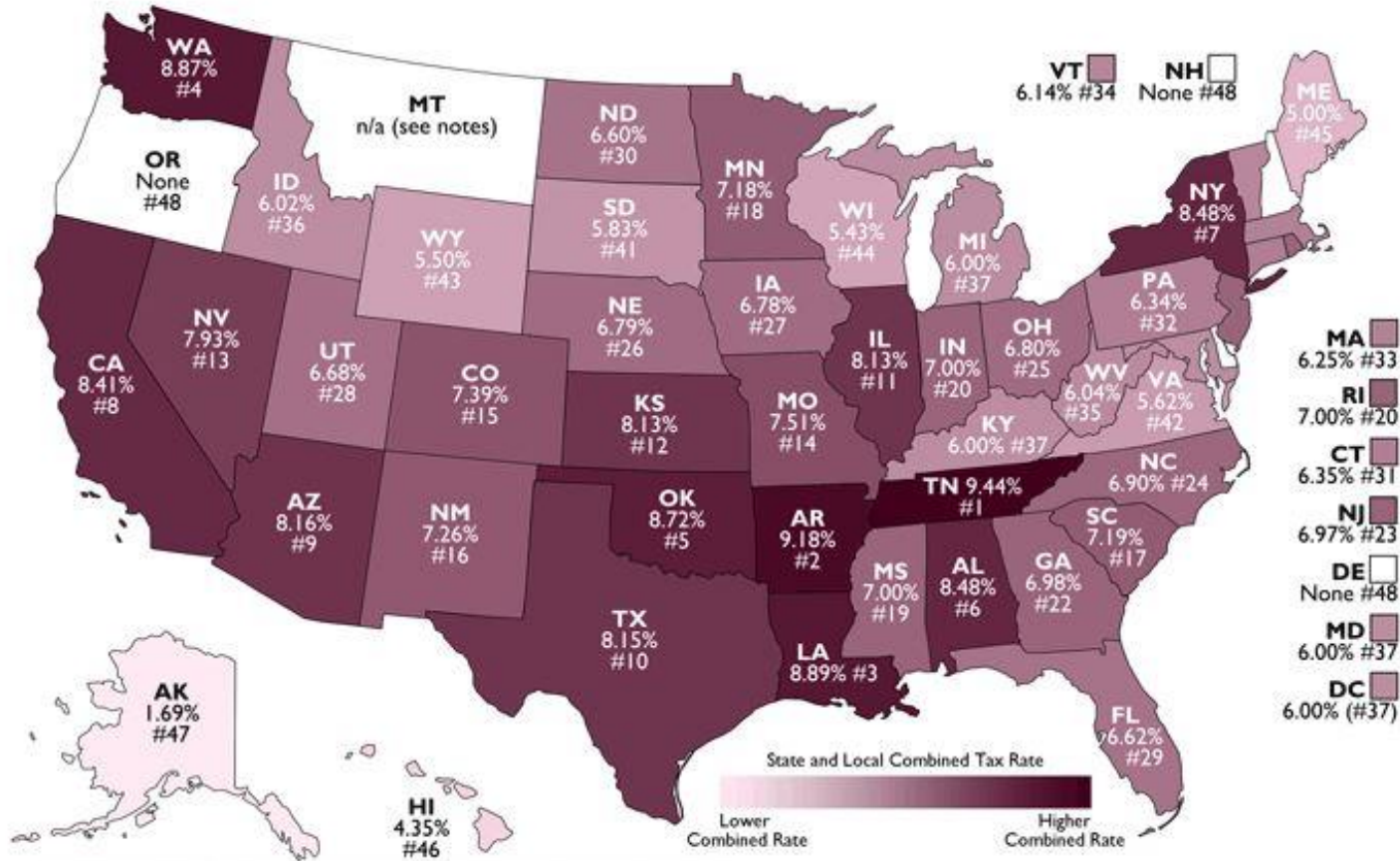


Sales Tax and E-commerce

Combined State and Local Sales Tax Rates



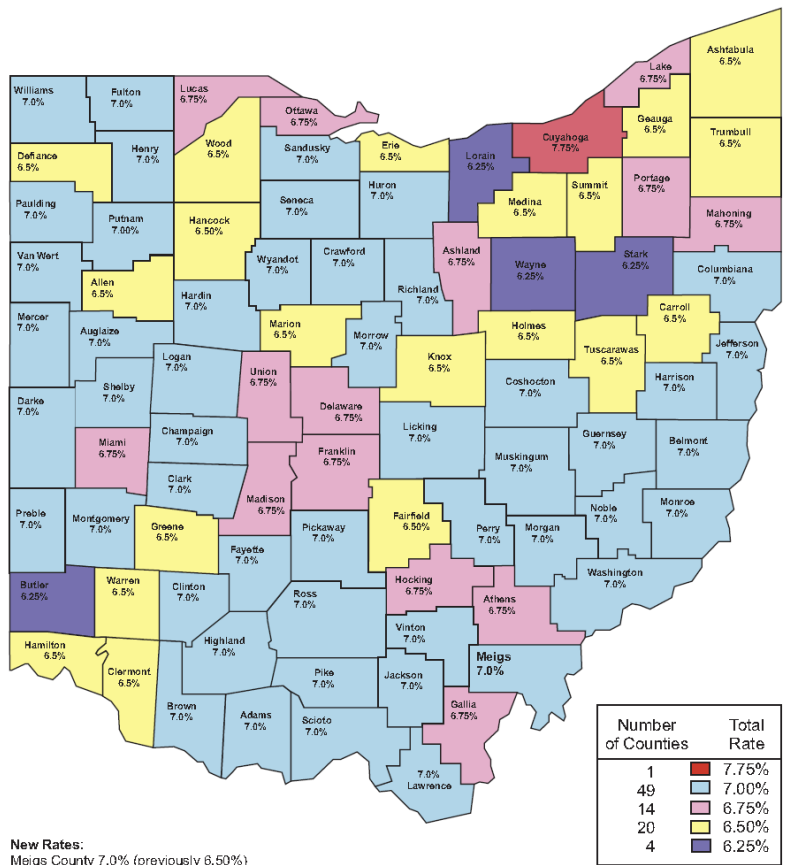
Sources: Sales Tax Clearinghouse; Tax Foundation calculations; state revenue department websites

Notes: Three states levy mandatory, statewide, local add-on sales taxes at the state level: CA (1%), UT (1.25%), VA (1%). The sales taxes in Hawaii, New Mexico and South Dakota have broad bases that include many services. Due to data limitations, map does not include sales tax data for Montana. Some counties in New Jersey are not subject to statewide sales tax rates and collect a local rate of 3.5%.
Published August 26, 2013. Data updated July 1, 2013.

