

# State Comptroller Ruling 3.334

## Local Sales and Use Tax

- Sales Tax Collection due at Point of Sale vs Destination
  - Sales on taxable items meeting the definition of Place of Business the sales tax is collected at point of sales order
  - Sales on taxable items not meeting the definition of Place of Business the sales tax is collected at point of destination
- Place of Business
  - Orders received in person
  - Orders received by sales personnel via mail, phone, fax, email with primary business location is a POB
- NOT a Place of Business
  - Order not received by sales personnel
  - Orders received by shopping website
  - Orders received by shopping software application

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- Rule 3.334 effective date October 1, 2021
- Temporary injunction on 3.334 (b)(5) delayed effective date Summer 2022
  - Orders not received by sales personnel, including orders received by a shopping website or shopping software application
- Impact to Pflugerville FY22 sales tax revenue
  - There are no known material negative impact to the City's top sales tax contributors
  - There is potential for sales tax growth due to additional collection of destination sourced purchases
  - Sales tax revenue for FY22 was based on historical growth only
    - FY19 – FY20: 17.5% annual growth
    - FY20 – FY21: 26.2% annual growth
    - FY21 – FY22: 12% budgeted growth