

## Drop Shipments

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Alabama		x	Under 40-23-1(10), wholesale sales are excluded from the definition of retail sales. 40-23-9 says that persons selling at retail and wholesale must keep adequate records to distinguish between the two. Rule 810-6-2-.107 says that "suitable records" must be kept to evidence which sales are wholesale sales. The Reseller's home-state certificate probably suffices.
Alaska			No tax
Arizona		x	Wholesaler can accept the Reseller's home-state exemption certificate so long as it contains the information required in ARS 42-1328 (name and address, statement that purchase was made for resale in ordinary course of business, home-state license #, and certification by person signing form of authority to do so). Arizona Transaction Privilege Tax Ruling (TPR) 95-13
Arkansas	x	n/a	Arkansas does not recognize the sale from Wholesaler to Retailer as an Ark sale, regardless of where the inventory was located and regardless of shipping terms. Legal Opinion 20160104. 26-52-401(120)(A).
California			Wholesaler must charge tax to the Reseller based on the retail price if known. Otherwise, tax must be charged based on the wholesale price plus a 10% markup. If the Customer is exempt, Reseller can stand in the shoes of the Customer by presenting the Customer's certificate. Publication 121. 18 Cal. Code Regs. 1706.
Colorado		x	Wholesaler can accept the Reseller's home-state exemption certificate. GIL-13-006 (private letter ruling). Reseller cannot stand in the shoes of an exempt Customer, however.

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Connecticut			Wholesaler must charge tax to the Customer based on the retail price if known. Otherwise, tax must be charged based on the wholesale price and the Customer must report use tax. Wholesaler does not charge tax if the goods are shipped by common carrier F.O.B. shipping point, seller's plant, seller's city, etc. because the sale is deemed not to occur in CT. From the Wholesaler's perspective, it's probably easier to charge tax to the Reseller and accept the risk. CT Policy Statement No. 2013(3), 6/19/2013. Conn. Gen. Stat. 12-407(a)(3)(A).
Delaware			No tax
District of Columbia			Wholesaler must collect tax based on the wholesale price.
Florida		n/a	Wholesaler is not required to charge sales tax, unless the inventory is in Florida. Florida does not recognize the sale as a Florida sale. Customer must report use tax. If inventory is in Florida, Wholesaler must collect tax. The Reseller's home state certificate will not work. See Rules 12A-1.1039(1)(b) and (c) and 12A-1.091(10).
Georgia	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate. 48-8-38 and Policy Statement 12-07-1995 (updated 12/4/2008)
Hawaii		sort of n/a	The Hawaii General Excise Tax is levied on the seller, which the seller can pass through. Wholesaler would owe 4%. Wholesaler would also owe use tax of 0.5%. If the Reseller registers, Wholesaler owes use tax of 0.5%, and Reseller owes tax of 4%. Haw. Admin. Rules 18-237-13-02.01.
Idaho		sort of n/a	Idaho does not recognize the sale from the Wholesaler to Reseller as an Idaho sale. Wholesaler must obtain a letter from the Reseller indicating it has no nexus with the state. Reg. 35.01.02.022

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Illinois		x	Wholesaler can accept Reseller's home-state certificate or Reseller can register in IL as a non-sales-tax collecting seller, which doesn't create nexus. 86 Ill. Adm. Code 130.225.
Indiana	x	x	Wholesaler can accept the Streamlined Sales Tax reseller certificate. Information Bulletin #57.
Iowa	x	x	Wholesaler does not appear to need to collect an exemption certificate from the Reseller. Iowa Admin. Code 701-18.55 Examples E and H.
Kansas	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate or home state exemption certificate. Kan. Stat. Ann. 79-3651(c). See also Publication KS-1520. Department Public Notice No. 07-03 (6.13.07).
Kentucky	x	x	"If the purchaser is not required to hold a permit because the purchaser is a nonresident purchaser not required to register in Kentucky, and if the purchaser is using the "Resale Certificate", Form 51A105, the purchaser shall note on the face of the certificate that the purchaser is a nonresident purchaser not required to register and obtain a permit in Kentucky. The certificate shall bear the purchaser's signature, name, address, and any other information requested on the form. The purchaser shall clearly mark on the certificate whether it is a single purchase certificate or a blanket certificate." Ky. Admin. Regs. 31:111 (Section 3).

