

Appendix A

DIRECT PAYMENT PERMITS *Requirements, Restrictions, Revocation*

Updated January 2004

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	<i>ALABAMA</i>	<i>ALASKA</i>	<i>ARIZONA</i>	<i>ARKANSAS</i>
REQUIREMENTS				
<i>Application Process</i>	FORM ST:DPA1. Upon the DOR demand's, holder may be required to post a bond or security agreement securing the payment of taxes in an amount not to exceed a three-month sales tax or six-month use tax liability.	The state currently does not impose a sales or use tax.	Use tax only—Taxpayers apply to Dept. of Revenue for a registration certificate on a form prescribed by the Dept. Must certify had \$500,000 or more out-of-state purchases for own use in prior calendar year. May require filing of bond.	Apply in writing to the Commissioner of Revenue.
<i>Allowable Business</i>	Manufacturers, transportation companies, electric cooperatives, or persons engaged in the business of mining, quarrying, compounding or processing tangible personal property; certain users of motor fuels.		No restrictions as to allowable businesses in statute.	Permits are issued at Commissioner's discretion.
<i>Applicable Business Locations</i>			Must state locations in application.	Any location under same federal ID number can use. Department issues a separate certificate to each location.
<i>Allowable Purchases</i>	Tangible personal property.		Tangible personal property for taxpayer's own use purchased from out-of-state vendor only.	Tangible personal property and services.
<i>Vendor Documentation</i>			The statute provides that "the certificate relieves the retailer or seller of the duty to collect use tax only if taken in good faith from a person who holds a use tax direct payment permit." The list of taxpayers holding permits may be published on the Dept's. website. The vendor would need to show that a certificate was presented.	Provide copy of DPP certificate to vendor. Purchase order must contain statement that permit holder is responsible for the tax.

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	ALABAMA	ALASKA	ARIZONA	ARKANSAS
<i>Reports, Records and Filing</i>	Returns must be filed and sales and use taxes paid by the 20 th of the month unless permit holder qualifies to file S&U tax returns quarterly or annually. Only purchases from AL vendors are to be reported on a sales tax DPP return. Purchases from out-of-state vendors are to be reported on consumer UT returns.		A monthly report of purchases and taxes paid must be submitted to the Department.	Report and remit tax on or before 20 th of month for previous month's taxable purchases.
<i>Local Tax Collections</i>	A County Commission may elect to collect taxes in this manner. If this election is made, the Commission would have the same rights, remedies, and authority as the DOR.		Locals are not included in the legislation.	Remit local tax of city and/or county where property is first used, stored, consumed or distributed. Local tax due on services where performed.
<i>General</i>			Arizona purchasers making recurring purchases from out-of-state may apply to the Department for a registration certificate and remit payment of the use tax directly to the state in lieu of making payment to the vendor.	DPP holder not entitled to any discount for prompt payment of tax.
RESTRICTIONS				
<i>Disallowed Usage</i>	Construction contracts.		Must be tangible personal property for taxpayer's own use. Otherwise, not eligible.	
<i>General</i>	Permit is not transferable.		Permit is not transferable to different person. Permit valid only for direct payment of Arizona use tax.	
REVOCAION				
<i>Involuntary</i>	May be revoked for failure to comply upon notice by registered mail.		May be revoked if permit holder does not file a TPT-1 timely, does not pay the use tax timely, or otherwise fails to comply with the Transaction Privilege and Use Tax laws.	May be canceled by Commissioner if permit holder is in non-compliance or if cancellation in best interest of the collection of the tax.

	ALABAMA	ALASKA	ARIZONA	ARKANSAS
<i>Voluntary</i>			There is no prohibition with the taxpayer voluntarily surrendering the permit.	
CITATION				
<i>Statutes Regulations, Rules</i>	§40-23-31 Rule 810-6-4-.14		A.R.S. §42-5167, effective January 1, 2003.	§26-52-509 GR-87

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	<i>CALIFORNIA</i>	<i>COLORADO</i>	<i>CONNECTICUT</i>	<i>DELAWARE</i>
REQUIREMENTS				
<i>Application Process</i>	<p>Sales Tax: No state specific form. Written request stating that requirements are met; must hold a valid seller's permit; certified financial statement; description of invoice processing system. Taxpayer must have gross receipts from sales of tangible personal property of at least \$75 million and purchases of taxable tangible personal property of at least \$75 million in each calendar quarter during the 12 months preceding the application.</p> <p>Use Tax: An application must be filed on a form prescribed by the State Board of Equalization, specifying the name under which the taxpayer transacts or intends to transact business, the location of the place or places of business where the applicant intends to make direct payment of use tax, and any other information that the Board may require.</p>	<p>Effective 1/1/00, a provision dealing with direct payment permits shall take effect.</p> <p>Submit application to the Executive Director stating in preceding 12 months the taxpayer has purchased at least \$7 million of taxable commodities, services, or tangible personal property excluding items to be erected upon or affixed to real property; the taxpayer has filed and remitted returns timely; and the taxpayer has an accounting system in place to allocate local sales taxes.</p> <p>DPP must be renewed every third year.</p>	<p>The taxpayer must complete form AU-620, Direct Payment Permit Application, and remit the \$20 permit fee to DRS. Within 120 days from the postmark date of form AU-620, the taxpayer will be sent a letter of approval or denial. The 120 days will be extended if the taxpayer chooses to receive the Direct Payment Permit only if approved for a Managed Compliance Agreement. In that case, DRS will notify the taxpayer of the decision to approve or deny the Direct Payment Permit when the taxpayer is approved or denied for the Managed Compliance Agreement. The Commissioner retains sole discretion in the approval, denial, and revocation of Direct Payment Permits.</p>	<p>The state currently does not impose a sales or use tax.</p>
<i>Allowable Businesses</i>			<p>Taxpayers interested in applying for a Direct Payment Permit must meet all of the following criteria: The collection of sales and use taxes will not be jeopardized if a Direct Payment Permit is issued; The business's accounting system will clearly indicate the amount of sales and use taxes owed; The business is regularly audited by</p>	

