

# Streamlined Sales Tax

EXEMPTION  
ADMINISTRATION

# Key Features: Exemption Administration - Good Faith

- Sellers are not liable for policing improper practices of buyers
- Seller has limited knowledge of buyer operations
- States have information to pursue buyers that claim improper exemptions
- Uniform data requirements are advantageous to multistate sellers
- Simplified certificate requirements and seller liability relief will be of great benefit to in-state and single state sellers
- Purchasers may use the Streamlined Exemption Certificate in all Streamlined Member States.
- A purchaser does not need to be registered through SSTRS to use the Streamlined Exemption Certificate.
- Specific drop shipper rules.
- Allows for individual state's exemption specific numbers.
- Sellers are relieved of any liability for an otherwise taxable transaction.
- A purchaser remains liable for the tax on an erroneously claimed exemption (including any applicable penalties and interest).
- Sellers have 90 days after the date of the sale to collect certificate. (120 days if under audit)

# Streamlined Sales and Use Tax Exemption Certificate

- States adopting the SSUTA are required to administer sales tax exemption certificates in compliance with the provisions of SSUTA (i.e., § 317).
- Sellers that comply with the exemption certificate provisions of SSUTA are relieved of any liability for an otherwise taxable transaction.
- A purchaser remains liable for the tax on an erroneously claimed exemption (including any applicable penalties and interest).
- Satisfy the seller's responsibility to sell a product without collecting tax from a purchaser and preventing the seller from subsequently being liable for the sales and use tax on that sale.
- Allows purchasers to claim an exemption from tax for the purchase of a taxable product and to accept responsibility for any subsequent tax liability on the purchase.
- Come in various forms and versions.

# SSTGB Form F0003, SSUTA Exemption Certificate



## Streamlined Sales Tax Certificate of Exemption

**Do not send this form to the Streamlined Sales Tax Governing Board. Send the completed form to the seller and keep a copy for your records.**

This is a multi-state form for use in the states listed. Not all states allow all exemptions listed on this form. The purchaser is responsible for ensuring it is eligible for the exemption in the state it is claiming the tax exemption from. Check with the state for exemption information and requirements. The purchaser is liable for any tax and interest, and possible civil and criminal penalties imposed by the state, if the purchaser is not eligible to claim this exemption.

1.  Check if this certificate is for a single purchase. Enter the related invoice/purchase order # \_\_\_\_\_

2. **A. Purchaser's name** \_\_\_\_\_

**B. Business address** \_\_\_\_\_ **City** \_\_\_\_\_ **State** \_\_\_\_\_ **Country** \_\_\_\_\_ **Zip code** \_\_\_\_\_

**C. Name of seller from whom you are purchasing, leasing or renting** \_\_\_\_\_

**D. Seller's address** \_\_\_\_\_ **City** \_\_\_\_\_ **State** \_\_\_\_\_ **Country** \_\_\_\_\_ **Zip code** \_\_\_\_\_

3. **Purchaser's type of business.** Check the number that best describes your business.

<input type="checkbox"/> 01 Accommodation and food services	<input type="checkbox"/> 08 Real estate	<input type="checkbox"/> 15 Professional services
<input type="checkbox"/> 02 Agriculture, forestry, fishing, hunting	<input type="checkbox"/> 09 Rental and leasing	<input type="checkbox"/> 16 Education and health-care services
<input type="checkbox"/> 03 Construction	<input type="checkbox"/> 10 Retail trade	<input type="checkbox"/> 17 Nonprofit organization
<input type="checkbox"/> 04 Finance and insurance	<input type="checkbox"/> 11 Transportation and warehousing	<input type="checkbox"/> 18 Government
<input type="checkbox"/> 05 Information, publishing and communications	<input type="checkbox"/> 12 Utilities	<input type="checkbox"/> 19 Not a business
<input type="checkbox"/> 06 Manufacturing	<input type="checkbox"/> 13 Wholesale trade	<input type="checkbox"/> 20 Other (explain) _____
<input type="checkbox"/> 07 Mining	<input type="checkbox"/> 14 Business services	

4. **Reason for exemption.** Check the letter that identifies the reason for the exemption.

