

Section 2. Tax Administration Practices					
<p>Disclosed Practice 9 – Administration of Exemptions NOTE: Additional explanatory information and examples can be found in Appendix E of the SSUTA.</p> <p>These tax administration practices address how a member state administers exemptions that appear on the SST exemption certificate when the transaction is sourced to the state. Not all states allow all of the exemptions listed on the SST exemption certificate. In addition, some exemptions may have limitations or be limited in some manner.</p> <p>The phrase “exemption certificate” includes both paper exemption certificates and the capture of the required data elements.</p> <p>Sellers are not required to validate a purchaser’s ID number or to know whether a purchaser is required to be registered in a state.</p> <p>Purchasers may be held liable for the tax, interest, and penalties on a transaction if the purchaser improperly issues an exemption certificate to the seller.</p> <p>Unless otherwise noted, States should respond to every disclosed practice question/statement. A state is not required to answer a question if that question is the subject of on going litigation in the state. States should provide links to statutes, regulations or published guidance addressing any limitations to an exemption.</p>		<p>Does Your State Follow this Practice?</p>		<p>If You Answered No, Describe the Difference Between the Practice as Adopted by the Governing Board and Your State's Treatment. Add Additional Comments if Desired.</p>	
Reference Number	Disclosed Practice 9.1 – General – Seller Requirements - SSUTA Sec. 317 provides the following specific practices that apply to the	Yes	No	Statute/Rule Cite	Comment

	administration of exemptions and exemption certificates.				
9.1.A.	Member states are asked to affirm that they comply with the following requirements. Does your state comply with all the following requirements? If no, indicate in the Comment column.				
9.1.A.i.	The seller is not required to verify the purchaser's ID number or determine the purchaser's registration requirements. (SSUTA Rule 317.A.6.g)				
9.1.A.ii.	The seller is required to maintain proper records of exempt transactions and provide those records to the state when requested in the form in which it is maintained. Those records may be provided in paper or electronic format. (SSUTA Sec. 317.A.6)				
9.1.A.iii.	A seller may not accept an exemption certificate for an entity-based exemption on a sale if the subject of the transaction is actually received by the purchaser at a location operated by the seller within the designated state if the state				

	does not allow such an entity-based exemption. (SSUTA Sec. 317.B)				
9.1.A.iv.	A drop shipper may accept an ID number to claim the resale exemption as provided below in the Purchaser's Requirements. The ID number may include an ID number issued by another state. This may result in the same ID number being listed for more than one state. (SSUTA § 317.A.8)				
9.1.B.	Your state requires a seller to renew blanket exemption certificates if more than 12 months elapses between transactions. If no, indicate in the Comment column the period the certificate remains valid.				
9.1.C.	A seller is required to obtain the exemption certificate at the time of sale or within 90 days of the sale to receive liability relief provided in Section 317.C. of the SSUTA. (SSUTA Sec. 317.C) If the period allowed is longer than within 90 days of the sale, indicate in the Comment column the acceptable period of time to obtain an exemption certificate.				
	Disclosed Practice 9.2 -Purchaser Requirements				
Reference Number	Disclosed Practice 9.2.A. – Sales for Resale ID number Requirements, including drop	Yes	No	Statute/Rule Cite	Comment

	shipments (Sellers – see Seller Requirements in 9.1)				
9.2.A.1.i.	Your state requires a purchaser that is required to be registered to collect sales and use tax in your state to include <u>your state's</u> state-issued sales tax or resale number on an exemption certificate it provides to its seller to claim an exemption from sales/use tax when purchasing for resale.				
9.2.A.1.ii.	Indicate below if your state accepts the following ID numbers for a purchaser that is not required to be registered to collect sales and use tax in your state on an exemption certificate it provides to its seller to claim an exemption from sales/use tax when purchasing for resale. Note: If accepted but not required, note in the Comment column.				
9.2.A.1.ii.a.	A business registration number issued by your state , other than a sales tax or resale number.				
9.2. A.1.ii.b.	If the purchaser does not have a business registration number issued by your state, then a state-issued sales tax or resale number from any state .				
9.2.A.1.ii.c.	If the purchaser does not have a business registration number issued by any state, then a U.S. Federal Employer ID number (FEIN).				

