

Ayotte: Any Tax Reform Proposal Must Keep Internet

Urges Finance Committee leaders to reject online sales tax proposal, permanently ban Int

Jul 29, 2013

WASHINGTON, D.C. - As the Senate Finance Committee continues to discuss proposals to reform America's complex tax code, Senator Ayotte is urging the committee's leaders to ensure any tax reform proposal keeps the Internet free from burdensome tax requirements. At a hearing with Chairman Max Baucus (D-MT) and Ranking Member Orrin Hatch (R-UT), Senator Ayotte renewed her opposition to proposals that would permanently extend the current moratorium on Internet access taxes. Ayotte also said that any tax reform should make the tax code simpler, fairer, and more pro-growth.

Senator Ayotte has [led the fight \(http://www.ayotte.senate.gov/?p=news&id=923\)](http://www.ayotte.senate.gov/?p=news&id=923) to protect New Hampshire Internet businesses from states that attempt to force online retailers to collect sales taxes for states in which they do not have a physical presence. She took to the floor in opposition to the Marketplace Fairness Act (S. 743), bringing the concerns of New Hampshire online retailers to the debate. She also introduced a bipartisan resolution expressing the sense of the Senate that no federal legislation should give states the authority to impose unfair tax collecting requirements on Internet businesses and entrepreneurs.

Ayotte is also cosponsoring the [Permanent Internet Tax Freedom Act \(http://www.ayotte.senate.gov/?p=press_release&id=923\)](http://www.ayotte.senate.gov/?p=press_release&id=923) to extend the current ban on Internet access taxes.

AYOTTE LETTER TO FINANCE COMMITTEE:

July 26, 2013

Chairman Baucus and Ranking Member Hatch:

As the Finance Committee considers proposals to reform our nation's complex tax code, I urge you to support efforts to keep the Internet free from new taxes and tax restrictions.

Congress should enact measures that are designed to promote innovation and entrepreneurship. Unfortunately, in May, the Senate passed the Marketplace Fairness Act (S. 743), which would allow a state to force online retailers to collect and remit sales tax to it, even if the retailer does not have a physical presence in that state. As you know, under current Supreme Court precedent, in the absence of a sufficient nexus, a state cannot require out-of-state Internet vendors to collect taxes on a particular transaction. This standard is the result of the 1992 decision *Quill*, which held that requiring remote vendors to collect such taxes would place an unconstitutional burden on interstate commerce. By usurping the Supreme Court's precedent, the Marketplace Fairness Act would undermine the important nexus protection of the Commerce Clause.

Further, the bill would result in crippling new costs on small Internet businesses because they would have to comply with apx jurisdictions across the nation. In addition to higher operating costs associated with new collection and remittance requireme hook for expensive audits and legal bills if there are any errors in the thousands of tax calculations and distributions they mu and more, tax reform efforts should not include new authority for states to collect sales tax on remote online sales.

In addition, earlier this year, I introduced legislation that would permanently extend the current ban on Internet access taxes. Act (S. 31) would prevent state and local governments from imposing new taxes on Internet access, and prohibit any multipl e-commerce.

As you know, the Internet Tax Freedom Act, originally enacted in 1998, was designed to prevent state taxes on Internet acc could not tax the same electronic commerce transaction, and to ensure that commerce over the Internet would not be single The current moratorium is scheduled to expire in November 2014.

E-commerce is thriving largely because the Internet is free from burdensome tax restrictions. Any tax reform proposal shoul and ensure that the Internet continues to be a driving force for jobs and growth.

Congress has the opportunity to transform our complicated tax code into one that is simpler, more competitive and more prc that we must eliminate inefficient and unfair loopholes and lower rates across the board. I urge you to consider these import about reforming our nation's tax code.

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