

September 24, 2013 /**24-7PressRelease**/ -- New York business owners may soon have to tax all internet transactions

Article provided by Law Offices of Kenneth T. Wasserman Visit us at <http://www.kenwasserman.com>

Taxation legislation is making its way through the U.S. House of Representatives that both relieves and concerns New York business owners. Earlier this year, the Senate passed a bill that allows individual states to tax all online purchases, a law that has been decades in the making. The bill is under consideration by a committee in the House and many expect the new tax law to pass before the end of 2013.

The internet sales tax

Currently, most online shoppers avoid paying sales taxes on purchases made over the internet. Older laws require a physical presence -- like a distribution center or mortar and brick storefront -- for imposition of a tax on sales to buyers in other states. If the new law passes, the legislation will allow states to impose a sales tax on all internet transactions, regardless of a physical presence in the state to where a business is shipping its goods.

New York business owners with physical locations applaud the proposed law as they have been paying sales taxes for years and this will help to even up competition with ecommerce companies. Businesses that operate solely over the internet are, understandably, concerned. New York and other states stand to collect billions of dollars of revenue if the taxation law passes. The law may also affect international transactions as well.

Resulting complications

Forty-five states have varying tax rates and laws, making taxation of products sold out of state via the internet very complicated and burdensome for small online retailers. However, the Senate bill allows an exemption for businesses that conduct less than \$1 million in sales to out-of-state buyers, and internet sales giant E-bay is pushing for an exemption level of \$10 million and an additional exemption for businesses with 50 or less employees.

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Written by Australian Business

State and federal government entities are scrambling to create a cost-effective accounting system that makes it easy for businesses to calculate the correct sales tax on each item shipped to out-of-state purchasers. Each state will need to streamline and simplify their taxation systems as well. Legislators are seeking assurances that this proposed tax will not lead to additional taxes on businesses.

Consult a business lawyer

If you own a business in New York, consult an experienced business law attorney to make sure you are in compliance with business and commercial laws. A lawyer knowledgeable about domestic and international transactions and disputes may be able to help you avoid taxation, commerce and organizational issues.