	<i>CALIFORNIA</i>	<i>COLORADO</i>	<i>CONNECTICUT</i>	<i>DELAWARE</i>
			DRS: The business will remit sales and use taxes using Electronic Funds Transfers (EFT) technology; and The business agrees that its name may be published as a Direct Payment Permit holder on the DRS Web site and in any other related publication.	
<i>Applicable Business Locations</i>			Separate permit needed for each business location.	
<i>Allowable Purchases</i>	Tangible personal property.	Tangible personal property and services.	Tangible personal property and services.	
<i>Vendor Documentation</i>	Sales Tax: When making a purchase, a seller must give an exemption certificate in a form prescribed by the Board. A model exemption certificate can be found in Reg. 1699.5(h).	Provide direct payment number to vendor.	Copy of DPP form must be supplied to vendor. Upon acceptance of the form, vendor is relieved of any obligation to collect tax from the holder.	
<i>Reports, Records and Filing</i>	A return for DPP remittance must be filed by the last day of the month following each quarterly period. A schedule must be included with each return on which all local and district sales and use taxes are allocated to the applicable local jurisdictions. Misallocation can result in a 10% penalty.	A return for DPP remittance must be filed by the 20 th day of the month following each DPP transaction. The holder is entitled to a vendor's discount when remitting tax.	Holder will be required to report on a form designated by the Commissioner.	
<i>Local Tax Collections</i>	Sales Tax: Permit holder must include with the tax return reporting the tax liability, a schedule allocating all local sales and use tax and all transactions and use tax to cities, counties, redevelopment agencies, and districts to which such tax would be allocated if paid by the retailer. A 10% penalty is imposed on any misallocated amount. Use Tax: Permit holder must report in its return the amount of	DPP holder is liable for any county, city, or town or district sales tax in the same manner as would be imposed by the vendor or retailer on a qualified purchaser.	Not applicable as Connecticut does not have local sales taxes.	

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	local use tax applicable to each county, city, city and county, or redevelopment agency in which the first use of the taxable property occurs.			
<i>General</i>	<p>Sales Tax: Permit holders are required to prepay tax, due 5 days earlier than for prepaying taxpayers in general. The Board has the right to accelerate this due date by 10 additional days to guard against a potential cash flow loss.</p> <p>Use Tax: Taxpayer must agree to self-assess and pay directly to the Board any use tax liability incurred, and certify that either the taxpayer is the purchaser for its own use or is the lessee of tangible personal property at a cost of \$500,000 or more in the aggregate, during the calendar year immediately preceding the application for the permit, or that the taxpayer is a county, city, city and county, or redevelopment agency.</p>		Commissioner is authorized to issue permits to certain persons who purchase substantial amounts of tangible personal property for business use under circumstances that normally make it difficult or impractical at the time of purchase to determine whether such property will be subject to sales or use tax. Each application accepted will receive a direct payment permit numbered, dated, and signed by the tax commissioner or the commissioner's representative.	
RESTRICTIONS				
<i>Disallowed Usage</i>			<p>Tangible personal property incorporated into new construction to real property;</p> <p>Meals or lodging;</p> <p>Motor vehicles, vessels, aircraft, and snowmobiles;</p> <p>Telecommunications services;</p> <p>Utilities (gas, electricity, and heating fuel); and</p> <p>Purchases made with Procurement Cards (P-Cards).</p>	
<i>General</i>			Permit is not transferable	
REVOCAION				
<i>Involuntary</i>	Sales Tax: Board has determined	Executive Director may revoke permit	Commissioner may revoke due to failure	

	CALIFORNIA	COLORADO	CONNECTICUT	DELAWARE
	that permit holder no longer meets requirements. Use Tax: Board may notify seller or retailer of revocation if it determines that the requirements are no longer being met by the permit holder.	if holder has violated any provision. DPP holder may appeal within 30 days of notice by requesting a hearing.	to comply or failure to file 4 successive monthly or quarterly returns showing no sales. Holder will be given 10 days' notice of a show cause hearing.	
<i>Voluntary</i>	Use Tax: Revision or withdrawal by the permit holder will terminate the permit.			
CITATION				
<i>Statutes Regulations, Rules</i>	§7051.1, 7051.2, 7051.3 1699.5	§39-26-103.5	§12-409a	

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	<i>DISTRICT OF COLUMBIA</i>	<i>FLORIDA</i>	<i>GEORGIA</i>	<i>HAWAII</i>
REQUIREMENTS				
<i>Application Process</i>	The District has no sales or use tax provisions dealing with direct payment permits.	No state specific form. Request in writing. Permits are renewable every 5 years.	No state specific form. Written application stating taxpayer will obligate itself to report and pay directly to the Commissioner sales & use taxes on all taxable purchases of property & services. Commissioner may require a bond.	The state has no sales or use tax provisions dealing with direct payment permits.
<i>Allowable Businesses</i>		Dealers who annually make purchases in excess of \$10 million per year in any county; dealers who annually purchase at least \$100,000 of tangible personal property, including maintenance and repairs for their own use; dealers who purchase promotional materials whose ultimate use is unknown at purchase; telecommunication services, eligible air carriers, vessels, railroads, and motor vehicles engaged in interstate and foreign commerce; dealers who lease realty from a number of independent property.		
<i>Applicable Business Locations</i>				
<i>Allowable Purchases</i>		Tangible personal property	Tangible personal property or services.	
<i>Vendor Documentation</i>		Provide vendor with copy of permit.	Provides vendor with copy of permit or Certificate of Exemption (ST-5) with registration no. after which purchase order with registration no. will be sufficient.	
<i>Reports, Records and Filing</i>		Holder must file a report by 9/30 of each year showing the amount of total purchases by county for the period 9/1 - 8/31, and the amount of UT self-accrued on purchases by county.		
<i>Local Tax Collections</i>				

	<i>DISTRICT OF COLUMBIA</i>	<i>FLORIDA</i>	<i>GEORGIA</i>	<i>HAWAII</i>
<i>General</i>		Any applicant initially denied the issuance of a permit may submit an amended application or a new application following a reasonable period of time after the denial of the first application.		
RESTRICTIONS				
<i>Disallowed Usage</i>				
<i>General</i>		Permit is not transferable.		
REVOCAION				
<i>Involuntary</i>		May be revoked for failure to comply, failure to respond to renewal request, or to cooperate with DOR during its review of the self-accrual authority. Holder must notify vendors of cancellation.		
<i>Voluntary</i>		Holder must notify vendors of cancellation.		
CITATION				
<i>Statutes Regulations, Rules</i>		Rule 12A-1.0911	560-12-1-.16	

