

# **SALES/WITHHOLDING TAX WORKSHOP FOR BUSINESSES**



An Introduction to Idaho Permit Based  
Business Taxes

# AGENDA

---

- Idaho State Tax Commission's mission
- Starting a new business
- Idaho income tax withholding
- Idaho sales tax
- Electronic filing

# IDAHO STATE TAX COMMISSION

---

- The Legislature creates tax laws
- The Tax Commission collects taxes in accordance with those laws

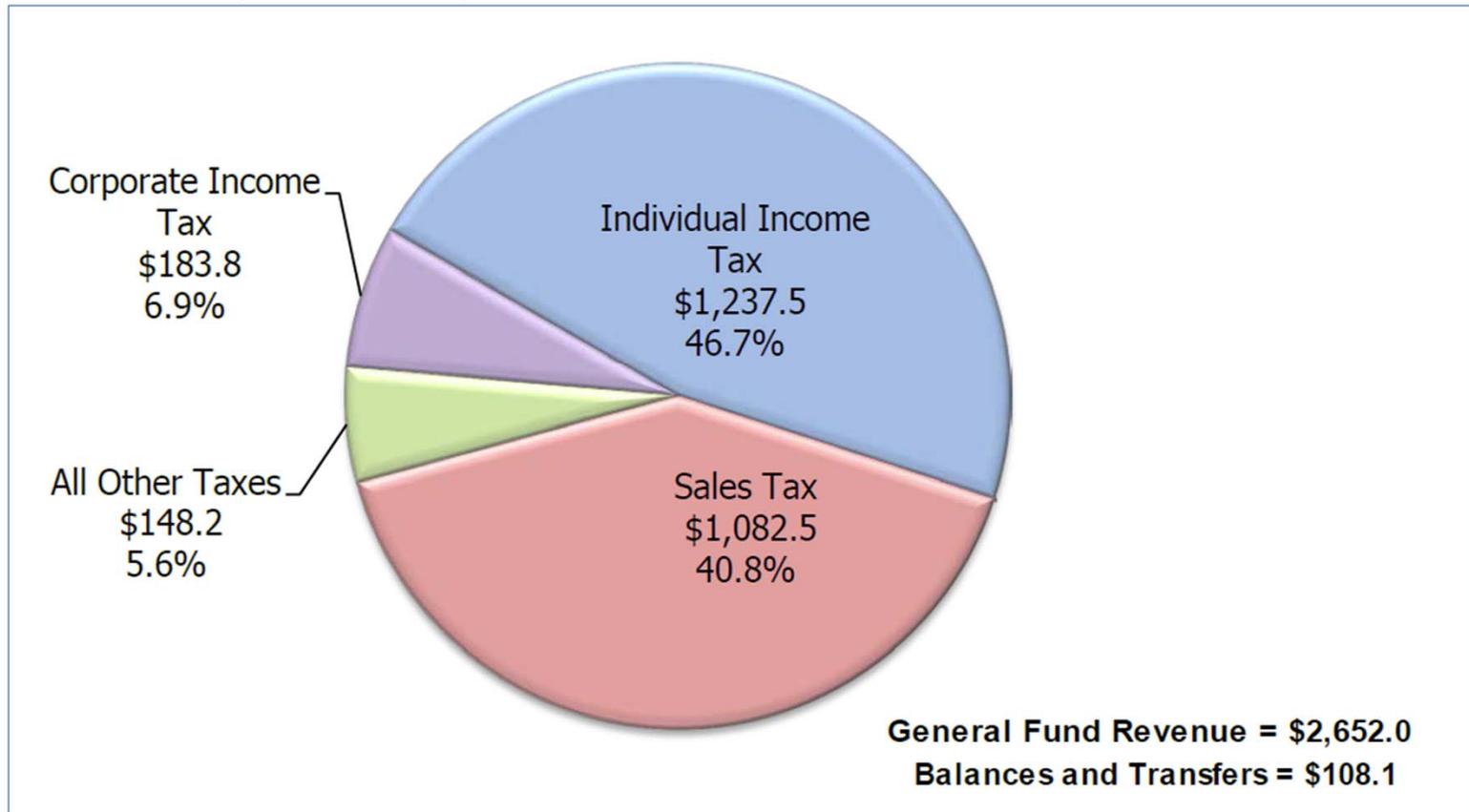
## **MISSION STATEMENT**

To provide courteous, quality services and to administer the state's tax laws in a fair, timely, and cost-effective manner to benefit Idaho citizens.

# STATE TAX REVENUE

*"Where the money comes from . . ."*

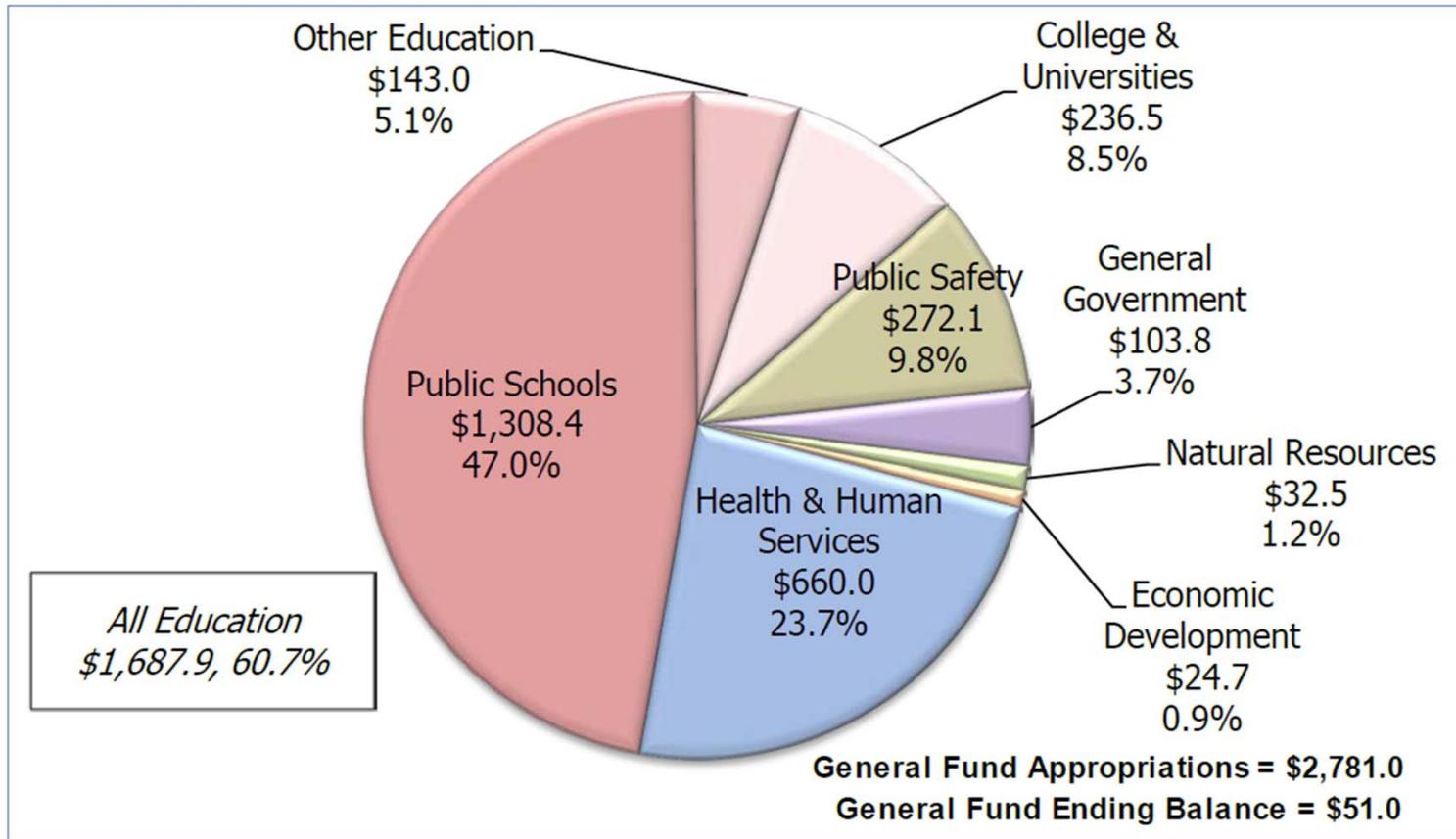
*Dollars In Millions (Percent of Revenue)*



