

IDAHO TAX COMMISSION



RETAILERS AND
WHOLESALEERS:
MAKING EXEMPT SALES

CONTENTS

PAGE

How to Document Exempt Sales	2
Exempt Buyers	3
Direct Pay Authority	4
Customers Who Buy For Resale	5
The Production Exemption	7
Other Producer Exemptions	10
Contractor Exemptions	12
Other Exempt Goods and Buyers	13
Form ST-101	17
Production Exemption Stamp	19
Heat By Burning Stamp	19
For More Information	Back cover

This information is intended to help retailers and wholesalers understand the Idaho state sales tax laws that apply to their business. It is based on the sales tax laws and rules in effect on July 1, 2004.

Several cities and counties in Idaho impose a sales tax in addition to the state sales tax. The counties follow the state sales tax laws for the most part, and contract with the state to collect the tax for them. The cities, however, may have different exemptions and documentation requirements than those discussed here. Be sure to contact the city for information on its tax and reporting requirements. For a list of cities and counties with a local option sales tax, visit our Web site at tax.idaho.gov (click on FAQs, then Sales and Use Tax).

HOW TO DOCUMENT EXEMPT SALES

Idaho law exempts certain sales from tax if you keep proper documentation. Without this documentation, the sales are presumed to be taxable and you are liable for the tax you did not collect.

When a customer claims an exemption from sales tax, he must give you a properly completed resale or exemption form. In most cases, this form covers all exempt sales you make to this customer. But some forms apply only to the specific sale you are making. (These are explained later.)

When you have a properly completed form on file, you do not have to collect tax on sales that qualify for the exemption a customer is claiming. The forms approved by the Idaho State Tax Commission are:

- Form ST-101, Sales Tax Resale or Exemption Certificate
- Form ST-104-MV, Sales Tax Exemption Certificate - Vehicle
- Form ST-111, Sales Tax Exemption Claim - Grocer
- Form ST-104-G, Sales Tax Exemption Certificate for Cash Purchases by Government Entities
- Form ST-104-HM, Sales Tax Exemption on Lodging Accommodations Claimed by Government Employees Using Credit Card Payment
- Uniform Sales and Use Tax Certificate - Multijurisdiction (*used only by multistate businesses*)

The most commonly used form, the ST-101, is included in this brochure (see page 17). You can photocopy the sample or get a supply of forms from any Tax Commission office or from the Tax Commission Web site (see back cover). You can also get the other forms listed above from our Web site or Tax Commission offices.



EXEMPT BUYERS

Some buyers are exempt from sales tax on all of their purchases. You must keep the proper records to document the exempt sales. Without these records, you are liable for the tax you did not collect.

CERTAIN NONPROFIT ORGANIZATIONS

Most nonprofit organizations are not exempt from paying tax. However, the following nonprofit organizations are exempt from tax on all purchases if they give you a completed form ST-101, Sales Tax Resale or Exemption Certificate. Once this form is on file, it covers all of a customer's exempt purchases. The exempt nonprofit organizations are:

American Red Cross

Blind Services Foundation, Inc.

Centers for Independent Living

These are nonresidential centers run by disabled persons to provide independent living programs to people with a variety of disabilities. Qualifying centers currently include:

- Disability Action Center Northwest (DAC), Moscow & Coeur d'Alene
- Living Independence Network Corp. (LINC), Boise & Twin Falls
- Access for Idaho, Pocatello
- Eastern Idaho Center for Independence (EICI), Blackfoot & Idaho Falls

Emergency Medical Service (EMS) Agencies

Forest Protection Associations

Idaho Community Action Agencies

Idaho Foodbank Warehouse, Inc.

Health-Related Entities

American Cancer Society

American Diabetes Association

American Heart Association

The Arc, Inc.

Arthritis Foundation

Children's Home Society of Idaho

Community Health Centers that are members
of the Idaho Primary Care Association

Easter Seals

Family Services Alliance of Southeast Idaho

Idaho Cystic Fibrosis Foundation

Idaho Diabetes Youth Programs

Idaho Epilepsy League

Idaho Lung Association

Idaho Primary Care Association

Idaho Ronald McDonald House

Idaho Women's and Children's Alliance

March of Dimes

Mental Health Association

Muscular Dystrophy Foundation

National Multiple Sclerosis Society

Rocky Mountain Kidney Association

Special Olympics Idaho

United Cerebral Palsy

Hospitals

Only licensed nonprofit hospitals qualify. Nursing homes, most clinics, or similar institutions do not qualify.

Nonprofit Canal Companies

Schools

Only nonprofit colleges, universities, public charter schools, primary and secondary schools qualify. Schools primarily teaching subjects like business, dancing, drama, music, cosmetology, writing and gymnastics do not qualify. Auxiliary organizations (parent-teacher associations, alumni groups, etc.) do not qualify.

Senior Citizen Centers

The center must provide a wide variety of services and activities for older individuals, including health, social, nutritional, education, and recreation. Long-term care facilities do not qualify.

Volunteer Fire Departments

OTHER EXEMPT ENTITIES

The entities listed below are exempt from tax on all of their purchases. You must have a completed form ST-101 on file (unless a different form of documentation is specified). Once you get the form, it covers all of your sales to the exempt buyer. The exempt entities include:

Amtrak

Credit Unions (federal or state)

Banks and savings and loan companies do not qualify.

American Indian Tribes

Sales to individual American Indians are generally taxable. (See page 14 for more information.)