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	<i>IDAHO</i>	<i>ILLINOIS</i>	<i>INDIANA</i>	<i>IOWA</i>
REQUIREMENTS				
<i>Application Process</i>	No state specific form. Written application to Commission explaining reasons why it is necessary for the taxpayer to pay taxes directly to the Commission. Direct pay authorization must be renewed every two years. Note: The Tax Commission is now promulgating a rule that will change the expiration period to 5 years. The Commission expects this rule to be effective at the end of the next legislative session.	FORM ST-45 Direct Payment Program Application Application includes Applicant Information, Multi-site locations, Computer information, and a description of the Business need to participate in this program.	FORM DP-1. Direct pay permit must be renewed annually.	Written application to the Director with certification that sales and use tax has averaged \$4,000 semimonthly over the prior two years.
<i>Allowable Businesses</i>	It is to the mutual convenience of the Tax Commission, the taxpayer, and the taxpayer's vendors. A taxpayer must demonstrate to the Commission's satisfaction that it has the accounting and technical capability to comply with the Sales Tax Act.	Taxpayer must establish a business purpose and demonstrate how direct payment will benefit tax compliance. They must also demonstrate ability to comply with sales/use tax law and reporting requirements.	Registered retail merchants, manufacturers, or wholesalers who make substantial purchases of tangible personal property where it is impossible at the time of purchase to determine whether or not the materials will be used for an exempt purpose.	Purchasers, users or consumers who accrue a tax liability of more than \$4,000 in a semimonthly period. Cannot include local tax amounts to meet the \$4,000 threshold.
<i>Applicable Business Locations</i>	No provision for applicable business locations.	Applicable for multi locations.		Any location under same federal ID number may use permit. It is not mandatory that all such locations in state use the permit.
<i>Allowable Purchases</i>	Tangible personal property.	Tangible personal property.	Tangible personal property.	Tangible personal property or services.
<i>Vendor Documentation</i>	Provide vendor with a copy of the letter from the Commission granting the direct pay authority.	Provide vendor with notification of DPP including holder's name, address, IBT no., statement purchase being made under DPP, and effective date of permit.	FORM ST-1. Provide vendor with a copy of the permit.	Iowa exemption certificate provides box to check and space to provide DPP number.
<i>Reports, Records and Filing</i>	The tax is reported on the taxpayer's sales or use tax return for the period in which the transaction occurs.	Tax must be remitted with return on the next due date following transaction.		Tax must be remitted by EFT. Consolidated return required for all locations in state using the DPP.
<i>Local Tax Collections</i>	Currently there are only 5 resort cities in Idaho that impose a tax on	Local tax due based upon rate imposed by locality in which property would		Local tax due based on delivery point of tangible personal property. usually

	<i>IDAHO</i>	<i>ILLINOIS</i>	<i>INDIANA</i>	<i>IOWA</i>
	cities in Idaho that impose a tax on sales of tangible personal property. If any of the local taxes apply the holder would have to remit the tax directly to the appropriate city.	have been taxed if DPP had not been used.		of tangible personal property, usually the permit holder's location.

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	IDAHO	ILLINOIS	INDIANA	IOWA
<i>General</i>		Direct Payment Program effective July 1, 2001. Taxpayer may choose to use their Direct Pay Permit for selected vendors or they may obtain approval to establish a Taxability Ratio for prospective filing of Sales Tax returns.		
RESTRICTIONS				
<i>Disallowed Usage</i>	Does not apply to: contractors or other third parties; or hotel/motel room or campground accommodations.	Purchases of food or beverages; tangible personal property required to be titled or registered with an agency of Federal or State government; taxable services under IL statutes.	Purchases of utilities, motor vehicles required to be licensed for highway use, or aircraft required to be registered with the state.	Purchases of gas, electricity, water, heat, pay TV, communication service and vehicles subject to registration. Permit may not be assigned to a third party.
<i>General</i>		Permit is not transferable or assignable to a third party.		Permit is not transferable.
REVOCAION				
<i>Involuntary</i>	May be revoked for failure to comply or for allowing contractors or third parties to make exempt purchases with permit. Holder must notify vendors of revocation.	Department may cancel permit due to non-compliance. Notice must be in writing. Holder must notify vendors of cancellation.	May be revoked by the Department without cause, at any time.	May be revoked by the Director if holder fails to meet requirements of DPP, misuses DPP, or fails to comply. Holder must notify all vendors of revocation.
<i>Voluntary</i>	The holder must notify vendors of the cancellation.	Holder must notify vendors of cancellation.		
CITATION				
<i>Statutes Regulations, Rules</i>	Rule 35.01.02.112	Public Act 92-484 Title 86 Part 130 Section 130.2500 - 130.2535	Rule 45 IAC 2.2-8-15, Rule 45 IAC 2.2-8-16	§422.53(8) 701-12.3 701-15.3

	KANSAS	KENTUCKY	LOUISIANA	MAINE
REQUIREMENTS				
<i>Application Process</i>	No state specific form. Written request to Director of Taxation with completed business tax application form if one has not been submitted within five years.	Form 51A112, Application for Direct Pay Authorization. The Revenue Cabinet may require a bond or indemnity agreement not less than \$75,000 and not greater than three times estimated tax liability.	Application by letter to Department of Revenue and Taxation (DRT). Department will notify local tax agencies of application who may disapprove application independent of state.	Special form provided by the Bureau of Taxation.
<i>Allowable Businesses</i>	Any taxpayer who purchases more than \$1 million of tangible personal property annually for own use or purchases where use cannot be determined at time of purchase; makes purchase in sufficient volume to justify the expense of regular audits by the department; maintains a place of business in the state; and maintains accounting records which clearly identify purchases and tax due.	Manufacturers, transportation companies or persons engaged in the business of mining, quarrying, compounding or processing tangible personal property and have property (other than inventory and office furniture and equipment) located in more than one state.	Manufacturers of tangible personal property for resale with a manufacturing establishment in state, who have an annual average of \$15 million of taxable purchases or leases of tangible personal property and services for 3 calendar years prior to the year of application, and have such an average for each subsequent 3-year period.	Manufacturer or utility. Taxpayer must have substantial purchases where use cannot be determined at time of purchase and in sufficient volume to justify the expense of regular audits by the Bureau.
<i>Applicable Business Locations</i>		Locations having separate sales tax numbers would be required to have separate direct payment permits.	Separate permit required for each manufacturing location.	
<i>Allowable Purchases</i>	Tangible personal property or services.	Tangible personal property.	Tangible personal property and services, including lease of.	Taxable tangible personal property.
<i>Vendor Documentation</i>	Provide vendor with copy of DPP along with an exemption certificate with DPP no. noted.	Copy of direct pay authorization, form 51A110, issued by the Revenue Cabinet.	Presentation of valid DPP number to vendor or lessor.	Provide vendor with copy of permit (form ST-P-3) and include DPP no. on purchase orders.
<i>Reports, Records and Filing</i>	Taxpayer will be required to file a monthly return reporting the taxable purchases used by the holder and use tax remitted. Holder may be required to submit returns by EDI and taxes by EFT. An annual reconciliation of purchases is required when inventory.	Returns filed on or before 20 th day of month following the month during which such tangible personal property was used for a taxable purpose.	Permit holder allowed 1.1% vendor's compensation for tax due.	
<i>Local Tax Collections</i>	Local sales tax will be accounted for based on vendor's place of business.		Application for direct payment permit may be made to local taxing jurisdiction.	

