

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

growing concern among online retailers is how to collect this tax and remit it to state governments.

Jul. 03, 2013

As Washington considers enforcing sales tax collection for Internet purchases, a growing concern among online retailers is how to collect this tax and remit it to state governments.

These retailers complain it won't be easy to collect taxes for nearly 10,000 state and local governments around the country and keeping up with each of their unique tax rates and codes. They're afraid that it will be so complicated it could hurt their bottom line, even forcing some smaller Internet sellers out of business.

State governments which are pushing for the collection say they will provide software that is designed to take care of this problem, but retailers remain skeptical.

"They think it's really easy, 'We'll just give you the software to collect sales tax,' but it's hugely complex and burdensome for businesses to operate," said Connie Hallquist, CEO of Healthy Directions, a Potomac-based company that sells health products online.

Technically, shopping on the Internet isn't tax free, though many consumers think so. Shoppers are supposed to pay the money directly to the government each year when filing income tax returns, but most taxpayers don't realize this and the money goes uncollected.

The issue was ignored for many years, but now Washington is taking note.

In May, the Senate passed the Marketplace Fairness Act, which would require Internet retailers to collect sales tax.

The House is considering the bill.

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

to the internet sales tax, says states will provide the software for free, but that doesn't necessarily mean all associated costs will be covered.

He estimates these expenses could cost businesses an additional \$20,000 each year.

“Even if the software is free, there's nothing in the legislation that requires the states to pay for the integration costs, or personal training for employees to learn how to use the system, or mapping the inventory to each state's tax codes,” Mr. DelBianco said.

Several software companies tout systems to collect these taxes, including Avalara, FedTax, Taxware, AccurateTax, Exactor and CCH.

They build online inventories for Internet retailers, so when a customer places an order the software can cross-check each state and local government tax code to figure out how much sales tax to charge. That tax is then added to the total price.

“A merchant can simply sell their T-shirts online,” said David Campbell, CEO and co-founder of FedTax, which makes a tax calculation and remittance service called TaxCloud for Internet retailers. “They don't have to worry about collecting taxes.”

Copyright 2013 – The Washington Times

Accounting • Sales Tax • Small Business • State and Local Taxes • Technology

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us