

IDAPA 35 – IDAHO STATE TAX COMMISSION
Tax Policy – Taxpayer Resources Unit
35.01.02 – Idaho Sales and Use Tax Administrative Rules

Who does this rule apply to?

The general public.

What is the purpose of this rule?

This rule provides information on:

- Sales Tax
- Use tax
- Contractors
- Exemptions
- Requirements
- Collecting
- Reporting
- Record-keeping
- Deficiencies

What is the legal authority for the agency to promulgate this rule?

This rule implements the following statutes passed by the Idaho Legislature:

Revenue and Taxation -

Department of Revenue and Taxation:

- [Section 63-105, Idaho Code](#) – Powers and Duties - General

Income Tax:

- [Section 63-3039, Idaho Code](#) – Rules and Regulations – Publication of Statistics and Law

Sales Tax:

- [Section 63-3624, Idaho Code](#) - Administration
- [Section 63-3635, Idaho Code](#) – Collection and Enforcement

Who do I contact for more information on this rule?

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This rule chapter will be reviewed in compliance with Section [67-5292, Idaho Code](#), and in accordance with the 8-year rule review schedule linked [here](#).

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35.01.02 – IDAHO SALES AND USE TAX ADMINISTRATIVE RULES

000. LEGAL AUTHORITY.

Sections [63-105](#), [63-3624](#), [63-3635](#), [63-3039](#), Idaho Code.

(7-1-26)

001. SCOPE.

These rules are construed to reach the full jurisdictional extent of the state of Idaho's authority to impose an excise tax upon each sale at retail of the sales price of all property subject to taxation under this act and on the storage, use, or other consumption in this state of tangible personal property.

(7-1-26)

002. -- 010. (RESERVED)

011. MIXED TRANSACTIONS.

Sections [63-3609](#), [63-3612](#), [63-3613](#), Idaho Code

01. Retail Sales of Tangible Personal Property Together with Services. The sales tax applies to retail sales of tangible personal property. When a retail sale of tangible personal property includes services, the total amount charged is taxed, except those services excluded by statute. To determine whether a transaction is a retail sale of tangible personal property or a sale of services, the following tests are applied.

(7-1-26)

a. The taxability of a mixed transaction is determined by analyzing the object of the transaction and whether the buyer is seeking the service itself or the property produced by the service. If the tangible personal property is the object of the transaction, then the entire transaction is taxable. If the service is the object of the transaction, then it will depend on whether the transfer of the tangible personal property is an incidental part of the transaction. If so, then no part of the transaction is taxable.

(7-1-26)

i. To determine whether a mixed transaction qualifies as a sale of services, the object of the transaction will be determined; that is, whether the buyer is seeking the service itself, or the property produced by the service.

(7-1-26)

ii. When a retail sale involves the transfer of tangible personal property and the performance of a service, both of which are independent elements whose charges are separately stated, then the taxability of each charge is analyzed on its own.

(7-1-26)

02. Examples. Available at [Sales and Use Tax Examples](#).

(7-1-26)

012. CONTRACTORS IMPROVING REAL PROPERTY.

Sections [63-3609\(a\)](#), [63-3621](#), [63-3615\(b\)](#), [63-3622B](#), [63-3622D](#), [63-3622W](#), [63-3622X](#), [63-3622NN](#), [63-3622VV](#), [63-3622WW](#), Idaho Code

01. In General. A contractor is any person acting as a general contractor, subcontractor, contractee, subcontractee, or speculative builder who builds, alters, repairs, or improves real property.

(7-1-26)

a. Contractors are the consumers of all the goods they use. As a result, they pay tax on their purchase or use of building materials, equipment, tools, and supplies, unless an exemption applies.

(7-1-26)

b. If a contractor doesn't pay tax on the purchase or use of building materials, equipment, tools, and supplies, they report and pay use tax to the state. See Section 072.

(7-1-26)

02. Real Property. See Section 067.

(7-1-26)

03. Fuels. A contractor pays sale or use tax on fuel used in off-road equipment unless motor fuels tax was paid. See Section 078.

(7-1-26)

04. Custom-Made Goods. Sales tax applies to the entire price charged for custom-made goods sold by the maker. If a contractor purchases fabricated goods from a supplier, the entire price of the fabricated item, including the charge for labor is taxable. If the contractor buys material and fabricates it and installs it into a real property improvement, only the material is taxable.

(7-1-26)

05. Value. The contractor owes use tax on the value of the job materials at the time they exercise right or power over them. When a contractor fabricates and installs tangible personal property into Idaho real property, the value is the cost of materials and parts used. This is true even if that contractor hires a subcontractor to install.

(7-1-26)

06. Materials Provided by Project Owner. (3-31-22)

a. When a project owner who isn't exempt from tax buys materials for a job and hires a contractor to install them, sales or use tax is due when the material is purchased. If the owner doesn't pay tax on the materials, the contractor is liable for the tax. (7-1-26)

b. When a project owner who is exempt from sales and use tax buys materials for a job and hires a contractor to install them, the contractor is liable for the tax on the value of the materials. This is true even if the property is owned by an exempt entity such as the federal government or an Idaho governmental agency. (7-1-26)

07. Materials Purchased on Behalf of Project Owner. (7-1-26)

a. When a project owner who is exempt from tax allows the contractor to buy building materials in the project owner's name, the contractor is liable for the tax on the value of the materials. (7-1-26)

b. Contractors can't avoid paying sales or use tax due to a contract that allows purchases to be made in the name of the exempt entity and designates the contractor as an agent of that entity. The contractor is the consumer of the material and owes tax at the time of purchase. (7-1-26)