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	KANSAS	KENTUCKY	LOUISIANA	MAINE
<i>General</i>	DPP holder may elect to issue permit to selected vendors or to all their vendors.			
RESTRICTIONS				
<i>Disallowed Usage</i>	Purchases of meals, food or drinks, motor vehicles, aircraft, telephone & telegraph services, subscriber radio & television services, admission to places of amusement, charges to private clubs, rental of hotel rooms, construction contracts.	Construction contractors. Purchases of taxable services and tangible personal property for the permit holder's own use.		Construction contracts. Purchases of prepared food or beverages in an eating place; occupancy or accommodations at hotels, motels; telephone & telegraph service; rentals under interim rental provisions and short-term rental of autos.
<i>General</i>		Permit is not transferable.		
REVOCAATION				
<i>Involuntary</i>	Secretary may revoke permit at any time for noncompliance or misuse. Holder must notify vendors within 30 days after revocation.	Revenue Cabinet may notify holder via certified mail of permit termination for noncompliance, failure to file returns and remit tax, and permit holder is no longer eligible. Holder must notify vendors within 30 days of revocation.	May be revoked by Secretary at any time if taxpayer fails to meet qualifications or if DPP holder receives notice of revocation by local tax collection agencies.	May be revoked for failure to comply. Holder must return permit to Assessor and notify vendors within 30 days of revocation.
<i>Voluntary</i>	Permit holder may cancel permit by mailing permit to Secretary with written request to cancel permit. Holder must notify vendors within 30 days after cancellation.			Holder must obtain written permission from State Tax Assessor first. Holder must return permit to Assessor and notify vendors within 30 days after receiving cancellation notice.
CITATION				
<i>Statutes Regulations, Rules</i>	§79-3619(b) Reg. 92-20-11 Public Notice 98-03	§139.260, 139.400 Reg. 103 KAR 31:030	§47:303.1	Reg. 308

	MARYLAND	MASSACHUSETTS	MICHIGAN	MINNESOTA
REQUIREMENTS				
<i>Application Process</i>	Effective 7/1/93, direct payment permits are no longer granted; however, permits issued prior to 7/1/93 will remain in effect.	Written application to Department of Revenue on Form DPP-1. Taxpayer describes business, recordkeeping methods, estimated volume of purchases, accrual and payment methods. Renewal of permit by end of 5 th year; renewal application also Form DPP-1.	An officer of company must make written request to the Michigan Department of Treasury.	Application in the form of a letter containing the applicant's name, address, sales and use tax account number, description of the business, description of their accounting system, volume of purchases, and justification for adoption of direct pay method must be submitted to the Commissioner of Revenue.
<i>Allowable Businesses</i>	Businesses which were issued permits prior to 7/1/93.	No specific exclusions by type. Estimated accrued sales/use tax over \$50,000/year. Registered as sales/use tax vendor. Accounting and recordkeeping systems useable for scientific sampling and account total verification. Changes in organization, mergers, acquisitions require new Permit application.	Typically granted to manufacturers.	Business must presently hold a sales and use tax permit. Taxpayer must also demonstrate that: the nature of their business is such that direct pay will materially reduce the administrative work of collecting the tax, and they must make taxable purchases sufficient enough to justify the expense of regular audits by the Department.
<i>Applicable Business Locations</i>		Individually negotiated with taxpayer.	Any manufacturing locations under same federal ID number.	
<i>Allowable Purchases</i>	Purchase, lease or rental of taxable tangible personal property or services.			Tangible personal property.
<i>Vendor Documentation</i>	Furnish vendor with copy of DPP and certificate of exemption with DPP number.	Form ST-14 "Direct Payment Permit" and ST-15 "Direct Payment Certificate" are combined, issued to every vendor. Permit/Certificates expire every 5 years, must be renewed.	Provide copy of authorization letter to vendor.	Must furnish a copy of the permit or a statement that the taxpayer holds a direct pay permit number (with the permit date) to each vendor from whom the taxpayer purchases tangible personal property on which an exemption is claimed. A permit holder must either issue the permit to all vendors required to collect state sales and use taxes and accrue all liability as a use tax, or maintain accounting records in sufficient detail to show in summary, and in

