

The logo for Avalara features the word "Avalara" in a white, sans-serif font. The letter "A" is stylized with a white checkmark integrated into its left side. The background is a solid orange color with a pattern of overlapping, semi-transparent triangles in various shades of orange.

Avalara

Tax compliance done right

TAX TRENDS

Locally and Beyond

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The Avalara logo is positioned in the bottom right corner of the slide. It features the word "Avalara" in a white, sans-serif font. The letter "A" is stylized with a white checkmark integrated into its left vertical stroke. The background of the slide is a dark blue grid with various circles in shades of blue and orange scattered across it.

DISCLAIMER

While we hope you'll find this discussion helpful, this session is for informational purposes only and is not legal or tax advice.

AMANDA DISCLAIMER

I would never dare call myself a tax expert but as the go-between, I see and hear about a lot of changes, help implement them, and make sure our businesses are ready for them.



Agenda

01 The Tax Conundrum

02 Local Tax Trends

03 US Tax Trends

04 Court Cases

05 Global Trends in E-Invoicing

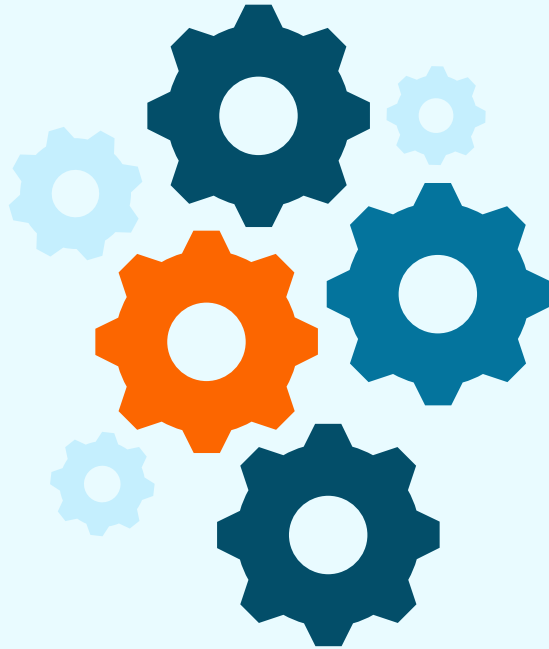
06 Q&A



> **The Tax Conundrum**

Fair, Funded, Feasible

Municipalities need enough revenue to fund services—but must avoid overburdening residents and businesses.



Everyone has to pay their fair share

1. Share the load across residents, visitors, and businesses.
2. Use clear, uniform definitions.
3. Ensure economically challenged households aren't hit the hardest.

Adequate funds, better outcomes

1. Align revenue with costs of services; using seasonality/tourism.
2. Broaden and modernize tax base (remote/marketplace sales) to reduce volatility.
3. Build resilience with conservative forecasts and stabilization reserves.

Doable today, sustainable tomorrow

1. Keep rules simple to administer.
2. Make compliance easy and give consistent guidance.
3. Realistic and proactive enforcement capacity.



> **Local Tax Trends**

THE 49TH STATE

- No state sales tax! Local rules carry more weight
- Local structure largely set by each community (home-rule flexibility)
- Patchwork of rates, caps, and exemptions
- Vast geography, lowest population density
- Major seasonal tourism seasonality
- Destination sourcing and marketplace/remote seller complexity
- Remote commerce and delivery
- Limited administrative capacity
- All while keeping it business friendly



Local trends, updates, and discussions



Online & Marketplace Sales - Getting Revenue In-State

Clearer nexus - Removal of 200 transaction threshold

Uniform code via ARSSTC - one registration/return

More out-of-state sellers registered, steadier local receipts, fewer loopholes.



