

Instructions For Use of Resale Certificates

Form ST-120, *Resale Certificate*, is a sales tax exemption certificate. **This certificate is only for use by a purchaser who:**

- A** - is registered as a New York State sales tax vendor and has a valid Certificate of Authority issued by the Tax Department and is making purchases of tangible personal property (other than motor fuel or diesel motor fuel) or services that will be resold or transferred to the purchaser's customers, **or**
- B** - is not required to be registered with the New York State Tax Department;
 - is registered with another state, the District of Columbia, a province of Canada, or other country, or is located in a state, province, or country which does not require sellers to register for sales tax or VAT purposes; and
 - is purchasing items for resale that will be either:
 - 1) delivered by the seller to the purchaser's customer or to an unaffiliated fulfillment service provider located in New York State, or
 - 2) delivered to the purchaser in New York State, but resold from a business located outside the state.

Note: For purposes of 1) above, delivery by the seller includes delivery in the seller's own vehicle or by common carrier, regardless of who arranges for the transportation.

If, among other things, a purchaser has any place of business or salespeople in New York State, or owns or leases tangible personal property in the State, the purchaser is required to be registered in New York State. If you need help determining if you are required to register because you engage in some other activity in the State, contact the Department (see the **Need Help** section). However, a purchaser who is not otherwise required to be registered in New York may purchase fulfillment services from an unaffiliated New York fulfillment service provider and have its tangible personal property located on the premises of the provider without being required to be registered in New York State.

If you meet the registration requirements and engage in business activities in New York State without possessing a valid Certificate of Authority, you will be subject to penalty of up to \$500 for the first day on which you make a sale or purchase, and up to \$200 for each additional day, up to a maximum of \$10,000.

Limitations on use

Contractors cannot use this certificate. They must either:

- issue Form ST-120.1, *Contractors Exempt Purchase Certificate*, if the tangible personal property being purchased qualifies for exemption as specified by the certificate, or
- issue Form AU-297, *Direct Payment Permit*, or
- pay sales tax at the time of purchase.

Contractors are entitled to a refund or credit of sales tax paid on materials used in repairing, servicing or maintaining real property, if the materials are transferred to the purchaser of the taxable service in conjunction with the performance of the service. For additional information, see Publication 862, *Sales and Use Tax Classifications of Capital Improvements and Repairs to Real Property*.

To the Purchaser

Enter all the information requested on the front of this form.

You may check the *Blanket certificate* box to cover all purchases of the same general type of property or service purchased for resale. If you do not check the *Blanket certificate* box, the certificate will be deemed a *Single-use certificate*. Temporary

vendors may not issue a blanket certificate. A temporary vendor is a vendor (other than a show or entertainment vendor), who, in no more than two consecutive quarters in any 12-month period, makes sales of tangible personal property or services that are subject to tax.

This certificate does not exempt prepaid sales tax on cigarettes. This certificate may not be used to purchase motor fuel or diesel motor fuel.

If you intentionally issue a fraudulent exemption certificate, you will become liable for penalties and interest, in addition to the sales tax initially due. Some penalties that may apply:

- 100% of the tax due
- \$50 for each fraudulent exemption certificate issued
- a misdemeanor penalty consisting of fines not to exceed \$10,000 for an individual or \$20,000 for a corporation
- loss of your Certificate of Authority

To the Seller

If you are a New York State registered vendor and accept an exemption document, you will be protected from liability for the tax, if the certificate is valid.

The certificate will be considered valid if it was:

- accepted in good faith,
- in the vendor's possession within 90 days of the transaction, and
- properly completed (all required entries were made).

A certificate is accepted in good faith when a seller has no knowledge that the exemption certificate is false or is fraudulently given, and reasonable ordinary due care is exercised in the acceptance of the certificate.