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	MARYLAND	MASSACHUSETTS	MICHIGAN	MINNESOTA
				respect to each transaction, the amount of sales taxes paid to vendors in each reporting period.
<i>Reports, Records and Filing</i>	Holder is required to file returns and remit taxes by 21 st of each month.	Monthly Sales/Use Tax Return Form ST-9 filed before 15 th of following month. Account totals, application of taxability rate, and individual purchase records maintained for audit. Updated and historical copies of certificates issued and/or revoked must be maintained. Electronic retention of certificates and other records allowable. Must describe accounting system(s) and software used.		Taxpayer's accounting system must clearly reflect the proper amount of tax due. Permit holders must maintain a current list of all vendors from whom purchases are made under the direct pay method, and must submit this list for examination upon request of the Commissioner.
<i>Local Tax Collections</i>				
<i>General</i>			No provisions on the issuance of direct payment permits; however, they are available to manufacturers who present valid reasons for need.	Commissioner authorized to issue permits to certain persons who purchase substantial amounts of tangible personal property for business use under circumstances that normally make it difficult or impractical at the time of purchase to determine whether such property will be subject to sales tax or whether the use of it will be exempt. Issued permits will be numbered, dated and signed by the Commissioner or delegated representative.
RESTRICTIONS				
<i>Disallowed Usage</i>	S&U tax due when property or service is actually placed in service, or when the utilization becomes known, whichever occurs first. If the determination of taxability is not made within 1 year from purchase date, those goods and	Cannot be used for: motor vehicles including trailers; boats, other registered watercraft; airplanes and other registered aircraft; marine and recreational vehicles requiring registration; meals and alcoholic beverages; items purchased for	For purchases of vehicles, aircraft, and watercraft.	Purchases of: food and beverages; lodging or services; admissions to places of amusement or athletic events, or the privilege of use of amusement devices; or, motor vehicles.

	MARYLAND	MASSACHUSETTS	MICHIGAN	MINNESOTA
	services shall be deemed to be taxable	personal use.		
<i>General</i>		Must notify all vendors immediately if permit surrendered, non-renewed or revoked. Fine of \$1000 <u>per vendor</u> for <u>each</u> failure to notify. Willful misuse subjects permit holder to one year in prison or \$10,000 fine (\$50,000 if corporation).		Permit is not transferable and may not be assigned to a third party.

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	MARYLAND	MASSACHUSETTS	MICHIGAN	MINNESOTA
REVOCATION				
<i>Involuntary</i>	May be revoked for failure to comply or for any other good cause. Holder must notify vendors within 30 days after revocation.	Discretion of Commissioner of Revenue. Generally for misuse, or taxpayer no longer meets requirements for issuance of a permit.		Commissioner may revoke a permit at any time for noncompliance; misuse; or its continued use to be against the best interests of the State.
<i>Voluntary</i>	Holder must notify vendors within 30 days after discontinuance.	Taxpayer may surrender voluntarily. Permit can be reissued in case of merger, acquisition, other organizational change if surviving entity qualifies.		
CITATION				
<i>Statutes Regulations, Rules</i>	§11-407 Reg. 03.06.01.31	M.G.L. Ch. 62C s.25; M.G.L. Chapter 64H, s.3(b); Massachusetts Regulation 830CMR62C.25.1		§297A.16 Reg. 8130.3400

	MISSISSIPPI	MISSOURI	MONTANA	NEBRASKA
REQUIREMENTS				
<i>Application Process</i>	FORM 72-415	FORM 4098. Holder of a direct pay certificate must show proof of qualification every five years for sales tax purposes and every two years for use tax purposes.	The state currently does not impose a sales or use tax.	File application on prescribed form which includes agreement to accrue and pay tax by 25 th day of month following purchase. \$10 fee.
<i>Allowable Businesses</i>	Manufacturers, custom processors, floating structures, companies receiving bond financing through MBFC, Telecom entities implementing broadband technology. The DOR may authorize or require the issuance of a DPP to a utility or construction contractor if such DPP will expedite proper tax classification.	Any business with annual purchases for their own use in excess of \$750,000.		Any business with annual taxable purchases of at least \$3 million.
<i>Applicable Business Locations</i>				
<i>Allowable Purchases</i>	Tangible personal property or services.	Tangible personal property.		
<i>Vendor Documentation</i>	Furnish vendor with copy of DPP.	Furnish vendor with copy of DPP.		Furnish vendor with copy of DPP.
<i>Reports, Records and Filing</i>	Use tax return must be filed to report tax due to Commissioner.			
<i>Local Tax Collections</i>	None	Based on the location of the purchaser's place of business.		
<i>General</i>	The holder is entitled to the timely filing discount.	The holder is entitled to the timely filing discount.		Holder is not entitled to any collection fee.
RESTRICTIONS				
<i>Disallowed Usage</i>	Purchases of motor vehicles, utilities.			Purchases of motor vehicles
<i>General</i>	Non-transferable			Permit is not transferable.
REVOCATION				
<i>Involuntary</i>	May be revoked at Commissioner's discretion.	Department may cancel the permit by issuing a cancellation letter. Holder must notify each vendor within ten days of the date of a cancellation		The Tax Commissioner may revoke a direct payment permit. This decision is not appealable. Upon revocation, the holder shall notify vendors of

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	MISSISSIPPI	MISSOURI	MONTANA	NEBRASKA
		letter.		the cancellation of the permit.
<i>Voluntary</i>	Holder must notify vendors of the cancellation of permit.	The Department will issue a cancellation letter upon the holder's notification to the Department of the desire to relinquish the direct pay certificate. Holder must notify each vendor within ten days of the date of a cancellation letter.		The holder must notify vendors of the cancellation of the permit.
CITATION				
<i>Statutes Regulations, Rules</i>	§§27-65-93, 27-65-18, 27-67-15 Rule 8	§144.190 Reg. 12 CRS 10-3.856 Reg. 12 CRS 10-4.626		§§77-2705.1,77-2705.02, 2705.03 Revenue Update 10, Sum. 97

	NEVADA	NEW HAMPSHIRE	NEW JERSEY	NEW MEXICO
REQUIREMENTS				
<i>Application Process</i>	The state has no sales or use tax provisions dealing with direct payment permits.	The State of New Hampshire does not have a general sales & use tax. The Meals & Rentals tax does not make any provision for direct payment of the tax in the statutory language. The Communications Services tax does have language that would authorize the filing of individual returns but the department has not received any requests for such a filing nor would it seek them out from any consumers. There may be other applications where it might become feasible and the department would explore the circumstances individually.	FORM ST-6B Note: Currently in a review cycle for all holders to verify the validity of the issued direct pay permit.	The state has no sales or use tax provisions dealing with direct payment permits.
<i>Allowable Businesses</i>			Business is unable to determine at time of purchase the manner in which the tangible personal property or services will be used. Contractors, subcontractors, and repairmen may obtain a DPP.	
<i>Applicable Business Locations</i>				
<i>Allowable Purchases</i>			Tangible personal property or services.	
<i>Vendor Documentation</i>			FORM ST-6A, Direct Payment Certificate. Provide copy to vendor.	
<i>Reports, Records and Filing</i>				
<i>Local Tax Collections</i>				
<i>General</i>			Holder is ineligible for any reduced record disposal provision, except upon written determination of the Director.	
RESTRICTIONS				
<i>Disallowed Usage</i>				
<i>General</i>				
REVOCATION				