<input type="checkbox"/> A Federal government (Department) * _____	<input type="checkbox"/> H Agricultural Production *
<input type="checkbox"/> B State or local government (Name) * _____	<input type="checkbox"/> I Industrial production/manufacturing *
<input type="checkbox"/> C Tribal government (Name) * _____	<input type="checkbox"/> J Direct pay permit *
<input type="checkbox"/> D Foreign diplomat # _____	<input type="checkbox"/> K Direct Mail * _____
<input type="checkbox"/> E Charitable organization *	<input type="checkbox"/> L Other (Explain) _____
<input type="checkbox"/> F Religious organization *	<input type="checkbox"/> M Educational Organization *
<input type="checkbox"/> G Resale *	

\* see Instructions on back (page 2)

5. **Identification (ID) number:** Enter the ID number as required in the instructions for each state in which you are claiming an exemption. If claiming multiple exemption reasons, enter the letters identifying each reason as listed in Section 4 for each state.

ID number	State/Country	Reason	ID number	State/Country	Reason
AR			NV		
GA			OH		
IA			OK		
IN			RI		
KS			SD		
KY			TN		
MI			UT		
MN			VT		
NC			WA		
ND			WI		
NE			WV		
NJ			WY		

6. **I declare that the information on this certificate is correct and complete to the best of my knowledge and belief.**

Signature of authorized purchaser \_\_\_\_\_ Print name \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

## Streamlined Sales and Use Tax Exemption Certificate Instructions

Sections 1-6 are required information. A signature is not required if in electronic form.

**Section 1:** Check the box for a single purchase and enter the invoice number. If the box is not checked, this certificate is considered a blanket certificate and remains effective until cancelled by the purchaser if purchases are no more than 12 months apart, unless a longer period is allowed by a state.

**Section 2:** Enter the purchaser's and seller's name, street address, city, state, country and zip code.

**Section 3 Type of Business:** Check the number that best describes the purchaser's business or organization. If none of the categories apply, check 20 and provide a brief description.

**Section 4 Reason for Exemption:** Check the letter that identifies the reason for the exemption. If the exemption you are claiming is not listed, check "L Other" and provide a clear and concise explanation of the exemption claimed. Not all states allow all exemptions listed on this form. The purchaser must check with that state for exemption information and requirements.

### Section 5 Identification ID Number:

#### Purchaser's Instructions:

Enter the ID number as required in the instructions below for each state in which you are claiming an exemption. Identify the state or if a foreign ID, the country the ID number is from. If multiple exemption reasons are being claimed enter the letters identifying the reasons for exemption as listed in Section 4 for each state.

**ID Numbers for Exemptions other than resale:** You are responsible for ensuring that you are eligible for the exemption in the state you are claiming the tax exemption. Provide the ID number to claim exemption from sales tax that is required by the taxing state. Check with that state to determine your exemption requirements and status.

Foreign diplomats and consular personnel must enter their individual tax identification number shown on their sales tax exemption card issued by the United States Department of State's Office of Foreign Missions.

**ID Numbers for Resale Purchases (Including Drop Shipments):** If you are claiming a purchase is not subject to tax because it is for resale (Exemption Reason G.) and you are:

- Required to be registered in the state you are claiming the tax exemption:** Provide your sales tax ID number issued by that state. If claiming exemption in OH and registration is not required in the state, enter any tax ID number issued by OH. If claiming exemption in MI and registration is not required in the state, enter "Not Required".
- Not registered in the state you are claiming the tax exemption:** Provide your sales tax ID number issued by any state.
- Not required to register for sales tax and you do not have a sales tax identification number from any state:** Enter -Your FEIN.  
-If you do not have a FEIN, enter a different state-issued business ID number.  
-If you do not have any state-issued business ID number or FEIN, enter your state driver's license number.
- A foreign purchaser and you do not have an ID number described in 1, 2 or 3:** The following states will accept the tax ID number (e.g., VAT number) issued by your country: AR, IN, KS, KY, ND, NJ, OK, RI, SD, TN, UT, WA, WY. All other states require an ID number as listed in 1, 2 or 3.

**If you do not have any of the ID numbers listed in 1 thru 4:** You are not required to list an ID number for the following states: NE, OH, SD, WI. Enter "Not Required" and the reason for exemption for that state. All other states require an ID number.

#### Seller's Instructions

The seller is not required to verify the purchaser's ID number or determine the purchaser's registration requirements. (GA requires the seller verify the purchaser's ID number.) 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. These certificates may be provided in paper or electronic format.

