

Reseller Permit



Introduction



Buy goods to resell?

Sell to customers at
wholesale?

Welcome.

Do you buy goods to resell?

Do you sell to customers at wholesale?

If so, you need to know about Washington's change from the resale certificate to the reseller permit.

These documents allow businesses to purchase items for resale without paying sales tax.

Introduction

**JAN 1st
2010**



The resale certificate is the document businesses have been using to buy goods they resell, without paying sales tax.

Beginning January 1, 2010, resale certificates are no longer valid.

Introduction

**JAN 1st
2010**



Instead, if your business buys good to resell, you will need to use a reseller permit, which is issued by the Department of Revenue.B

The new permit is free and, again -- like the resale certificate -- allows you to buy things you resell, without paying sales tax.

But, the way you GET your reseller permit, AND the way you use it, will be a little different. THAT'S what we'll cover today.B

Also, if you sell to customers at wholesale, there are a few things you'll need to know as you accept the new reseller permit.B

We're glad you've joined us to learn more. All you need to do to get started is choose the section of this video that applies to YOUR business.

Am I eligible?

You must report retail sales, wholesale sales, or manufacturing activities on your excise tax return

- ▶ Contractors: 25% of your materials and contract labor costs must be for retail or wholesale construction



You are eligible for a reseller permit if you report retail sales, wholesale sales, or manufacturing activities on your excise tax return.

If you are a contractor, 25 percent of the materials and contract labor you've purchased must be for retail or wholesale construction.

Am I eligible?

You have other options!

- ▶ Take a “Taxable Amount for Tax Paid at Source” deduction
- ▶ Request a refund

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My Account H
June 2009
Deductions
Retail Sales
Description
Sales to Indian with Delivery on Reservatn
Sales of Feed to Fish Farmers
Taxable Amount for Tax Paid at Source
Returns and Allowances
Exempt Food Sales
Qualified Nonresident Sales

Taxable Amount for Tax Paid at Source

If you only purchase goods for resale from time to time, it MAY make more sense for you to take advantage of one of two other options.

You can also take advantage of these options if you aren't issued a reseller permit and you make qualified purchases.

First, you can take a TAX PAID AT SOURCE deduction on your tax return. With this option, you will pay sales tax when you make your purchase, but then deduct that amount from the taxes you owe when you file your return...ORC

Am I eligible?

You have other options!

- ▶ Take a “Taxable Amount for Tax Paid at Source” deduction
- ▶ Request a refund

Department of Revenue
Application for Refund or Credit

Important: Applications not fully completed or received without supporting documentation

Tax Registration Number _____ Period covered by Claim _____

Name of Claimant _____ Telephone Number _____

Address _____ City _____ State _____ Zip Code _____

Name of Representative (attach a Confidential Tax Information Authorization form if filing on behalf of claimant) _____

Address _____ City _____ State _____ Telephone Number _____

Zip Code _____

Provide a full explanation on which your claim is based. Use additional sheets if necessary. Documents necessary to properly substantiate your claim.

You can request a REFUND. Like the deduction, you will pay sales tax when you make your B purchase, but we will give that money BACK to you for qualified purchases. B

You can find instructions for how to take the deduction and how to request a refund in the B “Resources for buyers” tab below this video. E

How do I get a permit?

If you meet certain criteria

- ▶ You will automatically receive your permit by October

If you do not meet the criteria

- ▶ You can apply directly



If your business meets certain criteria, we'll automatically issue your reseller permit, and you can expect to get it in the mail by October.