You must get a properly completed exemption certificate from your customer no later than 90 days after the delivery of the property or the performance of the service. When you receive a certificate after the 90 days, both you and the purchaser are subject to the burden of proving that the sale was exempt, and additional documentation may be required. An exemption certificate received on time that is not properly completed will be considered satisfactory if the deficiency is corrected within a reasonable period. You must also maintain a method of associating an invoice (or other source document) for an exempt sale made to a customer with the exemption certificate you have on file from that customer.

Invalid exemption certificates - Sales transactions which are not supported by valid exemption certificates are deemed to be taxable retail sales. The burden of proof that the tax was not required to be collected is upon the seller.

Retention of exemption certificates - You must keep this certificate for at least three years after the due date of the return to which it relates, or the date the return was filed, if later.



Need Help?

Tax information: 1 800 972-1233
Forms and publications: 1 800 462-8100
From outside the U.S. and outside Canada: (518) 485-6800
Fax-on-demand forms: 1 800 748-3676
Internet access: <http://www.tax.state.ny.us>
Hearing and speech impaired: 1 800 634-2110

State of New Jersey
DIVISION OF TAXATION

SALES TAX
FORM ST-3

RESALE CERTIFICATE

The seller must collect the tax on a sale of taxable property or services unless the purchaser gives him a properly completed New Jersey exemption certificate.

PURCHASER'S NEW JERSEY
TAXPAYER REGISTRATION NUMBER

To be completed by purchaser and given to and retained by seller. See instructions on back.
Seller should read and comply with the instructions given on both sides of an exemption certificate.

TO _____ Date _____
(Name of Seller)

Address _____ City _____ State _____ Zip _____

The undersigned certifies that:

- (1) He holds a valid Certificate of Authority (number shown above) to collect State of New Jersey Sales and Use Tax.
- (2) He is principally engaged in the sale of (indicate nature of merchandise or service sold):

- (3) The merchandise or services being herein purchased are described as follows:

- (4) The **merchandise** described in (3) above is being purchased: *(check one or more of the blocks which apply)*
 - (a) For resale in its present form.
 - (b) For resale as converted into or as a component part of a product produced by the undersigned.
 - (c) For use in the performance of a taxable service on personal property, where the property which is the subject of this Certificate becomes part of the property being serviced or is later transferred to the purchaser of the service in conjunction with the performance of the service.
- (5) The services described in (3) above are being purchased: *(check the block which applies)*
 - (a) By a seller who will either collect the tax or will resell the services.
 - (b) To be performed on personal property held for sale.

I, the undersigned purchaser, have read and complied with the instructions and rules promulgated pursuant to the New Jersey Sales and Use Tax Act with respect to the use of the Resale Certificate, and it is my belief that the seller named herein is not required to collect the sales or use tax on the transaction or transactions covered by this Certificate. The undersigned purchaser hereby swears under the penalties for perjury and false swearing that all of the information shown in this Certificate is true.

NAME OF PURCHASER _____ (as registered with the New Jersey Division of Taxation)

(Address of Purchaser) _____

By _____ (Title)
(Signature of owner, partner, officer of corporation, etc.)

INSTRUCTIONS FOR USE OF RESALE CERTIFICATES - ST-3

- 1. Good Faith** - To act in good faith means to act in accordance with standards of honesty. In general, registered sellers who accept exemption certificates in good faith are relieved of liability for the collection and payment of sales tax on the transactions covered by the exemption certificate.

In order for good faith to be established, the following conditions must be met:

- (a) Certificate must contain no statement or entry which the seller knows is false or misleading;
- (b) Certificate must be an official form or a proper and substantive reproduction, including electronic;
- (c) Certificate must be filled out completely;
- (d) Certificate must be dated and include the purchaser's New Jersey tax identification number or, for a purchaser that is not registered in New Jersey, the Federal employer identification number or out-of-State registration number. Individual purchasers must include their driver's license number; and
- (e) Certificate or required data must be provided within 90 days of the sale.

The seller may, therefore, accept this certificate in good faith as a basis for exempting sales to the signatory purchaser and is relieved of liability even if it is determined that the purchaser improperly claimed the exemption.