9.2.A.1.ii.d.	If the purchaser does not have a state issued sales tax or resale number from any state, a business registration number issued by any state, other than a sales tax or resale number.				
9.2.A.1.ii.e.	If the purchaser is not required to be registered and does not have the ID number in a through d above, then a state issued driver's license number.				
9.2.A.1.ii.f.	If your state accepts any other ID number, indicate in the Comment column the type of number it accepts and when it can be used.				
9.2.A.1.ii.g.	If a foreign purchaser does not have any of the ID numbers identified above, does your state accept the tax ID number issued by the foreign country (e.g., VAT) on purchases for resale?				
9.2.A.1.ii.h.	Does your state require an ID number when claiming an exemption for resale if the purchaser does not have any ID number listed in 9.2.A.1.ii.a. through 9.2.A.1.ii.g.?				
	9.2.B. - Direct Sales to the Federal Government (See 9.2.L and M for information on sales to contractors and other third parties who have contracts with the Federal Government)	Yes	No	Statute/Rule	Comment
9.2.B.1.	Does your state have a statutory exemption, which may be limited, for direct sales to the Federal Government (including transactions with payment by government credit cards that are paid direct by the government)?				

9.2.B.2.	<p>Is an exemption certificate or other documentation required when the purchaser is claiming exemption as the Federal Government?</p> <p>If yes, enter documentation required in the Comment column.</p>				
9.2.B.3	<p>Is the name of the federal agency making the purchase required?</p>				
9.2.C.	<p>9.2.C. – Direct Sales to Your State Government (See 9.2.L and M for information on sales to contractors and other third parties who have contracts with your State Government)</p>	Yes	No	Statute/Rule	Comment
9.2.C.1.	<p>Does your State have a statutory exemption, which may be limited, for sales to your State or State agencies from your state?</p> <p>If no, go to 9.2.D.</p>				
9.2.C.2.	<p>Is the State or State agency required to apply for an exemption number from your state?</p> <ul style="list-style-type: none"> • Yes (State or State agency contacts state to apply for exemption number) • No (exemption applies, does not require state approval) <p>If yes, indicate in the Comment column if the exemption number is required to be provided on the exemption certificate or other documentation when claiming this exemption.</p>				

9.2.C.3.	<p>Is an exemption certificate or other documentation required when the purchaser is claiming exemption as your State?</p> <p>If yes, enter documentation required in the Comment column.</p>				
9.2.D.	<p>9.2.D. – Direct Sales to a Local Government located in your state (See 9.2.L and M for information on sales to contractors and other third parties who have contracts with a Local Government located in your state)</p>	Yes	No	Statute/Rule	Comment
9.2.D.1.	<p>Does your state have a statutory exemption, which may be limited, for sales to a Local Government located in your state?</p> <p>If no, go to 9.2.E.</p>				
9.2.D.2.	<p>Is the Local Government required to apply for an exemption number from your state?</p> <ul style="list-style-type: none"> • Yes (Local Government contacts state to apply for exemption number) • No (exemption applies, does not require state approval) <p>If yes, indicate in the Comment column if the exemption number is required to be provided on the exemption certificate or other documentation when claiming this exemption.</p>				
9.2.D.3.	<p>Is an exemption certificate or other documentation required when the purchaser</p>				

	<p>is claiming exemption as a Local Government located in your state?</p> <p>If yes, enter documentation required in the Comment column.</p>				
9.2.E.	<p>9.2.E. - Direct Sales to State Government located in another state (See 9.2.L and M for information on sales to contractors and other third parties who have contracts with State Government from other states)</p>	Yes	No	Statute/Rule	Comment
9.2.E.1.	<p>Does your state have a statutory exemption, which may be limited, for sales to a State Government from another state?</p> <p>If no, go to 9.2.F.</p>				
9.2.E.2.	<p>Is the State Government from the other state required to apply for an exemption number from your state?</p> <ul style="list-style-type: none"> • Yes (Other State contacts state to apply for exemption number) • No (exemption applies, does not require state approval) <p>If yes, indicate in the Comment column if the exemption number is required to be provided on the exemption certificate or other documentation when claiming this exemption.</p>				

