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THE TAX LAWYER

Jun. 17 2012 – 11:39 pm

Widespread Amazon And Internet Taxes Coming Soon

[Amazon taxes](#) are not *new* taxes. They merely address who is responsible for *collecting* tax that's always been due on tangible personal property sales. Most states—45—have sales tax. If you buy online and have items shipped into one of those states you are liable for use tax, the mirror image of sales tax.



Since use tax is tough to collect, the battle is over getting online merchants to collect it. Soon [we'll all be paying](#) it. In California, Amazon's compromise exempts online retailers from collecting California sales or use tax until September 15, 2012 if the feds do not pass a federal online tax measure in the meantime.

Other Amazon agreements include Texas, July 2012; Virginia, September 2013; Indiana, January 2014; Nevada, January 2014; Tennessee, January 2014; and South Carolina, January 2016. Meanwhile, three federal bills are pending.

The [Main Street Fairness Act](#) would impose national tax standards but allow states abiding by the [Streamlined Sales and Use Tax Agreement](#) to force Internet sellers to collect tax. Other bills include the [Marketplace Fairness Act](#) and the [Marketplace Equity Act](#). You may ask: [is this Constitutional?](#) Probably.

No state can constitutionally force an out-of-state merchant to collect or pay sales/use tax unless it has a “nexus” in the state. A 1992 Supreme Court case, [Quill Corp. v. North Dakota](#), ruled that a business had to be **physically present** in a state to be required to collect tax. That’s why if you buy online you must pay sales tax if the seller has a store in your state.

What’s Changed? The Internet for one. Plus, the Supreme Court in [Quill](#) said 45 state and 7,600 local tax systems were too complex for sellers to manage. Today, software does it in a jiffy.

The Court invited Congress to pass a **national** law, since the constitutional prohibition is only on the states. Twenty years later, Congress has three bills before it and change is coming.

Internet Tax? Want to vent about a **real** Internet tax? A [proposed tax on Web sites](#) and network providers serving non-U.S. users is to go before the International Telecommunication Union (ITU). It was drafted by the [European Telecommunications Network Operators Association](#), which represents companies in 35 nations that wants the ITU to mandate these fees.

The [Internet Society](#) and others worry about developing countries being cut off from the Internet. If the new taxes are levied, big U.S. companies like Google, Facebook, Apple, and Netflix might reduce them by moving data closer to overseas customers, but that may not work for smaller U.S. companies.

Deja Vu? In 1999, the U.N. Development Program considered e-mail taxes of one penny for each 100 e-mails. But it [backed away from the idea](#) quickly. Hopefully that will occur here too.

For more, see:

[Tax Alamo? Amazon Strikes Texas Tax Deal While Illinois Tax Goes Down](#)

[For Amazon Taxes, What Happens In Vegas Doesn’t Stay In Vegas](#)

[Amazon Taxes Are The REAL Hunger Games](#)

[Marketplace Fairness Tax Pits Amazon v. eBay](#)

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