

# Remote Sellers Regulation

LCB File No. R189-18

## Department of Taxation

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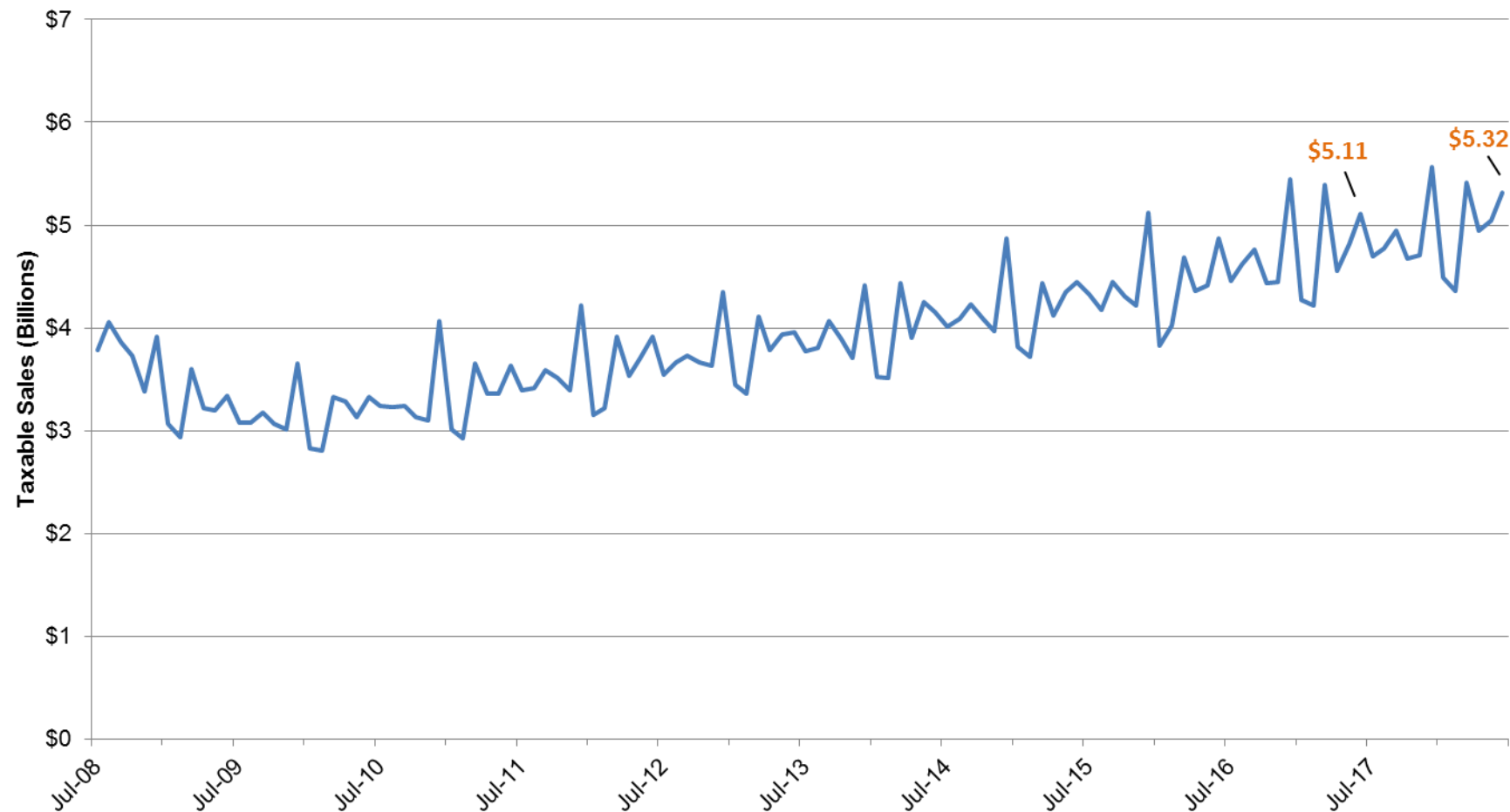
## ***South Dakota v. Wayfair* SCOTUS Decision**

