

News for Immediate Release

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Revenue Department Offers One-Time Extension on Nexus Compliance Deadline for Remote Sellers

Harrisburg – The Department of Revenue today extended the deadline by which remote sellers with physical presence in Pennsylvania must become licensed and begin collecting sales tax. These steps now must be completed by Sept. 1.

"We heard from a number of e-commerce businesses that companies are willing to comply with their Pennsylvania sales tax obligations, but our original Feb. 1 compliance deadline is impractical from operational and technical standpoints," said Revenue Secretary Dan Meuser. "In the interest of being reasonable and respecting the difficulty of tailoring sales tax software to Pennsylvania's complicated sales tax rules, we believe extending the compliance deadline is the fair thing to do."

Meuser noted the Sept. 1 compliance deadline comes well before the next holiday sales season, reflecting an effort to enforce uniform sales tax collection and foster fair competition among e-commerce and brick-and-mortar businesses in advance of the busiest retail season of the year.

"This is the only deadline extension that will be offered," Meuser clarified.
"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.

"It's simply a matter of fairness under the existing law, and it's essential that both e-commerce retailers with nexus and brick-and-mortar stores in Pennsylvania, many of which are small businesses employing thousands of Pennsylvanians with retail jobs, are treated equally."

This deadline extension follows a Tax Bulletin issued Dec. 1, 2011, which explains 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.

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.

In cases where 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.

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