Source: 2013 Sine Die Report, Session Summary of the Idaho Legislature

# TAX DISTRIBUTION

*"Where the money goes . . ."*  
 Dollars In Millions (Percent of Appropriations)



Source: 2013 Sine Die Report, Session Summary of the Idaho Legislature

# BUSINESS TAXES

---

- This slideshow discusses taxes administered by the Tax Commission
- It's likely that your business is subject to other taxes administered by other government entities.
- For example:
  - Property tax – administered by County Assessor
  - Unemployment tax – administered by Dept. of Labor
  - Federal taxes – administered by IRS

# STARTING A BUSINESS IN IDAHO

---

- It's your responsibility to:
  - Know which laws apply to your business
  - Apply for licenses and/or permits
  - File returns accurately and on time

# STARTING A BUSINESS IN IDAHO

---

Idaho has a lot of great resources for people starting a business. Here are links to two of them:

- [Business.idaho.gov](https://business.idaho.gov)
- [www.idahobizhelp.org](https://www.idahobizhelp.org)

The next two slides are screenshots, highlighting helpful information, on these websites.

# BUSINESS.IDAHO.GOV

**IDAHO** Business.Idaho.Gov  
Business Resources for the State of Idaho

Home | Employer Tax Credits | Starting a Business | Running a Business | Relocating a Business

**NEW IDAHO LAW GIVES CORPORATE OFFICERS MORE CHOICES.**

Corporate officers can now opt out of paying for state unemployment insurance coverage for themselves under a new law passed by the Legislature and signed by the governor.

**LEARN MORE** →

**WELCOME**

Look here first for business tools, information, licenses, and forms from the State of Idaho whether your business is just beginning, new to Idaho or expanding.

- » Starting a Business
- » Relocating a Business
- » Tax Credits
- » Running a Business
  - » Support for Hiring Employees
  - » Business Incentives
  - » Finances & Funding
  - » International Trade
  - » Licensing, Permitting & Regs
  - » Selling to the Government

**ONLINE SERVICES**

- » Register a New Business, File for Permits, Set up a Tax Account
- » Business My Monitoring (Fraud Prevention)
- » Search for Industrial & Commercial Properties
- » Business Entity Search
- » UCC/Lien Search
- » Sales & Use Tax Filing
- » Unemployment Insurance
- » Income Tax Withholding
- » Tax Payments
- » Post & Manage Job Listings
- » More online business services...

# WWW.IDAHOBIZHELP.ORG

The screenshot shows the homepage of the Idaho Small Business Solutions website. The header features the logo "IDAHO small business SOLUTIONS™" and the word "home" in a large, light blue font. A vertical navigation menu on the left contains buttons for: Home, Business Wizard, Resource Wizard, Business Assistance, Legal Structure/DBAs, Taxes, Licenses, Insurance, Employer Issues, Forms, and Agencies. At the bottom of this menu is the "ACCESS ai IDAHO" logo. The main content area has a blue-bordered box with the text "Your 'Start Button' for Small Business Creation in Idaho". Below this is a welcome message: "Welcome to Idaho Small Business Solutions™ Web site. This site will help you start or grow your business in three important ways:". A bulleted list follows: "• New to business or to Idaho? Visit the **Business Wizard** to obtain a customized Checklist of local, state, and federal **taxes** and **regulations** that may affect your business. You will also find information on **licenses and permits** you might need, as well as information on registering your business name and entity type in Idaho and employee issues." To the right of this text is a red circle containing the "small business Wizard" logo, which depicts a wizard hat and a wand. The second bullet point reads: "• The **Resource Wizard** will give you a customized Checklist of **funding** and other **business development resources** in your area." To the right of this text is the "resource Wizard" logo, which shows a hand holding a stack of money and a checkmark.

# BUYING AN EXISTING BUSINESS?

---

- Before you buy an existing business, write to the Tax Commission to see if the business has an outstanding sales or use tax debt.
  - Read Sales Tax Rule 119 for more information.
- If you don't take this step, you can be held responsible for the tax owed by the previous owner.

# PERMIT APPLICATION PROCESS

---

- You need a federal Employee Identification Number (EIN):
  - If your business is a sole proprietorship and you will have employees
  - If your business is a partnership or corporation (with or without employees)
- Apply at [www.irs.gov](http://www.irs.gov).

# PERMIT APPLICATION PROCESS

---

- Apply for the following Idaho permits online at [business.idaho.gov](https://business.idaho.gov)
  - Idaho Seller's Permit / Use Tax Permit
  - Income tax withholding account
  - Unemployment account
  - Lodging permits
    - Travel & Convention
    - Greater Boise Auditorium
  - E911 fee permit

# PERMIT APPLICATION PROCESS

---

- Once your application is processed, you'll receive a paper copy of your permit and notification of your filing cycle.
- Seller's permits should be posted in a public location (e.g. near the cash register).

# HOW OFTEN WILL YOU FILE?

---

- Filing cycles are determined by your application and later, by your filing history.
  - Annual filing cycle – reports less than \$720 in tax per year
  - Quarterly filing cycle – reports more than \$720/year but less than \$600 per quarter
  - Monthly filing cycle – reports more than \$600 a quarter

# FILING CYCLES

---

- If you're assigned a monthly filing cycle, you'll be mailed three returns each quarter.
- If you're assigned a quarterly or annual filing cycle, each return will be mailed about a month before it's due.
- Filing cycles are reviewed annually and may be changed. If your filing cycle changes, you'll receive a letter.

# INCOME TAX WITHHOLDING



# IDAHO INCOME TAX WITHHOLDING

---

- All wages, tips, and other compensation earned by employees working in Idaho are subject to Idaho income tax withholding.
- A business is required to have a withholding permit if it has any employees working within the borders of Idaho, regardless of whether the business ultimately withholds income tax.