The seller is not liable for any tax, interest, or penalty if the purchaser improperly claims an exemption or provides incorrect information on the certificate, provided all the following conditions are met:

- The fully completed exemption certificate is provided to the seller at the time of sale or within 90 days subsequent to the date of sale;
- The seller did not fraudulently fail to collect the tax due; and
- The seller did not solicit customers to unlawfully claim an exemption.

**Note:** A seller may not accept a certificate of exemption for an entity-based exemption on a sale made at a location operated by the seller within the designated state if the state does not allow such an entity-based exemption.

**Drop Shipper Instructions:** The drop shipper may accept an ID number to claim the resale exemption as provided above in the Purchaser's Instructions. The ID number may include an ID number issued by another state. This may result in the same ID number being used for multiple states to claim the resale exemption (e.g., a retailer or marketplace seller may only be required to register for sales tax in one state).

# Exemption Certificate Requirements

What information is required for an “Exemption Certificate” to be “fully completed?”

Under the Agreement, a seller has a valid exemption certificate if the seller obtains the following information (standard data elements) from a purchaser (can be retained via paper or electronically):

- Purchaser’s name and address;
- Type of business (*see* Rule 317.1.A.2 for specific business types);
- Reason(s) for exemption (*see* Rule 317.1.A.4 for exemption types);
- ID number required by the state where the sale is sourced; and
- If paper is used (including fax), signature of the purchaser.

**Note:** The seller’s name and address are not required and should not be considered when determining if certificate is fully complete. A Seller’s Legal Name or DBA is acceptable.

**Note:** A seller that enters data elements from paper into an electronic format is not required to retain the paper certificate.

# Exemption Certificate Requirements

- A member state may require a purchaser to provide an identification number to the seller at the time of the sale to claim exemption. However, a seller is not required to verify the identification number.
- A member state may allow direct pay permits, exemption certificates, or another means as proof of exemption that does not burden sellers.
- A member state shall allow all sellers (in-state and out-of-state sellers) to accept the SSUTA exemption certificate form.
- Each member state is required to post the form on the state revenue agency's website.
- Member states shall gray out any entity-based exemptions that are not applicable in their state when they post the SSUTA Exemption Certificate on their website.

# Purchaser Identification Number Requirements (Resale)

If the purchaser is claiming a purchase is not subject to tax because it is for resale and the seller is:

1. Required to be registered in the state they are claiming the tax exemption: the sales tax ID number issued by that state. If claiming exemption in OH and registration is not required in the state, enter any tax ID number issued by OH. If claiming exemption in MI and registration is not required in the state, enter "Not Required".

2. Not registered in the state they are claiming the tax exemption: the sales tax ID number issued by any state.

3. Not required to register for sales tax and they do not have a sales tax identification number from any state: Enter

- their FEIN.
- If they do not have a FEIN, enter a different state-issued business ID number.
- If they do not have any state-issued business ID number or FEIN, enter their state driver's license number.

4. A foreign purchaser and they do not have an ID number described in 1, 2 or 3: The following states will accept the tax ID number (e.g., VAT number) issued by their home country: AR, IN, KS, KY, ND, NJ, OK, RI, SD, TN, UT, WA, WY. All other states require an ID number as listed in 1, 2 or 3.

If the seller does not have any of the ID numbers listed in 1 thru 4: The seller is not required to list an ID number for the following states: NE, OH, SD, WI. Enter "Not Required" and the reason for exemption for that state. All other states require an ID number.



# Fully Completed Exemption Certificates

The “fully completed” requirement applies regardless of when the exemption certificate is received.

Note: The seller’s name and address are not required and should not be considered when determining if certificate is fully complete.

# Can an Otherwise Complete Exemption Certificate Still be Invalid?

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Yes, a member state is not required to accept an otherwise complete exemption certificate if the seller:

1. Fraudulently fails to collect the tax, or
2. Solicits purchasers to participate in the unlawful claim of an exemption, or
3. A seller may not accept a certificate of exemption for an entity-based exemption on a sale made at a location operated by the seller within the designated state if the state does not allow such an entity-based exemption.

# Invalid Exemption Certificates that are Fully Completed

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Absent of fraud on the seller's part, if the purchaser provides a fully completed exemption certificate to the seller within 90 days of the sale, the state auditor must accept the certificate.

