

WHOLESALEERS

Idaho State Tax Commission
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This publication is intended to help wholesalers understand the sales tax laws that apply to their business. This information is based on the sales tax laws and rules in effect on July 1, 1997.

Who is a Wholesaler?

A wholesaler is someone who sells goods that will be resold by the purchaser. A wholesaler can also be someone who leases goods to a company that leases or rents the goods to someone else.

Are Sales of Wholesale Goods Taxable?

No, if the buyer will resell the goods and properly completes a resale form.

What Forms Must the Buyer Give the Wholesaler?

There are two forms that apply to purchases for resale:

- 1) Form ST-101, Sales Tax Resale or Exemption Certificate.
- 2) Uniform Sales and Use Tax Certificate-Multijurisdiction. This is the Multi-state Tax Commission form used only by businesses operating in multiple states.

Once either of these forms is on file with the wholesaler, it is valid for all of a customer's future exempt purchases for resale.

If I Have a Resale Form on File for a Customer, Do I Have to Charge Tax on Any of His Purchases?

You do not have to charge tax on goods your customer buys to resell. However, you must charge tax on goods that are not the kind resold by your customer's business.

Example: If you have a valid ST-101 on file from a restaurant owner, you are not required to charge tax on butter, catsup and meat sold to him. He will resell these items as part of the meals he sells. But when he buys garbage can liners and pots and pans, you must charge him sales tax because a restaurant does not sell those items.

Read Brochure #5 for more information on making exempt sales.

What About Customers Who Do Not Resell What They Buy?

When you sell to someone who does not resell your goods, you are acting as a retailer. Retailers must get a seller's permit and collect sales tax. Read Brochure #4 for more information.

Do Wholesalers Have to Have a Seller's Permit?

No. As long as you make only wholesale sales, you are not required to have a seller's permit. But if you make retail sales, you must get a seller's permit and collect and remit sales tax.

What About Purchases I Make for Resale?

When you purchase for resale, you must give your suppliers a completed form ST-101. You do not need a seller's permit to fill out this form; there is a block for wholesalers (who make no retail sales) to complete. Once this form is on file with your supplier, it is valid for all future purchases for resale.

What if All My Merchandise Suppliers Are Out of State?

Many out-of-state suppliers are registered to collect Idaho sales tax. If any of your merchandise suppliers are registered, you must give them a completed form ST-101 to buy from them without paying the tax. However, if none of your out-ofstate suppliers are registered to collect Idaho sales tax, a form generally is not required.

What About Other Goods I Buy to Use in My Business?

You should pay tax on goods you buy that are not for resale to your customers.

Examples:

- Merchandise display racks and equipment
- Cash registers and other selling equipment
- Cash register tape or sales invoices
- Flyers handed out to customers
- Price stickers (unless they contain special product information)
- Office equipment and supplies
- Warehouse shelving, equipment and supplies

For More Information, Read:

- Brochure #4 *Retailers*
- Brochure #5 *Retailers & Wholesalers: Making Exempt Sales*

This publication doesn't provide full explanations of Idaho tax laws or rules. For more information, contact:

- Idaho State Tax Commission: In the Boise area, 334-7660; Toll free, (800) 972-7660
- Hearing impaired: TDD (800) 377-3529
- tax.idaho.gov