Seasonal tax rates

Align with peak visitor demand, ease burden on residents

Can smooth budgets but add complexity



Local Rate Increases

Rising service costs driving upward rate pressure

Not getting the tax dollars in the same way*



Exemptions to balance the burden

Everyday essentials - grocery, utilities, prescription drugs

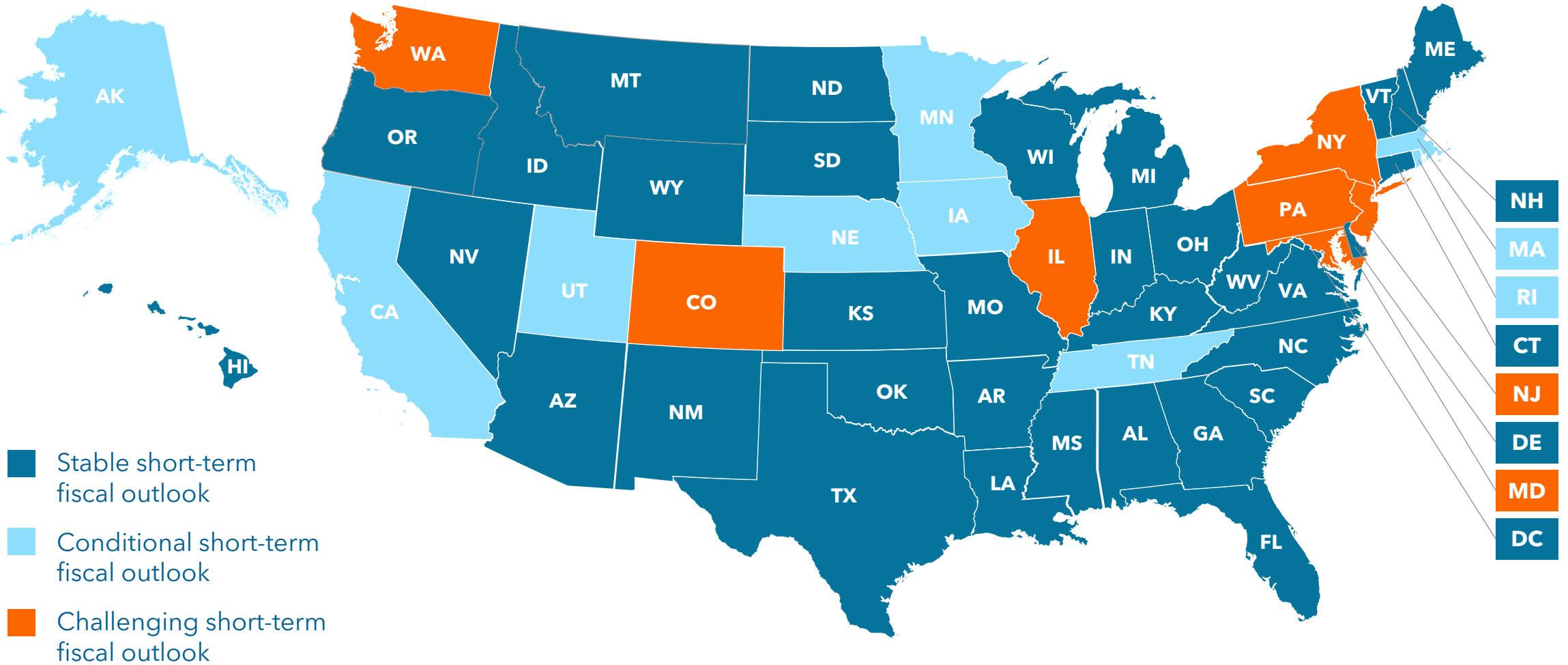
Resident relief - seniors, at-risk households

Business & economic activity - wholesale, commercial fishing, timber, nonprofits



> **US Tax Trends**

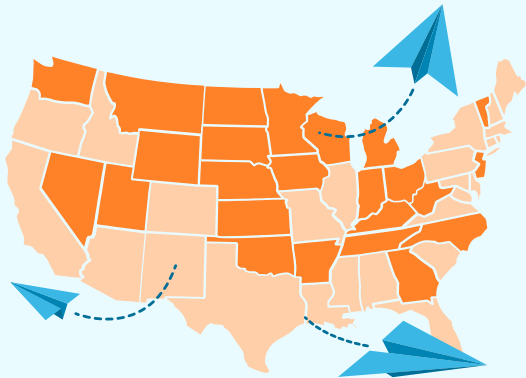
How will state revenues fare in the upcoming years?



Source: [Multistate](#) collection of state revenue estimates. Data as of January 15, 2025

> **Tariff Turmoil**

August-October at-a-glance



Reciprocal tariffs and trade deals

Effective Sept 8, agencies can implement tariff changes by notice once a trade/security deal is finalized. Under the U.S.–EU framework, the EU intends to eliminate tariffs on U.S. industrial goods (pending EU process).”

