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Jan. 05, 2014

The new year ushered in a change for Indiana's online shoppers.

The Hoosier state was one of three states to join the 16 whose residents already pay sales tax on Amazon purchases. Nevada and Tennessee are the other two new additions.

The online sales tax is not new.

“People are supposed to claim that on their income tax return,” said state Sen. Luke Kenley, R-Noblesville, who is on the bipartisan task force for state and local taxes. “The problem is that most people don't bother to think about it or worry about it.”

In Indiana, companies are required to collect sales tax only if they have a physical — brick and mortar — presence in the state. Although Amazon does have a warehouse near Indianapolis, it doesn't meet the legal requirements for a physical presence that would obligate it to collect sales tax, Kenley said.

But the online retailer brokered an agreement with Indiana officials in 2012 to voluntarily begin collecting and remitting sales tax in the state beginning Jan. 1 of this year.

Former Gov. Mitch Daniels' office put out a news release in January 2012, when the agreement was reached, saying state officials estimated sales tax revenue from Amazon would come to about \$20 million to \$25 million per year. The Department of Revenue declined to comment Thursday on the current estimates, saying it cannot give out information on an individual taxpayer.

The National Conference of State Legislatures estimated in 2009 that Indiana's

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them.”

In early 2013, an effort to require online-only retailers to collect sales tax in Indiana failed in the General Assembly because Senate leaders thought it would interfere with the Amazon deal.

“It is an economic fairness issue,” said state Sen. John Broden, D-South Bend, who authored the bill. He feels online retailers should not get preferential treatment over traditional retailers.

Broden points out that big-box retailers with an online presence, such as Best Buy and Target, have been required to remit sales tax.

These retailers often see shoppers come into their locations to shop but then make purchases from an online retailer that doesn't collect sales tax, he said. And when the item being purchased is, for example, a \$2,000 flat-screen TV, Indiana's 7 percent sales tax can add up.

Asking people to claim it on their income tax forms doesn't work, he said.

“Some are completely unaware that it is required and others might be miffed about the forms they have to fill out,” he said. “Also, someone might make a purchase in March and forget about it when they are doing their taxes nine or 10 months later.”

Instead, he would like to see all online retailers be required to collect sales tax.

That might happen.

A bill called the Marketplace Fairness Act has passed the U.S. Senate. It would allow states to enforce tax laws currently being ignored, but would require that states simplify their sales tax laws in order to make multi-state sales tax collection easy.

Proponents of the bill say it would generate billions for state budgets and cost the

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expect Amazon's collection of sales tax to change business for either her store or for Amazon.

“They have tremendous service,” she said. “They are a competitor, but they do a great job.”

As for the sales tax Amazon collects, she said, “We always have to hope it will help us.”

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