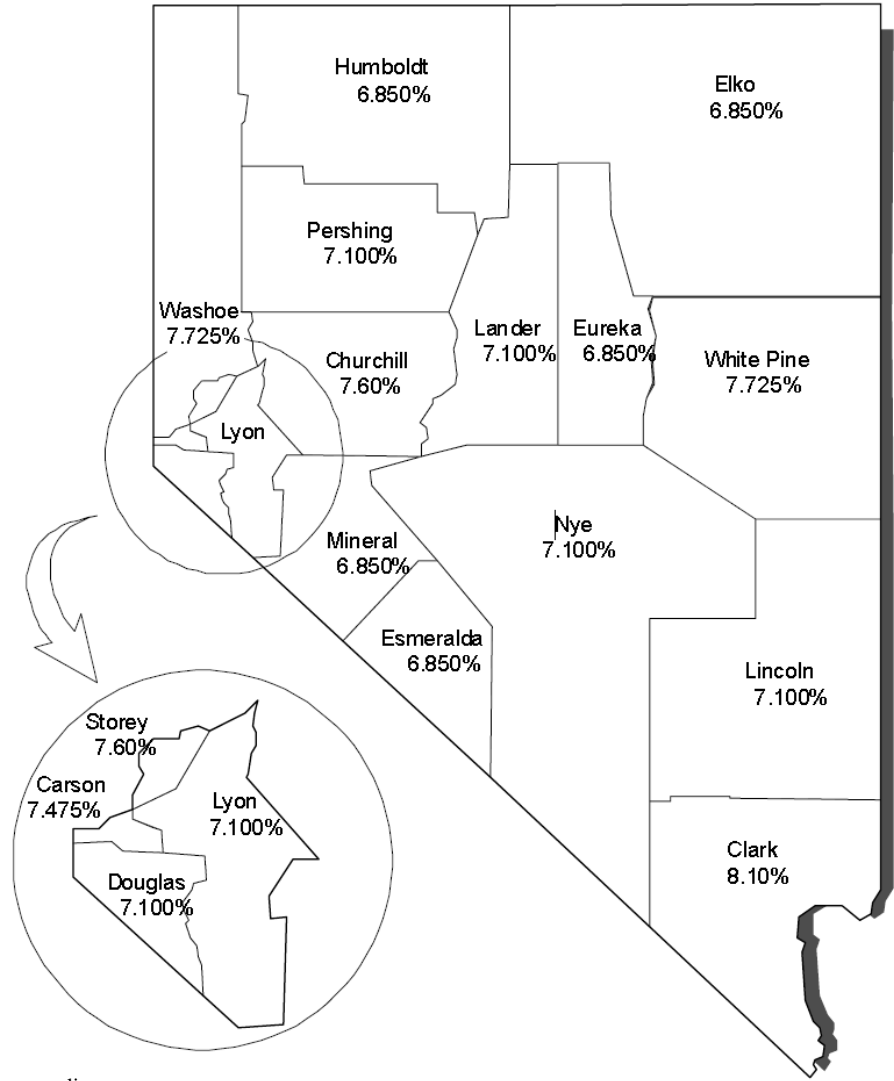
taxfoundation.org/maps

COUNTY MAP OF NEVADA

Total State and Local Sales Tax Rates, By County
Effective October 2012



New Rates:
Meigs County 7.0% (previously 8.50%)



© Ohio Department of Taxation. All rights reserved. This content is excluded from our Creative Commons license.
For more information, see <http://ocw.mit.edu/help/faq-fair-use>.

All rates effective 07/01/12

© Nevada Department of Taxation. All rights reserved. This content is excluded from our Creative Commons license. For more information, see <http://ocw.mit.edu/help/faq-fair-use/>

Cities, Counties, and Tax Rates

A		
County	Total County Rate	
Alameda +	8.75%	
Alpine	7.25%	
Amador	7.75%	
Location	Rate	County
Acampo	7.75%	San Joaquin
Acton	8.75%	Los Angeles
Adelaida	7.25%	San Luis Obispo
Adelanto*	7.75%	San Bernardino
Adin	7.25%	Modoc
Agoura	8.75%	Los Angeles
Agoura Hills*	8.75%	Los Angeles
Agua Caliente	8.00%	Sonoma
Agua Caliente Springs	7.75%	San Diego
Agua Dulce	8.75%	Los Angeles
Aguanga	7.75%	Riverside
Ahwahnee	7.75%	Madera
Al Tahoe	7.25%	El Dorado
Alameda*	8.75%	Alameda
Alamo	8.25%	Contra Costa
Albany*	8.75%	Alameda
Alberhill (Lake Elsinore*)	7.75%	Riverside
Albion	7.375%	Mendocino
Alderpoint	7.25%	Humboldt
Alhambra*	8.75%	Los Angeles
Aliso Viejo*	7.75%	Orange
Alleghany	7.25%	Sierra
Almaden Valley	8.375%	Santa Clara
Almanor	7.25%	Plumas
Almondale	8.75%	Los Angeles
Alondra	8.75%	Los Angeles
Alpaugh	7.75%	Tulare
Alpine	7.75%	San Diego

