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what's transpired in the world of sales tax since the start of the year. It also introduces emerging trends.

Gail Cole • Jun. 24, 2020



The midyear update to Avalara's annual sales tax changes report takes stock of what's transpired in the world of sales tax since the start of the year. It also introduces emerging trends. There's often a surprise or two — a change we didn't see coming — but we've never seen anything like the first half of 2020.

[This article first appeared on the Avalara blog:
<https://www.avalara.com/us/en/blog.html>.]

The coronavirus (COVID-19) pandemic brought brick-and-mortar commerce to a

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the United States, state and federal income tax deadlines were pushed back, and affected taxpayers in some states and localities were given more time to file or pay sales tax.

South Dakota v. Wayfair, Inc. turns 2

Amid this uncertainty there's at least one constant: States continue to make the most of the United States Supreme Court decision in *South Dakota v. Wayfair, Inc.* The June 21, 2018, ruling enables states to tax businesses that have economic activity but no physical presence in the state (economic nexus). It's a big deal.

By now, all but two of the 45 states with a general sales tax have adopted economic nexus laws. The two holdouts — Florida and Missouri — have considered economic nexus legislation. COVID-19's impact on brick-and-mortar sales may provide the motivation lawmakers in those states need to get the deed done.

States need more money

It's impossible to know what the coming months will bring with respect to the pandemic and its fallout. If it continues to impact sales, and therefore sales tax collections, states could look for new ways to raise revenue. A couple of states with no sales tax are already looking at adopting a sales tax. In sales tax states, there's talk of expanding sales tax to more services, or delaying sales tax rate reductions.

More taxes on digital and streaming services

Many activities that once took place in person are now occurring via Zoom and similar platforms. States that don't tax digital or streaming services have lighter purses than those that do. No matter what happens as a result of the coronavirus, businesses and individuals will likely continue to use digital products and services

for work and play. As a result, more states are likely to consider expanding sales tax to

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Selling through marketplaces has many advantages, but it's not without challenges — as some sellers found earlier this year when Amazon restricted shipments of nonessential items. And although marketplaces are responsible for sales tax in most states, sellers may still have sales tax reporting obligations.

The ever-changing nature of sales tax

Some states seem addicted to tweaking product taxability laws. Over the past six months, lawmakers in some states decided to eliminate or reduce the sales tax on feminine hygiene products, while others sought to eliminate the sales tax on guns. Should groceries be subject to the general rate of sales tax, a reduced rate, or entirely exempt? These are the types of discussions taking place all over the country.

Read about all this, and more, in the [2020 sales tax changes midyear update](#).

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Gail Cole has been researching, writing, and reporting tax news for [Avalara](#) since 2012. She's on a mission to uncover unusual tax facts and make complex laws and legislation more digestible for accounting and business professionals — or anyone interested in learning about tax compliance. [Get more sales tax news from the Avalara blog](#).

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