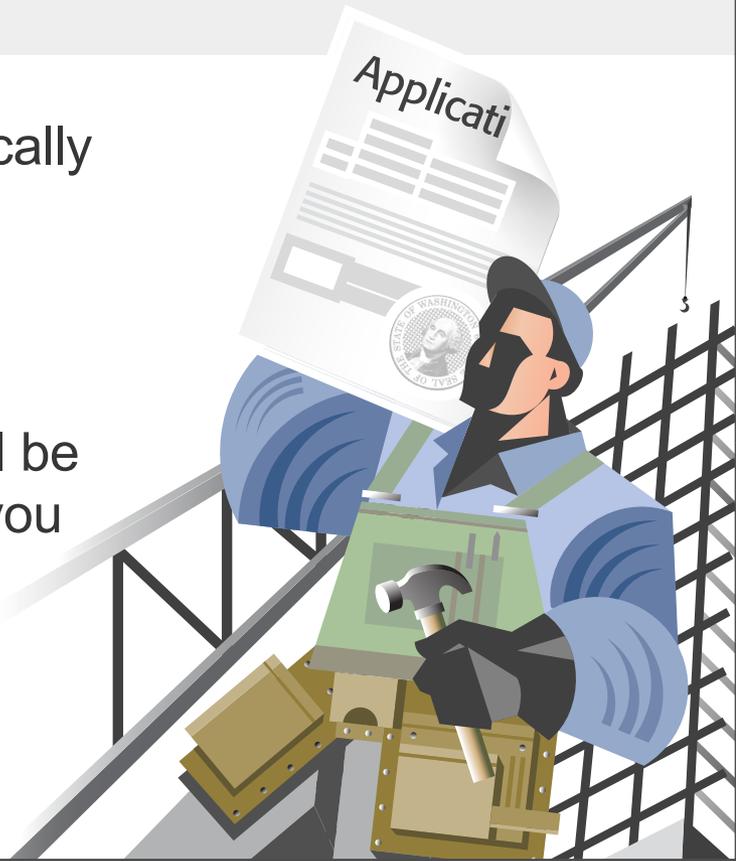
If your business does not automatically get a permit...and you think you should be eligible...you can apply directly to the Department of Revenue.D

As long as your business is actively reporting to us, we will send you a letter in September to tell you if you will automatically receive a permit.

How do I get a permit?

We cannot automatically issue permits to contractors

If it looks like you will be eligible we will mail you an application



The law does not allow us to automatically issue permits to contractors.W

e will review these accounts, however, and if it looks like your business will be eligible, we will automatically mail you an application.W

How do I get a permit?

You must submit an application to the Department of Revenue

- ▶ **Download from web site**



dor.wa.gov/ResellerPermit

To apply for a reseller permit, you must submit an application to the Department of Revenue. 7

To get an application, you can: 7

Download and print one from our web site... 7

How do I get a permit?

You must submit an application to the Department of Revenue

- ▶ Download from web site
- ▶ **Call 1-800-647-7706**



dor.wa.gov/ResellerPermit

Call 1-800-647-7706...OR

How do I get a permit?

You must submit an application to the Department of Revenue

- ▶ Download from web site
- ▶ Call 1-800-647-7706
- ▶ **Pick up at local office**



dor.wa.gov/ResellerPermit

Pick one up at one of our local offices across the state. +

How do I get a permit?

Submit this form to apply for a reseller permit. Reseller permits are free and are used to make qualifying purchases for resale without paying sales tax. This form must be filled out completely; incomplete applications will be denied. The Department will notify you within 60 days, by mail to the address on record, whether your application is approved or denied.

Contact Information

Business Name: _____

E-mail Address: _____

Phone Number: () _____

Business Description

Check the box that describes your primary business activity (*choose one only*):

Retail

Wholesale

Service & Other Activities

Manufacturing

Construction

Farming

Description of business activity: _____

List the types of materials/products you will purchase with this permit: _____

Construction Contractors and Speculative Builders (*more information on back*)

Provide the total cost of all materials and contract labor purchased during the last 12 months for Retail/Wholesale Construction activity, Public Road Construction, Speculative Building, and U.S. Government Contracting. (New

You'll just need to supply some basic information on your application.a

You will need to describe your business activity...and identify the types of materials or products a you plan to purchase with your reseller permit.a

How do I get a permit?

Manufacturing

Construction

Farming

Description of business activity: _____

List the types of materials/products you will purchase with this permit: _____

Construction Contractors and Speculative Builders *(more information on back)*

Provide the total cost of all materials and contract labor purchased during the last 12 months for Retail/Wholesale Construction activity, Public Road Construction, Speculative Building, and U.S. Government Contracting. (New businesses please estimate material and contract labor costs for the 12 month period the permit will be valid.)

\$ _____

What percentage of this total was for materials and contract labor purchased for your Retail/Wholesale construction activity? (New businesses: please estimate.) _____ %

I have a current L&I contractor number. This number is: _____

Check this box if your materials and contract labor costs for Retail/Wholesale construction are less than 25 percent and you are attaching additional information explaining why you need a reseller permit.