Location	Rate	County
Amboy	7.75%	San Bernardino
American Canyon*	7.75%	Napa
Anaheim*	7.75%	Orange
Anderson*	7.25%	Shasta
Angels Camp*	7.25%	Calaveras
Angelus Oaks	7.75%	San Bernardino
Angwin	7.75%	Napa
Annapolis	8.00%	Sonoma
Antelope	7.75%	Sacramento
Antelope Acres	8.75%	Los Angeles
Antioch*	8.25%	Contra Costa
Anza	7.75%	Riverside
Apple Valley*	7.75%	San Bernardino
Applegate	7.25%	Placer
Aptos	8.00%	Santa Cruz
Arbuckle	7.25%	Colusa
Arcadia*	8.75%	Los Angeles
Arcata*	8.00%	Humboldt
Argus	7.75%	San Bernardino
Arieta (Los Angeles*)	8.75%	Los Angeles
Arlington (Riverside*)	7.75%	Riverside
Armona	7.25%	Kings
Army Terminal	8.75%	Alameda
Arnold	7.25%	Calaveras
Aromas	7.25%	Monterey
Arrowbear Lake	7.75%	San Bernardino
Arrowhead Highlands	7.75%	San Bernardino
Arroyo Grande*	7.75%	San Luis Obispo
Artesia*	8.75%	Los Angeles
Artois	7.25%	Glenn
Arvin*	8.25%	Kern
Ashland	8.75%	Alameda
Asti	8.00%	Sonoma

B		
County	Total County Rate	
Butte	7.25%	
Location	Rate	County
Badger	7.75%	Tulare
Bailey	8.75%	Los Angeles
Baker	7.75%	San Bernardino
Bakersfield*	7.25%	Kern
Balboa (Newport Beach*)	7.75%	Orange
Balboa Island (Newport Beach*)	7.75%	Orange
Balboa Park (San Diego*)	7.75%	San Diego
Baldwin Park*	8.75%	Los Angeles
Ballard	7.75%	Santa Barbara
Ballico	7.25%	Merced
Ballroad	7.75%	Orange
Bangor	7.25%	Butte
Banning*	7.75%	Riverside
Banta	7.75%	San Joaquin
Bard	7.75%	Imperial
Barrington	8.75%	Los Angeles
Barstow*	7.75%	San Bernardino
Bartlett	7.75%	Inyo
Barton	7.975%	Fresno
Base Line	7.75%	San Bernardino
Bass Lake	7.75%	Madera
Bassett	8.75%	Los Angeles
Baxter	7.25%	Placer
Bay Point	8.25%	Contra Costa
Bayside	7.25%	Humboldt
Baywood Park	7.25%	San Luis Obispo
Beale A.F.B.	7.25%	Yuba

© Source unknown. All rights reserved. This content is excluded from our Creative Commons license. For more information, see <http://ocw.mit.edu/help/faq-fair-use/>.

Tax-exempt items

Tax-Exempt Items

What types of sales are exempt from the sales/use tax?

Massachusetts law exempts a number of items from the sales/use tax. The following categories of sales or types of transactions generally are exempted from the sales/use tax. For information on the status of individual items, please refer to "What Specific Items Are Exempt from the Sales/Use Tax?" If you have questions about whether certain items fit into these exempt categories, please call DOR's Customer Service Bureau at 617-887-MDOR or toll-free in Massachusetts at 800-392-6089.

Sales of food and clothing:

Sales of food for human consumption, other than meals sold by a restaurant, generally are tax-exempt. Sales of individual items of clothing costing \$175 or less also generally are exempt. (Sales tax is due only on the amount over \$175 per item.)

Sales of periodicals:

Periodicals such as newspapers and magazines generally are exempt. Newsletters, however, generally are not treated as newspapers and may be taxable.

Admission sales:

Sales of tickets to such activities as sporting and amusement events are exempt.

Sales of utilities and heating fuel to residential users, small businesses and certain industrial users:

Sales of gas, steam, electricity or heating fuel for residential purposes are exempt. Residential use includes use in any dwelling where people customarily reside on a long-term basis, whether or not the occupants of the dwelling are the purchasers of the fuel. Thus, residential use includes use in apartment buildings, rooming houses and nursing homes as well as use in single family or multifamily homes, but generally does not include use in hotels.

Sales of utilities and heating fuel also are exempt when sold to businesses with five or fewer employees and gross income of less than \$1 million, or to manufacturing facilities that use at least 75 percent of their energy in manufacturing or heating the manufacturing facility. Businesses with multiple locations employing fewer than five people at any one location must use the total number of employees from all locations. Small businesses must present a Small Business Energy Exemption Certificate ([Form ST-13](#)) to the vendor to claim the exemption. Eligible industrial users must provide an Exempt Use Certificate ([Form ST-12](#)). Residential users are not required to present exemption certificates.

