

Sales Tax Simplification . . .

It is the RIGHT thing to DO!

Who? Retailers, real estate, local law enforcement, cities, counties, and states need CONGRESS to authorize a multistate agreement dramatically reforming sales and use tax systems.

What? Congress should pass legislation that Levels the Playing Field for all retailers, requiring **equal collection responsibility** for sales and use tax by all sellers, regardless of which venue is used to sell their goods or services.

Sales taxes all have a corresponding use tax, both known as a consumption tax on the purchaser/buyer. Use tax is owed, but not always collected at point of sale, by the customer making a purchase from a remote seller to the locality where the customer resides. Collection is done for customers when sales are made in stores, via catalog or online when the seller has nexus with the local jurisdiction. In cases where there is no physical nexus, buyers are required to still pay the use tax owed, but there is no common collection mechanism.

NRF and other businesses have worked closely with states and locals for the past 3 years to formulate a plan to vastly reduce the burdens and virtually eliminate the costs for small businesses associated with sales and use tax collection for store-front and all forms of remote sales.

NRF and retail associations in the 45 states with sales tax are working now to pass legislation to adopt the multistate sales and use tax Agreement, which alone will result in a voluntary sales and use tax system among the states. State action must be joined by Congressional authorization in order for the system to be **mandatory for ALL sellers**.

Why? Congress should enact authorization legislation in 2003 in the interests of:

- **FAIRNESS:** all retailers will have the same collection obligations
- **EQUITY:** eliminates a gross competitive advantage for out-of-state sellers that use local services to deliver and protect the shipment of their goods
- **RESPONSIBILITY:** supports core local services and eliminates the tax evasion of citizens
- **GROWTH:** will not be hampered by tax planning
- **SIMPLICITY:** reduces costs and burdens to both business and government
- **PATRIOTISM:** vital dollars collected will reduce the pressure for NEW taxes to defend the homeland

Topic: Internet Tax Simplification: Is It Really That Simple?

National Retail Federation

Maureen Riehl 202 626 8121

riehlm@nrf.com www.nrf.com