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# Surprise! Biggest Winner Of Black Friday Money Haul

Who was the big winner of this year's expanded Black Friday money haul? Macy's, Target, J.C. Penney? How about the U.S. economy, Walmart (despite protests), or even Bitcoin as it goes mainstream? What about consumers who braved crowds to buy in brick and mortar stores?



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Nope, arguably the biggest winner was state tax coffers. After all, people who bought in brick and mortar stores paid their sales tax. In 45 states and the District of Columbia, the [sales tax](#) is collected by the merchant, even though it is almost invariably passed on to the consumer.

Those who bought online may not have paid depending on the location of the merchant, the location of the buyer, and the merchant's policy. Clearly, if you buy online from a merchant that has a store in your state, you pay tax. In fact, you pay tax even if you buy online and even if the goods are shipped from out-of-state. Increasingly, you may have to pay tax even if the online merchant **doesn't** have a store in your state.

Still, beyond that it's less clear, and many online transactions are still tax-free at least at the point of sale. In other words, you are in the minority if you pay

sales tax on all internet purchases. But that is changing. Property purchased online and brought into your state triggers **use** tax.

The only states without statewide sales and use taxes are Alaska, Delaware, Montana, New Hampshire, and Oregon. So, unless you are in one of those 5 states, you probably should have been paying use tax all along on your online purchases that escaped sales tax. Notably, use tax applies whether your purchase was personal or business.

States historically didn't enforce it except against businesses, but that's changing. If you don't pay sales tax at checkout, you pay use tax later. Many state income tax forms now try to collect use tax. In California, the [State Board of Equalization](#) issued an [interactive news release](#) to make clear how use tax applies.

When Californians order goods online, the state says, they must pay sales tax then or use tax later. It's that simple. Avoiding sales tax at checkout simply doesn't mean you're home free. California isn't the only state ramping up its use tax compliance machine.

More and more state income tax auditors are now being asked to pursue use tax too. Since 45 states rely on sales and use tax revenues, [use tax](#) matters too. It is just the mirror image of sales tax. California says the easiest way to know if you owe use tax is to review your receipt to see if you were charged sales tax. Then, you just calculate and pay any use tax you owe.

But will people do it? California is trying to make it easier for people to do so, including this [Gift Buying Use Tax](#) video. The state Board of Equalization that administers California's sales and use tax law says you can pay your tax in these ways:

- Use the ePay Mobile App on an [Apple](#) or [Android](#) smartphone—the application calculates what you may owe;
- Register and pay on the [BOE website](#); or
- Report on your California state income tax forms: estimate the tax owed with the BOE's [Use Tax Lookup Table](#), or save your receipts and pay the exact amount owed.

Any discussion of taxes triggers heated arguments. That's especially so when the topic is taxes and the Internet. It's true that there are constitutional implications of forcing merchants to collect tax when they have no stores in a state.

However, it still seems likely that most online sales will soon face either sales or use tax. What's more, the states are going to get better at collecting.

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