Japan

Baseline 15% tariff on nearly all Japan-origin imports; autos & parts capped at 15%. Retroactive to August 7 (refunds per CBP process).

EU

U.S.: 15% baseline tariff on most EU goods, with carve-outs (e.g., aircraft/parts, some chemicals, generics) and separate treatment for steel/aluminum. EU: intends to eliminate tariffs on U.S. industrial goods (pending approval).

Canada

Effective Sept 1, Canada removed 25% retaliatory tariffs that were introduced in March 2025 on USMCA-qualifying U.S. goods.

Tariffs on steel, aluminum, autos remain in effect.

CBP + end of de minimis

De minimis ended August 28. Postal carriers may delegate duty collection/remittance to a qualified party to maintain operational continuity post de minimis.

Organic sugar

Organic sugar prices are projected to jump about 30% after steep tariffs and new high-tier duties take effect Oct. 1.

More than 90% of organic sugar used by U.S. manufacturers is imported.

Proposed trade deal frameworks



Canada

35% tariff on Canadian goods not covered by USMCA



The EU

Baseline 15% tariff across most sectors. 50% on steel and aluminum will remain.



Japan

15% cap on Japanese exports across all sectors. 50% on steel and aluminum remains



China

IEEPA tariffs on Chinese imports held at ~30%, to be reviewed on November 10



Taiwan

Proposed 32% tariff decreased to 20%



Switzerland

Proposed 31% tariff increased to 39%



Mexico

Proposed 30% IEEPA tariff paused for another 90-days



India

Proposed 26% tariff decreased to 25%, then increased to 50%



Vietnam

20% tariff on most Vietnamese exports, 40% tariff on goods deemed transshipped. Many U.S. exports could be duty-free



Brazil

50% tariff on most Brazilian imports, 10% on exempt items, 76.4% on beef



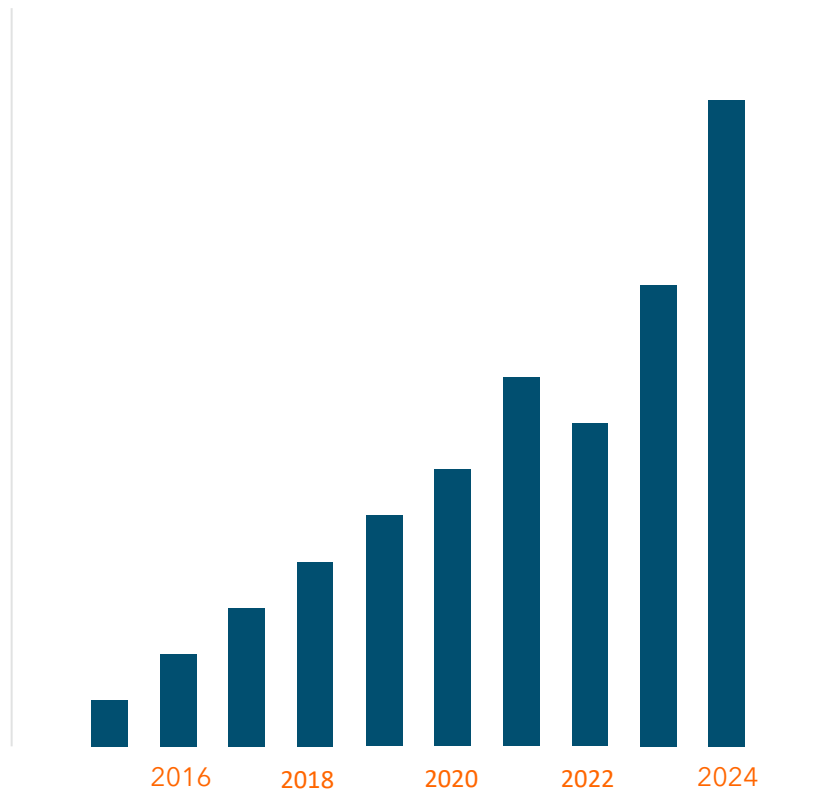
Indonesia

19% tariff on Indonesian exports, 99% of U.S. goods could be duty-free, plus removal of non-tariff barriers