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Louisiana		possibly n/a	Although Louisiana repealed its "advance sales tax," which was a sales tax levied on sales to retailers and retailers could claim as a credit on their sales tax remittances, Revenue Ruling 05-006 suggest that either Louisiana would not recognize the sale as a Louisiana sale or the Wholesaler could accept the Reseller's home state certificate: "[I]f the manufacturer-wholesaler sells and delivers into Louisiana from outside the state to a retailer who has not established the minimum business connection with Louisiana to require the retailer to register as a "dealer" in Louisiana, the manufacturer-wholesaler is not required to collect the advance sales tax from the retailer and the retailer is not required to collect the use tax on the sale to the final retail customer. . . In this case, the final consumer will be required to remit the use tax directly to the department."

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Maine		x	The sale of taxable tangible personal property to a nonresident retailer for resale is exempt from Maine sales tax when the selling retailer obtains a statement from the nonresident retailer that includes (1) the nonresident retailer's name and address, (2) a declaration that the tangible personal property is being purchased for resale outside the State and for no other purpose, (3) evidence that the nonresident retailer is engaged in making retail sales of tangible personal property of the type purchased (such as a sales tax registration certificate or equivalent document issued by the nonresident retailer's home state or country and evidence that the purchaser is engaged in a line of business consistent with the resale) at retail sale in the form of tangible personal property, of the items purchased, (4) an affirmation, made under penalties of perjury, that the information provided in the statement is true and correct as to every material matter, and (5) the signature of the purchaser executing the statement. Code Me. R. 301(5) or 18-125 CMR 301. Sales Tax Reference Guide October 2017 (pp. 130-131).
Massachusetts			Whoever delivers the goods into the state is deemed the seller of the property. Mass. Gen. L. Chapter 64H Sec. 1 (definition of retail sale, second sentence). Wholesaler must charge tax to the Reseller based on the retail price regardless of where title passes. The Reseller's home-state exemption certificate will not work. 830 CMR 64H.8.1. If Wholesaler is not registered in MA, but ships into MA using a subsidiary's trucks, the subsidiary must register and collect the tax.

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Maryland			"In third-party drop shipment transactions, in which a Maryland registered vendor sells to an out-of-State unregistered vendor and the property is delivered to a Maryland location, the Maryland vendor shall either require the out-of-State vendor to register for Maryland sales and use tax purposes and provide a proper resale certificate, or charge the tax based on the selling price to the out-of-State vendor. The obligation of the Maryland-registered vendor to obtain a proper resale certificate bearing a Maryland registration number or charge the tax is not changed because the out-of-State vendor is in fact making a sale for resale or the Maryland customer is entitled to the resale exclusion or any other exemption." Md. Regs. Code 03.06.01.14(l). Wholesaler must charge tax to the Reseller based on the wholesale price regardless of where title passes. Purchases for Resale FAQ #7. Maryland Tax Bulletin No. 85-4, 06/01/1985. See also Md. Code Ann. Tax-Gen. Sec 11-408(b), which says the exemption certificate has to have the MD sales and use tax registration number on it.
Michigan	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate or home state certificate. Mich. Comp. Laws 205.54k.
Minnesota	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate or home state certificate. Minn. State. 297A.665(b)(3). See also Sales Tax Fact Sheet No. 110.
Mississippi		n/a	"The supplier [Wholesaler] is not required to collect sales or use tax if the retailer provides the supplier a valid exemption certificate. The supplier is not required to collect and remit Mississippi sales tax, regardless of the retailer's exemption status, if the supplier has not created nexus in Mississippi." Sales and Use Tax Fact Sheet (November 1, 2017). Miss. Admin. Code 35.IV.3.05-300 - 303.

