

Content #8

Interstate Commerce Exemption

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Content #8A

Interstate Commerce

Qualifications for Exemption / Deduction

NO TAX (State or City)

- ❖ Must be a non-resident (individual or entity) of Arizona
- ❖ The non-resident must not have been in Arizona when the order originated
- ❖ The order must be received from a location outside of Arizona
- ❖ The retailer ships or delivers the tangible personal property to a location outside of Arizona.
- ❖ Retailer is responsible for payment of the vehicle being transported
- ❖ A 90-day nonresident drive out permit must be issued for the vehicle and the permit affidavit for the vehicle must be signed

Should NOT be a hint of Arizona in the deal what-so-ever or the customer visiting the dealership (otherwise the deal does not qualify for this exemption)

Content #8B

Interstate Commerce Exemption

Required Documentation & Self Audit Examination

❖ Out-of-state documentation

- Verify documents are in the deal reflective of an order generated from out-of-state. Documents can include:
 - Purchase orders
 - Letters
 - Telephone messages
 - Email correspondence
 - Faxes as well as correspondence communicating back and forth from out-of-state:
- Shipment of legal purchase documents (i.e., Finance contracts, B/O, Exempt form) to and from Out-of-State
 - Fed Ex
 - UPS
 - Certified or Registered Mail
- Verify the name and address are on all documents throughout the deal:
 - TPT License (if applicable)
 - Form 5000
 - Buyers order (B/O)
 - Payment for purchase

❖ All documents throughout the deal must reflect an Out-of-State Address

❖ Bill-of-Lading (BOL)

- Verify the BOL notes:
 - Make, Model & VIN of the vehicle in the deal
 - Where the unit was picked up from
 - Date when the transport picked up the vehicle
 - Delivery to the state of residency claimed. **(If not delivered to the State of residency, an explanation should be in the deal)**
- Verify in the deal, that we were invoiced for the payment of transportation services

❖ Form 5000 – Exemption Certificate

- Purchaser's name and out-of-state address must be completed. Name could include the following:
 - Individuals name
 - Trust Name
 - Business Entity Name
- Verify the certificate Single Transaction Certificate is marked
- Verify the Reason for Exemption has Boxes 14 & 15 marked ...with the proper statues and descriptions (see example)
- Verify description of property (vehicle) purchased denotes the Make, Model & VIN number
- Verify the signature and title of the person completing the form. Signature of Purchaser should include:
 - Individual Purchaser's name, or
 - Business Entity Representative/Agent's name. **Title should include the position the Representative/Agent holds**
- Verify the signature date is, approximately, the date of the deal



Arizona Form 5000

Transaction Privilege Tax Exemption Certificate

- Do not use Form 5000 to claim sale for resale. Use Form 5000A.
Do not use Form 5000 if you are a non-TPT licensed contractor. Use Form 5000M.

This Certificate is prescribed by the Department of Revenue pursuant to A.R.S. § 42-5009. The purpose of the Certificate is to document and establish a basis for state and city tax deductions or exemptions. It is to be filled out completely by the purchaser and furnished to the vendor at the time of the sale.

Form section A: Purchaser's Name and Address; B: Check Applicable Box. Includes fields for Name, Address, City, State, ZIP Code, Vendor's Name, and checkboxes for Single Transaction Certificate and Period From/Through.

Form section C: Choose one transaction type per Certificate. Includes checkboxes for Transactions with a Business, Transactions with Native Americans & Native American Businesses, Transactions with a U.S. Government entity, and Transaction with a Foreign Diplomat.

Form section D: Reason for Exemption. Check the box indicating one of the more common exemptions provided below, or use Box 14 or 15 to cite the appropriate authority for another exemption (deduction).

Your Name (as shown on page 1)

Arizona Transaction Privilege Tax License Number

- 11. Electricity or natural gas sold to a business that is at least 51% manufacturing or smelting if at least 51% of the electricity or natural is used in the manufacturing or smelting operation. (Utilities classification only.)
- 12. Sale or lease of tangible personal property to affiliated Native Americans if the solicitation for sale, signing of the contract, delivery of the goods and payment for the goods all occur on the reservation. **NOTE:** The vendor shall retain adequate documentation to substantiate the transaction.
- 13. Foreign diplomat. **NOTE:** Limited to authorization on the U.S. Department of State Diplomatic Tax Exemption Card. The vendor shall retain a copy of the U.S. Department of State Diplomatic Tax Exemption Card and any other documentation issued by the U.S. Department of State. Motor vehicle purchases or leases must be pre-authorized by the Office of Foreign Missions ("OFM"). See "Vehicle Tax Exemption" at www.state.gov/ofm/tax/

14.* Other Deduction: Cite the Arizona Revised Statutes authority for the deduction. A.R.S. § 42-5061.A.24

Description: Interstate Commerce

15.* Other Cities Deduction: Cite the Model City Tax Code authority for the deduction. M.C.T.C. § ARTICLE IV - 465.I

Description: Interstate Commerce

*Refer to www.azdor.gov/Forms/TransactionPrivilegeTax.aspx for a complete list of state and city exemptions (deductions) and the business classes (codes) under which the deductions apply.

E. Describe the tangible personal property or service purchased or leased and its use below.
(Use additional pages if needed.)

year, make, model, VIN #

F. Certification

A vendor that has reason to believe that this Certificate is not accurate or complete will not be relieved of the burden of proving entitlement to the exemption. A vendor that accepts a Certificate in good faith will be relieved of the burden of proof and the purchaser may be required to establish the accuracy of the claimed exemption. If the purchaser cannot establish the accuracy and completeness of the information provided in the Certificate, the purchaser is liable for an amount equal to the transaction privilege tax, penalty and interest which the vendor would have been required to pay if the vendor had not accepted the Certificate. Misuse of this Certificate will subject the purchaser to payment of the A.R.S. § 42-5009 amount equal to any tax, penalty or interest. Willful misuse of this Certificate will subject the purchaser to criminal penalties of a felony pursuant to A.R.S. § 42-1127(B).

I, (print full name) _____, hereby certify that these transactions are exempt from Arizona transaction privilege tax and that the information on this Certificate is true, accurate and complete. Further, if purchasing or leasing as an agent or officer, I certify that I am authorized to execute this Certificate on behalf of the purchaser named above.

SIGNATURE OF PURCHASER

DATE

TITLE