If the state auditor believes the exemption claimed is invalid, the auditor should obtain as much information as possible about the transaction and follow applicable procedures for possible assessment against the purchaser.



# 120-Day Rule

Within 120 days after receiving a request for substantiation of exempt sales from a member state, a seller with missing or incomplete exemption certificates must provide:

- A fully completed exemption certificate **taken in good faith** from the purchaser, or
- other information **taken in good faith**

to the state establishing that the transaction was not subject to the tax.

# 120-Day Rule

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The 120-day rule starts after a request for substantiation by a member state of missing or incomplete certificates.

A general notice of intention to conduct an audit on a seller's exempt sales is not sufficient to trigger the start of the "120-day" period.

# Good Faith Standards

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“**Good faith**” means that the exemption claimed on an exemption certificate must be:

- statutorily available on the date of the transaction in the jurisdiction where the transaction is sourced,
- applicable to the item being purchased, and
- reasonable for the purchaser’s type of business.

# Good Faith Standards

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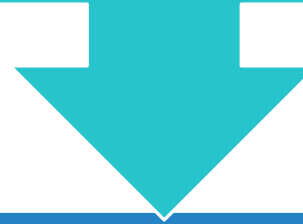
Member states may use the “good faith” standard when reviewing exemption information received from the seller after the seller was notified of the “120-day” period to obtain missing or incomplete certificates.

The “good faith” standards do not apply when reviewing fully completed exemption certificates received at the time of sale or within 90-days from the date of sale.

Application of the “good faith” standard to exemption certificates received after the 90-day period from the date of sale is based on state policy, procedure, or law.

# Handling Exemption Certificates in an Audit

If an exemption certificate is subject to “good faith standards,” an auditor can examine the validity of the certificate (or other documentation retained by a seller).



A certificate (or other documentation) can be considered invalid if:

Not completed (still complete if all SSUTA Exemption Certificate information on the form is provided);

Exemption claimed does not exist; or

Not reasonable for the seller to believe that the purchaser is entitled to the exemption.

# Relief from Tax Liability

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Member states must provide sellers relief from tax liability for an exempt transaction if the seller has obtained a fully completed exemption certificate, or other documentation at the time of sale, or within 90 days of the sale.

Exception: Liability is not relieved even if received within 120 days of notice if:

- the seller had knowledge or had reason to know that the information provided was materially false, or
- the seller knowingly participated in activity intended to purposefully evade the tax.

# Burden of Proof Claiming a Certificate is Materially False Within 120-day Period

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The state must establish that the seller had knowledge or had reason to know at the time the information was provided that the information was materially false for a transaction to be considered taxable.

# Blanket Exemption Certificate

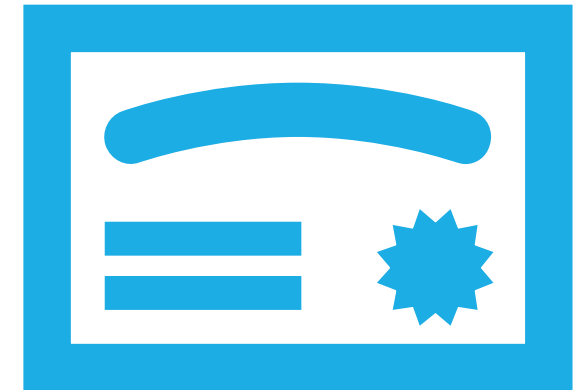
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Member states are required to allow blanket exemption certificates for all exemption purposes.

Member states may require purchasers to update exemption certificate information or to reapply with the member state to claim certain exemptions.

Member states may not request sellers to provide renewal of blanket certificates or updates of exemption certificate information or data elements when there is a recurring business relationship between the purchaser and the seller.

A recurring business relationship exists when a period of no more than twelve months elapses between sales transactions.





# References and Resources

Information based on the Streamlined Sales and Use Tax Agreement–  
Section 317 – Administration of Exemptions

Section 317.1 – Simplified Administration Process

(<https://www.streamlinedsalestax.org/library?SelectedDocumentType=Agreement+Documents>)

Form F0003 – Certificate of Exemption and Instructions

(<https://www.streamlinedsalestax.org/Shared-Pages/exemptions>)

Multijurisdiction Uniform Sales & Use Tax Certificate  
can be found at [www.mtc.gov](http://www.mtc.gov) (Select resources and forms)

Your State's laws and regulations.