



Sales Tax Materials: Leaks in 'Consumer' Taxation

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Article citation:

[Gaffney, Mason]. "Sales Tax Materials: Leaks in 'Consumer' Taxation." N.d. Study guide.

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Use in Ec. 132

Sales Tax, Materials

Leaks in "Consumer" Taxation

1. Imputed inc. of land. (Is no sales tax on land purchase.)
2. Exports.
3. Interstate cat. sales
4. Art, antiques - 2ndary markets.
5. Flea markets, barter clubs, swapping, etc.
6. Travel abroad. This includes brain drain, or tax exile - moving abroad.
7. Exchange inside the family, e.g. of personal services.
8. Many direct services are exempt: haircuts, auto mechanics repairs, etc.
9. Advertising.
10. NY Times, 22 Aug 93, METRO B5.
To evade rent and sales tax, peddlers proliferating. They even walk inside stores, sell from there!
James W. Wetzler is N.Y. State tax commissioner.
11. Rent.
12. Pure ground rent, e.g. for parking, or resting a trailer.
13. Interest on money borrowed for consumption.
14. Internet sales. LAT 7 Sept 98 D6
Calif passed a law August 98 banning new taxes on "Internet services." 3-year moratorium on sales taxes and other state levies on "Internet activities."
This apparently includes buying things by internet orders (even in same state? - I think not).
Rationale: Calif. produces lots of internet services and equipment.
9 states already tax internet services.
Online retailers get same tax treatment as catalogue sellers: no sales tax except in states where you maintain a physical presence. E.g. Amazon books.

Shifting and consumer taxes

1. Dwyer p.4. Eur. nations have shifted taxes away from bus. inc. and toward VAT on domestic consumption as their borders have become increasingly open. Taxing inc and taxing cons. are the

same only in a closed ec.

2.