I certify that this application is accurate and complete. I understand that misuse of a reseller permit subjects my business to a penalty of 50 percent of the tax due, in addition to the tax, interest, and any other penalties imposed.

Name (please print): _____

Title: _____

If you are a contractor, you will need to provide some additional information.C

You will need to list the total amount of all materials and contract labor you've purchased C during the last twelve months for retail and wholesale construction activity, public road C construction, speculative building, AND U.S. government contracting.C

You will also need to list what PERCENTAGE of this total was for retail and wholesale C construction activity.C

If you have not been in business for the past twelve months, you must estimate these figures C for the next twelve months.C

How do I get a permit?

Once you submit your application, we will review it and give you a decision.

- ▶ Reporting status
- ▶ Amount of retailing, wholesaling, or manufacturing

Please allow up to 60 days.



Once you submit your application, we will review it and give you a decision. We may consider D factors such as your reporting status and the amount of retailing, wholesaling, or D manufacturing you do. D

Responding to you quickly is a top priority. We promise to let you know if your application has D been approved or denied as soon as we can. It COULD take up to 60 days, but...in most cases...D we'll reply by mail within about two weeks.D

How long is my permit valid?

Registered after Jan. 1, 2009

Initial permit 2 years

Renewal 4 years

All other non-contractor permits 4 years

Contractors 1 year

If you registered your business with the Department after January 1, 2009, your initial permit is valid for two years. After that, it will be renewed for 4-year periods.D

All other permits...for businesses other than contractors... will be valid for four years.D

If you are a contractor, your permit is valid for one year. You will need to apply for renewal every year.D

What can I use my permit for?

You can use a reseller permit to buy

- ▶ Items for resale that you do not use before reselling them
- ▶ Items used as ingredients or parts of a new item to be sold

STATE OF WASHINGTON

RESELLER PERMIT
Washington State Department of Revenue
PS 800-47676 • Olympia, WA 98504-3705 • 1-800-447-7705

Issued to:
000 000 000
John Doe
John Doe Inc.
1234 Nowhere Rd
Anywhere, WA 99999

Business Activity:
Miscellaneous Wholesale

This permit can be used to purchase:

- Merchandise and inventory for resale without intervening use
- Ingredients, components, or chemicals used in processing new articles of tangible personal property produced for sale
- Fertilizer, seed, seedlings, fertilizer and spray materials by a farmer
- Materials and contract labor for retail/wholesale construction
- Items for dual purposes (see Purchases for Dual Purposes on back)

This permit cannot be used to purchase:

- Items for personal or household use
- Promotional items or gifts
- Tools, equipment, or gifts
- Materials and contract labor for speculative building
- Materials and contract labor for equipment rentals

The business named on this permit acknowledges:

- It is solely responsible for all purchases made under this permit
- Misuse of the permit
- Subjects the business to a penalty of 50 percent of the tax due, in addition to the tax, if it is determined that the business has violated the terms of the permit
- May result in this permit being revoked

Notes (optional): _____

Impr: _____

Permit Number: A14
Effective Date: 01-01-20
Expiration Date: 12-31-20

You can use a reseller permit to buy:D

Items for resale that you DO NOT USE before reselling them, AND
Items used as ingredients in...or parts of...a new item that will be soldD

What can I use my permit for?

You **should not** use a reseller permit to buy

- ▶ Items you use or consume as part of your business



You **SHOULD NOT** use a reseller permit to buy items you use or consume as part of your business.

...Let's go over some specific examples of what a reseller permit should and should not be used for.

What can I use my permit for?

Use reseller permit

- ✓ Meal ingredients
- ✓ Liquor, beer, and wine
- ✓ Soft drinks



John is getting ready to open John's Bistro. He's making a number of purchases for his new B restaurant. B

John CAN use his reseller permit to buy the following items for use in his restaurant without B paying sales tax...B

- Meal ingredientsB
- Liquor, beer, and wineB
- Soft drinks...B

What can I use my permit for?