Idaho state, county and city government

Only Idaho governmental entities qualify. **Example:** Sales to the Idaho State Tax Commission, the Ada County Highway District or the Boise City Zoo are exempt. When other state governments, such as the Oregon Highway Department or the city of Seattle, make purchases in Idaho, they must pay tax. When an Idaho governmental agency makes purchases with cash, a form ST-104-G must be provided to the vendor. See U.S. Government below.

The U.S. Government

With credit sales, you must keep documents that show the sale was paid directly by the federal agency. Since it may be difficult to get form ST-101 from the proper authority, other forms of documentation are allowed. Keep any of the following:

- A completed form ST-101 from the purchasing agency
- The government purchase order
- The check stub
- The number from the federal warrant
- A photocopy of the Smart Pay card (the sixth digit of the account number must be either 1, 2, 3 or 4 to qualify)
- A photocopy of the government check

With cash sales, you must have the governmental agency give you a completed form ST-104-G, Sales Tax Exemption Certificate for Cash Purchases by Government Agencies. (This also applies to cash purchases by Idaho state, county and city government.) A new form must be filled out for each cash purchase. (You cannot accept this form from government employees paying cash for lodging or meals while on travel status. They must pay tax.)

DIRECT PAY AUTHORITY

Some taxpayers have direct pay authority. This means that they buy their goods exempt from tax and, if tax is due, pay it directly to the state instead of to the vendor. If you sell to a buyer who has direct pay authority, you do not have to charge tax if you are given a copy of the buyer's direct

pay authority letter from the Tax Commission. Once you have the letter on file, you can make all sales to the customer without charging tax until the expiration date on the letter.

Direct pay authority cannot be claimed when paying for hotel/motel/campground accommodations; sales taxes for lodging must be paid at the time the bill is paid. Nor can direct pay authority be transferred to a contractor who is hired to improve real property; the contractor must pay tax on his materials and supplies when he buys them.

CUSTOMERS WHO BUY FOR RESALE

When a customer is buying goods to resell, he must give you a completed form ST-101. The form must include:

- Business name and address,
- Primary nature of the business (see block #1 on form ST-101),
- Products sold or rented,
- Idaho seller's permit number (if the buyer is a retailer selling in Idaho), and
- Signature and date.

Wholesalers and out-of-state retailers do not need an Idaho seller's permit. When one of them completes the form, he must check either the block that indicates he is strictly a wholesaler with no retail sales, or that he is an out-of-state retailer with no Idaho business presence, (e.g. physical location, representatives or employees, etc.).

Multistate businesses may complete the Uniform Sales and Use Tax Certificate - Multijurisdiction instead of form ST-101. The multijurisdiction form requires the same information as the ST-101. See page 6 for a list of retailer responsibilities that apply to both forms.

Here are some typical customers who buy for resale and a sample list of goods that are nontaxable and taxable:

GROCERY STORES

Nontaxable: Goods that are put on the shelves for resale, and merchandise containers such as grocery bags, soft drink cups, deli containers, etc.

Taxable: Items not for resale, such as fixtures, display cases, office equipment, motor vehicles, office and warehouse supplies, price labels, stickers, ink, pricing guns, advertising materials, shelf labels, and cash register tape.

REPAIR SHOPS

Nontaxable: Parts and supplies sold to customers when repairs are done, such as fan belts, batteries and radiators sold to an auto repair shop; handlebars for a bike sold to a bicycle repair shop; or sublet repair work for which the repair shop will bill its customers and collect the tax.

Taxable: Items not sold to customers, such as sandpaper, degreaser, masking tape, welding gases and other shop supplies; hand tools and shop equipment; advertising supplies, such as calendars; and office supplies and equipment.

BOWLING ALLEYS

Nontaxable: Shoes rented to bowlers and bowling supplies that are displayed for sale, such as wrist braces, bowler towels, etc. If the bowling alley sells drinks or food, see "Food and Drink Sales" below for items it can buy exempt.

Taxable: All equipment and supplies used by the bowling alley, such as alley balls, score sheets, bowling pins, pin setting equipment, automatic scoring equipment, shoe spray, prizes to give away, office equipment and supplies, etc.

FOOD and DRINK SALES (restaurants, bars, drive-ins, etc.)

Nontaxable: Goods that become a part of the product sold to the customer and goods that the customer consumes in such a way that they cannot be reused, such as food, drink ingredients, paper plates, disposable plastic cups, straws, paper napkins, to-go containers, stir sticks, paper placemats and toothpicks.

Taxable: Goods that do not become part of the product sold to a customer or that are used by more than one customer, such as waxed paper, plastic wrap, foils, paper towels, garbage can liners and other kitchen supplies; silverware, glassware, tablecloths, towels, menus and nondisposable napkins; furniture, fixtures and cookware; and goods available to the general public, such as restroom supplies and matches.

YOU ARE RESPONSIBLE ...

...when you accept a resale certificate: When you accept form ST-101 from a customer who is buying for resale, you must check to make sure that the required information is completed. Here are the steps you must take:

1. Make sure that the Idaho seller's permit number is entered correctly on the form. That is, it should contain up to nine digits followed by an "S." Example: 000123456-S. If a wrong number is used (such as a federal Employer Identification Number like 82-1234567) or if the number contains an "A," "U" or "W," the form is not valid. You may not accept it and must collect tax from the customer.
2. Make sure the customer is in the business of selling the products he buys from you and has listed his business type and the product he sells on the ST-101. If you sell him a product that he claims to resell and it does not fit into the category of goods he listed as products he normally sells, have him add the product to the list of products he sells.
3. Make sure the buyer has filled in his business name and address and has signed and dated the form.