Appendix A – Direct Payment Permits

	NEVADA	NEW HAMPSHIRE	NEW JERSEY	NEW MEXICO
<i>Involuntary</i>			May be revoked for failure to comply.	
<i>Voluntary</i>			Holder must obtain written permission from Director prior to surrendering permit. Cancellation is based upon holder's payment record; present liquidity of holder's business; & the vendor's willingness to extend the period for assessing prior tax liabilities.	
CITATION				
<i>Statutes Regulations, Rule</i>			§54:32B-12(b), Regs. 18:24-1.1, 18:24-2.9	

	<i>NEW YORK</i>	<i>NORTH CAROLINA</i>	<i>NORTH DAKOTA</i>	<i>OHIO</i>
REQUIREMENTS				
<i>Application Process</i>	FORM AU-298	Tangible Personal Property - Form E-595A Telecommunications (Call Center) - Form E-595B Direct Mail - Form E-595C	Application in the form of a letter containing the applicant's name, address, sales and use tax account number, description of the business, the accounting system used, volume of purchases, and justification for adopting the direct payment method.	Form ST-900
<i>Allowable Businesses</i>	Business is unable to determine at time of purchase the manner in which the tangible personal property or services will be used.	Tangible Personal Property Permit (1) The place of business where the property will be used is not known at the time of purchase and a different tax consequence applies depending on where the property is used, or (2) The manner in which the property will be used is not known at the time of the purchase and one or more potential uses is taxable but others are not taxable. Telecommunications Permit - Operator of a call center as defined in G.S. 105-164.27A(b). Direct Mail Permit - Purchasers of direct mail as defined in G.S. 105-164.3(7a).	Businesses that purchase substantial amounts of tangible personal property for business use under circumstances that normally make it difficult or impractical at the time of purchase to determine whether such property will be subject to sales or use tax. Must also demonstrate that: they hold or have applied for a sales and use tax permit; the nature of their business is such that direct payment will materially reduce the administrative work of collecting the tax; they make taxable purchases sufficient enough to justify the expense of regular audits by the Dept. of Revenue; and their accounting system will clearly reflect the amount of tax due.	Manufacturers or other purchasers of tangible personal property or services under circumstances that normally make it impossible at time of purchase to determine the manner in which the property or services will be used.
<i>Applicable Business Locations</i>				Taxpayer discretion
<i>Allowable Purchases</i>	Tangible personal property or services.	Tangible Personal Property Permit - Limited to purchases of tangible personal property. Telecommunications Permit - Limited to purchases of telecommunications services for use at a call center. Direct Mail Permit - Limited to purchases of direct mail to be distributed to designees.		Tangible personal property or services.
<i>Vendor Documentation</i>	FORM AU-297, Direct Payment Permit. Provide vendor with copy of	Form E-595, Direct Pay Permit for Tangible Personal Property	Must either issue the permit to all vendors required to collect state sales	Permit holders must notify vendors of their DPP number and inform

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	NEW YORK	NORTH CAROLINA	NORTH DAKOTA	OHIO
	DPP with first purchase.	Form E-595E, Direct Pay Permit for Telecommunications Form E-595D, Direct Pay Permit for Direct Mail Holder must furnish copy to vendor with first purchase.	and use taxes and accrue liability as a use tax, or maintain accounting records sufficient to show the amount of sales tax paid to vendors in each reporting period. If latter alternative is chosen, all purchases from any one supplier must be made either exempt or taxable.	them that the tax is being paid directly to the state.
<i>Reports, Records and Filing</i>			Taxpayer's accounting system must clearly reflect the proper amount of tax due. Permit holders must keep a list of all vendors from whom purchases are made under the direct payment method and must submit such list for examination upon the tax commissioner's request.	Returns due on or before the 23 rd day of each month.
<i>Local Tax Collections</i>	Local tax based upon where transfer of title occurs. If transfer occurs in a county with a higher rate than taxpayer's county, higher rate applies. If transfer occurs in a county with a lower rate, the taxpayer's county rate would apply.			Local tax may be due where the tangible personal property is used.
<i>General</i>		A registry of Direct Pay Permit Holders is available on the Department's website at www.dor.state.nc.us		
RESTRICTIONS				
<i>Disallowed Usage</i>	DPP may not be used as a device to defer payment of ST on purchases; as a substitute for a resale certificate or other exemption certificate; or as a device to transfer the holder's privileges to another person.	Tangible Personal Property Permit - Purchases of prepared meals and beverages, accommodations, electricity, telecommunications services, and piped natural gas; lease/rental of motor vehicles. Contractors may not use DPP granted to permit holder unless the contractor has been established as an agent for the permit holder for the purpose of purchasing tangible	Purchases of taxable food or beverages; taxable lodging or related services, or purchases of admissions to places of amusement or athletic events, or the use of amusement devices.	The construction contractor is the consumer of the tangible personal property or services used in fulfilling the construction contract.

	NEW YORK	NORTH CAROLINA	NORTH DAKOTA	OHIO
		personal property on behalf of the permit holder. A bona fide agency agreement must exist. The Telecommunications Permit and the direct Mail Permit are only applicable to purchases of the specified items.		
<i>General</i>	Permit is not transferable.		Permit is not transferable.	Permit is not transferable
REVOCAION				
<i>Involuntary</i>	May be revoked for failure to comply; failure to file timely sales & use tax returns and payments; or a change in business operations. Holder must surrender permit to Audit Bureau.	A permit may be revoked if the permit holder does not file a sales and use tax return on time, does not pay sales and use tax on time, or otherwise fails to comply with the sales and use tax laws.	The tax commissioner may revoke a direct payment permit at any time with or without cause.	May be canceled for cause by the Commissioner. Upon the cancellation or surrender of the direct payment permit, the taxpayer shall notify vendors and sellers from whom purchases of tangible personal property or services are made, in writing, prior to or at the time of the first purchase after such cancellation or surrender.
<i>Voluntary</i>	Holder must surrender permit to Audit Bureau.	When a permit holder relinquishes its permit, all vendors must be notified.		Upon the cancellation or surrender of the direct payment permit, the taxpayer shall notify vendors and sellers from whom purchases of tangible personal property or services are made, in writing, prior to or at the time of the first purchase after such cancellation or surrender.
CITATION				
<i>Statutes Regulations, Rules</i>	§1132(c)(2) Reg. §532.5	Statute - G.S. 105-164.27A Bulletins - Sales and Use Tax Technical Bulletins Section 46	§57-39.2-14.1 Reg. 81-04.1-01-05	§5739.031

