



# Anneken, Huey & Moser<sup>PLLC</sup>

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Here's the Tax Beat broadcast for August 13

Subject Line: Houston, We Have a Tax Problem

The law has always had a problem with altitude. Here on Earth, we can draw neat little lines on a map and call them borders. We can assign them to taxing authorities and know who collects what. But the higher you go, the fuzzier things get. Airspace law is still a little like a neighborhood feud about where the fence belongs, except the "fence" is somewhere above the clouds. And if we can't agree on who controls the sky, how do we decide who gets to tax outer space?

That's the big question in University of Florida Professor Erika Isabella Scuderi's upcoming *Nebraska Law Review* article: *On Sovereignty, Outer Space, and Taxation*. It reads like a crash course in cosmic tax policy. Airspace law has evolved mostly in response to airplanes, drones, and satellites. But once you move beyond the atmosphere into the black expanse where gravity is more of a suggestion than a rule, the concept of "sovereignty" gets even slipperier. There are treaties, sure, but they're mostly designed to protect space from nuclear weapons and nuclear waste. Taxes? That's barely on the radar.

And yet, the stakes are enormous. The space economy is real. Private companies are launching constellations of satellites, beaming internet around the globe, mapping the planet in HD, and even plotting to mine asteroids for precious metals. There's money to be made, and you can bet tax authorities are eventually going to want a piece. But whose piece? The country where the satellite was built? Where it's controlled from? Where the signals are received? Or does some yet-to-be-created "Space Tax Authority" get to plant a flag on that revenue stream?

If that sounds far-fetched, remember the *Star Wars* saga began with the Galactic Empire blockading Naboo to force payment of new trade tariffs on hyperspace shipping routes. Laws change fast when money is at stake. The difference is that in space, we're building the economy first and scrambling to write the rules after. It's like mining an asteroid before you've queried ChatGPT, "Isn't this technically grand theft space rock?"

Scuderi warns us that waiting until these questions turn into lawsuits would be a mistake. Right now, the rules are grounded, literally, in geography. Tax laws are written for Earthbound activity, where someone can point to a patch of dirt and say, "This is ours." But in the vacuum of space, there's no dirt, no fence, and no deed. Without a legal framework that anticipates commerce, we're courting cosmic chaos. If you think multinational corporations and fat cat 1%ers are good at hiding income in places like Ireland or the Cayman Islands, just imagine how much they can stash in space!

It's not hard to picture the fights that could break out. Imagine a company mining an asteroid, processing the metals in an orbital refinery, then selling them to a buyer on Earth. Does the mining revenue belong to the country where the company is headquartered? The country that launched the spacecraft? The country

where the metals land? Or is it all fair game for whoever grabs it first? Without agreed-upon rules, every launch could come with an extra payload of international litigation.

It's a fun mental exercise to imagine the IRS issuing guidance on depreciating lunar colonies or deducting hyperdrive fuel. But Scuderi's point isn't just for laughs. It's a warning that as the space economy accelerates, tax collectors can't afford to keep their feet on the ground. If we want to avoid a mess of competing claims, diplomatic standoffs, and interplanetary tax havens, it's time to start drafting rules now – before the first lunar IPO hits the markets and the accountants have to figure out whether “zero gravity” applies to withholding rates. And without rules, how are we going to help you pay less?

Kevin

