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Connecticut Supreme Court decision finding sales and use tax nexus for an out-of-state bookseller is denied review by the US Supreme Court

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On October 9, 2012, the US Supreme Court [denied](#) the taxpayer's petition for certiorari in *Scholastic Book Clubs, Inc. v. Commissioner of Revenue Services*, thus rendering the Connecticut Supreme Court decision final. *Scholastic Book Clubs* held that that an out-of-state bookseller was liable for sales and use tax because local school teachers, who distributed flyers, took orders, and delivered books, were the seller's in-state representatives creating substantial nexus under the Commerce Clause. [Click here](#) for our summary of *Scholastic Book Clubs*.

In response to the October 9, 2012, denial, the Connecticut Department of Revenue Services issued a [statement](#), calling it a "victory for tax fairness." According to the Department, the decision "levels the playing field for Connecticut-based retailers who rightly collect and remit the sales tax."

A similar decision was handed down by the Tennessee Appeals Court in *Scholastic Book Clubs, Inc. v. Farr*, which held that an out-of-state book distributor, with no physical location or employees in Tennessee, was subject to sales and use tax because in-state teachers and schools created a marketing and distribution mechanism within the state, which created a substantial nexus ([Click here](#) for our summary of the



decision). The Tennessee Supreme Court denied review. On September 20, 2012, the taxpayer [requested review by the US Supreme Court](#).

Let's talk

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