Use reseller permit

- ✓ Paper/plastic plates, cups, lids, and utensils
- ✓ Paper napkins and straws
- ✓ “To-go” food containers



...
Paper or plastic plates, cups, lids, and utensils
Paper napkins and straws...AND
“To go” food containers 8

John can use his reseller permit for these items because they are PART of the end product his restaurant sells. 8

What can I use my permit for?

Do **NOT** use reseller permit

- ✗ Chairs, tables, décor, or other furnishings
- ✗ Dishes, silverware, or serving trays



John should NOT use his reseller permit to buy...D

Chairs, tables, décor, or other furnishingsD

Dishes, silverware, or serving trays...D

What can I use my permit for?

Do **NOT** use reseller permit

- ✗ Guest checks
- ✗ Janitorial or office supplies
- ✗ Pest control



...Guest checks]

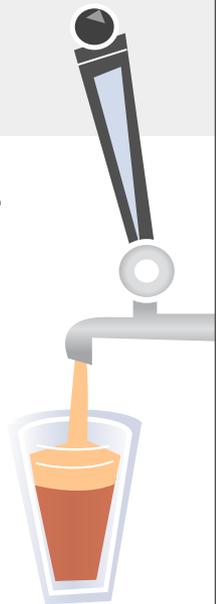
Janitorial or office supplies]

Pest control...]

What can I use my permit for?

Do **NOT** use reseller permit

- ✗ Tap cleaning
- ✗ Vending machines
- ✗ Equipment (ovens, grills, coffee makers, etc.)
- ✗ Repair parts or labor



Tap cleaningE

Vending machines...neither purchase nor rentalE

Equipment like ovens, grills, and coffee makersE

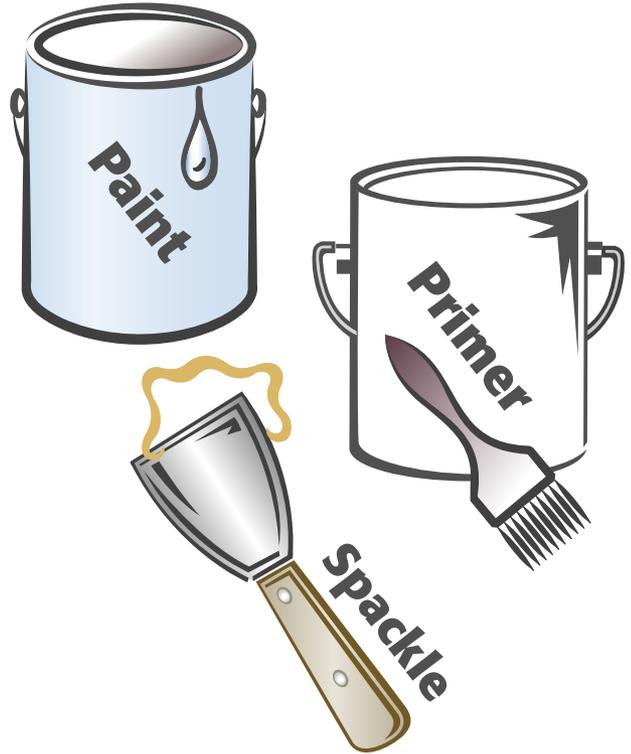
Repair parts or laborE

John should not use his reseller permit for these items because they will be used or consumed E by John's Bistro. They are NOT part of the end product sold by the business. E

What can I use my permit for?

Use reseller permit

- ✓ Paint
- ✓ Primer
- ✓ Spackle



Sargent's Painters performs retail indoor painting for customers. They want to know what kinds of materials they can use their reseller permit for.

A painter CAN use the reseller permit to purchase – without paying sales tax -- materials that will become a permanent part of the completed project.