...when you make exempt sales: Once you have a valid ST-101 on file from a customer who is buying for resale, you are not required to collect sales tax on the goods he buys for resale. That does not mean that the customer can buy everything from you exempt from tax. You must charge him tax on goods he buys that are not for resale.

Example: If a restaurant owner has a valid ST-101 in your file, you are not required to charge tax on sugar, salt, and meat sold to him. He will resell these items as part of the meals he sells. But when he buys dishwashing soap and dish towels, you must charge sales tax because a restaurant is not in the business of selling soap and towels.

THE PRODUCTION EXEMPTION

The production exemption eliminates sales tax on purchases of materials, equipment and supplies used directly and primarily by a business that is mainly devoted to producing goods for sale. It applies to:

Farmers	Custom Farmers	Manufacturers
Ranchers	Fabricators	Miners
Contract Miners	Printers	Processors

These businesses do not qualify for the production exemption:

Service-oriented businesses	Contractors
Retail stores, such as restaurants	Nonprofit publishers of tax-exempt literature
Utility companies	Producers of heating materials

To claim the exemption, a customer must complete form ST-101 for your files. The form must include:

- Business name and address,
- Type of exemption claimed (see block #2 on form ST-101),
- Business type and products produced, and
- Signature and date.

Multistate businesses may complete the Uniform Sales and Use Tax Certificate - Multijurisdiction instead of form ST-101. The multijurisdiction form requires the same information as the ST-101. The following list of retailer responsibilities applies to both forms.

YOU ARE RESPONSIBLE ...

...when you accept a producer exemption claim: When you accept form ST-101 from a customer claiming a producer exemption, check to make sure the required information is completed. If it is incomplete, the form is not valid. The exemption claimed by the customer must fit into one of the categories listed on the form. He cannot insert a business type that does not qualify for an exemption, such as a service business that does not manufacture a product (exceptions are listed on page 10). If he does, the form is not valid and you must charge him sales tax. If you do not, you can be held liable for the tax you did not collect.

...when you make exempt sales: Once you have a valid ST-101 on file from a customer, you are not required to collect sales tax on the goods he buys that qualify for the exemption he is claiming. That does not mean you can sell everything to him exempt from tax. You must charge him tax on goods he buys that do not qualify for the exemption. When you sell items that a producer could use for either a taxable or nontaxable purpose, you do not have to collect tax if you have form ST-101 on file and the buyer tells you the goods are exempt.

NOTE: If you wish, you can print or stamp a shorter version of the form ST-101 on your sales invoices. (Some customers print or stamp this shorter version on their purchase orders. This qualifies as a valid claim. You must keep the purchase order for your records to document the exempt sale.) The shorter version of the form must be completed for each exempt sale. If you would like to print this shorter form on your invoices or have a stamp made, see page 19 of this brochure for the exact wording you must use.

Some items do not qualify for the production exemption. You must collect sales tax from the customer on sales of items listed in the box titled “**Always Taxable**” below, even if you have a form ST-101 on file.

ALWAYS TAXABLE

A hand tool with a unit price of \$100 or less, *regardless of how it is used*, such as:

- a hammer used by a metal fabricator
- tweezers used by a microchip manufacturer

Equipment and supplies for any of the following:

- office
- selling or distribution activities
- research or development
- transportation activities
- janitorial purposes (except equipment and chemicals used in clean-in-place systems by a food processor)

Equipment and supplies used for maintenance or repair

Real property or items that will become improvements or fixtures to real property, such as:

- building materials
- gates
- foundations for production equipment
- fence posts
- road gravel and culverts
- area lighting and related wiring

Safety equipment and supplies that are not required by a state or federal agency, or are required but are not used directly in a production activity, such as:

- a first aid kit in the office
- a fire extinguisher in the shipping area

Licensed motor vehicles, licensed trailers, recreation-related vehicles and aircraft, or any related parts and supplies.

The next two pages contain examples of the taxable and nontaxable purchases made by two kinds of customers. Remember: These are just a few examples of items these customers may buy. Use the list of taxable goods above as a guideline for all buyers claiming the production exemption.

FARMERS AND RANCHERS

Taxable:

Shop equipment and supplies used for repairs or maintenance (even on production equipment):

- welders and accessories
- power driven tools
- paint (even for a tractor)
- shop compressors
- oxygen and acetylene
- drills and bits
- sandpaper

A hand tool with a unit price of \$100 or less, regardless of how it is used:

- pitchfork
- wrench
- syringe
- cattle prod
- shovel
- power tool
- branding iron
- emasculator
- hammer
- bucket
- wheelbarrow
- crimper
- rope
- whip

Motor vehicles and trailers that are licensed or required to be licensed, and any transportation equipment

Farm produce beds permanently attached to licensed trucks or trailers

Selling and distribution equipment and supplies

Materials to improve or repair real property (except for agricultural irrigation):

cement	gravel	rebar
shingles	light fixture	granary
fence posts and wire	barn lumber	gate

Recreation-related vehicles, regardless of use:

campers and camp trailer	snowmobile
off-highway motorbike	ATV

Supplies for 4-H and FFA projects (except for profit-making businesses)

Horses, dogs and other animals kept for pleasure, showing, or as pets

Parts and supplies for any taxable item

Nontaxable:

Preparation, planting and harvesting equipment and supplies:

tractor	fertilizer	plow	seed drill
ditch burning fuel	land leveler	insecticide	potato piler
plant or seed for planting	onion bin	weed killer	harvester

Feeding equipment (not licensed to drive on highways)

Milking equipment and disinfectants used to clean it

Parts and supplies for exempt equipment:

antifreeze	oil	lube oil
welding rod	battery	tires

Feed and drugs for qualifying livestock

Safety equipment and supplies required by a state or federal agency

Removable farm produce truck beds, such as potato beds and grain racks

Irrigation equipment and supplies, even if attached to real property

LUMBER MILLS

Taxable:

Repair or maintenance equipment and supplies (*even if used to repair or maintain production equipment*):

hoists	jointer stones	saw filing equipment
grinders	grinding wheels	oxygen and acetylene
welders	tools	paint (even for production equipment)

A hand tool with a unit price of \$100 or less, regardless of how it is used:

wrench	power tool	pike pole	saw file
log rule	peavy	rasp	

Materials that will be incorporated into real property:

rebar and concrete (<i>even if for production equipment foundation</i>)	
log pond material	material for a building
railroad ties and rails	underground piping
road bed material	area lighting and related wiring

Office equipment and supplies

Lab equipment and supplies (research and development)

Repair or maintenance equipment and supplies:

- saw sharpening equipment (saw file, file guide tool)
- shop equipment, even if used to repair exempt equipment (shop tools, compressor, drill, welder, wrench, grease gun)
- shop supplies (welding gas, flint)

Slash disposal or brush piling and clearing equipment and supplies (except for tree farms):

- brush rake
- brush clearing machine
- tractor used for brush clearing
- fuel, parts and supplies for the above equipment

Reforestation equipment and supplies (except for tree farms)

Transportation equipment and licensed motor vehicles and trailers, and parts and supplies for this equipment:

- log truck and trailer (taxable even if not licensed)
- parts for log truck and trailer
- tie-downs, sling, cable
- log loader and jammer, if licensed

Road construction and maintenance equipment, parts and supplies, and any other equipment used to improve, repair or maintain real property:

- crawler tractor, wheel tractor
- road grader
- roller
- water truck
- off-road fuel, parts and supplies for this equipment

Road building materials and anything else used to improve or become a part of real property:

- culvert
- gravel
- bridge material
- fill material
- dust suppression product
- explosives, magazine
- gate, fence post
- guardrail

Aircraft, parts and supplies:

- helicopter, even if used in logging

Recreation vehicles, parts and supplies:

- snowmobile
- ATV
- fuel used off-road (if no fuels tax is paid)

Equipment and supplies used for any of the following:

- office
- janitorial
- selling and distribution
- research
- transportation activities
- personal items, i.e. shirt, pants, boots

Nontaxable:

Chain saw costing over \$100

- parts and supplies for the saw, including chain, oil mix, bar oil and bar cover

Skidder, tree harvester, unlicensed log loader and jammer

- parts and supplies for this equipment, including fuel, oil and antifreeze

Choker, ferule, skidder cable

Hi-lead tower and cable

Talkie-Tooter

Tree marking paint

Fuel used in logging truck off highway

THE BROADCASTING AND FREE NEWSPAPER EXEMPTIONS

The broadcasting exemption is granted to businesses that are primarily engaged in producing and broadcasting radio and television programs. It applies to purchases of materials, equipment and supplies directly used and consumed in these activities. Examples of items that qualify for the exemption are records, tapes, compact discs, broadcasting equipment, TV news broadcast sets and backdrops.

Cable television stations may qualify if they both produce and broadcast programs. Cable stations that only broadcast do not qualify.

The publisher of a newspaper that is distributed to the public at no charge can claim an exemption from tax on goods that are used directly in the production of the publication. The publication must be in a newspaper format and at least 10 percent of its contents must consist of informational articles (not ads). The publisher must be devoted primarily to producing the paper, and must rely on advertising revenue as the paper's primary source of income. Examples of items that qualify for this exemption: paper, ink, printing presses, parts for the press, and similar equipment and supplies.



To claim either of these exemptions, the customer must complete form ST-101 for your files. **Be sure to read the section titled "You Are Responsible" on page 7.**

These exemptions do not include goods that are not directly used in the exempt activity. For example, the following items are taxable:

- Maintenance and janitorial equipment and supplies
- A hand tool with a unit price of \$100 or less
- Office equipment and supplies
- Equipment and supplies used in:
 - selling and distribution activities
 - research
 - transportation activities
- Motor vehicle or aircraft
- Goods used to improve, or become part of, real property

CONTRACTOR EXEMPTIONS

Generally, contractors must pay tax on goods they buy to improve real property. But there are four cases in which they may claim an exemption from tax.

1. **Buying for Resale:** Some contractors also are retailers and have a seller's permit number. These contractor/retailers can buy goods for resale without paying sales tax. They must give you a completed form ST-101, just like any other customer buying for resale (see page 5, Customers Who Buy for Resale).

In the next three cases, the contractor must give you a form ST-101 that tells the job location and project owner, and whether the exemption claim applies to a specific invoice or purchase order, or to all purchases for a specific job number (see block #4 on form ST-101). If the contractor says the exemption claim applies to a specific invoice or purchase order, you must get a new ST-101 when he makes his next purchase for the job. If he says the exemption claim applies to a specific job number, be sure to record the job number on all of the sales invoices for this job.

