

Anchin Alert

Anchin, Block & Anchin LLP
Accountants and Advisors

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Attention Amazon Vendors – Changes to Sales Tax Collection Policy in WA, MA and NY

Online retail giant Amazon reached an agreement this year with the states of New York, Washington and Massachusetts that may affect many of the site's sellers and vendors from a sales tax perspective.

Amazon now provides information to taxing authorities about sellers that have inventory and are completing transactions in those states. Because Amazon and other comparable outlets sometimes move inventory around without notice to the seller, a seller may have inventory in one of those states without notice or awareness. Having inventory in a state creates nexus for both sales tax and income tax. Any business selling taxable goods in these states will be forced to pay any sales tax that was not collected from the day nexus was established, plus interest and penalties (which could amount to up to 15-20% of gross sales in the states). Some vendors may owe several years' worth of sales tax and penalties, depending upon when nexus was established.

To ensure that all sales activity is conducted in compliance with the applicable state laws, contact your Anchin Relationship Partner or Sharon Ackerman, a Tax Director in the firm's Tax Controversy Services Group, at 212.840.3456 or info@anchin.com.



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