9.2.E.3.	<p>Is an exemption certificate or other documentation required when purchaser is claiming exemption as a State from another state?</p> <p>If yes, enter documentation required in the Comment column.</p>				
9.2.F.	<p>9.2.F. –Direct Sales to a Local Government located in another state(See 9.2.L and M for information on sales to contractors and other third parties who have contracts with the Local Government from another state)</p>	Yes	No	Statute/Rule	Comment
9.2.F.1.	<p>Does your state have a statutory exemption, which may be limited, for sales to a Local Government located in another state?</p> <p>If no, go to 9.2.G.</p>				
9.2.F.2.	<p>Is the Local Government located in another state required to apply for an exemption number from your state?</p> <ul style="list-style-type: none"> • Yes (Local Government contacts state to apply for exemption number) • No (exemption applies, does not require state approval) <p>If yes, indicate in the Comment column if the exemption number is required to be provided on the exemption certificate or other documentation when claiming this exemption.</p>				

9.2.F.3.	<p>Is an exemption certificate or other documentation required when purchaser is claiming exemption as a Local Government located in another state?</p> <p>If yes, enter documentation required in the Comment column.</p>				
9.2.G.	<p>9.2.G.- Direct Sales to Tribal Governments or Entities (See 9.2.L and M for information on sales to contractors and other third parties who have contracts with the Tribal Governments)</p>	Yes	No	Statute/Rule	Comment
9.2.G.1.	<p>Does your state’s sales tax agency have published guidance for the treatment of sales to Tribal Governments, Tribal Entities or Tribal members?</p> <p>If yes, provide links to any published guidance in the Comment column.</p>				
9.2.H.	<p>9.2.H. – Sales to Foreign Diplomats</p>	Yes	No	Statute/Rule	Comment
9.2.H.1.	<p>Does your state’s sales tax agency have published guidance for any exemptions, which may be limited, for sales to a Foreign Diplomat?</p>				
9.2.H.2.	<p>Is an exemption certificate or other documentation required when the purchaser is claiming exemption as a Foreign Diplomat?</p>				

	If yes, enter documentation required and the acceptable ID numbers in the Comment column.				
9.2.I.	9.2.I. – Direct Sales to Charitable Organizations (See 9.2.L and M for information on sales to contractors and other third parties who have contracts with a Charitable Organization)	Yes	No	Statute/Rule	Comment
9.2.I.1.	Does your state have a statutory exemption, which may be limited, for sales to Charitable Organizations? If no, go to 9.2.J.				
9.2.I.2.	Is the Charitable Organization required to apply for an exemption number from your state? <ul style="list-style-type: none"> • Yes (Charitable Organization contacts state to apply for exemption number) • No (exemption applies, does not require state approval) If yes, indicate in the Comment column if the exemption number is required to be provided on the exemption certificate or other documentation when claiming this exemption.				
9.2.I.3.	Is an exemption certificate or other documentation required when the purchaser is claiming exemption as a Charitable Organization?				

	If yes, enter documentation required in the Comment column.				
9.2.I.4.	Is your state's own state-issued exemption ID number required when claiming exemption as a Charitable Organization? If no, indicate in the Comment column which ID numbers are acceptable.				
9.2.I.5.	Does your state's exemption for sales to Charitable Organizations apply to Charitable Organizations located in another state? If no go to 9.2.J.				
9.2.I.6.	Does your state have different requirements for claiming an exemption as a Charitable Organization located in your state than a Charitable Organization located in another state? If yes, indicate the differences in the Comment column				
9.2.J.	9.2.J.- Direct Sales to Religious Organizations (See 9.2.L and M for information on sales to contractors and other third parties who have contracts with a Religious Organization)	Yes	No	Statute/Rule	Comment
9.2.J.1.	Does your state have a statutory exemption, which may be limited, for sales to a Religious Organization?				

	If no, go to 9.2.K.				
9.2.J.2.	<p>Is the Religious Organization required to apply for an exemption number from your state?</p> <ul style="list-style-type: none"> • Yes (Religious Organization contacts state to apply for exemption number) • No (exemption applies, does not require state approval) <p>If yes, indicate in the Comment column if the exemption number is required to be provided on the exemption certificate or other documentation when claiming this exemption.</p>				
9.2.J.3.	<p>Is an exemption certificate or other documentation required when the purchaser is claiming exemption as a Religious Organization?</p> <p>If yes, enter documentation required in the Comment column.</p>				
9.2.J.4	<p>Is your state's own state-issued exemption ID number required when claiming exemption as a Religious Organization? If no, the state should indicate the documentation required in the Comment column.</p>				
9.2.J.5.	<p>Does your state's exemption for sales to Religious Organizations apply to Religious Organizations located in another state?</p> <p>If no go to 9.2.K.</p>				

