

Sales/Use/Indirect:

Arizona Tax Court Holds Online Retailer Lacked Nexus During Pre-Wayfair Periods at Issue

Case No. TX 2020-000778, Ariz. Tax Ct. (4/11/23). In a case involving an out-of-state online retailer during the “pre-Wayfair” Arizona transaction privilege tax (TPT) periods at issue (*i.e.*, for the audit period from April 1, 2013 through April 30, 2019) who sometimes worked with in-state suppliers to fulfill in-state orders, the Arizona Tax Court (Court) granted summary judgment for the retailer that under both US Supreme Court and Arizona precedent applicable during that timeframe, the online retailer lacked the requisite physical presence to generate a substantial nexus between its activity and the taxing jurisdiction. In doing so, the Court explained that under the facts the retailer’s Arizona suppliers were not selected to help it “establish a market in Arizona,” but rather were selected based on their ability to fulfill an order at the lowest price and ship it to the customer in the quickest manner. Please contact us with any questions.

URL: <https://superiorcourt.maricopa.gov/media/7954/tx2020-000778.pdf>

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