End of de minimis exemptions

Evolving eliminations

VOLUME OF 'DE MINIMIS' SHIPMENTS TO THE US



Source: US Customs and Border Protection; National Bureau of Economic Research, [c/o BBC](#)

May
2

Duty-free de minimis treatment ends for goods from China and Hong Kong under \$800

August
29

Duty-free de minimis treatment ends for all countries' imports under \$800

What this means for global trade compliance

- Low-value international postal shipments are subject to applicable tariffs or to a flat duty ranging from \$80 to \$200 per item, depending on the country of origin.
- Carrier requirements may now include reporting shipments, proper tariff code, content information, maintain international bonds, and remit duties to CBP.
- CBP may require formal entry for any package.

End of de minimis exemptions

What changed and when

- Before Aug 29, 2025
 - ✓ Shipments \leq \$800 entered duty-free under Section 321
 - ✓ Simplified processes (Entry Type 86), minimal data
- After Aug 29, 2025
 - All imports must be filed in ACE
 - Entry Type 1 (formal): $>$ \$2,500
 - Entry Type 11 (informal): most low-value shipments
- Detailed documentation required, **including 10-digit HTS code**
- Postal shipments still require HTS codes + fees (e.g., 54% or \$200 for Chinese goods)



No more “duty-free” small shipments



Higher compliance costs



Exposure to full tariff rates



Need to review supply chain, customs processes, and cost models

U.S. courts challenge IEEPA tariffs

Timeline of events, 2025

The Supreme Court has ordered expedited briefing with a deadline around **October 30**. Oral argument is scheduled for **first week of November**.



May 28

CIT ruling

May 29

Stay granted

July 31

En Banc Oral Arguments

August 29

Federal circuit ruling

Sept.

Supreme Court Appeal

The CIT ruled that President Trump exceeded his IEEPA authority by imposing “Liberation Day” tariffs and permanently blocked their enforcement.

Federal Circuit Appeals Court granted a temporary administrative stay, allowing the tariffs to remain in effect while the government appeals.

The full Federal Circuit (en banc) heard arguments, with media reporting skepticism toward the Trump administration’s position.

The Appeals Court upheld the CIT ruling that Trump lacked IEEPA tariff authority, but stayed enforcement until Oct. 14 pending Supreme Court appeal.

The Trump administration officially petitioned the U.S. Supreme Court for review, underscoring the high-stakes nature of the case.

The background of the slide is a solid orange color with a pattern of semi-transparent, overlapping triangles in various shades of orange, creating a geometric, abstract design.

› **States Rethink Income Tax and Property Tax**

Income and property tax reductions

States may need to adjust plans to reduce income tax and/or property tax.



↓ **Texas** Governor signed bills to lower property tax, requiring voter approval in November.

↓ **Florida** is considering reducing or eliminating taxes on homesteaded properties.

↓ **Tennessee** Senate advanced an amendment to ban state property tax.

↓ **Iowa** lowered its individual income tax rate to 3.8% in 2025

↓ **Georgia** could be the next state to eliminate the state income tax.

↓ **Kansas's** proposed "Freedom from Taxes Fund" would eliminate some sales tax exemptions and gradually eliminate state income tax and state property taxes (most property taxes are local).



> **Modernizing the Tax Base**

Maryland taxes data, information, and technology services

Effective July 1, 2025

HB 352 APPLIES

3%

SALES AND USE
TAX TO:

Computer systems design

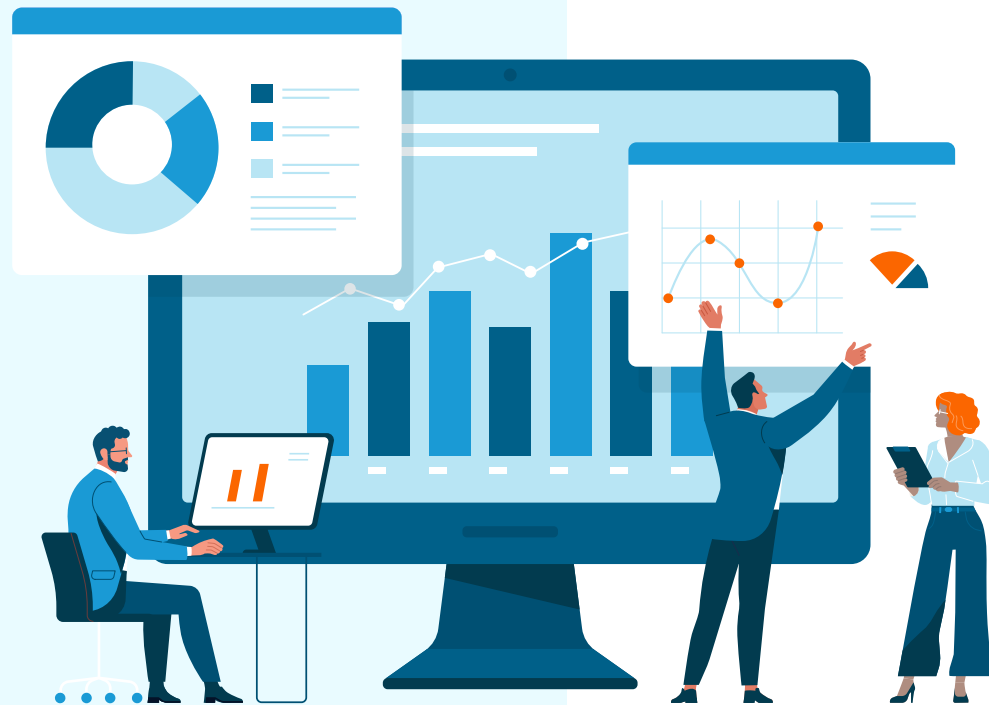
Data processing

Information services, including web search portals, libraries, and archives

Technology services

System software or application software publishing services

Web hosting



Washington state taxes advertising and IT services

Effective October 1, 2025

SB 5814

expands retail sales and use tax to:

Advertising services	Web campaign planning
Custom software and websites	Website traffic analysis
IT services	Investigation and security
Lead generation optimization	Live presentations
Online referrals	Temporary staffing
Search engine marketing	

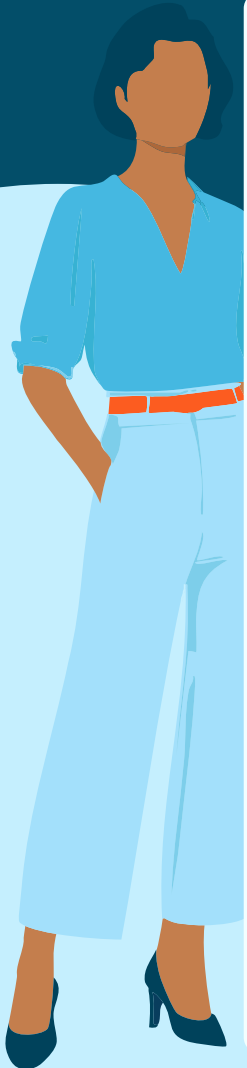
SB 5814

excludes services connected to:

- Newspapers (RCW 82.04.214)
- Printing or publishing (RCW 82.04.280)
- Radio and television broadcasting
- Out-of-home advertising (e.g., billboards, transit signage, event displays)



Efforts to broaden tax base in other states



TAX NEBRASKA

- Chartered flights
- Cleaning of clothing
- Dating services
- Hair care (except for the cutting of hair)
- Marketing and telemarketing
- Nail care and skin care
- Personal instruction for dance
- Golf or tennis
- Travel agency services

States pursuing taxes on various services

- Minnesota
- Nebraska
- New Jersey
- Virginia

States pursuing taxes on digital services

DIGITAL ADVERTISING

Michigan, Montana, New York, Rhode Island

ONLINE ADVERTISING

Massachusetts

SOCIAL MEDIA

California

SOURCING OF DIGITAL SERVICES IS AMBIGUOUS

Momentum with retail delivery fees



Colorado HB 1144 attempted to eliminate the retail delivery fee but failed.



Washington Legislature Joint Transportation Committee published [a report](#) on the effect of a 30-cent RDF, but no bills have been introduced in 2025.



Connecticut, Hawaii, Indiana (struck), **Maryland, New York**, and **Vermont** have all proposed RDF legislation in 2025.



