Tax Agreement](#) to force Internet sellers to collect tax.

But which is more fair, the [Main Street Fairness Act](#) or the [Marketplace Fairness Act](#)? The latter is the third major sales tax measure introduced or reintroduced this year. All would make it easier for states to require out-of-state sellers to collect sales tax from their residents, but vary in their approach. Both the [Marketplace Fairness Act](#) unveiled last month and the [Main Street Fairness Act](#) would require states to adopt a series of simplification steps.

Online sellers are already required to collect sales tax from customers in their own states. However, under the U.S. Supreme Court's landmark 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 the 45 state and 7,600 local sales tax systems across the nation were too complicated for a retailer to otherwise know how much tax to collect.

For more, see:

[Amazon Supports a Bill Forcing Online Shoppers to Pay Sales Tax](#)

[New Internet Sales Tax Bill Backed by Amazon, Opposed by eBay](#)

[Will California Super-Amazon Tax Bill Thwart Voters?](#)

[Amazon Tax Attacks](#)

[How Amazon's California Tax Romp Will Impact Us All](#)

[Is Internet Tax Constitutional?](#)

[California Taxes In Heart Of Amazon Country](#)

[Californians Prepare To Pay Amazon Sales Tax](#)

[Should You Register For California's Amazon Tax?](#)

[Lap Dance Tax v. Amazon Tax?](#)

[The Amazonian Response To Sales Tax](#)

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