



SALES TAX COLLECTION MYTH/FACT



MYTH: Legislation to require online-only companies to collect sales taxes is a new tax.

FACT: *Purchases made over the Internet are not tax free. When Amazon and other online-only retailers fail to collect the sales tax on a purchase, it falls to consumers to track and remit that tax when filing their personal, state income tax. Forcing consumers to keep receipts and add up their purchases to compute additional sales tax liability every year is a confusing and onerous burden.*

MYTH: Requiring online-only retailers to collect the sales tax will result in less Internet commerce and hurt the economy.

FACT: *The fact that online-only retailers are able to exploit a loophole and fail to collect the sales tax at the point of purchase, results in an unfair advantage over local, brick-and-mortar businesses that are required to collect the tax at the point of purchase. These employers can't compete with online giants that don't collect sales taxes and don't have a local presence in our neighborhoods. Unless the system is corrected, local retailers will become endangered species as they are being punished for following the law and collecting sales taxes, while their competitors are not. This is a matter of common sense and basic fairness.*

MYTH: Online-only retailers will simply pull their affiliates from states rather than collect the sales tax.

FACT: *One of the reasons it is so important to correct this deeply flawed system, which is hurting our small businesses and exposing individual taxpayers, is that the Internet will only play a more vital role in the marketplace in the decades to come. The increased traffic and purchasing power will mandate that any and every business looking to compete and succeed will need to have a powerful Web presence. We believe this to be true of the online-only retailers that refuse to collect the sales tax just as it is true of any business.*

Furthermore, both the state and Federal government cannot allow online-only retailers to put a gun to their head demanding special treatment. If online-only retailers choose to damage their own business model and their relationships with a state's online community, that's their choice. Other companies will gladly fill the void and work with online affiliates. Brick-and-mortar competitors have online relationships with affiliates and collect the sales tax, and have said they will expand that presence if online-only retailers make the mistake of creating a vacuum. Furthermore, online-only retailers have maintained their affiliate relationships in New York and collect the sales tax.

MYTH: If online-only retailers terminate their affiliate relationships, it will result in lost jobs as the affiliate companies will be forced out of business.

FACT: *The fact is that legislation that ensures the sales tax is collected equitably will actually increase jobs. The loophole online-only retailers exploit is hurting small businesses and resulting in lost jobs. Additionally, the facts are that most affiliates work with multiple retailers – most of which collect sales taxes at the point of purchase. The bottom line is that there is no excuse for online-only retailers to continue to hide behind the Quill decision, which was written before Internet commerce was even a factor in the marketplace.*



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MYTH: Legislation requiring online-only companies to collect sales taxes is ill-conceived and unenforceable. The better route is to wait for a national solution.

FACT: *Currently, New York is enforcing a law passed in the state requiring online-only retailers to collect the sales taxes. And mega, online-only retailers are complying with the law and remitting the revenue generated by collecting the sales tax. Such legislation not only creates a fair marketplace and reduces the burden on unknowing consumers who carry a tax liability, it ensures critical personnel and services like police, fire and teachers are adequately funded.*

MYTH: Collecting the sales tax would be extremely burdensome for online-only retailers as it would require them to develop, test and install new software, which would be costly and time consuming.

FACT: *The reality is that the software and Web applications necessary to collect the sales tax have already been developed and put in place by numerous retailers that choose to adhere to the law and collect the sales tax. The alternative is not the system that we have today where individual taxpayers are required to record purchases they make online and either carry an unmet tax obligation or pay at the end of the year, a responsibility most are not even aware is theirs. The correct solution is for online-only retailers to harness Web applications that already exist for collecting the sales tax and to do so at the point of purchase.*

MYTH: No one is negatively impacted and consumers benefit by being able to purchase goods on the Internet without paying the sales tax.

FACT: *Across the board, everyone – including the purchaser – is put at risk by the fact the sales tax is not collected at the point of purchase by online-only retailers. The buyer has an unmet tax liability that could result in an audit. Employers that are forced to collect the tax are losing business and may be forced to close or lay off workers. And states, with massive budget deficits are going without revenue that could help ensure they pay down their debt and finance critical services like law enforcement and emergency personnel. The only group that benefits is mega, online-only retailers who get a special deal.*