2. **Agricultural Irrigation Projects:** A contractor may buy goods for an agricultural irrigation project without paying tax. It does not matter whether the materials become a part of real property. Only the materials that go into the project can be purchased exempt, such as concrete for irrigation ditches, pumps, well casing, etc. The contractor must pay tax on construction machinery, tools and supplies he uses on the job.
3. **Job in a Nontaxing State:** A contractor may buy construction materials for a job in a nontaxing state without paying Idaho sales tax. A “nontaxing” state is a state that does not have a state sales tax, or does not impose a tax on construction projects similar to Idaho’s tax.

Projects in Oregon, Montana and Alaska qualify for this exemption, as well as some projects in Washington. Projects in Utah, Nevada, and Wyoming do not qualify. Be sure you charge the contractor tax if he takes delivery of goods in Idaho for projects in a taxing state.

Only materials that will become part of real property (such as roofing and siding for a building) qualify for this exemption. You must charge the contractor tax on his construction equipment, tools, and other supplies he buys for the job.

4. **Production Equipment:** A contractor who installs production equipment for a producer/manufacturer can buy the production equipment or materials for the equipment exempt from tax. An example is electrical wiring material for a saw in a sawmill. Many contractors who do this type of work have a seller’s permit number and will buy the goods for resale (see page 5 of this brochure). But for contractors who do not have a seller’s permit number, block #4 of form ST-101 applies.

Materials that will become part of real property and tools or equipment used to perform the job do not qualify for this exemption. You must charge tax to the contractor on items such as concrete for production equipment foundations, front-end loaders, and nail guns.

OTHER EXEMPT GOODS AND BUYERS

1. **Out-of-state shipments:** When you ship goods out of Idaho to a buyer in another state, Idaho sales tax does not apply. Write the destination and method of shipment on your sales invoice and keep your shipping documents.
2. **Foreign Diplomat:** The U.S. Government issues a federal exemption card to foreign diplomats. The card describes what goods or services they can buy tax exempt. Keep a photocopy of the card or write down the information from it.

3. **American Indians:** You can sell goods to an enrolled member of an Indian tribe without charging sales tax if you deliver the goods to him on the Indian reservation. If your store is off the reservation and you deliver to an American Indian on the reservation, you must document the exemption by having the customer complete form ST-101, including block #5. (A different form, ST-133, is used for sales of vehicles.) If your store is on the reservation, you may use form ST-101 or write the buyer's identification number from the tribal membership card on your sales slip or cash register tape.

If you deliver the goods to an American Indian off the reservation, you must charge tax. Goods delivered to a non-Indian on the reservation are taxable.

4. **Pollution control equipment:** Pollution control equipment is not taxable if it is required by a state or federal agency to meet air or water quality standards and does not become a real property fixture. Also included are machines used in the dry cleaning industry which meet the standards referred to as the "dry to dry transfer system." The buyer must give you a completed form ST-101 with block #5 filled out. This exemption does not apply to chemicals and supplies consumed in pollution control processes, or to equipment for motor vehicles or aircraft.
5. **On-road motor fuel:** On-road motor fuel is exempt from sales tax. When fuel is sold with state fuels tax included, no special documentation is required. Fuel used off-road is taxable if no state fuels tax has been paid. When fuel is sold without state fuels tax charged, you must charge sales tax unless your customer claims a legitimate exempt use and completes form ST-101 for your records.
6. **Heat by burning:** Natural gas, liquefied propane, coal, wood, oil, petroleum and their by-products are exempt if they are used to heat a building, or for water heating or cooking. Bulk deliveries require no special documentation if the seller notes the bulk delivery of heating fuel on the sales invoice and in his records. When a customer "picks up" the heating fuel, you must get form ST-101 from him (be sure block #5 is filled out).

If you sell propane, you can print or stamp a shorter version of the exemption claim on your sales invoice for customers to complete each time they make a purchase. See page 18 of this brochure for the wording you must use on this stamp. (If you sell propane for cylinders of 15 gallons or less, you need no special documentation if you list the sales as cylinder sales in your records.)

7. **Aircraft used to transport passengers or freight for hire:** Air carriers can buy aircraft and its parts, repair and replacement material exempt from tax if the aircraft will be used to transport passengers or freight for hire. You must get a completed form ST-101 from the buyer for your records (see block #5).
8. **Aircraft purchased by nonresidents for out-of-state use:** An aircraft sold to a nonresident is exempt if it will be immediately removed from Idaho and registered in another state, and will not be stored or used in Idaho more than 90 days in any 12-month period. The customer must complete form ST-101 (block #5) for your records. Aircraft kits and hang gliders do not qualify for this exemption.

A “nonresident” is a person who does not live in Idaho, nor does he claim Idaho as his home state for income tax purposes. A business is a “nonresident” if it has no property in Idaho or employees working here.