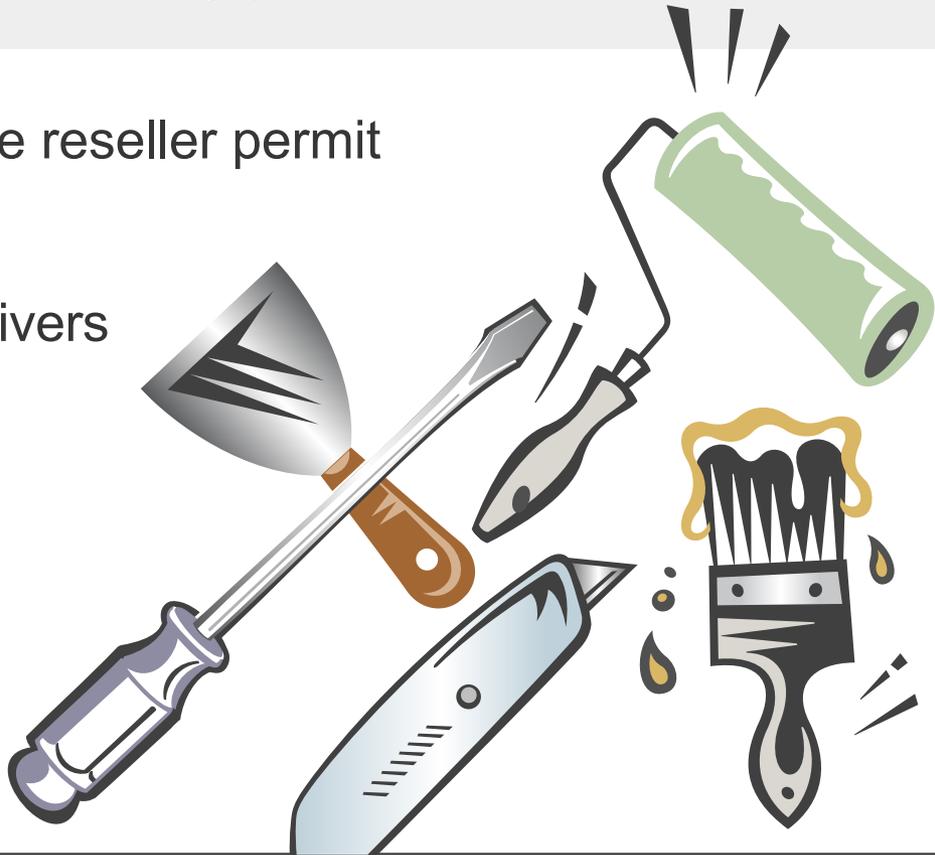
This includes items such as paint, primer, and spackle.

What can I use my permit for?

Do **NOT** use reseller permit

Tools

- ✗ Screwdrivers
- ✗ Knives
- ✗ Brushes
- ✗ Rollers



A painter should NOT use a reseller permit to purchase: 0

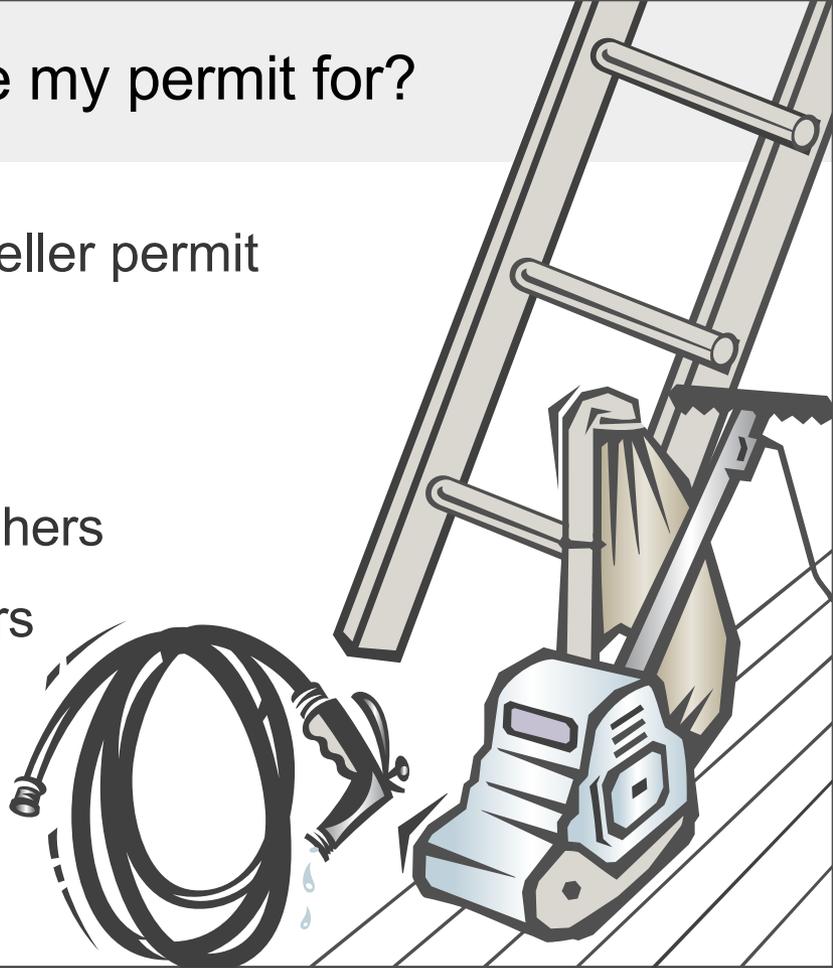
Tools such as screwdrivers, knives, brushes, or rollers... 0

