

# Online Merchants Guild files lawsuit challenging Pennsylvania's pursuit of Amazon merchants for back taxes

USA, March 2, 2021 /EINPresswire.com/ -- Friday, [Online Merchants Guild](#) ("OMG") filed suit in the Middle District of Pennsylvania against Pennsylvania's Department of Revenue ("DOR"), seeking clarification of Wayfair protections.

- The lawsuit challenges recent actions taken by the DOR against Amazon sellers to collect past sales taxes that Amazon, not the individual merchants, owes.
- The lawsuit also challenges the assertion that Amazon choosing to store a small business owner's inventory within Pennsylvania, or any other state, is sufficient presence in the state to allow the state to demand income tax.
- Taken to its logical conclusion, a small business owner shipping 30 items to one Amazon facility in their home state and redistributed all over the country in Amazon's facilities could potentially result in a tax compliance obligation for the small business that is on par with Amazon itself, who has hundreds of tax workers at its disposal.

Paul Rafelson, OMG's Executive Director described the situation as seen by the Guild and its members.

"As detailed in our complaint this is yet another example of a state bullying small businesses in an attempt to make up for the misguided policy of allowing Amazon de-facto "most favored nation" status by allowing them for years to disregard their obligations to collect sales tax on items sold through their store. This overreaching pursuit of out of state small businesses with no connections to the state instead of the politically connected Amazon has led to violations of our members' civil rights.

Now these states want to cover some of their losses by going after small out-of-state businesses, with complete disregard for the unconstitutionality of said actions. This is a clear civil rights violation impacting hundreds of thousands of small businesses trying to eke out a living. It is simply easier to use threats to extract tax revenue from a small businesses than go up against Amazon a company viewed tax avoidance as a key competitive advantage from the beginning as evidenced by the following comment made by Jeff Bezos to Fast Company back in 1996

"I even investigated whether we could set up Amazon.com on an Indian reservation near San Francisco. This way we could have access to talent without all the tax consequences.

Unfortunately, the government thought of that first”

While I’m disappointed that yet another state is trying to reach across state lines into FBA merchants pockets I am very proud of our members for coming together in such a short timeframe to make challenging this overreach in court possible. We look forward to continuing to fight on behalf of our members as well as the entire FBA merchant community”

OMG will be represented by the following attorneys in this matter:

David Wilk of Lepley, Engelman, Yaw & Wilk (Williamsport, PA)

Aaron Block of the Block Firm, LLC (Atlanta, GA)

Paul Rafelson of Rafelson Schick, PLLC (Boca Raton, FL).

A full copy of the complaint filed on February 26th, can be found by clicking [here](#). Please direct all inquiries to [matt@onlinemerchantsguild.org](mailto:matt@onlinemerchantsguild.org)

About Online Merchants Guild – the Online Merchants Guild is a not-for-profit trade association organized under 501(c)(6) of the Internal Revenue Code. The Guild’s mission is to advocate for a free and fairly regulated online marketplace, and for the interests of small eCommerce merchants.

Media Manager

Online Merchants Guild

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