

# Sales Tax Compromise For Amazon and California?

**c By: James Cai**

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We [previously reported](#) that Amazon Inc. ended its contracts with California based affiliates in an attempt to avoid paying state sales tax under a new law, effective July 1, 2011, that would have required the online retailer to pay such tax on purchases made by California residents.

Amazon also fought back against the new law by launching a signature gathering effort to place the issue on the ballot for California voters.

Now, in the midst of this continuing controversy, [the Los Angeles Times reports](#) that the State legislature, after negotiations with the company, has passed a bill that will delay the requirement that Amazon start collecting California sales tax until September 15, 2012.

What remains unclear is whether Governor Brown will sign the legislation.

The LA Times cites State Senate President Pro Tem Darrel Steinberg of Sacramento as its source for claiming that the delay will cost California \$200 million in lost revenue.

What's next? Is Governor Brown going to sign the bill and provide breathing room for the parties to make their next moves and seek a long term solution? Or will it go unsigned, leaving the argument unresolved as to whether sales tax must be paid, and whether the Company's termination of its California affiliates effectively shields it from such requirements? Is it possible the Feds will step in and pass a law that requires online retailers nationwide to collect and pay sales tax regardless of their location and operations?

Stay tuned for more on this hot button issue.

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