

# [Must internet purchases be subject to sales tax](https://assignbuster.com/must-internet-purchases-be-subject-to-sales-tax/)

Must Internet purchases be to sales tax Advocates claim that it is only fair to the brick and mortar store that internet purchases be taxed; opponents say that Internet taxes will stifle e-commerce (Engler and Cellucci 1-3).
The crux of the argument for sales tax is so that the traditional brick and mortar store will be on par with the online store in terms of pricing. If Internet purchases were not subject to sales tax, there would be price advantages for them, which is unfair to the traditional brick and mortar store (Engler and Cellucci 1-3; Kraul 1; MacMillan 2; Stevenson 3).
Opponents refuted the claim, pointing to a Ernst & Young study in 1998. According to Engler and Cellucci, " Ernst & Young concluded that 63% of total e-commerce sales to consumers are sales not taxable in most states". As for the taxable sales, " that same study also found that 60% of the taxable business-to-consumer Internet sales are substitutes for other types of sales, such as mail-order catalog sales by out-of state vendors, that do not currently generate sales or use tax revenue".
Proponents for Internet tax also argue that " it is not a new tax" but the enforcement of existing laws that give mail order stores the right to collect sales tax (Senate Nixes Sales Tax on Catalogue, Internet Sales 1).
However, opponents disagree. They assert that this tax has never been collected before and therefore is a new tax in substance (Senate Nixes Sales Tax on Catalogue, Internet Sales 1).
Moreover, sales of the brick and mortar store continue to grow despite the flourishing of online stores (Engler and Cellucci 1-3). A brick-and-mortar store is able to provide consumers with service that the online store is unable to offer, such as getting to try the goods or see it physically before deciding to buy it.
Furthermore, Internet taxes would require the electronic tracking of purchases (Engler and Cellucci 3). Uniform reporting requirements for online merchants, consistent periodic certified audit of retailer sales, and a mechanism for compensating online merchants for costs they incur in collecting the Internet tax from customers have to be in place (MacMillan 1). This is administratively cumbersome and would lead to higher prices (Senate Nixes Sales Tax on Catalogue, Internet Sales 1).
Lastly, the flourishing and growth of e-commerce creates jobs and drives economic growth. The imposition of Internet tax would stifle e-commerce (Engler and Cellucci 3; Kraul 1; Kudlow 1).
When all has been said and done, I feel that Internet purchases should not be taxed. Traditional brick and mortar stores would not be hurt as the online store offers different value from goods sold in brick and mortar stores. On the other hand, the imposition of Internet tax would only result in higher costs. The growth of the economy is at stake.
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