9.2.J.6.	<p>Does your state have different requirements for claiming an exemption as a Religious Organization located in your state than Religious Organization located in another state?</p> <p>If yes, indicate the differences in the Comment column.</p>				
9.2.K.	9.2.K. - Direct Sales to Educational Organizations (See 9.2.L and M for information on sales to contractors and other third parties who have contracts with an Educational Organization)	Yes	No	Statute/Rule	Comment
9.2.K.1.	<p>Does your state have a statutory exemption, which may be limited, for sales to an Educational Organization?</p> <p>If no, go to 9.2.L.</p>				
9.2.K.2.	<p>Is the Educational Organization required to apply for an exemption number from your state?</p> <ul style="list-style-type: none"> • Yes (Educational Organization contacts state to apply for exemption number) • No (exemption applies, does not require state approval) <p>If yes, indicate in the Comment column if the exemption number is required to be provided on the exemption certificate or</p>				

	other documentation when claiming this exemption.				
9.2.K.3.	<p>Is an exemption certificate or other documentation required when the purchaser is claiming exemption as an Educational Organization?</p> <p>If yes, enter documentation required in the Comment column.</p>				
<u>9.2.K.4.</u>	<p>Is your state's own state-issued exemption ID number required when claiming exemption as a Educational Organization?</p> <p>If no, the state should indicate the documentation required in the Comment column.</p>				
9.2.K.5.	<p>Does your state's exemption for sales to Educational Organizations apply to Educational Organizations located in another state?</p> <p>If no go to 9.2.L.</p>				
9.2.K.6.	<p>Does your state have different requirements for claiming an exemption as an Educational Organization located in your state than <u>as an</u> Educational Organization located in another state?</p> <p>If yes, indicate the differences in the Comment column.</p>				

9.2.L.	9.2.L. -Sales to Construction Contractors for sales of construction materials incorporated into real property construction activities for the specified organizations. This does not include sales for resale. (see below)	Yes	No	Statute/Rule	Comment
9.2.L.1.	<p>Does your state have a statutory exemption or published guidance, which may be limited, for sales to construction contractors for construction materials incorporated into real property by that contractor for the following entities?</p> <p>If yes, indicate any documentation required or provide a link to the published guidance in the Comment column.</p> <p>If no, go to 9.2.M.</p>				
9.2.L.1.i.	Federal Government				
9.2.L.1.ii.	State Government located in your State				
9.2.L.1.iii.	State Government located in other States				
9.2.L.1.iv.	Local Government located in your State				
9.2.L.1.v.	Local Government located in other States				
9.2.L.1.vi.	Tribal Governments, Tribal entities or Tribal members				

9.2.L.1.vii.	Charitable Organizations located in your State				
9.2.L.1.viii.	Charitable Organizations located in other States				
9.2.L.1.ix.	Religious Organizations located in your State				
9.2.L.1.x.	Religious Organizations located in other States				
9.2.L.1.xi.	Educational Organizations located in your State				
9.2.L.xii.	Educational Organizations located in other States				
9.2.M.	9.2.M. -Sales to third parties who are providing services or performing contracts not related to real property.				
9.2.M.1.	<p>Does your state have a statutory exemption or published guidance, which may be limited, for sales to third parties who are providing services or performing contracts not related to real property for the following entities?</p> <p>If yes, indicate any documentation required or provide a link to the published guidance in the Comment column.</p> <p>If no, go to 9.2.N.</p>				
9.2.M.1.i.	Federal Government				

9.2.M.1.ii	State Government located in your State				
9.2.M.1.iii	State Government located in other States				
9.2.M.1.iv.	Local Government located in your State				
9.2.M.1.v.	Local Government located in other States				
9.2.M.1.vi.	Tribal Governments, Tribal entities or Tribal members				
9.2.M.1.vii.	Charitable Organizations located in your State				
9.2.M.1.viii	Charitable Organizations located in other States				
9.2.M.1.ix.	Religious Organizations located in your State				
9.2.M.1.x.	Religious Organizations located in other States				
9.2.M.1.xi.	Educational Organizations located in your State				
9.2.M.1.xii.	Educational Organizations located in other States				
9.2.N.	9.2.N.- Sales of Products used in Agricultural Production	Yes	No	Statute/Rule	Comment