# OUT-OF-STATE RESIDENTS WORKING IN IDAHO

---

- Nonresident employees working in Idaho:
  - All wages must be reported.
  - Idaho income tax must be withheld if an employee earns \$1,000 or more in Idaho wages during the calendar year.
  - Nonresidents are required to file an Idaho nonresident income tax return (Form 43) if they have \$2,500 or more of Idaho income during the year.

# NONRESIDENTS WORKING IN IDAHO

---

## Example 1:

- ABC Contracting of Spokane, Washington employs Bob Brown. Bob is a resident of Washington. He spends half of his time working in Washington and the other half working in Idaho. He earns \$40,000 during the year.
- \$20,000 of Bob's wages are subject to Idaho withholding.

# NONRESIDENTS WORKING IN IDAHO

---

## Example 2:

- XYZ Contracting of Utah employs Jake Doe as a project engineer. Jake is a resident of Utah. Jake does all his work from his Utah office, but visits the project site in Idaho once during the year. During that one visit, Jake earned \$800 in wages.
- None of Jake's wages are subject to Idaho income tax withholding
  - They need to be reported on Form 967, the annual withholding filing, and
  - They need to show on his W-2.

# WHO IS AN EMPLOYEE?

---

- Officers of a corporation
- Persons you hire to perform services, when you have the right to control what will be done and how it will be done.
  - Includes family members.

# EMPLOYEE vs. INDEPENDENT CONTRACTOR

Employee	Independent Contractor
Works set hours	Sets own hours
An ongoing relationship	Relationship lasts a limited time
Paid by hour, week, or month	Paid by the job performed
Reimbursed for business expenses	Responsible for incidental expenses
Employer provides facilities and tools	Has own facilities and tools
Works for one firm	May work for several firms at once
Must render services personally	Can subcontract services to another
Regular reports are required	Not required to account for actions
Doesn't solicit for work	Solicits for work through advertising
No risk of loss or opportunity for profit	Has risk of loss and opportunity for profit
Can be discharged	Can't be terminated except for breach of contract
Can quit	Must complete contract or be responsible for not doing so

# NEW EMPLOYEE HIRES

---

- Federal Form W-4
  - All new hires must complete
  - Used by employers to determine amount of income tax to withhold from employees' paychecks
  - Employees can claim fewer allowances for Idaho than for federal withholding purposes, but NOT more

# NEW EMPLOYEE HIRES

Department of Homeland Security  
U.S. Citizenship and Immigration Services

OMB No. 1615-0047; Expires 08/31/12  
**Form I-9, Employment Eligibility Verification**

Read instructions carefully before completing this form. The instructions must be available during completion of this form.

**ANTI-DISCRIMINATION NOTICE:** It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because the documents have a future expiration date may also constitute illegal discrimination.

**Section 1. Employee Information and Verification** (To be completed and signed by employee at the time employment begins.)

Print Name Last First Middle Initial Maiden Name

Address (Street Name and Number) Apt. # Date of Birth (month/day/year)

City State Zip Code Social Security #

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.

I attest, under penalty of perjury, that I am (check one of the following):

- A citizen of the United States
- A noncitizen national of the United States (see instructions)
- A lawful permanent resident (Alien #) \_\_\_\_\_
- An alien authorized to work (Alien # or Admission #) \_\_\_\_\_ until (expiration date, if applicable - month/day/year) \_\_\_\_\_

Employee's Signature Date (month/day/year)

**Preparer and/or Translator Certification** (To be completed and signed if Section 1 is prepared by a person other than the employee.) I attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the information is true and correct.

Preparer's/Translator's Signature Print Name

Address (Street Name and Number, City, State, Zip Code) Date (month/day/year)

**Section 2. Employer Review and Verification** (To be completed and signed by employer. Examine one document from List A OR examine one document from List B and one from List C, as listed on the reverse of this form, and record the title, number, and expiration date, if any, of the document(s).)

Document title:	List A	OR	List B	AND	List C
Issuing authority:	_____		_____		_____
Document #:	_____		_____		_____
Expiration Date (if any):	_____		_____		_____
Document #:	_____		_____		_____
Expiration Date (if any):	_____		_____		_____

**CERTIFICATION:** I attest, under penalty of perjury, that I have examined the document(s) presented by the above-named employee, that the above-listed document(s) appear to be genuine and to relate to the employee named, that the employee began employment on (month/day/year) \_\_\_\_\_ and that to the best of my knowledge the employee is authorized to work in the United States. (State employment agencies may omit the date the employee began employment.)

Signature of Employer or Authorized Representative Print Name Title

Business or Organization Name and Address (Street Name and Number, City, State, Zip Code) Date (month/day/year)

**Section 3. Updating and Reverification** (To be completed and signed by employer.)

A. New Name (if applicable) B. Date of Rehire (month/day/year) (if applicable)

C. If employee's previous grant of work authorization has expired, provide the information below for the document that establishes current employment authorization.

Document Title Document # Expiration Date (if any)

I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.

Signature of Employer or Authorized Representative Date (month/day/year)

Form I-9 (Rev. 10/07/09) Y Page 4

- Employers must have a Form I-9, Employment Eligibility Verification for each employee
  - Employment verification can be done online using [E-Verify](#)

# NEW EMPLOYEE HIRES

**IDAHO**  
DEPARTMENT OF LABOR

Idaho's New Hire Directory

Call us:  
(800) 627-3880  
(208) 332-8941  
Login

**REPORT YOUR NEW HIRES**  
and prevent unemployment insurance fraud.

**How do I report?**  
Use the tabs on the right to explore the best reporting method for your organization.

Frequently Asked Questions

**What is Idaho's New Hire Reporting Law?**  
Idaho's new hire reporting law requires all Idaho employers to report their new employees to the Idaho Department of Labor within 20 days of the date of hire.

ONLINE | FAX | MAIL | ELECTRONIC MEDIA

**Online**  
Employers can report online, which is a secure, Microsoft encrypted channel with Secure Socket Layer. You need a password, which you can get by calling us at (800) 627-3880.

ONLINE REPORTING →

Report all new hires to the [Idaho Department of Labor](#) within 20 days of hiring.

# WITHHOLDING CALCULATIONS

---

- The amount of income tax withheld from employees is determined by their Form W-4
- Withholding tables are available in [\*A Guide to Idaho Income Tax Withholding\*](#)

# WITHHOLDING EXAMPLE

---

- Mary is single and has an 8-year old child who lives with her full time. Mary's W-4 says her marital status is single. She claims three withholding allowances per the W-4 worksheet.
- Mary gets paid \$950 (before taxes) every two weeks.

