

SLAC Issue
Assigned by GB in January 2011
Discussed at SLAC May 3, 2011

If a state has an exemption certificate that requests information not included in the Streamline exemption certificate may that state not provide liability relief if a seller only collects the information required on the Streamline exemption certificate?

Discussion: if a state has data fields on a non-SST exemption certificate, that are in addition to the data fields required on the SST exemption certificate, can the state deny the seller relief from liability if those additional data fields are not completed?

- A state has additional, non SST, exemption certificates that include all SST data requirements, plus state required additional data fields. Assume the certificate is obtained by the seller within the minimum 90-day period.

Which of the following 2 statements do you agree with:

1. State, absent fraud, must give liability relief to seller if purchaser does not complete additional data fields, but does complete all SST data fields. State may pursue purchaser for additional information.
2. State, absent fraud, is not required to give liability relief to seller when purchaser completes all SST data fields, but does not complete all non-SST data fields.

Section 317C:

Each state shall relieve a seller of the tax otherwise applicable if the seller obtains a fully completed exemption certificate or captures the relevant data elements required under the Agreement within 90 days subsequent to the date of sale. A member state may provide for a period longer than 90 days for the seller to obtain necessary information.

Rule 317.1 – Simplified Administration Process

A. Administrative Issues

1. Identifying Information of Purchasers Claiming Exemption from Tax. Unless waived by a state pursuant to Section B7, a seller shall obtain the following information from a purchaser who claims exemption from tax: its name, address, type of business (see A2 below), reason for exemption (see A4 below), ID number required by the state to which the sale is sourced, state and country issuing ID number and, if a paper form is used, a signature of the purchaser.

2. Identification of business type. A purchaser claiming exemption from tax shall select one of the following business type--codes to identify its type of business:

- | | |
|--|---------------------------------------|
| a. Accommodation and food services | k. Transportation and warehousing |
| b. Agricultural, forestry, fishing and hunting | l. Utilities |
| c. Construction | m. Wholesale trade |
| d. Finance and insurance | n. Business services |
| e. Information, publishing and communications | o. Professional services |
| f. Manufacturing | p. Education and health-care services |
| g. Mining | q. Nonprofit organization |
| h. Real Estate | r. Government |
| i. Rental and leasing | s. Not a business |

j. Retail trade

t. Other _____

3. Exemption Reason Coding System. All sellers and governing board states shall adopt the following exemption reason coding system to assist member states in identifying purchasers whose eligibility to claim exemption should be verified.

4. Reason for exemption. A purchaser claiming exemption from tax shall select one or more of the following reason codes for claiming exemption from tax:

- | | |
|--|--|
| a. Federal government | g. Resale |
| b. State or local government | h. Agricultural production |
| c. Tribal government | i. Industrial production/manufacturing |
| d. Foreign diplomat | j. Direct pay permit |
| e. Charitable organization | k. Direct mail |
| f. Religious or educational organization | l. Other _____ |

5. Uniform paper exemption certificate. Member states shall adopt the uniform paper exemption certificate developed for use by member states and adopted by the Governing Board. [See SSUTA § 317.A.3.]

- a. A member state shall not customize the uniform exemption certificate except to gray out exemption reason types not authorized by a particular state's law.
- b. A member state shall accept the uniform paper exemption certificate or the electronic form described in A7 below for all exemptions.
- c. A member state shall allow purchasers and sellers to use substitute exemption certificates if they contain the same information as the uniform exemption certificate.

6. ID numbers. The following provisions shall apply to member states with regard to ID numbers required from purchasers claiming exemption from tax:

- a. Each member state shall be permitted to choose whether to require an ID number. A state has the option to require a number for some exemptions, e.g., resale, but not for others, e.g., farmers.
- b. If a member state requires the use of an ID number, it shall require purchasers claiming exemption from tax to use only:
 - (i) A state-issued business number;
 - (ii) A state-issued exemption number;
 - (iii) A state-issued driver's license number; or
 - (iv) A United States federal ID number.
- c. Use of an ID number issued by a foreign government shall only be acceptable when claiming a resale exemption for purchases of services, other than services to real or tangible personal property.
- d. A member state shall not request a purchaser's social security number.
- e. A member state shall advise the Governing Board and the general public as to whether it requires a purchaser to provide an ID number to claim exemption from the tax.
- f. If a member state requires a purchaser to provide an ID number to claim exemption from tax, such member state shall advise the Governing Board and the general public as to which of the ID numbers set forth in (6)(b) above is required or allowed for each type of exemption claimed.

- g. A seller shall not be required to verify whether the purchaser has provided the correct ID number to claim exemption from the tax.

7. Electronic forms. The standard form for claiming an exemption electronically shall be a standard set of data elements (Standard Data Elements) that correspond to the information that the purchaser would otherwise provide the seller in the uniform paper exemption certificate at the time of purchase. The Standard Data Elements will be specifically identified by the Governing Board at the time the uniform paper exemption certificate is adopted. Once such Standard Data Elements are captured, a seller shall be deemed to have received a proper electronic exemption form.

8. Direct pay authority and direct mail. Direct pay authority and direct mail are reasons for claiming exemption from tax at the time of purchase and self-assessing tax to the appropriate state or states (see A4 above). Reason codes shall be established for tax exemptions for these purposes and listed on the uniform exemption certificate form in the “reason for exemption” section of the form.

9. Multistate Supplemental Form. Purchasers may complete the Multistate Supplemental Form as an attachment to a single exemption certificate when they regularly make exempt purchases from the same seller and the purchases from that seller will be sourced to different states. Purchasers shall identify the reason for exemption and the identification number (if required) for each state the purchaser wants to claim exemption from tax.

10. Fully Completed Exemption Certificate and Required Standard Data Elements to be captured.

Member states shall relieve a seller of the tax otherwise applicable if the seller obtains a fully completed paper exemption certificate or captures the Standard Data Elements from an electronic form.

- a. A fully completed paper exemption certificate includes all information fields requested on the Streamlined Sales and Use Tax Agreement’s Certificate of Exemption and Multistate Supplemental Form except for the exemption reason identification numbers requested in Section 5 of the paper Certificate of Exemption.
- b. The Standard Data Elements are the same as for a fully completed paper exemption certificate except the signature of the authorized purchaser is not required.
- c. A faxed exemption certificate is considered a paper exemption certificate and requires a signature.
- d. Sellers that enter the Standard Data Elements from a paper exemption certificate into electronic format are not required to retain the paper copy of the exemption certificate.