

In the Matter of the Protest of

Petitioner.

DECISION

request the exemption certificates. Petitioner made multiple efforts to obtain exemption certificates, but they secured only four. After sufficient time had passed and Petitioner demonstrated they could not obtain any additional exemption certificates, the Bureau issued a Notice, proposing tax on the remaining sales without a valid exemption certificate.

Petitioner responded to the Notice, submitting two additional exemption certificates for the Bureau's review and filing a protest claiming the Notice was issued in error. In the protest letter, Petitioner contended that the contact information for its customers was available to the Tax Commission and further asserted that it was the Tax Commission's responsibility to collect the sales tax. The Bureau reviewed the additional exemption certificates and modified the Notice, reducing the amount of taxable sales. Despite the adjustment, Petitioner maintained their objection to the Notice.

The Bureau forwarded the matter to the Tax Commission's Appeals Unit (Appeals) for administrative review. Appeals sent correspondence to Petitioner advising them of the options available to redetermine the Notice. Petitioner did not respond. The Tax Commission, having reviewed the matter, hereby issues this decision.

LAW AND ANALYSIS

Idaho Code section 63-3611(3)(h) states any retailer with over \$100,000 in gross sales within a single year is a retailer engaged in business in Idaho. In this case, the invoices Petitioner provided show yearly gross sales over \$100,000. Petitioner is required to comply with the obligations of a retailer in Idaho.

A retailer must charge sales tax on each retail sale unless the customer provides a valid exemption certificate as established under Idaho Code section 63-3619. In addition, IDAPA 35.01.02.68.02 states a retailer is responsible for collecting sales tax from its customers. Therefore,

Petitioner is required to collect and remit sales tax on all taxable sales when a valid exemption certificate was not obtained.

Idaho Code section 63-3622(a) states:

To prevent the evasion of the sales and use tax, it shall be presumed that all sales are subject to the taxes by the provisions of this chapter and the retailer shall have the burden of establishing facts giving rise to such exemption unless the purchaser delivers to the retail, or has on file with the retailer, an exemption certificate or resale certificate, in which case the purchaser shall bear the burden of establishing the facts given rise to the exemption.

Retailers are required to keep and maintain exemption certificates to substantiate any tax-exempt sale. Without a valid exemption certificate, all sales are subject to sales tax. Petitioner was given ample time to contact its Idaho customers, obtain exemption certificates and provide them to the Tax Commission to show the amount asserted is incorrect. Petitioner was unable to provide any additional documentation to support further reduction of the proposed tax shown in the modified Notice.

CONCLUSION

Petitioner is a retailer engaged in business in Idaho and is required to charge, collect, and remit sales tax on all taxable sales unless a valid exemption certificate is obtained. All sales are presumed taxable, and the burden of proving an exemption rests with the retailer.

Petitioner did not provide valid exemption certificates for all audited transactions and, despite additional time to submit supporting documentation, failed to establish exempt status for the remaining sales.

THEREFORE, the modified Notice is hereby APPROVED with interest calculated at the rate set forth in Idaho Code section 63-3045, in accordance with the provisions of this decision and is AFFIRMED and MADE FINAL.

IT IS ORDERED that Petitioner pay the following tax, and interest:

<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$11,098	\$1,392	\$12,490

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of Petitioner's right to appeal this decision is enclosed.

DATED this _____ day of _____ 2025.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2025,
a copy of the within and foregoing DECISION was served by sending the same by United States
mail, postage prepaid, in an envelope addressed to:

Receipt No.

[REDACTED]

[REDACTED]