Three **Minnesota** bills seek to eliminate the retail delivery fee while two others would keep the RDF but remove it from clothing.



Oregon Road User Fee Task Force studied RDFs in a Report to the Oregon Legislative Assembly.

Opposing retailers join forces

Amazon, DoorDash, Google, Grubhub, Instacart, and nearly 30 other businesses are [actively opposing](#) online delivery taxes.

Sales Tax Holidays

A growing popular trend

Proposed sales tax holidays



A slice of time when sales tax doesn't apply to select goods that are normally taxable.

- Popular with lawmakers – visible, timely, and offer relief without changing tax code.
- Popular themes include back-to-school, disaster preparedness, and Second Amendment tax holidays.
- CBP may require formal entry for any package.

> **Sales Tax Amnesty Programs**

Tax amnesty and voluntary disclosure programs

A win for states and qualifying taxpayers



WASHINGTON

VDA for unreported investment income subject to business and occupation (B&O) tax
JULY 1, 2025-APRIL 30, 2026, AND
JULY 1, 2026-APRIL 30, 2027



ILLINOIS

Tax amnesty for all qualifying taxpayers
OCTOBER 1-NOVEMBER 15, 2025

Franchise tax and license fee amnesty
OCTOBER 1-NOVEMBER 15, 2025

Remote retailer tax amnesty
AUGUST 1-OCTOBER 31, 2026



NEW HAMPSHIRE

Tax amnesty for specific tax types
DECEMBER 1, 2025-FEBRUARY 15, 2026



INDIANA

Tax amnesty for all tax types
DATES TBD; MUST START at least EIGHT WEEKS PRIOR TO JANUARY 1, 2027

Washington will also offer **tax amnesty for foreign remote sellers** starting February 2026.

This will be the first program of its kind.

(Source: Avalara Tax Desk blogs on [Illinois](#) and [Washington](#); [Council on State Taxation](#))



> **Economic Nexus Updates**

The evolution of economic nexus & marketplace laws

States are updating their threshold limits



Alaska

The [Alaska Remote Seller Sales Tax Commission](#) dropped Alaska's 200-transaction threshold beginning **January 1, 2025**.



Utah

[SB 47](#) removed Utah's 200-transaction threshold, effective **July 1, 2025**.



Illinois

[HB 2755](#) will eliminate Illinois' 200-transaction threshold and broaden marketplace requirements effective **January 1, 2026**.

