The Supreme Court on Thursday standardized taxing rules for traditional retailers and online transactions, ruling that states and localities may collect sales taxes on all purchases over the internet.

By a 5-4 vote, the justices that ruled that online sellers can be required to collect state and local taxes from customers even if the internet vendors have no physical presence such as a store or factory in that state.

The ruling will mean higher prices for many online shoppers and billions of dollars in extra revenue for the states. It may also pose a headache for small-scale web merchants who will have to keep track of and remit sales taxes for thousands of jurisdictions.

But tax experts say better software has made it easy to quickly calculate the exact rates for each locale, and many states have devised a "streamlined" filing system, in which a single state office collects and dispenses taxes for its counties and cities.

In 1992, during the era of mail-order catalogs, the Supreme Court ruled it was unconstitutional for states to demand that out-of-state sellers collect and remit sales taxes on all purchases. The court said then, in Quill vs. North Dakota, that states could not extend their taxing authority to companies that had no stores, warehouses or "physical presence" within the state.

But with the explosion in online shopping, lawyers for South Dakota and 41 other states urged the high court to revisit the question and to overturn the Quill decision.

While Amazon and other large online retailers regularly collect sales taxes on purchases, many others have refused to do so. They argued it is an unfair and heavy burden to require them to collect varying taxes charged by more than 10,000 jurisdictions across the country.

However, traditional stores and shop owners said it was unfair that they had to

In California, the state sales tax is 7.25% and counties and cities may add to that. Los Angeles County adds 2.25%.

Sales Tax