

# States Can Now Collect Online Sales Tax

Bad news for pure play ecommerce and online shoppers

## ARTICLE |

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**T**he 26-year-old law that exempted online retailers from collecting sales tax in states where they have no physical presence has been overturned, per a US Supreme Court ruling Thursday.

"The internet's prevalence and power have changed the dynamics of the national economy," Justice Anthony Kennedy wrote in the ruling.

This practice was a holdover from a 1992 case, *Quill Corp. v. North Dakota*, when ecommerce looked very different from today. States looking to make up lost revenues have been pushing for reform for years.

Ecommerce is big business. We expect US retail ecommerce sales will grow 16.0% this year to reach \$525.69 billion, representing 10.0% of total retail sales.

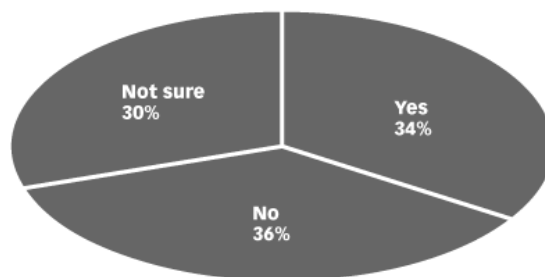
This case was brought by the state of South Dakota, but it has greater implications for the 45 states that rely on sales tax, as well as online retailers like [Wayfair](#), [Overstock.com](#) and [Newegg.com](#) (all were involved in this case) that have argued that tax collection would be a logistical challenge and an unfair burden, particularly on smaller merchants.

The **National Retail Federation (NRF)** released a statement from president and CEO Matthew Shay lauding the US Supreme Court's decision. "Retailers have been waiting for this day for more than two decades. The retail industry is changing, and the Supreme Court has acted correctly in recognizing that it's time for outdated sales tax policies to change as well."

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**US Internet Users Who Think that Digital Retailers Like Amazon Should Be Required to Collect Sales Tax from Their Customers, April 2018**

% of respondents



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Note: ages 18+

Source: The Economist/YouGov Poll, April 13, 2018

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It also means consumers might think twice about buying expensive goods like jewelry or furniture online if it no longer saves money. In an April 2018 **YouGov** poll, US internet users **were divided on the issue**. The largest proportion were against it (36%), but nearly the same number were for it (34%). Thirty percent were unsure.