State and Local tax questions

**Q1**. In the book “E-Business, Principles &Strategies for Accountants” the authors “Glover, Liddle & Prawett” state the following:

“The taxing of online purchases had been and continues to be a hotly debated issue. State and local governments contend that they are missing out on a great deal of potential tax revenue if e-businesses are not required to pay local taxes as are brick and mortar companies. However, e-business owners argue that the cost of tracking and collecting taxes for what could amount to virtually every local municipality in the country would far outweigh the taxes they would be able to collect.

Under a 1992 Supreme Court ruling, mail-order companies are not required to collect sales taxes in the states where they do not maintain a physical presence (i.e. stores, warehouses, etc.). To this point, e-business companies have benefited from this same ruling. However, the big issue may very well end up being, what is the meaning of “physical presence” for the e-business company located on a web server? This could be of the potential importance to accountants specializing in tax compliance and planning services. The United States Congress granted a temporary internet tax moratorium”.

**(a)Please elaborate on issues raised by the above quote and give examples of how jurisdictions have already reacted. Also, discuss the status of the temporary moratorium and its impact on New York State taxpayers.**

**(b)Utilize cases & rulings discussed in the text that have no relationship to the internet, explain how each case would apply in income tax and sales tax situation in today’s cyberspace world.**

NB. The text in part (b) is:”State and Local taxes, Jerome R. Hellerstein-Warren Gorham &Lamont, 3rd edition.

**Q2 What is the current status of the effort to streamline sales and use tax reporting?**

**Q3 How is an S election made for NYS? For NJ? How does NYC deal with S Corporations?**

**Q4. What codes of conduct and ethical standards apply to tax professionals working in the areas of state and local taxes?**