

Content #9

Non-Reciprocal States Exemption

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Content #9A

Non-Reciprocal States Exemption

Qualifications for Exemption / Deduction

- ❖ **NON-RECIPROCAL STATE:** A non-resident State that does not allow “credit” for tax paid to a different state.
- ❖ The Purchaser can take possession of the vehicle **in** Arizona; must obtain a special ninety-day nonresident registration permit; however, the vehicle must be registered in the Purchaser’s State of residence
- ❖ The Purchaser(s) driver license must be issued from the non-reciprocal State from which the customer is claiming residency.
- ❖ Each Purchaser within a deal must complete a separate ADOR exempt certificate (Form 5011) in order to determine if he qualifies for the exemption

Corporate Policy: When giving the Purchaser(s) the form 5011, the Salesperson must first update the Purchaser(s) on the law, using the following steps:

- Notify the Purchaser(s) that Earnhardt representatives are not allowed to complete the form for them, but do want to cover a few things pertaining to the form.
- Then, show the Purchaser(s) the section 2 notation at the very bottom on the 1st page of the form and make sure they understand the notation.
- Next, show the Purchaser(s) the 2nd page and explain the affirmations the purchaser(s) is/are making when signing the form.
- Give a form to **each** Purchaser in the deal to complete and sign.
- Upon completion, verify the Purchaser(s) qualify for the exemption.

~ADDITIONAL NOTES BASED ON TYPE OF PURCHASER~

- ❖ **A Purchaser for a trust must be listed as a Trustee in the Trust**
- ❖ **A Business Entity’s agent must be listed in the Articles of Corporation as a member (i.e., Corp Officer, Partner, LLC member)**
- ❖ **A Military Service member must have official military orders to be stationed in AZ**
- ❖ **If a Purchaser is a student, must be enrolled as a non-resident in an Arizona Educational Institution**

Content #9B

Non-Reciprocal States

REQUIRED DOCUMENTATION & AUDIT EXAMINATION

❖ **Nonresident tax rate schedule**

- Verify the Purchaser's or Business Entity's State of residence is a Non-reciprocal State

❖ **Trust Purchases (if applicable)**

- Verify the person(s) signing the purchase documentation is on the Trust
- Verify that we have all required signatures in order to substantiate the request. Review the Trust documents for a clause such as "a Trustee may not conduct business or act on behalf of our Trust without the consent of the other Trustee".
- Verify the Trust name and non-reciprocal address are on all other legal documents throughout the deal

❖ **Business Entity Purchases (if applicable)**

- Verify we have a legible copy of a Business license, Transaction Privilege License or Articles of Corporation
- Verify the State listed on the license or articles is a non-reciprocal State
- Verify the same address and State is listed on all purchase documentation
- Verify the Business Representative/Agent signing the purchase documentation is a member within the Articles of Corporation
- Complete due diligence by searching the web to determine if the Business entity has nexus in Arizona.
- Verify the payment for the vehicle is issued in the Entity name (i.e., business check, credit card or financing)

❖ **Military member stationed in Arizona (if applicable)**

- Verify we have a copy of the military ID
- Verify we have copies of the official military orders
- Verify the orders indicate currently stationed at an Arizona facility

❖ **Arizona enrolled Student (if applicable)**

- Verify we have a copy of a Student I.D. Card
- Verify Student is enrolled in an Arizona educational institution
- Verify have a statement from the educational institution reflecting Student is paying out-of-state tuition fees

❖ **Driver License of each Purchaser**

- Verify the license is issued by the Non-Reciprocal State
- Verify the license is valid and current (must have been reasonably issued prior to any dates in the deal; the further the issuance date of the license is from the date of the deal, the better)
- Verify the license is of a member on the Trust **(if applicable)**
- Verify the license is of the Business Representative/Agent signing on behalf of a business entity **(if applicable)**
- Verify the license reflects the non-reciprocal State being claimed
- Verify the license of the Representative/Agent is from the same State as the Business Entity **(if applicable)**