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Missouri		n/a	Reseller is deemed to take ownership of goods before Customer receives them. Letter Ruling 7746. Sale from Wholesaler to Reseller is a non-Missouri sale. Letter Ruling 6203. Wholesaler should obtain Form 149 (the resale exemption form) from the nonregistered Reseller.
Montana			No sales tax.
Nebraska	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate. Nebraska has no formal statement on drop shipments, but its membership in the SSTA requires it to accept the SST certificate or Reseller's home state certificate.
Nevada	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate or home state exemption certificate. Nev. Rev. Stat. 372.155(2).
New Hampshire			No sales tax.
New Jersey	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate or home state certificate. N.J. Admin Code 18:24-10.5(b).
New Mexico		x	"When a person registered with the department as an agent for collection of New Mexico compensating tax sells tangible personal property to a customer located outside New Mexico who requests delivery be made to the customer's customer located in New Mexico, the agent for collection of compensating tax may receive a properly executed nontaxable transaction certificate from the out-of-state buyer." N.M. Admin. Code 3.2.13.9. Under 3.2.201.13, the department deems MTC certificate to constitute a "nontaxable transaction certificate."
New York		x, sort of	If the Reseller is a "qualified out-of-state purchaser" (not required to be registered in NY, registered somewhere else, purchasing for resale), Reseller can provide Form ST-120 to the Wholesaler. Tax Bulletin ST-190 (TB-ST-190)(8.5.2014).

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North Carolina	x	x	Wholesaler does not need to charge sales tax to the Reseller. <i>VSA, Inc. v. Faulkner</i> , 126 N.C. App 421 (1997), Sales and Use Technical Bulletin 42-4 (7.1.2005). Advised to collect SST Exemption Certificate or Reseller's home-state exemption certificate.
North Dakota	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate or home state certificate. N.D. Cent. Code 57-39.4-4-18(1)(h).
Ohio	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate or home-state exemption certificate. Information Release ST 1989-01
Oklahoma	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate or home-state certificate. Okla. Admin. Code 710:65-13-200. See also LR-12-027 (10.17.2012)
Oregon			No sales tax.
Pennsylvania		x	Wholesaler required to charge Reseller based on the wholesale price, but Reseller can use the PA exemption certificate and insert it's home-state permit number. Reseller has to indicate that the purchase is for resale and it has no nexus with PA. Letter Ruling SUT-99-134.
Rhode Island	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate or home state certificate. R.I. Gen. Laws 44-18.1-18(A)(8).
South Carolina		n/a	Manufacturer does not need to obtain resale certificate. Customer must report use tax. Rev Ruling 98-8
South Dakota	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate or home-state certificate. Dept of Rev Publication - Drop Shipments (May 2011). S.D. Codified Laws 40-45-61 doesn't specify whether an out-of-state certificate is acceptable.



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Tennessee			Wholesaler must charge tax to the Reseller based on the wholesale price. Reseller's home-state certificate will not work. Tenn. Comp. R. & Regs. 1320-05-01-.96. See also drop shipment article on Dept's website. The Reseller can stand in the shoes of an exempt Customer, but the Wholesaler has to have both the Reseller's homestate certificate and the Customer's in-state certificate.
Texas		x	Wholesaler may accept the Reseller's home-state certificate only if all of the information required on the Texas certificate is provided. Texas Admin Code 3.285(d)
Utah	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate or home-state exemption certificate. Publication 25.
Vermont	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate or home state exemption certificate. Reg. 1.9701(5)-3.
Virginia		x	Wholesaler may accept Reseller's home-state certificate so long as it has all of the information required on VA certificates. TC Rulings 98-142 (10-8-1998) and 97-95 (2-21-97)
Washington	x	x	Wholesaler can accept the Reseller's SST or MTC Exemption Certificate. Wholesaler owes wholesaling B&O. Wash. Admin Code 458-20-193(304). DOR website: Home / Forms & publications / Publications by subject / Tax topics / Drop shipments
West Virginia	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate or home-state exemption certificate. W. Va. Code 11-115B-24(a)(8).
Wisconsin	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate. DOR website: <a href="https://www.revenue.wi.gov/Pages/TaxPro/news-2010-100119.aspx">https://www.revenue.wi.gov/Pages/TaxPro/news-2010-100119.aspx</a>

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Wyoming	x	x	Wholesaler can accept the Reseller's SST Exemption Certificate or home state exemption certificate. Wyo. Rules Dept. Rev. 13(i). Third Party Drop Shipping publication. Revised August 1, 2014.