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protect you.

Jul. 31, 2014



Exemption certificates are your protection in a tax audit. But the wrong forms *won't protect you.*

An invalid certificate can make your company liable for the uncollected sales tax. So, how can companies that sell in multiple states guarantee they get the forms they need to prove the validity of their tax-exempt sales? What makes a good Texas tax

exempt form or a good Pennsylvania or Michigan tax exempt form, and are they

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Instead of a state exemption certificate.

As a general rule, the answer is no.

Best practice is to accept only official state exemption certificates – [see a full list here](#). (Of course there are always exceptions; in Mississippi a seller's permit can act as a resale certificate.)

## **Rule 2: Understand multi-jurisdiction certificates**

Multi-jurisdiction can save time for businesses making tax-exempt purchases in multiple states, since they often eliminate the need to issue dozens of certificates to a single vendor. Popular examples of multi-jurisdiction certificates include the [Uniform Sales & Use Tax Certificate—Multijurisdictional](#) and the [Streamlined Sales Tax Multi-state Certificate](#). While these forms offer convenience to buyers, sellers should beware that many exceptions apply. For example, a multi-jurisdiction certificate may not apply to specific exemptions, like agricultural exemptions, or it may not work in jurisdictions where the buyer is not registered.

Make sure to do your homework to understand when you can safely accept multi-jurisdiction certificates.

## **Rule 3: Collect complete certificates**

Ensuring you collect the right forms is a great first step, but the right forms still need the right information. Many businesses get into trouble when they accept exemption certificates with incomplete or missing information (or if they neglect to update expired certificates).

From the Exemption Certificate Survival Guide:

“Common exemption certificate errors [include]:

- Missing signatures or signatures from unapproved signers

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Sales Tax • Technology

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