- 2. Improper Certificate** - Sales transactions which are not supported by properly executed exemption certificates are deemed to be taxable retail sales. In this situation, the burden of proof that the tax was not required to be collected is upon the seller.
- 3. Correction of Certificate** - In general, sellers have 90 days after date of sale to obtain a corrected certificate where the original certificate lacked material information required to be set forth in said certificate or where such information is incorrectly stated.
- 4. Additional Purchases by Same Purchaser** - This certificate will serve to cover additional purchases by the same purchaser of the same general type of property. However, each subsequent sales slip or purchase invoice based on this Certificate must show the purchaser's name, address and New Jersey, Federal, or out of state registration number for purpose of verification.
- 5. Retention of Certificates** - Certificates must be retained by the seller for a period of not less than four years from the date of the last sale covered by the certificate. Certificates must be in the physical possession of the seller and available for inspection on or before the 90th day following the date of the transaction to which the certificate relates.

EXAMPLES OF PROPER USE OF RESALE CERTIFICATE

- a. A retail household appliance store owner issues a Resale Certificate when purchasing household appliances from a supplier for resale.
- b. A furniture manufacturer issues a Resale Certificate to cover the purchase of lumber to be used in manufacturing furniture for sale.
- c. An automobile service station operator issues a Resale Certificate to cover the purchase of auto parts to be used in repairing customer cars.

EXAMPLES OF IMPROPER USE OF RESALE CERTIFICATE

In the examples below, the seller should not accept Resale Certificates, but should insist upon payment of the sales tax.

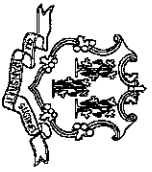
- a. A lumber dealer can not accept a Resale Certificate from a tire dealer who is purchasing lumber for use in altering his premises.
- b. A distributor may not issue a Resale Certificate on purchases of cleaning supplies and other materials for his own office maintenance, even though he is in the business of distributing such supplies.
- c. A retailer may not issue a Resale Certificate on purchases of office equipment for his own use, even though he is in the business of selling office equipment.
- d. A supplier can not accept a Resale Certificate from a service station owner who purchases tools and testing equipment for use in his business.

REPRODUCTION OF RESALE CERTIFICATE FORMS: Private reproduction of both sides of Resale Certificates may be made without the prior permission of the Division of Taxation.

FOR MORE INFORMATION:

Call the Customer Service Center (609) 292-6400. Send an e-mail to nj.taxation@treas.state.nj.us. Write to: New Jersey Division of Taxation, Information and Publications Branch, PO Box 281, Trenton, NJ 08695-0281.

STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES



REGULATIONS 1 & 23

Regulation No. 1 RESALE CERTIFICATES

Section 12-426-1

(a) The burden of proving that the sale, lease or rental of tangible personal property pursuant to Regulation 12-426-25 or a sale of a service taxable pursuant to Regulations 12-426 and 12-426-27 is not a sale at retail is upon the seller/lessor unless he takes a certificate from the purchaser that the property or service is purchased for resale.

The certificate shall be taken in good faith from a person engaged in selling or leasing tangible personal property or taxable services, who, at the time of purchase, intends to sell the property or services in the regular course of business or cannot then ascertain whether it will be so sold or not.

The certificate shall be substantially in the form prescribed in subsection (b). It shall in all cases be signed by the purchaser, bear his name and address and indicate the general character of the property or service sold by the purchaser in the regular course of his business. It shall also bear the number of the seller's permit held by the purchaser, but, if he is not required to hold a permit because he sells only property of a kind the sale of which is not taxable, e.g., food products for human consumption, or because he makes no

sales in this state, he should make an appropriate notation to that effect on the certificate in lieu of his seller's permit number.

