
AMAZON'S SETTLES WITH TEXAS PROMISING 2500 JOBS AND \$200 MILLION INVESTMENT



On Friday, online retailer Amazon.com reached a settlement with Texas officials over a sales tax dispute. Less than a year ago, Amazon had shut down its distribution center in Irving to protest a \$269 million tax bill slapped upon the company by Texas Comptroller Susan Combs. Governor Rick Perry had criticized Combs's decision saying the move would cost Texas jobs and discourage investment. The settlement announced in a joint statement issued by Combs and Amazon mentions that as part of the deal, the company would bring at least 2500 jobs and \$200 million capital investment to the state. The company said it would begin collection and payment of sales tax from July 1. Until now, Amazon has fought hard in every region of the country with laws that require companies with a physical presence to collect sales tax from consumers. Combs calculated that the company with its warehouse in Texas qualified for 'physical presence' and served a bill for \$269 million in uncollected sales tax. Physical competitors to the online retail giant have been complaining that Amazon's stance of being excluded from sales tax laws due to online operations adversely affected local competition which was unable to offer products competitively after paying sales tax. The deal comes one day after Amazon announced the profits for its first quarter that superseded all analysts' estimates and saw the company's stock move towards the sky. However, in a SEC filing on the same day, Amazon said it still holds that it never owed Texas any taxes, but had reached a settlement to avoid inconvenience. The national debate over whether online retailers would need to collect and pay local taxes in the same manner as local business remains unresolved. Combs said that "This is an important step in leveling the playing field in Texas ... However, Congress should enact federal legislation that will give states access to revenues that are already due, which would resolve this issue fairly for all retailers and all states." Amazon had also stated previously that it favors a nationally standardized approach to the problem and that it is impossible for online retailers to accurately calculate and collect local taxes. But the best part is business and jobs are growing.

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