Sales of telephone services to residential users:

Sales of local residential telephone services billed on a recurring basis or for message unit charges are tax-exempt when provided to a residential purchaser, up to a total of \$30 per month. Residential telephone service generally includes service provided to an individual for personal use at his or her residential address, including an individual dwelling unit such as an apartment. In the case of institutions where individuals reside, such as schools or nursing homes, telephone service is considered residential if it is provided to and paid for by an individual resident rather than by the institution. Telephone service provided to a business is not residential service even if the business is located in an individual's home. If an otherwise residential telephone is used for business purposes, the business must file a Business Use Tax Return ([Form ST-10](#)) and pay tax on the service that is used. Residential users are not required to present exemption certificates.

Sales of transportation:

These services generally are not taxed. For example, a separately stated transportation charge for shipping by a common carrier is exempt if the transportation occurs after the sale of the property. For more information about shipping and handling charges, see [DOR Directive 04-5](#), Sales Tax on Transportation Charges.

Charges for personal or professional services:

Accounting, insurance, legal and medical services, as well as services such as haircuts and car repairs are not taxable. **Please note:** Items sold in addition to services, such as a bottle of shampoo from a salon or parts for a car repair, are taxable and must be itemized separately on the bill. Massachusetts tax law treats some products as services and therefore exempts them from the sales tax. Other products, however, may combine taxable and nontaxable elements. Still other products, although labeled custom or a service, may not meet the legal definition for tax purposes.

Service providers who have questions about the taxability of their transactions should contact DOR's Rulings and Regulations Bureau for clear guidance on this issue by writing to: Department of Revenue, Rulings and Regulations Bureau, PO Box 9566, Boston, MA 02114-9566.

Casual and isolated sales:

Infrequent and nonrecurring transactions made by people or businesses not regularly engaged in the business of making such sales are exempt. For example, sales of used appliances by a homeowner or sales at infrequent yard sales are exempt.

Please note: Generally, casual sales of cars, boats or trailers are taxable, except for certain family transactions. For more detailed information on casual and isolated sales, see DOR [Regulation 830 CMR 64H 6.1](#).

Resales:

Sales where the purchaser intends to resell the item or telecommunications services in the regular course of business are exempt. In these cases, a Sales Tax Resale Certificate ([Form ST-4](#)) must be given to and retained by the seller as proof the sale was exempt for the reasons stated on the certificate. Vendors can confirm the validity of their customers' sales and use tax registration and resale certificates online through DOR's [Sales Tax Resale Certificate Verification System](#).

Please Note: Sales Tax Resale Certificates are invalid for the sale or purchase of tobacco products. See [cigarette retailer information](#) in the guide.

- Lipka, Mitch. “Taxes on Fertilizer Illustrate Gray area of Mass. Law.” *The Boston Globe* July 29, 2012.
- Tredyffrin/Easttown School District. Footnote 18 from “Applications of Percents Information & Background (from Wikipedia).” April 2014.

18. ^ For example, in defining the term "baked goods," certain of which are exempt from sales tax, the Texas Administrative Code [Section 3.293\(a\)](#) states, "(1) Bakery items--Baked goods typically made by bakeries including bread, rolls, buns, biscuits, bagels, croissants, pastries, doughnuts, Danishes, cakes, tortes, pies, tarts, muffins, bars such as lemon bars, cookies, large pretzels, and tortillas. The term does not include candy; snack items including chips, small pretzels, or crackers; sandwiches; tacos; or pizzas."

© Tredyffrin/Easttown School District. All rights reserved. This content is excluded from our Creative Commons license. For more information, see <http://ocw.mit.edu/help/faq-fair-use/>.

Sales Tax Holidays

Federation of Tax Administrators' [Sales tax holidays](#)

Current legal landscape

- The US Supreme Court has held on multiple occasions (1992 Quill v. North Dakota, 1967 National Bellas Hess) that retailers cannot be compelled to collect sales tax on sales to states where they do not have physical presence (“nexus”).
- Most states require that their residents pay a use tax (equal to the amount that would be paid if their home state sales tax were levied on out-of-state purchases), but this tax is widely ignored.
- So purchases mailed to out-of-state customers are *de facto* tax-free.

