

Suggested Blanket Resale Certificate

This is to certify that all tangible personal property or taxable services purchased from:

are intended for resale as tangible personal property or for use or incorporation as a material or part of other tangible personal property to be produced for sale.

This certificate shall be considered as a part of each order which we shall give, provided that the order bears our Maryland sales and use tax registration number, and is to continue in force until revoked.

Buyer's Name

Buyer's Address

Signature

Buyer's MD Sales & Use Tax Registration No.

Date

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If you make purchases for resale

Louis L. Goldstein
Comptroller of the Treasury

Serving Maryland taxpayers

If you're a buyer...

Doesn't my sales and use tax license automatically entitle me to make purchases without paying sales and use tax?

No. Contrary to what many people believe, a sales and use tax license is not a "tax number" that exempts you from paying sales and use tax.

Isn't there a way to make some purchases for my business without paying sales and use tax?

Yes. You may make tax-exempt purchases that you intend to resell or property that you will incorporate into something you manufacture to sell. To receive this exemption, you must give the vendor a resale certificate.

What is a resale certificate?

A resale certificate is a written statement that you provide stating that the merchandise or taxable service you buy will be resold in a taxable sale or that it will be incorporated into tangible personal property or used in a service that will be taxed when it is sold.

Are there any limitations on resale certificates?

Yes. Resale certificates may not be used to make tax-free purchases for resale if the purchase is less than \$200 and payment is by cash, check or credit card unless the seller delivers the goods directly to the buyer's retail place of business. Buyers may easily claim a credit for any

tax paid on these purchases on Line 9 of their next sales and use tax return. No documentation is required with the return. Buyers may also apply directly to the Comptroller's Office for a refund.

The tax on sales of goods for less than \$200 does not have to be collected on sales made on the credit of the purchaser, on sales of goods that would be exempt even if not sold for resale, and on sales of alcoholic beverages regulated by Article 2B of the Annotated Code of Maryland.

For expedited refunds, licensed Maryland retailers may submit a refund claim by fax (410-333-7744). Copies of the refund-by-fax form are available by calling Forms-by-Fax at 410-974-3299 and requesting document #2003 from Index 1.

How can I claim a credit for tax I've paid?

- Keep invoices showing tax paid on purchases made for resale;
- Total the tax paid as you prepare your sales and use tax return; and
- Enter the amount on Line 9 of the return up to the lesser of \$1,000 or the amount due.

What information should be included on a resale certificate?

Although there is no specific form for a resale certificate, it must include a signed statement that the purchase is intended for resale, the purchaser's name and address,

and the purchaser's Maryland sales and use tax registration number.

*You may use the
sample blanket
resale certificate that
appears on the back
of this brochure as a
model for your
own certificates.*

What is my sales and use tax registration number?

Your sales and use tax registration number is an eight-digit number that has been assigned to your business. You'll find your registration number on each sales and use tax return we send you and on your sales and use tax license.

Must I fill out a new resale certificate every time I make an eligible purchase?

No. If you frequently deal with the same supplier, you may provide that supplier with a blanket resale certificate stating that all purchases are for resale. Then all you have to do is give the supplier your sales and use tax registration number every time you make another purchase for resale.

If you're a vendor...

What should I do with resale certificates my customers give me?

You should keep resale certificates on file as part of your business records. You must be able to match your sales records with the appropriate resale certificates, and satisfy an auditor that you were not required to collect and report the tax on a particular sale.

Do I have any special responsibilities with regard to resale certificates?

Yes. You may accept resale certificates when you know the property sold by you is not intended for resale. For example, you may accept a resale certificate for office supplies from a stationer, but you shouldn't accept one for tools from a building contractor.

You are expected to exercise reasonable judgment in accepting resale certificates. You can be held liable for uncollected taxes if you accept resale certificates for sales that you know or should know are not for resale.

Do I honor resale certificates regardless of amount?

No. You may not accept resale certificates for cash, check, or credit card sales of less than \$200 unless you deliver the goods sold directly to the buyer's retail place of business. The tax does not have to be collected on sales of goods for less than \$200 if the sale is made on the credit

(continued)

of the purchaser, on sales of goods which would be exempt even if not sold for resale, and on sales of alcoholic beverages regulated by Article 2B of the Annotated Code of Maryland.

May I accept a resale certificate from an unlicensed out-of-state customer?

No. Retailers licensed and remitting taxes in other states may apply directly to the Comptroller's Office for a refund. For expedited refunds, they may submit a refund claim by fax (410-333-7744). Copies of the refund-by-fax form are available by calling Forms-by-Fax at 410-974-3299 and requesting document #2003 from Index 1.

How should I handle third-party drop shipment transactions?

In a typical transaction, you would sell merchandise to vendor "A," who is not registered to collect Maryland sales and use tax. "A" asks you to deliver the merchandise by common carrier or your own truck to customer "B," a customer in Maryland.

You must do one of two things:

- (1) Require that vendor "A" obtain a Maryland sales and use tax license and provide a valid resale certificate;
or
- (2) Charge vendor "A" the tax based on the amount of the sale.

You are responsible for collecting or documenting the tax on your sale to vendor "A."

Is a resale certificate the same thing as an exemption certificate?

No. Exemption certificates are issued by the comptroller to qualifying non-profit organizations and government agencies. The exemption certificate is a wallet-sized card bearing the holder's eight-digit exemption number. Cards issued to non-profit organizations have a specific expiration date, presently September 30, 2002. Cards issued to government agencies have no expiration date. Organizations and government agencies presenting exemption certificates are entitled to be exempt from the sales and use tax on their purchases.

How can I protect myself from unnecessary tax liabilities?

You must clearly document the reason for all tax-exempt sales. Otherwise you will be held responsible for uncollected tax, plus penalty and interest.

You should establish procedures to obtain valid resale certificates at the point of sale, and review your files periodically for accuracy and completeness.

Make certain that you do not allow resale exclusions on cash, check or credit card sales of less than \$200 when you do not deliver the goods sold directly to the buyer's retail place of business.

For additional information:

call Taxpayer Service at

410-767-1300

(Baltimore area)

1-800-492-1751

(from elsewhere in Maryland)

from 8:00 a.m. to 5:00 p.m. eastern time.

For forms and publications:

E-mail: [taxhelp @ comp.state.md.us](mailto:taxhelp@comp.state.md.us)

Forms by Fax: 410-974-FAXX (974-3299)

World Wide Web: www.comp.state.md.us

For the hearing impaired:

Maryland Relay Service 1-800-735-2258

TDD: 410-767-1967 (Baltimore Metro Area)

If you need a reasonable accommodation for a disability, please contact us before you visit.

If you need the information in this brochure in an alternate format, contact:

Public Affairs Office

410-974-3885 (voice)

410-974-3157 (TDD)
