



DIRECT SELLING ASSOCIATION

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## **DIRECT SELLERS SUPPORT USING TECHNOLOGY TO FACILITATE COMMERCE**

### **Background**

Technology has changed every sector of the American economy. As technology has evolved, direct selling has continued to leverage this new technology to enhance the commerce of their companies and independent businesspeople. Direct sellers are effectively using technology by setting up individual distributor web pages and utilizing social media to engage with customers or provide information on products, and using the internet to facilitate ordering a distribution of products.

### **Position**

When purchasing products from a direct selling company, there is no remote independent seller. Items purchased through the company's website are credited to the customer's distributor or, in some cases, the closest distributor to the purchaser's location. All sales and use taxes from the products are paid and remitted to the state in which the distributor is located.

Requirements such as licensing and registration for an online presence would deter individuals from pursuing direct selling as a viable business opportunity. These requirements could also stifle direct selling businesses by creating barriers to the use of technology to grow and maintain their businesses.

### **Policy Alternatives**

Direct sellers pay required income and sales taxes to the state in which it is owed. DSA supports an exemption based upon 26 USC § 3508-the direct seller exemption under the U.S. Internal Revenue Service Code-for any legislation that would alter the means to which direct sellers are taxed or attempt to impose requirements for direct sellers who utilize online tools to conduct business.