❖ **Verify the name and address of the Purchaser (or) Business Entity is listed on all legal documents throughout the deal.**

- Form 5011
- Buyers Order
- Credit application / Purchasers Statement (if applicable)
- 90-day nonresident registration permit

❖ **Auto Insurance Card**

- Verify the insurance card is for the Purchaser(s)
- For Business Entities - Verify the insurance card is for the Representative/Agent
- Verify the policy number is the same listed on the form 5011

❖ **Form 5011- Exemption Certificate**

- Verify that a separate form was completed by each Purchaser, and that both are in the deal.
- Verify Section 1 – Sellers information - is complete
- Verify section 2 of the form was fully completed by the Purchaser
- Verify a physical address is listed on the form for the Purchaser, even though the driver license may have a PO Box listed.
- Verify for Business Entities – The Representative/Agent’s name, personal address, phone #, & auto insurance is listed. Then verify the Business Entity’s information is completed as well.
- Verify that every question on 1st page is answered and initialed by the Purchaser or Representative/Agent. Exceptions:
 - Military Member **is not** required to answer questions 1-3 on form 5011
 - Spouse of Military member **is** required to answer all of the questions on form 5011 (unless also a military member)
 - Student **is not** required to answer questions 1-3 of form 5011
 - Spouse of Student **is** required to answer all of the questions on form 5011 (unless also a AZ Student)

- Verify the Purchasers actually qualified as nonresidents
 - Verify page 2 (Purchaser Affirmation) was completed and signed by the Purchaser or the Representative/Agent.
 - **Review the deal as compared to answers given by the Purchaser; determine if there is anything that is contradicting the answer. This includes common knowledge of business nexus in Arizona**
- ❖ **90-day nonresident registration permit**
- Verify a copy is in the deal
 - Verify the copy denotes the out-of-state, non-reciprocal address
 - Does not need the permit affidavit signed; it was replaced by the 2nd page of form 5011
- ❖ **Verify the correct amount of tax was collected and set up based on the City's jurisdiction in which the sale took place**

→ * Need a form for each purchaser. (A Seperate form)
 → ** CANNOT have AN AZ DL



Arizona Department of Revenue
CERTIFICATE TO ESTABLISH RESIDENCY IN ANOTHER
U.S. STATE PURSUANT TO A.R.S. § 42-5009(I)

ARIZONA FORM
5011

FOR PURPOSE OF A STATUTORY DEDUCTION PROVIDED BY ARS § 42-5051, SUBSECTION (A)(14), (A)(26)(a), (A)(45), OR (L); OR ARS § 42-5004 (A)(4)

SECTION 1 - INFORMATION TO BE SUPPLIED (BY SELLER)

← Earnhardt Representative must complete

SELLER'S NAME AND ADDRESS:

YEAR:	MAKE:	MODEL:	VIN NO.:	90 DAY PERMIT NO.:
SALES PRICE: Cash Price + Add's		PRICE ADJUSTMENTS: Rebates + Trade	NET PRICE: Taxable Amd	TOTAL TAXES PAID: includes City (if applicable)
DRIVER'S LICENSE NO. OF PURCHASER (or Entity Rep.):		STATE OF ISSUANCE: **	EXPIRES: s/be current	

SECTION 2 - TO BE COMPLETED BY (PURCHASER (OR ENTITY REPRESENTATIVE))

- Purchaser must complete.