Current attempts to change landscape

- Some states' attorneys general are attempting to broaden the definition of "nexus."
- Federal legislation has been introduced (a number of times) to simplify and harmonize the system of sales taxes.
- States have negotiated bilaterally with Amazon to not engage in litigation and/or to extend their tax-free status temporarily if Amazon builds a facility in the state.

Amazon Sales Taxes 2012

Cohan, Peter. [“Amazon’s Sales-Tax-Free Status Cost States \\$8.6 Billion.”](#) *Forbes*. October 17, 2012.

Luhby, Tami. [“Get Ready to Pay Sales Tax on Amazon.”](#) *CNN Money* July 18, 2012.

Amazon sales taxes 2014

- Bensinger, Greg. “Which States Make You Pay an Amazon Sales Tax.” *The Wall Street Journal*. October 1, 2014.

Fulfillment centers

- See a [map](#) of Amazon.com's Fulfillment Centers as of April 2015.

- 2006:
 - 21 fulfillment centers
- 2012:
 - Collects taxes in 5 states
 - 30 fulfillment centers (in US)
- 2014:
 - Collects taxes in 21 states
 - 37 fulfillment centers (in US)

Questions

- How important is tax-avoidance to consumers (and online retailers)?
- If the tax-advantaged status of mail-order retail disappears, what are the likely direct effects on mail-order retail, traditional retail?
- Are there important general-equilibrium effects (in addition to the direct effects)?
- Is the tax-advantaged status likely to disappear?

Evidence on these points

- First two questions:
 - Goolsbee (2000)
 - Ellison and Ellison (2009)
 - Einav *et al* (2012)
- Third question:
 - “Amazon, Forced to Collect a Tax, Is Adding Roots” in Amazon packet—Gets at Third Questions
- Fourth question:
 - My sense is that tax-advantaged status of mail-order is likely to continue to be eroded and may disappear completely.

Tax-inclusive prices

Information on Pricewatch			Price	Price	Price
Website	State	Price	into NJ	into VA	into CA
Pricewatch ranking at 9:01am EDT					
Coast-to-Coast Memory	NJ	112	118.72	112	112
Connect Computers	CA	113	113	113	121.64
Computer Craft	FL	114	114	114	114
Advanced PCBoost	CA	115	115	115	123.80
1st Choice Memory	CA	116	116	116	124.87
Jazz Technology	CA	117	117	117	125.95
Memplus.com	CA	117	117	117	125.95
Portatech	CA	119	119	119	128.10
Augustus Technology	CA	120	120	120	129.18
EconoPC	IL	120	120	120	120
Advanced Vision	CA	121	121	121	130.26
Computer Super Sale	IL	122	122	122	122
Pricewatch ranking at 11:01am EDT					
UpgradePlanet.com	VA	111	111	115.99	111
Connect Computers	CA	113	113	113	121.64
Computer Craft	FL	114	114	114	114
Advanced PCBoost	CA	115	115	115	123.80
1st Choice Memory	CA	116	116	116	124.87
Jazz Technology	CA	117	117	117	125.95
Memplus.com	CA	117	117	117	125.95
Portatech	CA	119	119	119	128.10
Augustus Technology	CA	120	120	120	129.18
EconoPC	IL	120	120	120	120
Advanced Vision	CA	121	121	121	130.26
Computer Super Sale	IL	122	122	122	122

Suppose we had data from Connect Computers

- So Connect Computers should sell less into NJ @ 11 than @ 9 if consumers care about taxes. Also they should sell more into VA @ 11 than @ 9.
- Also compare magnitudes of purchase differences to get estimate of home-state preference.
- Have CC sales into NJ, VA, CA at each hour as well as prices @ each hour.

MIT OpenCourseWare
<http://ocw.mit.edu>

14.27 Economics and E-Commerce
Fall 2014

For information about citing these materials or our Terms of Use, visit: <http://ocw.mit.edu/terms>.