

Associated Industries of Missouri

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AIM supports framework for taxing internet sales to Missouri customers



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[ww.jpg](#) Associated Industries of Missouri (AIM) President and CEO Ray McCarty testified in support of two bills that would provide a framework for taxing internet sales made to Missouri customers by sellers outside Missouri with no locations in Missouri. AIM's tax lobbyist, Chuck Pierce, also testified on internet sales tax legislation in the House Ways and Means Committee.

While the details of such taxation are still being developed, McCarty told the Senate Ways and Means Committee that his group supports taxing such sales and he urged caution in the method chosen.

"As we celebrate our 100 years of representing Missouri businesses in the Missouri Capitol, we offer our support for leveling the playing field between internet retailers and retailers located within Missouri. As such, we would like to be on record in support of both SB 46 and SB 50. Although the bills have different approaches, we support the main concept of both bills: to require companies outside the state

with only economic nexus to collect taxes on sales made to Missouri customers, as allowed by the recent U.S. Supreme Court case in *Wayfair v. South Dakota*.

“Because details are important, we believe you should consider there are many complications with enacting the Streamlined Sales and Use Tax Agreement (SSUTA) in Missouri. The changes required to make Missouri’s tax law conform to the SSUTA are numerous, and the sheer number of changes means there WILL be mistakes. AIM Tax Committee members are working on identifying as many such mistakes as we can find and will share them with you when available.

“Another consideration is that by making the changes necessary to conform to the SSUTA, new and different definitions must be adopted in our tax law. This means current definitions that have been settled over time through court decisions, letter rulings, regulations and statutory changes will be reset and will likely lead to further litigation and taxpayer expense as disagreements arise between taxpayers and the DOR over the meaning of the new definitions. It is no secret there have been many disagreements in interpretation with recent administrations of the DOR, many highlighted by you and your office, and such disagreements will likely continue and could be exacerbated by changing multiple definitions to comply with the SSUTA.

“We appreciate your leadership ...as we work toward solutions on this issue and we would appreciate being involved in these discussions. I am ready to bring my 30+ years of experience with making Missouri tax law, the considerable experience and resources of our lobbyist in this area, Chuck Pierce, and our 200+ member AIM Tax Committee, representing tax professionals in companies across Missouri, to bear in advising you as you consider solutions that will level the playing field without unduly burdening Missouri taxpayers, especially Missouri business taxpayers,” said McCarty in written and oral testimony to the Senate Ways and Means Committee.

Approaches to taxing internet sales range from expanding the use tax, rewriting the sales tax laws to comply with the Streamlined Sales and Use Tax Agreement, allowing a simplified sales tax with virtually no changes to existing sales tax law, allowing a DOR-developed database of rates to be used and/or allowing a single statewide tax rate on internet purchases. Nearly all proposals would make

“marketplace facilitators,” such as Amazon.com, liable for collection of the tax and would allow an exemption for smaller internet retailers.

Details will be worked out as the bills progress through the legislative process and AIM will be very involved in these discussions.

□ JANUARY 30, 2019 □ RAY MCCARTY