<p>9.2.N.1.</p>	<p>Does your state have a statutory exemption, which may be limited, for products used in Agricultural Production?</p> <p>If yes, provide link to any published guidance issued by your state’s sales tax agency for the treatment of any published guidance sales of products used in Agricultural Production in the Comment column?</p> <p>If no, go to 9.2.0.</p>				
<p>9.2.N.2.</p>	<p>Is the purchaser required to apply for an exemption number from your state in order to claim the Agricultural Production exemption?</p> <ul style="list-style-type: none"> • Yes (purchaser contacts state to apply for an exemption number) • No (exemption applies, does not require state approval) <p>If yes, indicate in the Comment column if the exemption number is required to be provided on the exemption certificate or other documentation when claiming this exemption.</p>				
<p>9.2.N.3.</p>	<p>Is an exemption certificate or other documentation required when the purchaser is claiming exemption for Agricultural Production?</p> <p>If yes, enter documentation required in the Comment column.</p>				

<u>9.2.N.4.</u>	Does your state's Agricultural Production Exemption apply to Agricultural Production Entities located in another state?				
9.2.N.5	Is your state's own state-issued exemption ID number required when claiming exemption for Agricultural Production? If no, indicate in the Comment column which ID numbers are acceptable.				
<u>9.2.N.6.</u>	<u>Does your state have different requirements for claiming an Agricultural Production exemption by a purchaser located in your state than by a purchaser located in another state?</u> <u>If yes, indicate the differences in the Comment column.</u>				
9.2.0.	9.2.0. – Sales of products used in Industrial Production/Manufacturing	Yes	No	Statute/Rule	Comment
9.2.0.1.	Does your state have a statutory exemption, which may be limited, for sales of products used in Industrial Production/Manufacturing? If no, go to 9.2.P.				
9.2.0.2.	Is the purchaser required to apply for an exemption number from your state? <ul style="list-style-type: none"> • Yes (purchaser contacts state to apply for exemption number) 				

	<ul style="list-style-type: none"> No (exemption applies, does not require state approval) <p>If yes, indicate in the Comment column if the exemption number is required to be provided on the exemption certificate or other documentation when claiming this exemption.</p>				
9.2.0.3.	<p>Is an exemption certificate or other documentation required when the purchaser is claiming exemption for sales of products used in Industrial Production/Manufacturing?</p> <p>If yes, enter documentation required in the Comment column.</p>				
<u>9.2.0.4.</u>	<p>Does your state's Industrial Production/Manufacturing Exemption apply to Industrial Production/Manufacturing Entities located in another state?</p>				
9.2.0.5.	<p>Is your state's own state-issued exemption ID number required when claiming exemption for Industrial Production/Manufacturing?</p> <p>If no, the state should indicate in the Comment column which ID numbers are acceptable.</p>				
<u>9.2.0.6.</u>	<p><u>Does your state have different requirements for claiming an Industrial Production/Manufacturing exemption by a purchaser</u></p>				

	<p><u>located in your state than by a purchaser located in another state?</u></p> <p><u>If yes, indicate the differences in the Comment column.</u></p>				
9.2.P.	9.2.P. - Sales of Direct Mail	Yes	No	Statute/Rule	Comment
9.2.P.1.	<p>Does your state allow the purchaser to claim direct mail and assume responsibility for directly reporting tax to the appropriate taxing jurisdictions?</p> <p>If no, go to 9.2.Q.</p>				
9.2.P.2.	<p>Is an exemption certificate or other documentation required when a purchaser claims direct pay responsibility for Direct Mail?</p> <p>If yes, enter documentation required in the Comment column.</p>				
9.2.Q.	9.2.Q. - Direct Pay Permit	Yes	No	Statute/Rule	Comment
9.2.Q.1.	Does your state authorize direct pay permits? (SSUTA Sec. 326)				
9.2.Q.2.	Is an exemption certificate, direct pay permit or other documentation required when Direct Pay Permit holder is claiming Direct Pay authority?				

	If yes, enter documentation required in the Comment column.				
9.2.Q.3.	Does the state require an ID number when the Direct Pay Permit holder is claiming Direct Pay authority?				
9.2.Q.4.	Is the state's own state-issued exemption ID number required when the Direct Pay Permit holder is claiming Direct Pay authority? If no, indicate in the Comment column which ID numbers are acceptable.				

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