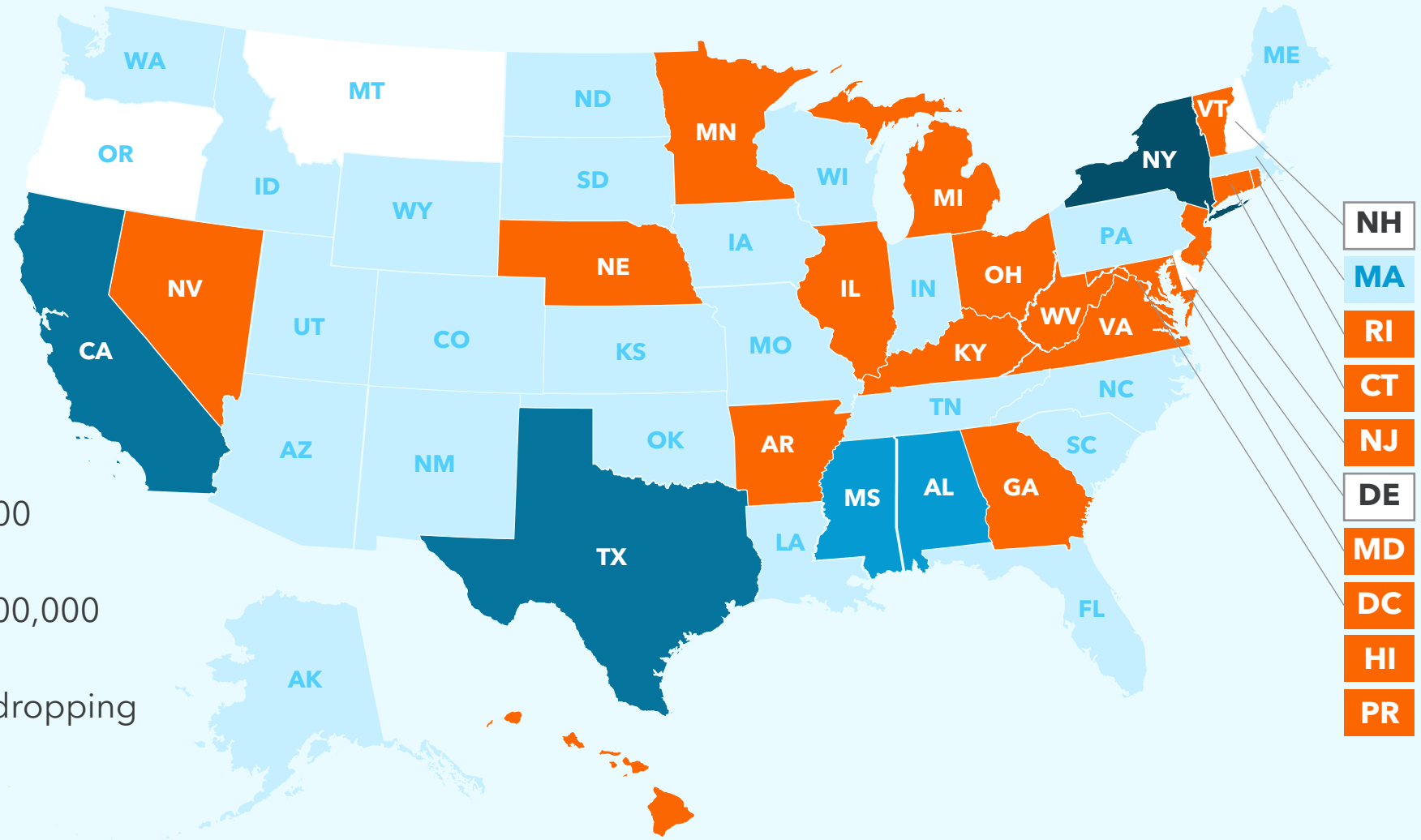


Louisiana

[Act 82](#) added accommodations intermediaries to the scope of marketplace facilitators as of **June 4, 2025**.

Economic nexus thresholds by state*

- \$500,000
- \$250,000
- \$100,000 **or** 200 transactions
- \$100,000
- Does not have economic nexus law



- Connecticut's threshold is gross receipts of \$100,000 **and** 200 retail transactions
- New York's threshold is \$500,000 **and** 100 transactions
- Recent activity with states dropping their transaction threshold

* As of July 1, 2025

> **Trending court cases**

Trending court cases



Provision of Maryland's digital advertising tax found unconstitutional

- On August 15, 2025, the U.S. Court of Appeals for the 4th Circuit ruled the law's pass-through provision violates the First Amendment.
- It will prevent Maryland from prohibiting companies from passing the cost of tax on to consumers via fees, surcharges, etc.

Uber vs. Georgia

- Uber is appealing to the Georgia Supreme Court to reverse a decision from the Georgia Court of Appeals that it owes \$9 million in unpaid sales tax.

Comcast vs. Washington DOR

Comcast has sued Washington state and its DOR, alleging the new sales tax on advertising services is illegal. The tax is set to take effect October 1, 2025.

> **Global Tax Trends**

80+ countries have e-invoicing mandates

More are coming, some are delayed...



U.K.

HMRC launched a [consultation](#) on e-invoicing in Britain; could announce a proposal by November



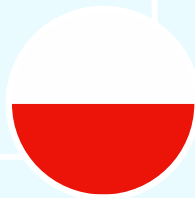
Germany

As of January 1, 2025, businesses must be able to receive e-invoices.



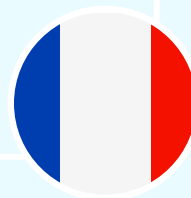
Poland

B2B e-invoicing postponed from July 2024 to February 1, 2026.



France

Postponed its e-invoicing mandate from July 2024 to September 2026.



Spain

Postposed launch to no sooner than 2027 due to doubt on technical specifications



Estonia

Businesses will be required to file B2B invoices electronically in 2027 (delayed from 2025).



Q&A

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