What can I use my permit for?

Do **NOT** use reseller permit

Equipment

- ✗ Ladders
- ✗ Pressure washers
- ✗ Power sanders



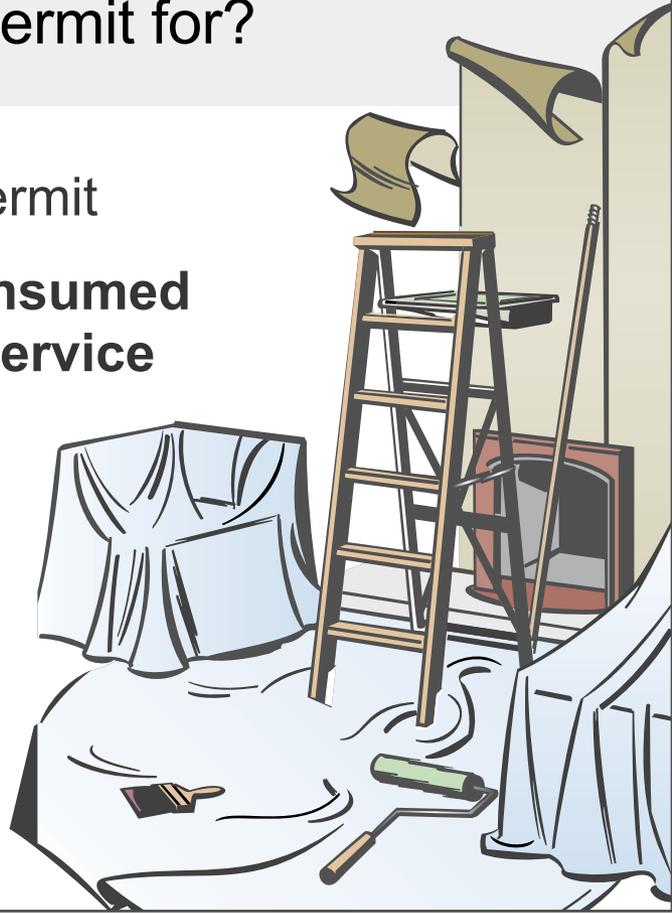
Equipment, whether rented or purchased. This includes ladders, pressure washers, and power sanders...T

What can I use my permit for?