9. **Churches:** Churches can buy food to sell meals to their members or qualifying goods for their food bank (see below) without paying tax. They may also purchase literature exempt, if the literature is both published and distributed by a nonprofit organization. These are the only things a church can buy to use without paying sales tax. You must get form ST-101 for your records (see block #5).
10. **Food banks and soup kitchens:** Food banks and soup kitchens may buy food or other goods used to grow, store, prepare or serve the food exempt from sales tax. The exemption does not include licensed motor vehicles or trailers.
11. **Ski resorts:** The owner or operator of a downhill ski area with an aerial passenger tramway may buy parts, material and equipment that become a component part of the tramway, and snow grooming and snowmaking equipment for the slope exempt from tax. An aerial tramway includes chair lifts, gondolas, T-bar and J-bar lifts, platter lifts, rope tows, and similar devices.
12. **Bullion:** Sales of precious metal bullion and monetized bullion (coins that are legal currency) are exempt from tax. No special records are required. Sales of coins or money in jewelry or other art works and commemorative coins are taxable, except for Idaho commemorative silver medallions sold by or purchased through the State Treasurer’s Office or its designated agent.
13. **Custom computer software:** Software that is custom-made for a buyer is not taxable. Prewritten software is taxable. If you write custom software for a buyer, you must keep records to prove that it is a custom program.
14. **Utilities:** Natural gas, water and electricity delivered to a customer through pipes, mains, wires, etc., by a public or private utility or a users’ cooperative are exempt. No special records are required.
15. **Research and Development at INEEL:** Purchases of goods that are directly and primarily used in research, development, experimental and testing activities at the Idaho National Engineering and Environmental Laboratory are exempt from sales tax. Items that become a part of real property are not exempt.
16. **Livestock sold at a public livestock market:** Sales of livestock are exempt at public livestock auctions, breeder or producer sales, going-out-of business sales by farmers, dairymen, breeders or feeders, fair, 4-H or FFA auctions, and occasional sales held by certain nonprofit organizations. Livestock includes cattle, sheep, mules, horses, pigs and goats. Sales of other animals do not qualify.

SPECIAL RECORDS ARE REQUIRED FOR THE FOLLOWING:

- **Prescriptions:** See Tax Commission brochure #42, Health Care.
- **Interstate carriers buying vehicles:** See brochures #14, Motor Vehicles and #41, Transportation.
- **Motor vehicles and trailers sold to a nonresident for out-of-state use:** See brochure #14, Motor Vehicles.
- **Snowmobiles, ATVs, and boats with attached motors sold to a nonresident for out-of-state use:** See brochure #15, RVs, Boats & Aircraft.
- **Food stamp purchases:** See brochure #12, Grocers.
- **Lodging purchased with government credit cards:** See brochure #16, Food, Drink & Lodging.

SALES TAX RESALE OR EXEMPTION CERTIFICATE

Seller's Name			Buyer's Name		
Address			Address		
City	State	Zip Code	City	State	Zip Code

1. **Buying for Resale.** I will sell, rent, or lease the goods I am buying in the regular course of my business.

a. Primary nature of business _____ Describe the products you sell, lease, or rent

- b. Check the block that applies:
- Idaho registered retailer. Seller's permit number _____ (required - see instructions)
 - Wholesale only, no retail sales
 - Out-of-state retailer, no Idaho business presence

2. **Producer Exemptions** (see instructions). I will put the goods purchased to an exempt use in the business indicated below.

Check the block that applies and complete the required information.

- Logging Exemption
- Broadcasting Exemption
- Publishing Free Newspapers
- Production Exemption (check one): Farming Ranching Manufacturing Processing Fabricating Mining

List the products you produce: _____

3. **Exempt Buyer.** All purchases are exempt, and no permit number is required. Check the block that applies.

- | | | | |
|--|---|---|--|
| <input type="checkbox"/> American Indian Tribe | <input type="checkbox"/> Emergency Medical Service Agency | <input type="checkbox"/> Nonprofit Children's Free Dental Service Clinic | <input type="checkbox"/> Senior Citizen Center |
| <input type="checkbox"/> American Red Cross | <input type="checkbox"/> Federal/Idaho Government Entity | <input type="checkbox"/> Nonprofit Hospital | <input type="checkbox"/> State/Federal Credit Union |
| <input type="checkbox"/> Amtrak | <input type="checkbox"/> Forest Protective Association | <input type="checkbox"/> Nonprofit Museum | <input type="checkbox"/> Survivors of Domestic Violence and Sexual Assault, Inc. |
| <input type="checkbox"/> Blind Services Foundation, Inc. | <input type="checkbox"/> Idaho Foodbank Warehouse, Inc. | <input type="checkbox"/> Nonprofit School | <input type="checkbox"/> Volunteer Fire Department |
| <input type="checkbox"/> Center for Independent Living | <input type="checkbox"/> Nonprofit Canal Company | <input type="checkbox"/> Qualifying Health Organization (see instructions for list) | |

4. **Contractor Exemptions** (see instructions).

- a. Invoice, purchase order, or job number to which this claim applies _____
- b. City and state where job is located _____
- c. Project owner name _____

- d. This exempt project is: (check appropriate box)
- In a nontaxing state. (To qualify, materials must become part of the real property.)
 - An agricultural irrigation project.
 - For production equipment owned by a producer who qualifies for the production exemption.

5. **Other Exempt Goods and Buyers** (see instructions).

- Aircraft used to transport passengers or freight for hire
- Aircraft purchased by nonresident for out-of-state use
- American Indian buyer holding Tribal I.D. No. _____. This form doesn't apply to vehicles or boats. See instructions.
- Church buying goods for food bank or to sell meals to members
- Food bank or soup kitchen buying food or food service goods
- Glider kits for IRP-registered vehicles
- Heating fuel

Buyer: Read and sign. I certify that all statements I have made on this form are true and correct to the best of my knowledge. I understand that falsification of this certificate for the purpose of evading payment of tax is a misdemeanor. Other penalties may also apply.