## Single Persons - Including Head of Household

BI-WEEKLY PAYROLL PERIOD	If the wages are-		And the number of withholding allowances is										
	less than \$120 enter 0		0	1	2	3	4	5	6	7	8	9	10
	At least	But less than	The amount of income tax to be withheld is-										
\$ 120	\$ 240	2	0	0	0	0	0	0	0	0	0	0	0
240	260	5	0	0	0	0	0	0	0	0	0	0	0
260	280	6	1	0	0	0	0	0	0	0	0	0	0
280	300	7	1	0	0	0	0	0	0	0	0	0	0
300	320	8	2	0	0	0	0	0	0	0	0	0	0
320	340	10	2	0	0	0	0	0	0	0	0	0	0
340	360	11	3	0	0	0	0	0	0	0	0	0	0
360	380	12	4	0	0	0	0	0	0	0	0	0	0
380	400	14	5	0	0	0	0	0	0	0	0	0	0
400	420	15	6	0	0	0	0	0	0	0	0	0	0
420	440	16	7	1	0	0	0	0	0	0	0	0	0
440	460	18	8	1	0	0	0	0	0	0	0	0	0
460	480	19	9	2	0	0	0	0	0	0	0	0	0
480	500	21	10	3	0	0	0	0	0	0	0	0	0
500	520	22	11	4	0	0	0	0	0	0	0	0	0
520	540	24	13	4	0	0	0	0	0	0	0	0	0
540	560	25	14	5	0	0	0	0	0	0	0	0	0
560	580	27	16	6	1	0	0	0	0	0	0	0	0
580	600	28	17	7	1	0	0	0	0	0	0	0	0
600	620	30	19	8	2	0	0	0	0	0	0	0	0
620	640	31	20	10	2	0	0	0	0	0	0	0	0
640	660	32	21	11	3	0	0	0	0	0	0	0	0
660	680	34	23	12	4	0	0	0	0	0	0	0	0
680	700	35	24	14	5	0	0	0	0	0	0	0	0
700	720	37	26	15	6	0	0	0	0	0	0	0	0
720	740	38	27	16	7	1	0	0	0	0	0	0	0
740	760	40	29	18	8	1	0	0	0	0	0	0	0
760	780	41	30	19	9	2	0	0	0	0	0	0	0
780	800	43	32	21	10	3	0	0	0	0	0	0	0
800	820	44	33	22	11	4	0	0	0	0	0	0	0
820	840	46	35	24	13	4	0	0	0	0	0	0	0
840	860	47	36	25	14	5	0	0	0	0	0	0	0
860	880	49	38	27	16	6	0	0	0	0	0	0	0
880	900	50	39	28	17	7	0	0	0	0	0	0	0
900	920	52	41	30	19	8	0	0	0	0	0	0	0
920	940	53	42	31	20	10	0	0	0	0	0	0	0
940	960	55	44	32	21	11	0	0	0	0	0	0	0
960	980	56	45	34	23	12	0	0	0	0	0	0	0
980	1,000	58	47	35	24	14	0	0	0	0	0	0	0
1,000	1,020	59	48	37	26	15	0	0	0	0	0	0	0
1,020	1,040	61	50	38	27	16	0	0	0	0	0	0	0
1,040	1,060	62	51	40	29	18	0	0	0	0	0	0	0
1,060	1,080	64	52	41	30	19	0	0	0	0	0	0	0
1,080	1,100	65	54	43	32	21	0	0	0	0	0	0	0
1,100	1,120	67	55	44	33	22	0	0	0	0	0	0	0
1,120	1,140	68	57	46	35	24	0	0	0	0	0	0	0
1,140	1,160	69	58	47	36	25	0	0	0	0	0	0	0
1,160	1,180	71	60	49	38	27	0	0	0	0	0	0	0
1,180	1,200	72	61	50	39	28	17	7	1	0	0	0	0
1,200	1,220	74	63	52	41	30	19	8	2	0	0	0	0

Based on the bi-weekly payroll table for single persons, you'll withhold \$21 of Idaho income tax for Mary.

# WITHHOLDING MONIES

---

- Income taxes withheld from employees are trust funds. The money belongs to the employee, not the employer.
- Report withholding in the period that the paycheck falls.
  - Example: You're on a monthly filing cycle. For the pay period of March 16 thru March 29, employees are paid on April 4. The tax withheld should be reported on the April return.

# REPORTING FORMS

---

- Form 910, Payment Voucher
  - Due the 20th day of the following month for *monthly* filers
  - Due the last day of the following month for *quarterly* filers
  - If you don't have any withholding, file Form 910 showing \$0
  - File on time to avoid late penalties

# FORM 910, PAYMENT VOUCHER

Permit number

Reporting period

Due date

**FORM 910 IDAHO WITHHOLDING PAYMENT VOUCHER**

ACCOUNT NO. 002566412 FROM 01/01/2013 TO 01/31/2013

TAX DUE ON OR BEFORE 02/20/2013

Mailing Address Change  Cancel Account

Mail to: State Tax Commission, PO Box 76, Boise, Idaho 83707-0076

REVENUE OPERATIONS QUALITY CONTROL  
PO BOX 36  
BOISE ID 83722-0036

**SAMPLE**

In the box below, enter the amount of Idaho income tax withheld from your employees' paychecks for the period shown on this voucher. You must file this form even if no tax is withheld for this period.

Payment Amount

I do hereby swear or affirm that this information is true and correct to the best of my knowledge

Authorized Signature  Date

1002566412 1002566412 REVE 09 0113 M 94 5

The barcode is unique to each return. If you lose a form, please contact Taxpayer Services for a replacement.

# FORM W-2

22222		a Employee's social security number		OMB No. 1545-0008			
b Employer identification number (EIN)		1 Wages, tips, other compensation		2 Federal income tax withheld			
c Employee's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld			
		5 Medicare wages and tips		6 Medicare tax withheld			
		7 Social security tips		8 Allocated tips			
d Control number		9 Advance EIC payment		10 Dependent care benefits			
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans	
						12a	
						12b	
						12c	
						12d	
f Employee's address and ZIP code							
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
To add another state, fill in boxes under dotted line.							

Form **W-2** Wage and Tax Statement  
Copy 1—For State, City, or Local Tax Department

2012

Department of the Treasury—Internal Revenue Service

This is the SSN provided by employee

This is your EIN issued by the IRS

The two-letter state abbreviation

The 9-digit account number issued by the Idaho State Tax Commission

The amount of wages from Box 1 that were earned in Idaho

The amount of Idaho withholding related to wages in Box 16

# FORM 967, ANNUAL REPORT

---

- Serves two purposes:
  1. Reconciles Idaho income tax withholding on W-2 forms with 910 forms
  2. Serves as a cover sheet for state copies of W-2s
- Due the last day of February

**967 IDAHO ANNUAL WITHHOLDING REPORT**

0  
RE 967A  
11-16-10

Mailing address change     Cancel account

ACCOUNT NO. **002566412**    TAX YEAR **2011**    DUE ON OR BEFORE **02/29/2012**

Return mailing address: Idaho State Tax Commission  
 PO Box 76  
 Boise, Idaho 83707-0076

