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For Amazon Taxes, What Happens In Vegas Doesn't Stay In Vegas

Understandably, consumers want to click and buy with no sales tax. But that's getting tougher, even in Vegas. [Amazon.com Inc.](#) has agreed to collect sales tax in Nevada beginning in 2014. The Nevada tax boon kicks in even earlier if federal legislation passes mandating online retailers to collect sales taxes. Sound familiar?



Amazon struck a similar deal over California's tax, which will take effect 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. Billions are at stake.

The [Main Street Fairness Act](#) and [Marketplace Fairness Act](#) are two of three major sales tax measures that would make it easier for states to require out-of-state sellers to collect sales tax from their residents. Are they fair? Probably, but passage remains uncertain. See [Politicians, Retailers Push For New Internet Sales Taxes](#).

The Constitution prevents states from taxing "interstate commerce." No state can force an out-of-state merchant to collect or pay sales/use tax unless it has a "nexus" in the state. Like most online retailers, Amazon

has long said it would collect state and local sales taxes only on purchases from residents of states where Amazon has physical retail operations.

In [*Quill Corp. v. North Dakota*](#), the Supreme Court ruled that a business had to be **physically present** in a state before it was required to collect use tax. Merely shipping into a state wasn't enough, but a showroom or office was. See [Amazon Tax Attacks](#). But as brick and mortar sellers complain and tax revenues drop, a number of states have passed legislation to make on-line retailers charge tax. See [Illinois Governor Signs Amazon Internet Sales Tax Law](#).

Amazon has challenged some laws and started a grassroots campaign in California. Many were surprised when Amazon backed a federal bill permitting states to collect online sales tax. Amazon claims it would make matters simpler than numerous state laws. But [EBay Inc.](#) argues it would hurt smaller businesses by putting them on the hook to collect sales-tax.

Amazon Vice President of Global Public Policy Paul Misener says:

“We strongly support federal legislation permitting interstate sales tax collection because it is the only way to level the playing field for all sellers, the only way for Nevada to obtain all the sales tax revenue that is already owed, and the only way to fully protect states' rights.” See [Amazon To Begin Collecting Sales Taxes In Nevada](#).

Consumers still want to buy tax-free. Taxes add up, especially if you live in a state with a high sales tax. Yet use tax enforcement efforts are growing. Businesses and consumers are increasingly being asked to report on themselves or face possible use tax audits.

How much money is involved? Billions. And by the way, for 2011, Amazon earned \$631 million in profit on \$48.1 billion in sales. Stay tuned.

For more, see:

[Pressure mounts for Amazon to collect Mass. sales tax](#)

[Gov. Sandoval announces deal with Amazon To collect Nev sales tax on web purchases](#)

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

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

[No Sales Tax Cyber Monday \(But Beware Use Tax\)!](#)

[Doing Business In California Means You Owe Taxes](#)

[Amazon Tax: Good, Bad and Ugly](#)

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

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

[The Amazonian Response To Sales Tax](#)

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