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	<i>OKLAHOMA</i>	<i>OREGON</i>	<i>PENNSYLVANIA</i>	<i>RHODE ISLAND</i>
REQUIREMENTS				
<i>Application Process</i>	Application to the Tax Commission. Permit valid for only 3 years from date of issue.	The state currently does not impose a sales or use tax.	File application FORM REV-139AU.	The state has no sales or use tax provisions dealing with direct payment permits.
<i>Allowable Businesses</i>	Business that makes annual purchases of \$800,000 or more in taxable items for use in their OK enterprises.		Businesses that are unable to determine the manner in which acquired property or services will be used at time of purchase. Business must be of a size and nature that the issuance of the DPP is economical and efficient accounting for tax incurred.	
<i>Applicable Business Locations</i>	DPP valid for all branches and divisions of entity.			
<i>Allowable Purchases</i>	Tangible personal property.		Tangible personal property or services.	
<i>Vendor Documentation</i>	Provide vendor with a copy of DPP.		FORM REV-139AU. Provide vendor with copy of permit.	
<i>Reports, Records and Filing</i>	Must timely report and remit.			
<i>Local Tax Collections</i>				
<i>General</i>	Holder is not entitled to collection discount. Permit is not transferable.			
RESTRICTIONS				
<i>Disallowed Usage</i>	For purchases for resale, a resale must be given rather than a DPP.		May not be used for purchase of any motor vehicles, trailer, semitrailer, or tractor required to be registered with the Bureau of Motor Vehicles; purchase of prepared food or beverage at any eating place; or purchase of occupancy or accommodations subject to hotel occupancy tax.	
<i>General</i>				

	<i>OKLAHOMA</i>	<i>OREGON</i>	<i>PENNSYLVANIA</i>	<i>RHODE ISLAND</i>
REVOCATION				
<i>Involuntary</i>	Tax Commission may revoke DPP if annual purchases fall below qualifying threshold; for non-compliance; and allowing unauthorized persons to use DPP. Holder must notify vendors permit is no longer valid.		May be revoked for failure to comply. Holder must return permit to DOR; notify vendors within 30 days of revocation; and maintain evidence of such notification.	
<i>Voluntary</i>	Holder must notify Tax Commission of voluntary forfeiture. Holder must notify vendors permit is no longer valid.		Holder must return permit to DOR; notify vendors of cancellation; and maintain evidence of such notification. If discontinuance is result of cessation of business or merger, DOR may waive requirements upon written request.	
CITATION				
<i>Statutes Regulations, Rules</i>	§710:65-9-10		§7237(d) Reg. 34.4	

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	<i>SOUTH CAROLINA</i>	<i>SOUTH DAKOTA</i>	<i>TENNESSEE</i>	<i>TEXAS</i>
REQUIREMENTS				
<i>Application Process</i>	File application FORM ST-10.	The state has no sales or use tax provisions dealing with direct payment permits.	Commissioner may grant DPP under exceptional circumstances.	File application FORM AP-101.
<i>Allowable Businesses</i>	Taxpayers whose businesses render it impractical to account for S&U taxes at the time of purchase who qualify under §12-36-2510.		Registered dealers. DOR must ascertain that the taxpayer would experience hardship or other exceptional circumstances.	Taxpayer must have annual purchases of \$800,000 of taxable items not for resale.
<i>Applicable Business Locations</i>	Taxpayer can specify all or select locations.			Entire corporation (including all locations in state).
<i>Allowable Purchases</i>	Tangible personal property or services.		Tangible personal property or services.	Applies to the purchase, lease or rental of taxable tangible personal property or services, and contractors performing separated lump sum contracts.
<i>Vendor Documentation</i>	ST-9 - Direct Payment Permit; holder must furnish copy to vendor.		With first purchase, provide copy of permit registration and a resale certificate.	Provide vendor with blanket exemption certificate containing DPP number and statement that holder will accrue and remit applicable taxes.
<i>Reports, Records and Filing</i>	Required to file monthly returns per §12-36-2570.		Taxpayer reports separately to DOR.	File returns and remit tax by 20 th day of month following purchases.
<i>Local Tax Collections</i>	If a taxpayer obtains a DPP for state taxes, they are directly liable to the locality for the 1% local option S&U tax if imposed.			Based upon permit holder's location.
<i>General</i>	DPP authorizes the holder to make purchases at wholesale and is liable for taxes with respect to the gross proceeds of the sales price of the property withdrawn, used or consumed within SC.			Holder is not entitled to collection discount.
RESTRICTIONS				
<i>Disallowed Usage</i>	Purchase of motor vehicle.			Items purchased for resale. Contractors performing lump sum

	<i>SOUTH CAROLINA</i>	<i>SOUTH DAKOTA</i>	<i>TENNESSEE</i>	<i>TEXAS</i>
				contracts.
<i>General</i>	A general contractor to which a manufacturer's DPP is improperly extended shall remain liable for use tax on materials purchased from the manufacturer.			
REVOCATION				
<i>Involuntary</i>	May revoke if determined DPP was issued in error or no longer applies to the taxpayer.		Permit may be revoked for failure to comply.	Requirements are no longer met. The cancellation is not appealable. Holder must immediately notify vendors. Failure to so notify is deemed a failure & refusal to pay taxes.
<i>Voluntary</i>	Must send certificate back with a closing letter and contact vendors.			Holder must immediately notify vendors upon surrendering permit. Failure to so notify is deemed a failure & refusal to pay taxes.
CITATION				
<i>Statutes</i>	§12-36-2510			§§151.417, 151.418, 151.419, 151.420, 151.421, 151.422
<i>Regulations, Rules</i>			Rule 1320-5-1-.68	