REVENUE OPERATIONS QUALITY CONTROL  
 PO BOX 36  
 BOISE ID 83722-0036

**Wages and Withholding**

1. Total Idaho taxable wages reported on W-2s ..... • \_\_\_\_\_

2. Total Idaho tax withheld on W-2s and 1099s ..... • \_\_\_\_\_

SAMPLE

State use only

• \_\_\_\_\_

• \_\_\_\_\_

3. Total tax paid for calendar year 2011 ..... • \_\_\_\_\_

4. Remaining tax due or (overpaid). Subtract line 3 from line 2 ..... • \_\_\_\_\_

5. Penalty on balance owed. If line 4 is zero or a credit, enter 0 ..... • \_\_\_\_\_

6. Interest on balance owed. If line 4 is zero or a credit, enter 0 ..... • \_\_\_\_\_

7. Total due. Add lines 4, 5, and 6 ..... • \_\_\_\_\_

**Statements Submitted**

8. Number of W-2s for the year (send W-2s with this form) ..... • \_\_\_\_\_

9. Number of 1099s *with Idaho withholding* for the year (send 1099s with this form) • \_\_\_\_\_

Check box if 1099s were submitted through combined federal/state filing ..... •

10. Total number of statements. Add lines 8 and 9..... • \_\_\_\_\_

11. Statement penalty. Add after due date.  
 Multiply line 10 by \$2 per month for each full or part month overdue.  
 If submitted by due date, enter 0 ..... • \_\_\_\_\_

12. Add lines 7 and 11

12a. Total due ..... • \_\_\_\_\_

12b. Total refund ..... • \_\_\_\_\_

*I certify under penalties of perjury that this return is true, correct and complete to the best of my knowledge.*

Authorized Signature \_\_\_\_\_ Date \_\_\_\_\_

  
 8 5 0 0 9 1

290500056 002566412 REVE 09 1211 M 67 3

← Account information and due date

← Reconciliation of income tax withholding between W-2s and 910s

**DO NOT CUT FORM APART**

← W-2 cover sheet (and 1099s if they have withholding).

For more information, see [A Guide to Idaho Income Tax Withholding](#)

# E-FILING

---

- Form 910 and Form 967 can be filed electronically, free of charge.
  - However, there's a convenience fee for debit/credit or e-check payments.
- Employers with 50 or more employees working in Idaho must submit W-2s electronically.
  - Those with less than 50 can send paper copies or manually enter them on the Tax Commission's website.

# RECORDKEEPING

---

- Keep records at least 4 years:
  - Payroll stubs
  - Work dates, amounts of wages and tips earned, hours worked, location worked, etc.
  - Employee names, addresses, Social Security numbers, and job descriptions
  - Copies of returns, payroll forms, deposit records, etc.

# SALES TAX



# SALES TAX

---

- Sales tax is an excise tax imposed on each retail sale, unless a valid exemption exists
  - Idaho state sales tax = 6%
- Retailers doing business in Idaho must get an Idaho Seller's Permit and collect sales tax from their customers
- Not obtaining a permit can result in a penalty of \$100 per day

# SALES TAX

---

- Sales tax must be separately stated on a customer's receipt
  - This includes receipts/invoices given by bars, coffee stands, concessionaires, farm stands and other businesses that deal with frequent, small cash transactions.
  - These businesses often include tax in their retail prices to lessen the need to make change. However, Idaho law states that sales tax must be separately stated from the sales price of goods.

# SALE DEFINED

---

- A sale occurs when tangible personal property is exchanged for money or something else of value
  - Occurs when control or responsibility of the goods is exchanged
  - Includes barter transactions

# “SALES” INCLUDE...

---

- Food, beverages, etc. sold by restaurants, cafeterias, concessionaires, bars, caterers, etc.
  - Tips and gratuities paid to a server, that are separately stated from the sales price, are not taxable.

# “SALES” INCLUDE...

---

- Custom-made goods
  - Fabrication labor is taxable
  - The full sale price of custom-made goods is taxable
- Example:
  - Photographers are in the business of creating a finished product – a photo. The entire amount charged to produce photo(s), films, etc., including sitting fees, is subject to tax.

# “SALES” INCLUDE...

---

- 2<sup>nd</sup> Example: Custom-made goods
  - If you hire someone to custom make a piece of furniture and you're charged \$200 for materials and \$300 for labor, the entire \$500 is subject to tax.
  - The custom fabricated furniture is taxed in the same manner as a piece of furniture that's bought in a store.

# “SALES” INCLUDE...

---

- Parts/materials used to repair tangible personal property
  - Repair materials are taxable
  - Repair labor is not taxable if separately stated from parts.
  - If parts and labor are invoiced as one lump sum, the entire charge is taxable.

# “SALES” INCLUDE...

---

- Rentals and leases of bare equipment
  - A “bare” rental is one that doesn’t provide an operator to run the equipment
- Sales tax is collected on each rental or lease payment
  - In the case of a financing lease, all tax must be collected up front

# “SALES” INCLUDE...

---

- Fees charged for hotel, motel, and campground accommodations
  - In addition to the 6% sales tax, the rental of sleeping accommodations is also subject to a 2% travel and convention tax. And rentals of hotel and motel rooms in the Boise area are also subject to a 5% Greater Boise Auditorium District (GBAD) tax.
- Includes rentals of homes by a business or individual (if less than 31 days by the same tenant)

# “SALES” INCLUDE...

---

- Admission fees to a place or event in Idaho
  - Concerts
  - Sporting events
  - Cover charges
  - Amusement parks
  - Movie theatres, etc.

# “SALES” INCLUDE...

---

- Fees paid to use recreational equipment, or recreational facilities
  - Health clubs
  - Tanning beds
  - Renting a place for a dance or other recreational activity, etc.

# RETAILER DEFINED

---

- Anyone who makes more than two retail sales in a 12-month period, or
- Anyone who holds themselves out to be in the business of making retail sales
- A business doesn't have to have an office or storefront in Idaho to be considered an Idaho retailer.

# YOU'RE DOING BUSINESS IN IDAHO IF YOU'RE ....

---

- A retailer with a place of business in Idaho, where sales, distribution, administration, or other business activities take place.
- A retailer with employees or agents operating in Idaho, for the purpose of selling, delivering, installing, or taking orders for any tangible personal property.

# YOU'RE DOING BUSINESS IN IDAHO IF YOU'RE ....

---

- A retailer who derives income from a lease or rental of tangible personal property located in Idaho
- A retailer servicing or installing tangible personal property in Idaho.
- A retailer with a franchisee operating under your trade name, if the franchisee is an Idaho retailer.

# MULTI-LEVEL MARKETING FIRMS

---

- Businesses where many agents sell goods on behalf of a company. The company collects and pays sales tax on behalf of all sellers.
  - Scentsy, Avon, Mary Kay...
- If the company remits tax, individual agents don't need a permit

# SALES PRICE DEFINED

---

- “Sales price” (the amount subject to tax) is the total amount paid for tangible personal property, including services agreed to be rendered as a part of the sale.
- Idaho Code section 63-3613 lists several items that are not subject to sales tax if they are separately stated on an invoice.