(b) The form of the resale certificate* is prescribed by the Commissioner of Revenue Services and copies of the same may be made and used by any seller of tangible personal property or services in accordance with this section:

Under "General Description of products to be purchased from the seller" there may appear (1) Either an itemized list of the particular property/service(s) to be purchased or leased for resale or (2) A general description of the kind of property to be purchased for resale. This certificate may be used for the purpose of a single purchase of commodities/services for resale; in such case (1) above applies, or it may be used as a blanket certificate for the purpose of a continuing line of purchases of commodities for resale in the regular course of business; in the latter case (2) above applies, and the certificate should be plainly marked "Blanket Certificate".

(c) The good faith of the seller will be questioned if he has knowledge of facts which give rise to a reasonable inference that the purchaser does not intend to resell the property, as, for example, knowledge that a purchaser of particular merchandise is not engaged in the business of selling that kind of merchandise.

(d) Resale certificates shall be valid only for the period in which the purchaser is a reseller of the items covered in such certificate but should be renewed at least every three years from the date of issue.

(e) The terms "selling" and "purchasing" of tangible personal property or commodities also encompass leases or rentals of tangible personal property or commodities.

(f) Services may only be "sold" or "purchased" and not rented or leased.

* The text of the certificate is reprinted in its entirety on the reverse side.

Regulation No. 23 RECORDS

Section 12-426-23

(a) Each seller and retailer as defined in Chapter 219 of the General Statutes shall keep adequate and complete records of his business in this State showing:

(1) The gross receipts from the sale or lease of tangible personal property or from sale of services, including both taxable and nontaxable items and any services that are part of a sale.

(2) All deductions allowed by law and claimed in filing return.

(3) Total purchase price of all tangible personal property or services purchased or leased for resale or sublease, and the total purchased or leased for use and consumption in this State.

Such records shall include the normal books of account ordinarily maintained by the average prudent business man engaged in the activity in question, together with all bills, receipts, invoices, cash register tapes or other documents of original entry supporting the entries in the books of account as well as all schedules or working papers used in connection with the preparation of tax returns.

Failure to maintain such records will be considered evidence of negligence or intent to evade the tax and will result in the imposition of appropriate penalties.

(b) In the case of meals under one dollar, the retailer shall maintain such records to prove the actual sales of individual meals costing less than one dollar to support his claim for exemption; otherwise he will have to pay the tax on the gross receipts from all such meals.

(c) All such records shall be maintained for the Department of Revenue Services audits for a period of at least three years unless the destruction or other disposal of the sale is authorized by the Commissioner of Revenue Services, or his authorized representative in writing.

*There is no longer an exemption from sales and Use Tax for meals under \$1.00.



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

SALES & USE TAX RESALE CERTIFICATE

Issued to (Seller)

Address

I certify that Name of Firm (Buyer)

is engaged as a registered

Street Address or P.O. Box No.

- () Wholesaler
- () Retailer
- () Manufacturer
- () Lessor
- () Other (specify)

City

State

Zip

and is registered with the below listed states and cities within which your firm would deliver purchases to us and that any such purchases are for wholesale, resale, ingredients or components of a new product to be resold, leased, or rented in the normal course of our business. We are in the business of wholesaling, retailing, manufacturing, leasing (renting) the following:

.....
.....

City or state

State Registration
or I.D. No.

City or State

State Registration
or I.D. No.

City or state

State Registration
or I.D. No.

City or State

State Registration
or I.D. No.

City or state

State Registration
or I.D. No.

City or State

State Registration
or I.D. No.

I further certify that if any property so purchased tax free is used or consumed by the firm as to make it subject to a sales or use tax we will pay the tax due direct to the proper taxing authority when state law so provides or inform the seller for added tax billing. This certificate shall be part of each order which we may hereafter give to you, unless otherwise specified, and shall be valid until cancelled by us in writing or revoked by the city or state.

General description of products to be purchased from the seller:

I declare under the penalties of false statement that this certificate has been examined by me and to the best of my knowledge and belief is a true, correct and complete certificate.

Authorized Signature

(Owner, Partner or Corporate Officer)

Title

Date