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ICSC supports leveling field between Internet, brick/mortar retailers

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On July 29, senator Dick Durbin (D-IL) and representatives John Conyers (D-MI) and Peter Welch (D-VT) introduced the Main Street Fairness Act in their respective chambers of the U.S. Congress. If enacted, this measure would enable states to require Internet retailers to collect sales tax for all purchases made online. Currently, Internet retailers only have to collect sales taxes in states where they have a physical nexus (store, office, warehouse, or distribution center). The legislation is cosponsored by senators Tim Johnson (D-SD) and Jack Reed (D-RI) in the Senate and representative Heath Shuler (D-NC) in the House.

"Many Internet retailers currently enjoy a competitive pricing advantage over brick-and-mortar (B&M) retailers because of a loophole created by a 1992 Supreme Court decision that allows them to avoid collecting state sales taxes. The Main Street Fairness Act would ensure that all retailers, regardless of where they are located, collect and remit state sales taxes," said David Henry, chairman of the International Council of Shopping Centers (ICSC) and president and CEO, vice chairman of Kimco Realty Corp. "ICSC believes a sale is a sale, no matter where it happens."

Most states already have what is known as a "use tax," which requires consumers to pay a tax when they make a remote or online purchase and sales tax is not collected by the retailer. However, few consumers are aware of this tax liability. This uncollected tax can represent a sizable amount in lost revenue for states. A 2009 University of Tennessee study estimates that in 2012 that number could be as high as \$23 billion.

"We are pleased to see a federal solution offered by senator Durbin and congressmen Conyers and Welch. If passed into law, consumers and businesses alike would avoid a patchwork quilt of state sales tax collection laws. Also, low-cost technology exists to enable retailers to calculate the amount of sales tax owed on Internet purchases. If B&M retailers collect and remit taxes on Internet purchases then Internet retailers can and should as well," said Michael Kercheval, president and CEO, ICSC. "It's time our laws caught up with the 21st Century marketplace."

ICSC has promoted sales tax fairness for over a decade, advocating a level playing field regardless of whether the purchase takes place on Main Street, at shopping centers, via mail-order or over the Internet.

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