

# NetChoice

## CHAIRMAN GOODLATTE PRINCIPLES FOR REMOTE TAX COLLECTION

**1. Tax Relief** – Using the Internet should not create new or discriminatory taxes not faced in the offline world. Nor should any fresh precedent be created for other areas of interstate taxation by States.

**2. Tech Neutrality** – Brick & Mortar, Exclusively Online, and Brick & Click businesses should all be on equal footing. The sales tax compliance burden on online Internet sellers should not be less, but neither should it be greater than that on similarly situated offline businesses.

**3. No Regulation Without Representation** – Those who would bear state taxation, regulation and compliance burdens should have direct recourse to protest unfair, unwise or discriminatory rates and enforcement.

**4. Simplicity** – Governments should not stifle businesses by shifting onerous compliance requirements onto them; laws should be so simple and compliance so inexpensive and reliable as to render a small business exemption unnecessary.

**5. Tax Competition** – Governments should be encouraged to compete with one another to keep tax rates low and American businesses should not be disadvantaged vis-a-vis their foreign competitors.

**6. States' Rights** – States should be sovereign within their physical boundaries. In addition, the federal government should not mandate that States impose any sales tax compliance burdens.

**7. Privacy Rights** – Sensitive customer data must be protected.

## MARKETPLACE FAIRNESS ACT OF 2013 COMPLIANCE

**MFA Fails.** Only businesses selling online or via catalog would face new taxes and audit demands from 46 states.

**MFA Fails.** Brick and mortar stores file in only 1 state – but internet and catalog sellers must file for 46 states and up to 550 Indian tribes.

**MFA Fails.** There is no recourse when states make unreasonable demands for taxes and audits. To seek justice an internet or catalog seller must travel to a foreign state and face the foreign court.

**MFA Fails.** Lacking true simplification and help with software integration, the MFA has to exempt small businesses that could not comply with 46 state tax regimes.

**MFA Fails.** By granting new tax and audit powers to every state, the MFA encourages states to export their tax collection burdens to businesses in other states. There is no incentive to lower sales taxes.

**MFA Fails.** Gives new tax and audit powers to every state, allowing them to reach across their borders. This also threatens the physical presence standard for other taxes like the business activity tax.

**MFA Fails.** While previous internet tax bills had a privacy protection clause, MFA says nothing about privacy.