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due to online sales tax complexity resulting from the Wayfair decision five years ago.

Isaac M. O'Bannon • Jun. 13, 2023



A new survey of 1,000 U.S. and U.K. businesses shows that online sales tax compliance remains complex and confusing for businesses to navigate as we mark the fifth anniversary of the Wayfair decision. The survey was commissioned by [Avalara, Inc.](#), a provider of cloud-based tax compliance automation for businesses of all sizes.

“Complexity tied to economic nexus and marketplace facilitator laws is likely at its highest level since the Wayfair decision happened as all states with a general sales

tax have adopted their own rules with little uniformity,” said Scott Peterson, VP of

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Most businesses across the U.S. and U.K. (72%) agree that five years later, online sales tax requirements are complex and confusing. Due to the complexity of online sales tax laws, businesses have had to make changes, including raising prices, increasing headcount, and more to make up for added costs and constraints. As a result, 49% of U.S. and U.K. businesses say they've increased the prices customers are charged in response to economic nexus laws, and 44% have increased prices in response to marketplace facilitator laws.

Missouri was the final state to adopt economic nexus and marketplace facilitator laws with its legislation going into effect January 1, 2023. With 46 states, parts of Alaska, and the District of Columbia enforcing online sales tax laws with different thresholds and rules, it's clear that the complexity for businesses selling across channels and into multiple jurisdictions can mount quickly.

Complexity is hampering growth for businesses

The growth of ecommerce and omnichannel selling has made it easier for even the smallest businesses to expand their operations and reach more customers. However, online sales tax requirements create compliance barriers for businesses and that can make online expansion across the U.S. challenging. A majority of the U.S. businesses surveyed (66%) say that expanding their business across the U.S. has become more difficult than it was five years ago due to tax regulations and complexity.

The complexity of online sales tax requirements also creates challenges for international sellers looking to expand into the U.S., with 69% of U.K. businesses responding that expanding their business into the U.S. has become more difficult than it was five years ago due to tax regulations and complexity. Selling into the U.S. can be challenging for international sellers for numerous reasons because they not only have to navigate online sales tax rules, but also customs duties and import tax rules.

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— 58% and 59% say they're completely compliant with economic nexus and marketplace facilitator laws, respectively.

“There's a hidden connection between high adoption of tax technology and high levels of perceived compliance,” said Liz Armbruester, EVP of Customer and Compliance Operations at Avalara. “Businesses that are leveraging technology solutions to manage the complexity of sales tax can step away from the day-to-day management of tax. Technology not only takes the pain out of tax management but gives businesses peace of mind when it comes to their compliance with ever-changing laws.”

Sales Tax • Taxes

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