FULL NAME:

FULL RESIDENTIAL ADDRESS (NO P.O. BOXES):

TELEPHONE NO. OF RESIDENCE ADDRESS:	AUTO INSURANCE COMPANY:	POLICY NO.:
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IF PURCHASER IS A NONRESIDENT ENTITY, COMPLETE THE FOLLOWING:

ENTITY NAME:

FULL BUSINESS ADDRESS:

TELEPHONE NO.:

QUESTIONS TO BE ANSWERED AND INITIALED BY PURCHASER (OR ENTITY REP.):

NOTE: DO NOT answer questions 1, 2, and 3 if you are either a Nonresident U.S. Military Service member officially stationed at an Arizona military facility, or a Nonresident Student enrolled at an Arizona Educational Institution paying out-of-state tuition fees. (PROVIDE COPY OF MILITARY ORDERS OR CURRENT STUDENT I.D. CARD)

- | | True | False | Initial |
|---|--------------------------|--------------------------|---------|
| 1. I am physically present in Arizona for at least seven (7) months of the year..... | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| 2. I am engaged in a trade, profession or occupation in Arizona in other than seasonal agricultural work or temporary seasonal work..... | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| 3. I am employed in the State of Arizona..... | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| 4. I have placed my children in an Arizona public school (K-12) without payment of nonresident tuition..... | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| 5. I attend an Arizona educational institution and pay resident status tuition rates..... | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| 6. I am an individual, partnership, company, firm, corporation or association that maintains a main office, a branch office or warehouse facilities in this state and that bases and operates motor vehicles in this state..... | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| 7. I am an individual, partnership, company, firm, corporation or association that operates motor vehicles in intrastate transportation, for other than seasonal agricultural work..... | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| 8. I am purchasing this vehicle for transfer to a resident of Arizona..... | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| 9. I have a valid driver's license issued by the State of Arizona..... | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| 10. I am registered to vote in the State of Arizona..... | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| 11. I file Resident status income tax returns, or business tax returns in the State of Arizona..... | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| 12. The insurance policy listed above (other than a temporary binder) is issued under the laws of Arizona..... | <input type="checkbox"/> | <input type="checkbox"/> | _____ |

SECTION 2 INFORMATION THAT INDICATES AN ARIZONA ADDRESS, OR AN ANSWER OF TRUE TO ANY OF THE ABOVE QUESTIONS, WILL MAKE THIS PURCHASER INELIGIBLE FOR THE STATUTORY DEDUCTIONS LISTED AT THE TOP OF THIS PAGE.

ADOR 60-5604 (9/08)

*** refers to the custodial parent (if purchaser is the custodial parent + has children in an AZ school - Answer is TRUE.) (IF purchaser is non-custodial + has children in an AZ school - Answer is FALSE.)

→ Purchaser must complete !!

AFFIDAVIT OF NONRESIDENCY

should be the state the purchaser is claiming

AFFIRMATIONS OF PURCHASER:

✓



I will register this vehicle in the state of _____ prior to the expiration of the 90 Day Nonresident Registration Permit, and will not use this vehicle in Arizona after this date for other than purely temporary or transitory purposes.

I will personally be liable for an amount equal to the state, county and city taxes that would have applied to a non-exempt sale, plus penalties and interest computed from the date of sale, if this vehicle is registered in Arizona within 365 days of the date of sale.

I will personally be liable for an amount equal to the state, county and city taxes that would have applied to a non-exempt sale, plus penalties and interest computed from the date of sale, if I have provided false information on this certificate.

I understand that in Arizona, it is a Class 5 Felony to "knowingly prepare, present or aid, procure or advise in preparing or presenting any return, affidavit, claim or other document which is fraudulent or is false as to any material matter, whether or not the falsity or fraud is with the knowledge or consent of the taxpayer authorized or required to present the return, affidavit, claim or document." [See A.R.S. § 42-1127(B)(2)]

I understand that I will be subject to criminal penalties if I have either omitted required information or provided false information on this certificate. [See A.R.S. § 42-1127(B)(4)]

I have verified that my driver's license information provided on Page 1 is correct.

I hereby certify that the information I have provided on this Certificate is true, accurate and complete. Further, if I am the representative of a nonresident entity, I certify that I am authorized to execute this Certificate on behalf of the nonresident entity named above.

Signed by:



_____ Purchaser or Entity Representative

_____ Date



Do need 90-Day Permit
No longer need 90-Day Permit Affidavit - This page replaces the affidavit.