# SALES PRICE DEFINED

---

- The following are not taxable if they are separately stated from the price of goods:
  - Price discounts given by a retailer
    - Does not apply to prompt-pay discounts
  - Amounts allowed for trade-in merchandise
  - Manufacturers' rebates on motor vehicles
  - Installation or repair labor
  - Optional warranties
  - Delivery/outbound freight charges
  - Late fees/interest charges

# FREIGHT-IN VS. FREIGHT-OUT

---

- Freight-in is the cost to ship or deliver goods to a retailer. Freight-in is considered to be part of the cost to get an item ready for sale. It's part of the taxable sales price when it's passed on to a customer. Usually, freight-in is part of the marked up cost of goods.
  - For example, when you buy a can of corn, a small portion of the sales price is to cover the cost of the freight to get that can to the retailer. If the retailer charges \$0.98 for the can, that amount is subject to tax.

# FREIGHT-IN VS. FREIGHT-OUT

---

- Freight-out is the cost to ship or deliver goods to a customer.
- Freight-out is not taxable if it is separately stated from the price of the goods being sold.

# INVOICING

---

- Sales tax must be invoiced as a separate line item.
- “Includes tax” is not acceptable.
- Retailers can’t advertise that they’ll pay the tax for a customer, and they can’t advertise “no sales tax.”

# SAMPLE INVOICE #1

XYZ Auto Repairs  
Anytown, ID

INVOICE 1234

Description	Price
Auto parts	\$ 100.00 T
Repair labor	\$ 100.00
Overnight freight	\$ 20.00 T

Subtotal: \$ 220.00  
6% Sales Tax: \$ 7.20  
Total: \$ 227.20

The parts and overnight freight (freight-in to get the parts to the retailer) are taxable.

The repair labor is not taxable since it is separately stated from the parts.

# SAMPLE INVOICE #2

XYZ Office Supplies

INVOICE 4567

Anytown, ID

Description	Price
Office furniture	\$ 500.00 T
Assembly labor	\$ 100.00 T

The furniture and assembly are taxable (the assembly is a charge to bring the furniture to its finished state.).

The delivery charge is not taxable since its separately stated from the price of the furniture.

Subtotal:	\$ 600.00
Delivery	\$ 50.00
6% Sales Tax:	\$ 36.00
Total:	<u>\$ 686.00</u>

# SALES TAX IS STATE MONEY

---

- When a sale occurs, the sales tax becomes the property of the state
- The tax must be turned over to the state (even if it's collected in error)

# PREPAID WIRELESS E911 FEE

---

- There is a 2.5% fee on sales of prepaid wireless services
  - “Pays as you go” phone services
  - The fee is not applicable to sales of wireless devices such as cell phones
- All businesses who sell prepaid wireless services must collect and remit the fee
- Apply for the permit at [Business.idaho.gov](https://business.idaho.gov)

# USE TAX

---

- Use tax is complementary to sales tax. Its purpose is to tax goods that are used, stored or consumed in Idaho, which weren't taxed at purchase.
  - Every state that has a sales tax also has a use tax.
  - The laws and rules for use tax are the same as sales tax

# USE TAX

---

- If you bring tangible personal property into Idaho, and haven't paid a sales tax equal to, or more than, Idaho's tax rate, you may owe use tax.
  - Or have goods shipped into Idaho by an out-of-state retailer

# USE TAX

---

- Examples of purchases that might be subject to use tax are:
  - Goods purchased in Oregon or Montana that are brought into Idaho.
  - Nontaxed groceries purchased in Washington that are brought into Idaho.
  - Goods purchased from an out-of-state company over the Internet (e.g., Amazon.com or E-bay).

# RECORDKEEPING FOR USE TAX

---

- Not all software programs offer accounting for use tax
  - An Excel spreadsheet is a good alternative
- It's a good idea to annotate the amount of use tax paid on each invoice

# RECORDKEEPING FOR USE TAX

---

- When calculating use tax, the following aren't subject to tax if they're separately stated from the goods you purchased:
  - Installation and repair labor
  - Optional warranties
  - Freight-out (freight from your vendor to you, including drop shipments)

# HOW MUCH USE TAX IS DUE?

XYZ Office Supplies		INVOICE 4567
Anytown, NY		9/15/2012
Description	Price	
Stationary	\$	75.00
Business cards	\$	50.00
Pens	\$	50.00
Rush fee	\$	25.00
	Subtotal:	\$ 200.00
	Shipping	\$ 15.00
Discount of \$2.00 can be taken if paid by 10/1/12	Total:	<u>\$ 215.00</u>

The entire \$200 paid is subject to use tax, even if the prompt-payment discount is taken.

The shipping charge is not taxable.

$\$200 \times .06 = \$12$  of use tax.

# HOW MUCH USE TAX IS DUE?

XYZ Auto Repair Equipment  
Anytown, WA

INVOICE 1234

Description	Price
Engine Diagnostic Tester	\$ 1,000.00
Optional 2 yr. extended warranty	\$ 99.00
Subtotal:	\$ 1,099.00
Shipping:	\$ 100.00
Total:	<u>\$ 1,199.00</u>

The \$1,000 paid for the equipment is subject to use tax.

The optional extended warranty and shipping are not taxable.

$\$1,000 \times .06 = \$60$  of use tax.

# FORM ST-101 EXEMPTIONS

- Form ST-101, Sales Tax Resale or Exemption Certificate, is the most commonly –used exemption form
- Read the instructions
- For more information, see Sales Tax Brochure #5, *Retailers and Wholesalers: Making Exempt Sales*

**ST-101** Idaho State Tax Commission  
EFO00149 06-10-14  
**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  
 Idaho registered prepaid wireless service seller. ES11 fee permit number \_\_\_\_\_ (required - see instructions)

2. **Producer Exemptions** (see instructions). I will put the goods purchased to an exempt use in the business indicated below.  
Check all that apply and complete the required information.  
 Logging Exemption  
 Broadcasting Exemption  
 Publishing Free Newspapers  
 Production Exemption (check all that apply):  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.  
 Advocates for Survivors of Domestic Violence and Sexual Assault, Inc.  
 American Indian Tribe  
 American Red Cross  
 Amtrak  
 Blind Services Foundation, Inc.  
 Center for Independent Living  
 Emergency Medical Service Agency  
 Federal/Idaho Government Entity  
 Forest Protective Association  
 Idaho Foodbank Warehouse, Inc.  
 Nonprofit Canal Company  
 Nonprofit Children's Free Dental Service Clinic  
 Nonprofit Hospital  
 Nonprofit Museum  
 Nonprofit School  
 Qualifying Health Organization (see instructions for list)  
 Senior Citizen Center  
 State/Federal Credit Union  
 Volunteer Fire Department

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 ID 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  
 Livestock sold at a public livestock market  
 Medical items that qualify  
 Pollution control items  
 Research and development goods  
 Snowmaking/grooming equipment; or aerial tramway component  
 Other goods or entity exempt by law under the following statute (required) \_\_\_\_\_

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 Signature \_\_\_\_\_ Buyer's Name (please print) \_\_\_\_\_ Title \_\_\_\_\_  
Buyer's Federal EIN or 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.

• This form is valid only if all information is complete. • The seller must keep this form. • The blank form may be reproduced.

# FORM ST-101

---

- If a valid exemption is claimed, and the information on the form is current, the seller is not responsible for collecting sales tax.
- An ST-101 is *not* a blanket exemption for all goods.
  - Only applies to those purchases covered by the exemption being claimed.