Do **NOT** use reseller permit

Materials used or consumed while providing the service

- ✗ Tape
- ✗ Drop cloths
- ✗ Plastic covers
- ✗ Sandpaper



Or...M

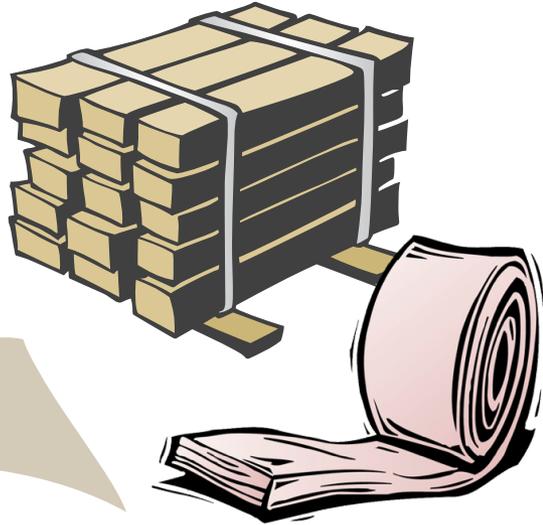
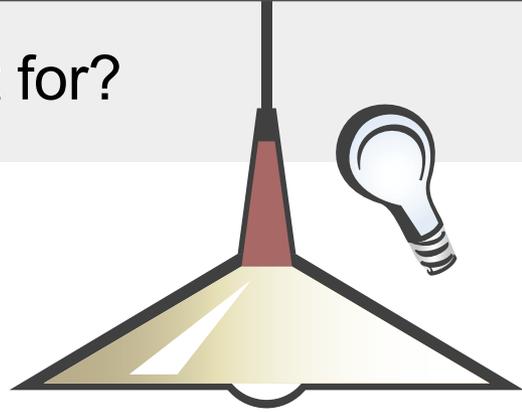
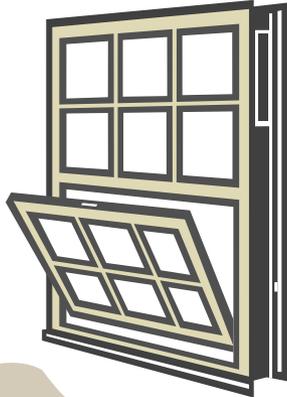
Materials the painter uses or consumes while providing the service. This includes tape, drop M cloths, plastic covers, and sandpaper.M

Again, these items will not become a permanent part of the completed project, so Sargent's M Painters should not purchase them with a reseller permit. M

What can I use my permit for?

Use reseller permit

- ✓ Lumber
- ✓ Windows
- ✓ Insulation
- ✓ Lighting
- ✓ Carpet



Mr. Smith buys a new lot and wants to build a home on it. He hires Sarah's Custom Residential Construction to build his house.

When Sarah purchases building materials for Mr. Smith's home, she can use a reseller permit for items that will be permanently incorporated into the final project.

This includes:
lumber
windows
insulation
light fixtures
carpet

What can I use my permit for?

Use reseller permit

Subcontractor services

- ✓ Plumbing
- ✓ Electrical
- ✓ Flooring



Sarah's Custom Residential Construction can ALSO use its reseller permit for purchases of C subcontractor services without paying retail sales tax. C

This includes services like:C

Plumbing C

Electrical...andC

FlooringC

What can I use my permit for?

Do **NOT** use reseller permit

Materials used or consumed during construction

x **Tools**

x **Equipment**



They should NOT use their reseller permit for materials used or consumed during construction. C

This includes:C

tools, ANDC

equipment, whether it's rented or purchased.C

There is an important difference to note between custom construction – which is what Sarah is C conducting in this example – and speculative construction. If Sarah didn't have a customer, and C was working on a SPECULATIVE building project, she would not be able to use her reseller C permit for any of the purchases in the example, even items that become part of the end C project. She would have to pay sales tax for all items. C

How do I use my permit?

Make copies for **EACH** seller you make purchases for resale from



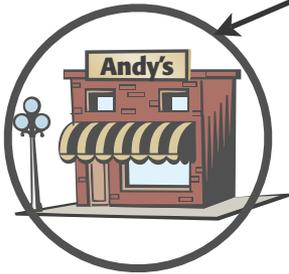
You will receive ONE reseller permit from the Department. =

Make copies to give to EACH seller...or service provider...you make purchases for resale from. =

How do I use my permit?

Remember:

Keep your original until it expires



For example, if you purchase goods for resale from Andy's Hardware Store, Jane's Lumber Yard, C Johnson Paint Company, and Rainy Day Plumbers, you need to make copies of your reseller C permit for EACH of these businesses to keep on file.C

You can provide electronic OR paper copies of your reseller permit. C

Keep your original until it expires. C

How do I use my permit?

January 1, 2010



Remember, on January first, resale certificates are no longer valid.

So, even if you have a resale certificate on file with a merchant, you should give them a copy of your new reseller permit to continue making purchases for resale, without paying sales tax.

If you don't, they will need to charge you sales tax.

Learn more



dor.wa.gov/resellerpermit

reseller@dor.wa.gov

1-800-647-7706



We know the move to the new reseller permit means a change in how you do business. We T appreciate your support and cooperation.T

You can learn more by following the links below.T

If you have any questions, please check out our web site, drop us an e-mail, or give us a call.

Thanks for watching. T