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	<i>UTAH</i>	<i>VERMONT</i>	<i>VIRGINIA</i>	<i>WASHINGTON</i>
REQUIREMENTS				
<i>Application Process</i>	The state has no sales or use tax provisions dealing with direct payment permits.	FORM S5; a bond may be required. Returns have been timely filed and taxes due have been paid in prior 12 months.	Taxpayer may apply to the Department if it is impossible to determine at the time of purchase the taxable status of tangible personal property	Letter of interest listing the following information. 1. Business name and UBI/TRA number 2. Primary business activity 3. Affirmation that the business meets the eligibility requirements. 4. Affirmation that the business is familiar with the use tax accrual process and is able to comply with use tax record keeping requirements. 5. Contact person I the business and phone number.
<i>Allowable Businesses</i>		Business is unable to determine at time of purchase the manner in which the tangible personal property or services will be used. Contractors, subcontractors, and repairmen may apply.	Manufacturers, mine operators, and public service corporations where it is impossible to determine the manner in which the tangible personal property will be used in or outside the state.	Businesses that make over \$10,000,000 of taxable purchases in one calendar year or are required by the Department to use electronic funds transfer (EFT).
<i>Applicable Business Locations</i>				All
<i>Allowable Purchases</i>		Tangible personal property or services.	Purchase, lease or rental of taxable tangible personal property.	DPP should be used to purchase items where the business is not certain at the time of purchase whether the item is taxable or exempt.
<i>Vendor Documentation</i>		Placement of DPP no. on purchase order.	Provide vendor with copy of DPP form, ST-21.	Provide the vendor with a copy of DPP form Rev-27 00038
<i>Reports, Records and Filing</i>		Each year, at the time of physical inventory count for income tax purposes, a reconciliation of purchases made with the DPP should be prepared. Any inventory differences not accounted, should be remitted on the S&U tax return.		Required to report and remit taxes by the 20 th of each month.
<i>Local Tax Collections</i>				In the case of taxable personal property, business will accrue and pay use tax based on the location of the

	<i>UTAH</i>	<i>VERMONT</i>	<i>VIRGINIA</i>	<i>WASHINGTON</i>
				business. In the case of taxable services, businesses will pay sales tax based on the location the service was performed.
<i>General</i>				In most cases, use tax is determined by the value of the article used. However, if the transaction would have been subject to retail sales tax, except for the use of the DPP, the measure of the use tax is determined by the retail selling price including freight and delivery costs.
RESTRICTIONS				
<i>Disallowed Usage</i>				<p>The DPP may not be used for the following:</p> <ol style="list-style-type: none"> 1. Purchases for which a resale certificate may be used. 2. Purchases for meals or beverages, and purchases of lodging and related services. 3. Purchases of motor vehicles, trailers, boats, airplanes, and other property subject to requirements for title transactions by the Department of Licensing. 4. Purchase of automobile towing services, and automobile parking and storage services. 5. Purchase of amusement and recreation services. 6. Purchase of abstract, title insurance, escrow services, and credit bureau services. 7. Service charges associated with tickets to professional sporting events. 8. Purchases of physical fitness services, tanning salon services, tattoo parlor services, steam bath services, escort services, and dating

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	<i>UTAH</i>	<i>VERMONT</i>	<i>VIRGINIA</i>	<i>WASHINGTON</i>
				services. 9. Purchase of telephone services.
<i>General</i>				Permit is not transferable.
REVOCAION				
<i>Involuntary</i>			Holder must notify vendor of cancellation.	Holder must return permit and notify all vendors that the permit is no longer valid.
<i>Voluntary</i>			Holder must notify vendor of cancellation.	Holder must return permit and notify all vendors that the permit is no longer valid.
CITATION				
<i>Statutes Regulations, Rules</i>		§9745 RuleA5.700	§58.1-624 Reg. 10-210-510	RCW 82.32.087

	WEST VIRGINIA	WISCONSIN	WYOMING
REQUIREMENTS			
<i>Application Process</i>	FORM CST-250. Permits are valid until the expiration of the business registration year. Permits are automatically renewed when the business license is issued for the succeeding year.	FORM S-101 plus \$5 fee.	File application with Director of DOR.
<i>Allowable Businesses</i>	Manufacturing, transportation, transmission communication, or the production of natural resources businesses. Business subject to the B&O, severance, or telecommunication taxes; or is a bona fide charitable organization that does not charge for its services.	Taxpayer must have enough taxable purchases to justify expense of regular audits by DOR.	Any licensed vendor or person liable for the payment of sales tax may apply for a DPP.
<i>Applicable Business Locations</i>			
<i>Allowable Purchases</i>	Tangible personal property or services.	Tangible personal property or services.	
<i>Vendor Documentation</i>	Provide vendor with copy of permit.		Issue proof to vendor that holder has DPP in form prescribed by the Department. Proof shall indicate that holder assumes all obligations to pay sales tax directly to DOR.
<i>Reports, Records and Filing</i>			
<i>Local Tax Collections</i>		Based upon permit holder's location.	
<i>General</i>			Holder may be audited by Department once in each calendar year.
RESTRICTIONS			
<i>Disallowed Usage</i>	Food purchases, as a substitute for an exemption certificate or material purchase certificate, or for purchases of gasoline or special fuel.	Permit may be used for a single purchase or for continuous purchases from a vendor. Services such as lodging, admissions, telecommunications, parking, cable television, and landscaping; Property	

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	WEST VIRGINIA	WISCONSIN	WYOMING
		such as motor vehicles, food products, & beverages; and contractors performing contracts for new construction, capital improvements, or repair to real property.	
<i>General</i>		Permit is non-transferable.	
REVOCAION			
<i>Involuntary</i>	Revoked for failure to comply. Holder will be given 20 days notice of a show cause hearing. Must notify vendors within 10 days after revocation.	Canceled by DOR when requirements are no longer met.	The permit could be revoked at any time on 90 days written notice to the holder.
<i>Voluntary</i>	Holder must notify vendors within 10 days after surrendering permit.	Holder must return permit with letter to DOR stating intent to cancel permit.	
CITATION			
<i>Statutes Regulations, Rules</i>	§§11-15-9, 11-15-9d, 11-15A-3d	\$77.52 Reg. TAX 11.12	§39-15-107.1