# COMPLETENESS MATTERS

- Header and footer must be complete

<b>ST-101</b> EFO00149 10-20-09			Idaho State Tax Commission		
<b>SALES TAX RESALE OR EXEMPTION CERTIFICATE</b>					
Seller's Name			Buyer's Name		
Address			Address		
City	State	Zip Code	City	State	Zip Code

**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 or Driver's License No. and State of Issue		Date

# BUYING FOR RESALE

---

- Retailers can buy resale inventory exempt from tax.
- Only those goods that will enter a retailer's resale inventory, to be held for sale in the normal course of business, can be purchased exempt.
  - Retailers can also purchase shopping bags exempt from tax

# BUYING FOR RESALE

---

- Examples:
  - A restaurant can buy food, disposable dishes, disposable flatware, disposable napkins, straws, and to-go containers exempt from tax.
  - An automobile repair shop can buy auto parts and oil exempt from tax.
  - Hotels can buy toilet paper, facial tissues, soap, and shampoo exempt from tax.

# BUYING FOR RESALE

- Parts “a” and “b” must be complete for a valid exemption to exist

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
- Idaho registered prepaid wireless service seller. E911 fee permit number \_\_\_\_\_ (required - see instructions)

If this doesn't describe some type of retailer or wholesaler, the buyer shouldn't be "buying for resale"

If the buyer is an Idaho retailer, the buyer must provide a valid Seller's Permit number

Must describe the type of goods the buyer sells

# PRODUCER EXEMPTIONS

- Businesses that primarily produce goods for resale can buy raw materials exempt from tax as well as some equipment and supplies.

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: \_\_\_\_\_

If the buyer marks the “production exemption” box, the buyer must mark the appropriate type of production and describe the items being produced.

# PRODUCER EXEMPTIONS

---

- Some items, such as licensed vehicles, cleaning supplies, and hand tools under \$100 are excluded from the “production exemption.”
- As a retailer, if you sell any of these excluded items exempt from tax, you can be held responsible for the sales tax, even if your customer properly completed *Form ST-101*.
  - Refer to Sales Tax Brochure #5

# EXEMPT BUYERS

- Idaho Code specifically names the following entities as exempt buyers...

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

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

- Exempt buyers do not need a Seller's Permit.
  - They need to fill out the header and footer and mark the appropriate box in section 3.

# CONTRACTORS

---

- Contractors making improvements to real property are the consumers of the supplies, equipment, and materials they use.
- Contractors are required to pay tax on all goods, at the time of purchase, unless a valid exemption exists.
- Contractors should not collect sales tax from their customers.
- For more information, see our [\*Contractors: Who pays the tax?\*](#) video on our website.

# CONTRACTOR EXEMPTIONS

---

- The few contractor exemptions that are available are claimed in part 4 of Form ST-101.

<p><b>4. Contractor Exemptions</b> (see instructions).</p> <p>a. Invoice, purchase order, or job number to which this claim applies _____</p> <p>b. City and state where job is located _____</p> <p>c. Project owner name _____</p> <p>d. This exempt project is: (check appropriate box)</p> <p><input type="checkbox"/> In a nontaxing state. (To qualify, materials must become part of the real property.)</p> <p><input type="checkbox"/> An agricultural irrigation project.</p> <p><input type="checkbox"/> For production equipment owned by a producer who qualifies for the production exemption.</p>
--

- The exemption form is not a blanket form. It is only valid for the job specified.

# CONTRACTOR EXEMPTIONS

---

- Contractors can purchase building materials exempt if:
  - The materials will be incorporated into real property in a nontaxing state (Oregon, Montana, Alaska, and some Washington jobs)
  - The exemption DOES NOT APPLY TO EQUIPMENT or supplies (tools, hard hats, temporary fencing, etc.)

# CONTRACTOR EXEMPTIONS

---

- Contractors can buy materials that will be incorporated into agricultural irrigation systems exempt from tax.
  - Concrete
  - Well materials
  - Pumps
- This does NOT include materials used to irrigate golf courses.

# CONTRACTOR EXEMPTIONS

---

- Contractors can buy production equipment on behalf of a job owner that qualifies for the production exemption.
  - Equipment must be installed into a qualifying production facility
  - The equipment must qualify for the production exemption
  - Equipment cannot become real property (e.g. HVAC systems)

# OTHER EXEMPT GOODS AND BUYERS

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

<input type="checkbox"/> Aircraft used to transport passengers or freight for hire	<input type="checkbox"/> Livestock sold at a public livestock market
<input type="checkbox"/> Aircraft purchased by nonresident for out-of-state use	<input type="checkbox"/> Medical items that qualify
<input type="checkbox"/> American Indian buyer holding Tribal I.D. No. _____.	<input type="checkbox"/> Pollution control items
This form doesn't apply to vehicles or boats. See instructions.	<input type="checkbox"/> Research and development goods
<input type="checkbox"/> Church buying goods for food bank or to sell meals to members	<input type="checkbox"/> Snowmaking/grooming equipment, or aerial tramway component
<input type="checkbox"/> Food bank or soup kitchen buying food or food service goods	<input type="checkbox"/> Other goods or entity exempt by law under the following statute
<input type="checkbox"/> Glider kits for IRP-registered vehicles	(required: _____ )
<input type="checkbox"/> Heating fuel	

- Most of the exemptions in part 5 are used less frequently than other exemptions
- Information can be found in the ST-101 instructions

# TRIBAL MEMBERS

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

<input type="checkbox"/> Aircraft used to transport passengers or freight for hire	<input type="checkbox"/> Livestock sold at a public livestock market
<input type="checkbox"/> Aircraft purchased by nonresident for out-of-state use	<input type="checkbox"/> Medical items that qualify
<input type="checkbox"/> American Indian buyer holding Tribal I.D. No. _____	<input type="checkbox"/> Pollution control items
<input type="checkbox"/> This form doesn't apply to vehicles or boats. See instructions.	<input type="checkbox"/> Research and development goods
<input type="checkbox"/> Church buying goods for food bank or to sell meals to members	<input type="checkbox"/> Snowmaking/grooming equipment, or aerial tramway component
<input type="checkbox"/> Food bank or soup kitchen buying food or food service goods	<input type="checkbox"/> Other goods or entity exempt by law under the following statute (required: _____ )
<input type="checkbox"/> Glider kits for IRP-registered vehicles	
<input type="checkbox"/> Heating fuel	

- Tribal members can make purchases exempt from tax if goods are delivered within the boundaries of a reservation.
- Vehicle sales must be documented on Form ST-133.

