

U.S. State Taxation of E-Commerce Sales

Transnational Tax Network Conference

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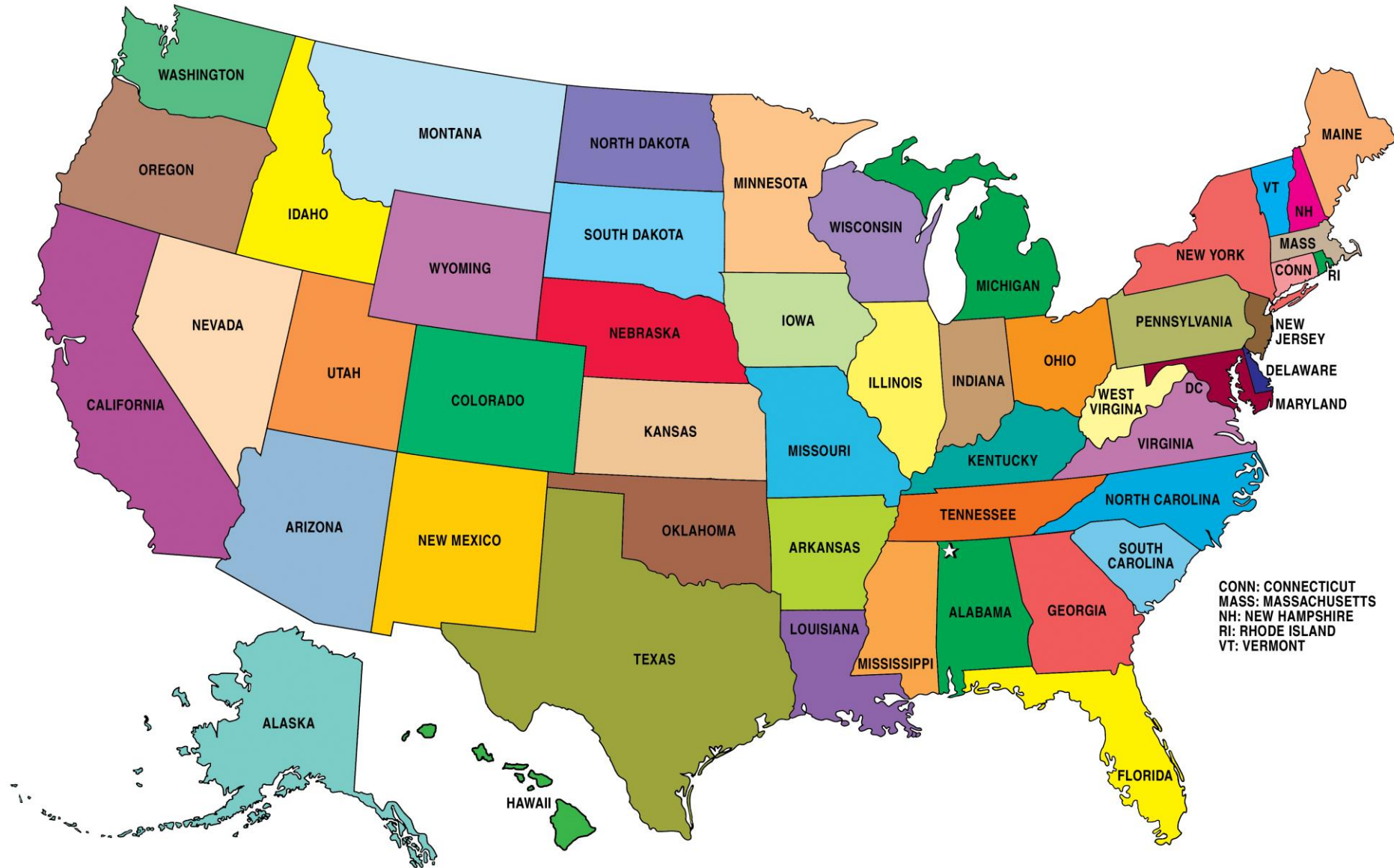
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CONN: CONNECTICUT
MASS: MASSACHUSETTS
NH: NEW HAMPSHIRE
RI: RHODE ISLAND
VT: VERMONT

1. Type of Transactions

- a. Purely electronic
 - (1) download software, apps, digital storage, songs, subscriptions
 - (2) legal services/consulting services
 - (3) advertising on website
- b. Sales based website
 - (1) customers in state
 - (2) customers not in state
- c. Are number of sales relevant? Is a dollar threshold relevant?
- d. Is it a service or sale of intangible property?



Free Downloads

2. State Income Tax



a. Federal Income Tax



b. State Income Tax Issues - Nexus

- (1) Physical Presence Required
- (2) Physical Product Required



c. Apportionment

- (1) Property
- (2) Sales
- (3) Employees

3. State Sales Tax (use tax)

a. Quill case – physical presence required for Nexus

b. Wayfair case – Nexus can be based on substantial sales

(1) Number of Sales

(2) Value of Sales