



## Burr Alert: Supreme Court Unleashes the Tax Kraken

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06.22.2018

For the last 26 years, *Quill v. North Dakota* acted as a default tax protector for out-of-state sellers and web-based businesses that had no physical presence in the jurisdictions where they sold and shipped products. As such, *Quill* provided that no state could compel a business to collect and remit sales tax for sales in that state unless the seller had a physical presence in the taxing jurisdiction. Thus, sellers without that presence who merely shipped goods into a consumer's state - often ordered from a website or catalog - generally did not collect and remit sales taxes in that state. No more.

Yesterday, the Supreme Court in *South Dakota v. Wayfair* ripped up *Quill*'s physical presence protections when it held that mere economic or virtual contacts with a consuming state are sufficient for the state to require out-of-state sellers to collect and remit sales taxes. These sellers are now potentially at the mercy of each state (and district and territory) where their customers reside; early estimates point to retailers needing to accommodate between 10,000-12,000 unique taxing jurisdictions.

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