# SALES TO RESIDENTS OF NONTAXING STATES

---

- Idaho does not exempt sales to residents of Oregon, Alaska, Montana, or Canada
- If possession is taken in Idaho, then Idaho sales tax is due
  - Unless the buyer qualifies for an exemption

# GOODS SHIPPED OR DELIVERED TO ANOTHER STATE

---

- Goods delivered to another state, via your company vehicle or by common carrier, are exempt from Idaho tax
  - Do not need an exemption form
  - Keep shipping records, insurance records and/or anything else that will provide proof of delivery/shipment

# OTHER EXEMPTIONS

---

- Yard sales (Rule 097)
- Occasional sales (Rule 099)
- Sales of 4-H animals at the fair (Rule 089)
  - Feed and other supplies to raise the animal are taxable
- For more information, see the Idaho [Sales and Use Tax Administrative Rules](#)

# REPORTING

---

- Sales tax is reported on an accrual basis.
  - Due in the reporting period that the sale takes place
  - No part of sales tax can be deferred until payment is actually received.
    - As a retailer, if you advertise something like, “no payment for 90 days,” or “no payment for a year,” you are still required to remit the sales tax in the reporting period that the sale took place.

# REPORTING

---

- Use Form 850, *Sales and Use Tax Return*, to report and pay sales tax.
- Returns are due the 20<sup>th</sup> day of the month following the end of the reporting period.
  - If the 20<sup>th</sup> falls on a weekend or federal holiday, the due date is the following business day.
- File on time to avoid late penalties and interest.
- Even if you have no sales, you must still file a return.

Complete lines 1 thru 11.

Permit number

Reporting period

Due date

Sign, date, and mail the form with your payment.

**FORM 850 IDAHO SALES AND USE TAX RETURN**

PERMIT NO. 002566412

FROM 09/01/2013 TO 09/30/2013

TAX DUE ON OR BEFORE 10/21/2013

REVENUE OPERATIONS QUALITY CONTROL  
PO BOX 36  
BOISE ID 83722-0036

Mailing Address Change

Cancel Permit

1. Total Sales.....

2. Less nontaxable sales.....

3. Net taxable sales (line 1 minus line 2).....

4. Items subject to use tax.....

5. Total taxable (add lines 3 and 4).....

6. Tax (6% of Line 5).....

7. Adjustments (attach explanation).....

8. Tax due (total of lines 6 and 7).....

9. Penalty (add after due date).....

10. Interest (add after due date).....

11. Total due.....

I do hereby swear or affirm that this information is true and correct to the best of my knowledge

Authorized Signature \_\_\_\_\_ Date \_\_\_\_\_

Mail to:  
State Tax Commission  
PO Box 76  
Boise, Idaho 83707

1002566412 1002566412 REVE 08 0913 M 50 2

Barcode is unique to each taxpayer and reporting period. If you lose a return, call Taxpayer Services for a replacement (or file online).

# IF YOU DON'T FILE...

---

- Collection actions may be taken against you, including:
  - Estimated tax assessments
  - Liens
  - Seizure of your wages, bank accounts, and other assets
- This applies to all tax types

# RECORDKEEPING

---

- Keep records for at least 4 years
- Records to keep:
  - Sales and purchase journals
  - Check registers
  - Exemption certificates
  - Invoices (sales and purchases)
  - Contracts
  - Tax returns

# SALES TAX BROCHURES

- Brochures tailored to specific types of businesses are available at [tax.idaho.gov](http://tax.idaho.gov) under FORMS/PUBS

Tax Commission  
**IDAHO**

**#50 NONPROFIT GROUPS & CHURCHES**  
An Educational Guide to Sales Tax in the State of Idaho

This brochure is intended to help nonprofit groups and churches understand the sales tax laws that apply to them. This information is based on the sales tax laws and rules in effect on September 1, 2006.

**Are all nonprofit organizations exempt from sales tax?**

No. Most religious, charitable, and nonprofit organizations are required to pay sales tax on goods they buy for their own use and collect tax when selling goods. There are a few exceptions, which are listed later. Many organizations believe that, because they qualify for "tax exempt" status with the Internal Revenue Service, they are also exempt from sales tax obligations. However, this is not true. The IRS exemption applies only to income tax.

**Which nonprofit organizations are exempt from paying tax on all of their purchases?**

Only the following are exempt:

- Hospitals (This exemption doesn't include nursing homes, doctors' offices, most clinics, or out-patient alcohol/drug treatment facilities.) Any for-profit facility must pay sales tax.
- Specifically-named health-related entities and their local and regional chapters. They are:
  - American Cancer Society
  - American Diabetes Association
  - American Heart Association
  - Arthritis Foundation
  - Children's Home Society of Idaho (also known as the Warm Springs Counseling and Training Institute)
  - Easter Seals
  - Idaho Community Action Agencies
  - Idaho Cystic Fibrosis Foundation
  - Idaho Diabetes Youth Programs
  - Idaho Epilepsy League
  - Idaho Lung Association
  - 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
  - The Arc

# PERMIT VERIFICATION

---

- You can verify the validity of an Idaho Seller's Permit on the Tax Commission's website.
  - Click the [Online Services](#) link
  - Click the [Verify Seller's Permit](#) link

# PERMIT VERIFICATION

---

## Screen shot from website

The Idaho Seller's Permit Number Validation application will display the business name associated with a permit number if you enter a valid permit number. This does not guarantee that the buyer qualifies for a claimed exemption.

If you need more information about exemptions, read our [sales tax brochures](#) or call toll free at (800) 972-7660 or 334-7660 in the Boise area.

Enter Idaho Seller's Permit Number:

This is an invalid Idaho seller's permit number.

# SALES TAX SUMMARY

---

- Retailers doing business in Idaho are required to collect, report, and pay sales tax.
- Goods stored, used, or otherwise consumed in Idaho are subject to tax.
- Neither sales nor use tax is due if a valid exemption exists.
- Exempt sales must be properly documented.

# E-FILING SALES & WITHHOLDING RETURNS



# E-FILING

---

- You can file your sales tax and income tax withholding returns electronically for free.
- You can also make payments electronically. The following are subject to convenience fees:
  - Debit/credit cards
  - E-checks
  - ACH Credit (fees vary, depending on your bank)
- ACH Debit payments are free.

# E-FILING

---

- If you e-file your returns for six consecutive months (or two quarters), the Tax Commission will stop mailing you paper returns.
- To help you remember when to e-file:
  - Sign up for tax due date reminders through our [website](#), or
  - Set yourself a due date reminder in Outlook or a similar program

# E-FILING

---

- To start e-filing your sales & income tax withholding returns, go to [tax.idaho.gov/efile](https://tax.idaho.gov/efile)
- Under *Businesses*, choose either:
  - [Sales-related returns e-file](#) or
  - [Withholding e-file](#)

# BUSINESS TAX CLASS

---

- We offer a free monthly Right Track class in our Boise and Coeur d'Alene offices. The class covers:
  - How to fill out your withholding and sales tax returns correctly the first time
  - When sales tax exemptions apply
  - Answers to specific questions you have about your business
- Visit our website to [register for the class](#) and learn more.

# QUESTIONS ABOUT TAXES?

---

- Call us:
  - Toll free: (800) 972-7660
  - In the Boise area: 334-7660
- Visit us on the Web at:
  - [tax.idaho.gov](http://tax.idaho.gov)
- E-mail us at:
  - [taxrep@tax.idaho.gov](mailto:taxrep@tax.idaho.gov)
- Fax Taxpayer Services:
  - (208) 334-7846