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**\$100 million in lost sales tax revenue at stake**

**Revenue to Issue Reseller Permits to Qualified Businesses in September**

**Olympia, Wash.,** Sept. 1, 2009 — The Department of Revenue will begin issuing reseller permits to businesses this month to stem the loss of an estimated \$100 million annually in unpaid state and local sales tax.

The free permits will replace self-issued resale certificates beginning Jan. 1, 2010. Businesses that are not sent a permit, but which are actively reporting to the Department, will receive notification that they may apply for a permit if they think they qualify.

The shift to Department-issued permits is a result of the passage of Senate Bill 6173, which seeks to improve business compliance with tax laws. Under the current system, businesses can buy products without paying sales tax by giving a resale certificate to the seller. The resale certificate declares that the purchaser intends to resell the products and collect and remit sales tax from the end purchaser.

The new law is intended to discourage misuse of the certificates by businesses that buy products for their own use with no intent to resell them. In addition, some businesses mistakenly believe that simply having a business license allows them to buy items for any purpose without paying sales tax.

Under the new system, the Department will issue numbered permits to wholesalers, retailers, manufacturers and qualified contractors that allow them to make wholesale purchases without paying sales tax. The permits are valid for one- to four years, depending on the industry and the length of time the business has been registered with the Department. The permit outlines what types of products cannot be purchased for resale. Special rules apply to contractors and farmers.

Revenue Director Cindi Holmstrom said the Department has been working with stakeholders, including wholesalers, retailers, contractors, and business associations, to ensure a smooth transition to the new system.

“The goal here is to ensure that sales tax is paid when due, and not paid when not due,” she said. “We’ve developed a robust system that will allow us to more closely monitor the use of the reseller exemption while discouraging its misuse.”

The Department will automatically mail reseller permits to more than 154,000 qualified businesses. Additionally, more than 40,000 contractors that are likely eligible will be sent a letter encouraging them to apply for a permit by completing an enclosed application. About 286,000 other businesses will not automatically receive permits or applications but can apply if they believe they qualify. All the notifications will be issued by mid-September.

Businesses that do not have a reseller permit after Dec. 31, 2009, must pay sales tax on their purchases. If they do resell the products, they may claim a deduction for sales tax paid on their state excise tax returns or request a refund from the Department.

More information on reseller permits is available at <http://dor.wa.gov/resellerpermit>.

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