### **Background**

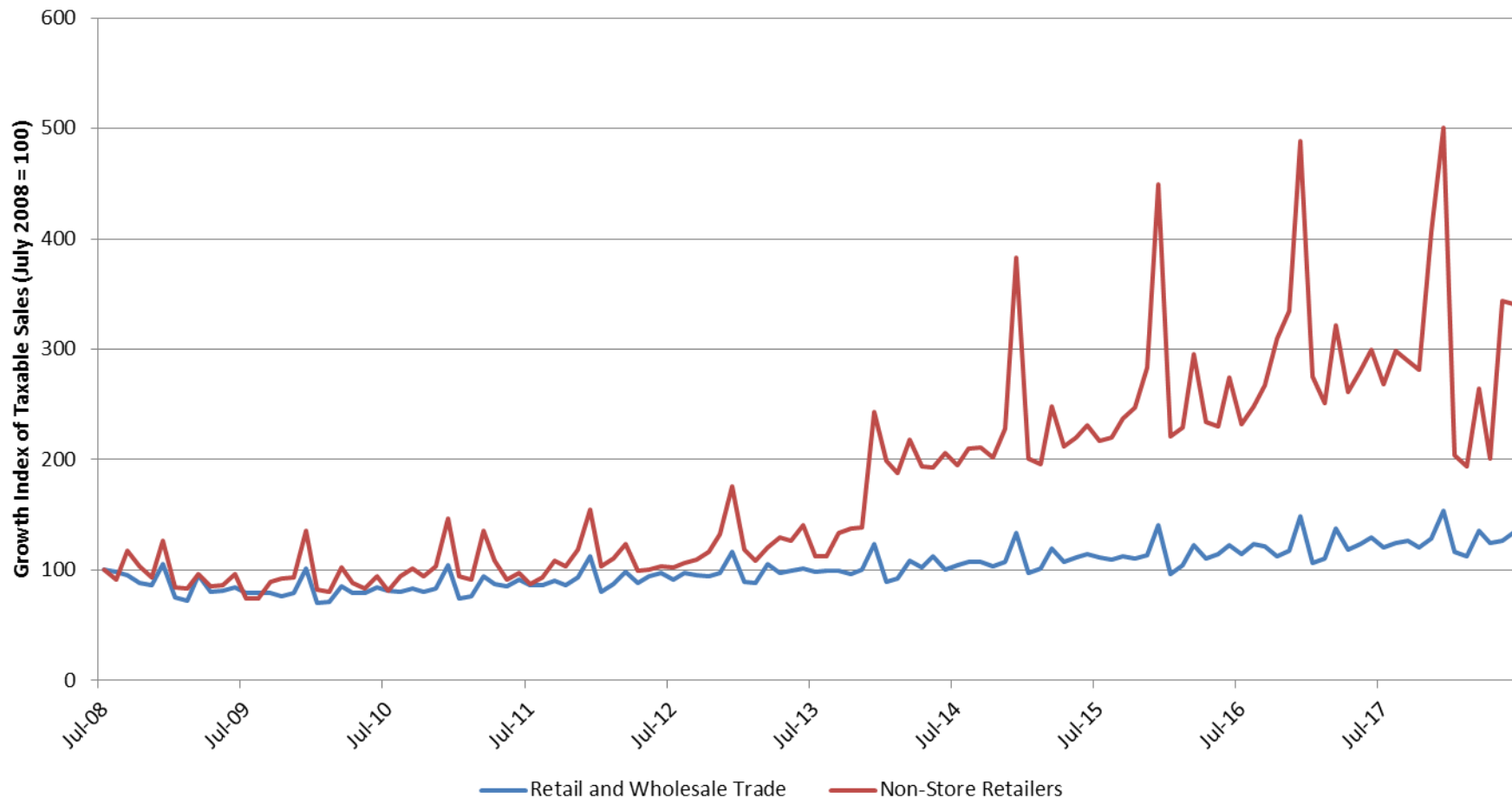
- On June 21, 2018, the U.S. Supreme Court ruled in favor of South Dakota in the much-anticipated case of *South Dakota v. Wayfair*
  - States can now collect sales tax from entities like large online retailers who sell to customers in their states, but have previously not been required to collect sales tax
  - The ruling eliminates the requirement that a business must have a physical presence in a state for that state to collect sales tax on the business' transactions in the state
  - The Supreme Court emphasized that South Dakota's tax rules did three important things that protect against undue burden:
    - Sales tax was not applied retroactively
    - There are limits in place to protect small businesses
    - South Dakota is a member of the Streamlined Sales and Use Tax Agreement (as is Nevada)



**Taxable sales were \$5.32B in June, up from \$5.11B a year ago; Up about 60% from June 2010**



## Taxable Sales for Non-Store Retailers are Growing Faster than Retail and Wholesale Trade...Evidence of the Impact of Online Sales Activity



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### **Implications for Nevada**

- While Nevada already has agreements in place with some large online retailers who collect and remit Nevada sales tax now, the *Wayfair* ruling opens the door to require a much larger group of out-of-state sellers to collect Nevada sales tax
- The state is still analyzing the potential revenue impact, with initial estimates of an increase to the State General Fund of \$17M to \$29M per year; full revenue impacts will not be experienced immediately
- In partnership with LCB, the Department is currently pursuing the implementation of *Wayfair* via regulation, with a target effective date this fall (similar to other states' timelines)
  - Affected businesses can register and begin collecting NV sales tax now, before requirements are finalized