Buyer's Name (please print)	Buyer's Signature	Title
Buyer's Federal EIN and Driver's License No. and State of Issue		Date

Seller: Each exemption a customer may claim on this form has special rules (see instructions). It's your responsibility to learn the rules. You must charge tax to any customers and on any goods that don't qualify for a claimed exemption and are taxable by law.

Form ST-101 Instructions

1. BUYING FOR RESALE: Buyers must have an Idaho seller's permit number unless they are wholesalers who make no retail sales or out-of-state retailers with no Idaho business presence (e.g. physical location, representatives, or employees, etc.). An Idaho seller's permit number has nine digits followed by an "S." **Example: 000123456-S.** If the number contains any other letter or is an inappropriate number, such as a federal Employer Identification Number, the certificate isn't valid. To verify a seller's permit number, contact the Tax Commission or visit our Web site at tax.idaho.gov.

2. PRODUCER EXEMPTIONS: Businesses that produce products for resale can buy goods that are directly and primarily used in the production process without paying tax. Loggers, broadcasters, and publishers of newspapers that are free to the public (with at least 10% informational content, not ads) are granted a similar exemption. However, a seller must charge these buyers sales tax on any of the following:

- A hand tool with a unit cost of \$100 or less
- Transportation equipment and supplies
- Goods used in selling/distribution
- Janitorial or cleaning equipment or supplies
- Maintenance or repair equipment and supplies
- Office equipment and supplies
- Any licensed motor vehicle or trailer and parts
- Aircraft and parts
- Recreational vehicle (e.g. snowmobile, ATV, off-road motorcycle, camper, travel trailer)
- Goods that become improvements to real property (e.g. fence posts)

Seller: *You may stamp or imprint a Producer Exemption Claim on the front of your invoice. If customers fill in their exemption claim on a stamped or imprinted statement each time you make an exempt sale to them, you don't have to keep a form ST-101 on file for them. Contact the Tax Commission to get the required language for the statement.*

3. EXEMPT BUYERS: These buyers are exempt from tax on all purchases.

Hospitals: Only licensed nonprofit hospitals qualify. Nursing homes or similar institutions don't.

Schools: Only nonprofit colleges, universities, and primary, secondary, and charter schools qualify. Schools primarily teaching subjects like business, dancing, dramatics, music, cosmetology, writing, and gymnastics don't qualify. Auxiliary organizations, such as parent-teacher associations and alumni groups, don't qualify.

Museums: Only nonprofit museums qualify. A museum collects, preserves, and displays objects and information to help the public interpret the past and present and to explore the future. Examples include institutions that display science, history, art, and culture.

Centers for Independent Living: To qualify, nonresidential centers must be run by disabled persons and provide independent living programs to people with various disabilities.

Qualifying Health Organizations:

American Cancer Society
American Diabetes Association
American Heart Association
American Lung Association of Idaho
Arc, Inc., The
Arthritis Foundation
Children's Home Society of Idaho
Easter Seals
Family Services Alliance of SE Idaho
Idaho Community Action Agency
Idaho Cystic Fibrosis Foundation
Idaho Diabetes Youth Programs
Idaho Epilepsy League
Idaho Primary Care Association and its Community Health Centers
Idaho Ronald McDonald House
Idaho Women's and Children's Alliance
March of Dimes
Mental Health Association
Muscular Dystrophy Foundation
National Multiple Sclerosis Society
Rocky Mountain Kidney Association
Special Olympics Idaho
United Cerebral Palsy

Government: Only the federal government and Idaho state, county, or city government qualify. Sales to other states and their political subdivisions are taxable.

4. CONTRACTOR EXEMPTIONS: Three exemptions apply to contractors. In each case, a contractor must list the job location, project owner, and whether the exemption claim applies to a specific invoice or purchase order, or to all purchases for a specific job number.

Nontaxing State: Construction materials for a job in a nontaxing state are exempt from Idaho sales tax. This exemption applies only to materials that will become part of real property and only if the contractor isn't subject to a use tax or a similar tax in the other state. Jobs in Oregon, Montana, and Alaska qualify, as do some jobs in Washington.

Agricultural Irrigation: Irrigation equipment and materials for an agricultural irrigation project are exempt. An irrigation system for a golf course or a residence doesn't qualify.

Production Equipment: A contractor who installs production equipment for a producer/manufacturer can buy the materials for the equipment exempt from tax. This exemption doesn't apply to materials that become part of real property.

Form ST-101 Instructions - continued

5. OTHER EXEMPT GOODS AND BUYERS: If buyers claim an exemption that isn't listed on this form, they must mark the "other" block and list the section of the law that applies to the exemption, or the certificate isn't valid.

Aircraft Purchased by Nonresidents for Out-of-State Use: An aircraft sold to a nonresident is exempt if it will be immediately removed from Idaho and registered in another state and won't be stored or used in Idaho more than 90 days in any 12-month period. Aircraft kits and hang gliders don't qualify for this exemption. A business is a "nonresident" if it has no business presence in Idaho. A business with property in Idaho or employees working in the state, doesn't qualify.

Aircraft Used to Transport Passengers or Freight for Hire: Only aircraft purchased by an airline, charter service, air ambulance service, or air freight company qualify. Parts and repair and replacement materials for the exempt aircraft are also exempt. Examples of aircraft that don't qualify for this exemption are those used for recreational flights, aerial spraying, dumping, or logging.

