



News for Immediate Release

Aug. 30, 2012

Revenue Department Expects Sales Tax Compliance from E-Commerce Companies; Touts Success of Corbett Administration's Business-Friendly Approach

Harrisburg – The Department of Revenue today announced that it expects substantial compliance from remote sellers come the Sept. 1 deadline for e-commerce retailers with Pennsylvania nexus to become licensed and begin collecting sales tax.

"We have taken steps to ensure that both e-commerce companies and brick-and-mortar retailers in Pennsylvania are treated equally, and we're committed to having government work with businesses instead of against them," Governor Tom Corbett said. "That's why we are very confident that the Department of Revenue will see a high level of cooperation from e-commerce companies."

"We are very pleased with the response we received from e-commerce companies so far," said Revenue Secretary Dan Meuser. "Our optimism, and their willingness to cooperate, is a direct result of Governor Corbett's directive for the department to be as responsive, fair and business-friendly as possible in dealing with this issue."

The department's goal is to treat all businesses the same under Pennsylvania's current tax laws.

The Department of Revenue issued a Tax Bulletin on Dec. 1, 2011, which explained existing sales tax nexus law for remote sellers, clarifying the law and the department's authority to require e-commerce and other out-of-state sellers with physical presence in Pennsylvania to collect sales tax.

In January, in response to concerns from e-commerce companies about their ability to meet the original Feb. 1 compliance deadline, the department extended the deadline to Sept. 1.

"We heard the concerns from e-commerce companies and worked with them to set a deadline they could meet," Meuser said. "As a result of this flexibility, we expect e-commerce companies both large and small to comply with their responsibility to register and begin collecting sales tax on Sept. 1."

Sales and Use Tax Bulletin 2011-01 relies on in-state activity to establish nexus, as required by the U.S. Constitution, and provides examples of in-state activity sufficient to require sales tax registration and collection.

Businesses with Pennsylvania nexus that do not become registered and begin collecting Pennsylvania sales tax by Sept. 1 will face a variety of escalating enforcement options over time, including assessment, audit, lien or referral to a collection agency or the Office of Attorney General.

If companies with nexus blatantly disregard the tax bulletin and their obligations to begin collecting sales tax, the department has the statutory authority to look back at least three years for audit and assessment purposes.

Companies with legal questions regarding establishment of nexus are encouraged to contact the department's Office of Chief Counsel at RA-nexus@pa.gov or 717-787-1382.

Companies with questions regarding sales tax registration, collection and reporting requirements are encouraged to call the business tax Taxpayer Service and Information Center at 717-787-1064.

Media contact: Maia Warren, 717-787-6960

###