MFA’s Dooming Impact

An Extreme Risk for Catalog & Mail-Order Retailers

Presented by Hamilton Davison, President & Executive Director
American Catalog Mailers Association
Americans Rely on Catalog & Mail-Order Shopping

- Nearly half of America buys from catalogs at least once per year.
- Nearly 10% of catalog shoppers place their orders using traditional mailed-in order forms.
- Nearly 22% of catalog shoppers (18 million) are over the age of 65.
- Nearly 20% of catalog shoppers (16 million) are between ages 55-64.
- Catalogs are especially important for rural Americans, shut-ins and the infirm.

For more on the social and cultural benefits from cataloging, see: http://bit.ly/14Atg7u
MFA Will Adversely Impact Catalog & Mail-order Commerce in Many Ways

 Businesses will Suffer…

**Cost of Compliance:** TruST research found that each mid-market & catalog retailer will spend:

- **$80-290K in Initial Setup Fees**
- **$57-260K in Yearly Maintenance Costs**

Beyond compliance costs... there are other concerns:

- Educating customers and consumer confusion
  - Anything that adds complexity to the order process depresses order rates

- Subjection to multiple audits
  - Underemployed accountants become commissioned bounty hunters???

- Subjection to over 9,600 taxation jurisdictions
  - Need for additional accounting staff and legal representation
There’s Vast Room for Error…

Exempt from taxation in Louisiana

Not exempt from taxation in New York
Customers Will Suffer…

- **Burdening the Consumer** – The responsibility for computing tax could encourage customers not to shop

- **Computing the Tax** - While the tax rate computation is simple math, the confusion comes in for issues like:
  - Non-standardized classification of products by each state
  - Ordering on a sales tax holidays
  - Penalty for miscomputation – who absorbs the difference?
And Many Rates to Review…

- AmeriMark Direct, mailer of several catalogs, would have to create a **54-page booklet** that explains to customers how to determine sales tax based on their state, explaining tax holidays, exemptions, rates.
Businesses will be Burdened & May Even Shutter...

“To collect and remit sales tax in all these jurisdictions is so undoable, I don’t think we’d be able to exist without a massive level of simplification – Terri Alpert, Founder &, CEO

For more details on the risk to business, see ACMA's Congressional testimony: [http://bit.ly/1HYci0Z](http://bit.ly/1HYci0Z)
LET'S MAKE THE MARKETPLACE FAIRNESS ACT TRULY FAIR

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