American Indian: Sales to an enrolled Indian tribal member are exempt if the seller delivers the goods on the reservation. The buyer's Tribal Identification Number is required. For sales of vehicles or boats, use form ST-133, Sales Tax Exemption Certificate - Transfer Affidavit.

Church: A church may buy food to sell meals to its members or qualifying goods for its food bank without paying tax. Churches must pay tax on all other goods they buy to use.

Food Banks and Soup Kitchens: Food banks and soup kitchens may buy food or other goods used to grow, store, prepare, or serve the food exempt from sales tax. The exemption doesn't include licensed motor vehicles or trailers.

Heating Fuels: Heating fuels such as wood, coal, petroleum, propane, and natural gas are exempt when purchased to heat an enclosed building or a building under construction, or when used for cooking or water heating.

Livestock: Sales of cattle, sheep, mules, horses, pigs, and goats are exempt when sold at a public livestock market. Sales of other animals don't qualify.

Medical Items: Only the following medical goods qualify if a licensed practitioner will administer or distribute them: drugs, oxygen, insulin, syringes, prosthetic devices, durable medical equipment, dental and orthopedic appliances, urinary and colostomy supplies, enteral and parenteral feeding equipment and supplies, hemodialysis and peritoneal dialysis drugs and supplies, and chemicals and equipment used to test or monitor blood or urine of a diabetic.

Pollution Control Items: The following items qualify: tangible personal property purchased to meet air or water quality standards of a federal or state agency; liners and reagents purchased to meet water quality standards; tangible personal property purchased to meet air or water quality standards and which become an improvement to real property of manufacturing, mining, farming, or toxic waste treatment and storage businesses; and "dry to dry transfer systems" used by the dry cleaning industry. The exemption isn't available for items used in treating drinking water, preventing soil erosion, in road construction, or in septic systems. Motor vehicles and buildings don't qualify. See Idaho Code section 63-3622X for more details.

Research and Development (R & D): Purchases of goods that are directly and primarily used to develop, design, manufacture, process, or fabricate a product or potential product qualify. Also, the Idaho National Laboratory and its contractors may claim an R & D exemption to buy goods directly and primarily used to advance scientific knowledge in areas that don't have a commercial application. Items that will become a part of real property don't qualify.

Snow Making/Grooming Equipment, Aerial Tramway: The owner or operator of a downhill ski area with an aerial passenger tramway may buy parts, materials, and equipment that become a component part of the tramway and snow grooming and snow making equipment for the slope exempt from tax. An aerial tramway includes chair lifts, gondolas, T-bar and J-bar lifts, platter lifts, rope tows, and similar devices.

PRODUCTION EXEMPTION STAMP

Retailers can stamp or print this production exemption statement on their sales invoices. Customers claiming the production exemption can complete this stamped statement instead of form ST-101. If no ST-101 is on file for the customer, you must have him complete this statement for each exempt sale.

I certify that the property which I have here purchased will be used by me directly and primarily in the process of producing tangible personal property by mining, manufacturing, processing, fabricating or farming or as a repair part for equipment used primarily as described, above.

This tax exemption statement qualifies if this statement is signed by the purchaser and the name, address, and nature of business of the purchaser is shown on the invoice.

Any person who signs this certification with the intention of evading payment of tax is guilty of a misdemeanor.

NATURE OF BUSINESS

BUYER'S SIGNATURE

You must make sure the stamped statement is signed in addition to any other signature required on the invoice. Signing a "received by" line on an invoice is not sufficient. Also, in addition to his signature, the customer's name, address, and the nature of his business must appear on the invoice.

HEAT BY BURNING STAMP

Retailers who sell propane can stamp or print this exemption statement on their sales invoices. Customers who pick up propane for heating purposes can complete this stamped statement instead of form ST-101.

I certify that the gas I have purchased will be used in a furnace or similar device for the purpose of water heating, cooking, or raising or maintaining the temperature in an enclosed space, dwelling, or building.

This tax exemption statement qualifies if this statement is signed by the purchaser and the name and address of the purchaser is shown on the invoice.

Any person who signs this certificate with the intention of evading payment of tax is guilty of a misdemeanor.

BUYER'S SIGNATURE

You must make sure the stamped statement is signed in addition to any other signature required on the invoice. Signing a "received by" line on an invoice is not sufficient. Also, in addition to his signature, the customer's name and address must appear on the invoice.

IDAHO STATE TAX COMMISSION

PO BOX 36
Boise, ID 83722

FOR MORE INFORMATION



Call 334-7660 in the Boise Area
or 1-800-972-7660 toll free

or

Visit our Web site

tax.idaho.gov



Tax Commission Offices

Boise

800 Park Blvd., Plaza IV
PO Box 36 (83722)

Idaho Falls

150 Shoup Ave.
Suite 16 (83402)

Pocatello

611 Wilson Ave.
Suite 5 (83201)

Coeur d'Alene

1910 Northwest Blvd.
Suite 100 (83814)

Lewiston

1118 F Street (83501)

Twin Falls

1038 Blue Lakes Blvd. N.
Suite C (83301)

HEARING IMPAIRED CALLERS:

Use the Idaho Relay Service (1-800-377-3529)

This brochure was prepared by the Idaho State Tax Commission.
It does not provide comprehensive explanations of Idaho tax laws or rules.
Specific questions should be addressed to the Idaho State Tax Commission or a qualified tax practitioner.

Costs associated with this publication are available from the Idaho State Tax Commission
in accordance with Section 60-202, Idaho