08. Examples. Available at [Sales and Use Tax Examples](#). (7-1-26)

013. ROAD, PAVING, AND EARTHWORK CONTRACTORS.
Sections [63-3609](#), [63-3615](#), [63-3619 \(f\)](#), [63-3622D](#), Idaho Code

01. In General. This rule illustrates the application of Idaho sales and use tax to specific activities of road, paving, and earthwork contractors. The general principles stated in Section 012 apply to these contractors. (7-1-26)

02. Road or Paving Contractor. A road or paving contractor is a contractor improving real property. The use of materials over which the contractor exercises right or power while performing a contract is taxable. This is true even if an exempt entity, such as a government agency, owns the material. It is also true if the contractor does the work under the full or partial supervision of the person for whom the contractor is performing the contract. (7-1-26)

03. Materials. Use tax doesn't apply to the use of natural materials such as rock, backfill, or other related materials that are secured on site and used without significant change. (7-1-26)

a. The sale or use of natural materials or rock removed from a construction site and used elsewhere is taxable. (7-1-26)

b. The sale or use of crushed rock that is removed from a construction site and used elsewhere is taxable. (7-1-26)

04. Rock Crushing. The application of sales or use tax to rock crushing operations depends upon the circumstances of the case. (7-1-26)

a. A sale of crushing only is a sale of a taxable processing service. In this circumstance the crusher obtains raw material owned by another, crushes the rock, and stockpiles it for subsequent use either by the owner or a third party. Unless an exemption applies, the crusher charges sales tax. (7-1-26)

b. A contractor who crushes rock obtained on a construction site and uses that rock on the same site is performing a nontaxable service. The processing of such rock, backfill, or other related materials isn't taxable. (7-1-26)

c. If the contractor applying the crushed rock purchases the rock, the purchase price will be taxable. If the contractor applies rock owned by another party, the contractor will be responsible for a use tax on the value of the rock, unless the other party paid a sales tax upon its acquisition. This is true even if a government agency supplied the

rock. When a recent purchase of the crushed rock exists, that purchase price is presumed to be the value of the material. When there isn't a recent purchase, then the value is determined by the current purchase price of like material from the same or a similar source. For the purposes of this section, a purchase made within one (1) year of the performance of the contract is presumed to be a recent purchase price. (7-1-26)

d. A contractor who crushes and applies rock to a road owes tax on the value of the rock whether the contract is performed for a governmental or private entity. The value is to be determined by the royalty or similar charge for raw materials. If a royalty or similar charge doesn't exist, then the value will be determined as the royalty fee or value of like material from a similar source. If the contractor chooses to have the rock crushed by a subcontractor, the measure of the use tax is on the crushed value. (7-1-26)

e. A sale of rock crushing services to a retailer who will then resell the rock is an exempt sale. The sale of crushed rock to a consumer is a taxable sale unless an exemption applies. (7-1-26)

05. Production Exemption. (3-31-22)

a. A contractor improving real property is the consumer of the materials incorporated into realty and isn't producing an article for resale. The production exemption doesn't apply to the equipment and supplies used by a contractor to produce crushed rock, asphalt, or concrete used by the contractor to complete real property improvements. (7-1-26)

b. A business primarily devoted to producing crushed rock, asphalt, or concrete ultimately sold at retail may qualify for the production exemption. See Sections 079 and 082. (7-1-26)

014. CONTRACTORS/RETAILERS.

Sections [63-3609\(a\)](#), [63-3610](#), [63-3619](#), [63-3620](#), [63-3621](#), Idaho Code

01. In General. This section illustrates the application of Idaho sales and use tax to contractors who are also retailers. The general principles stated in Section 012 also apply to these contractors. (7-1-26)

02. Sales of Both Tangible Personal Property and Improvements to Real Property. If a contractor makes retail sales of tangible personal property and improvements to real property, the contractor collects sales tax on the retail portion of the contract. The contractor pays sales or use tax on the materials used to perform the real property improvement. (7-1-26)

03. Tangible Personal Property vs. Improvements to Real Property. Built-in appliances and related items become fixtures to realty when installed in buildings. Such built-in appliances include dishwashers, microwave ovens, stove tops, refrigerators, stove hoods, central vacuum systems, waste disposal units, trash compactors, water softeners, water purification systems, and garage door openers. Some appliances retain the character of tangible personal property such as microwave ovens that are not built-in, such as free-standing stoves, refrigerators, washers, and dryers. See Section 067 for application of the three-factor test. (7-1-26)

04. Sales with Agreement to Install. An over-the-counter sale of a complete unit with an agreement to install it isn't a contract to improve real property if the item doesn't become affixed to realty. This applies to sales of free-standing stoves, refrigerators, washing machines, dryers, and other appliances. The seller collects sales tax from the buyer on the retail sales price of the item. If the installation charges are properly separated, sales tax is due only on the cost of the unit. (7-1-26)

05. Record Keeping. A contractor can follow any consistent procedure to account for inventory and job materials purchases. (7-1-26)

a. When a contractor is primarily performing contracts to improve real property, that contractor can choose to pay tax on all purchases. When tangible personal property is sold at retail in Idaho, the contractor collects and remits sales tax and requests a refund for the Idaho sales tax originally paid. See Section 117 for refund instructions. (7-1-26)

b. When a contractor is primarily making retail sales, they can choose to purchase all inventory

without paying tax by giving suppliers a properly completed resale certificate. When tangible personal property is sold at retail in Idaho, the contractor collects and remits sales tax. When the contractor removes materials from nontaxed inventory to improve real property, they pay Idaho use tax on the value of those materials. (7-1-26)

06. Inventory Withdrawals. When any withdrawal is made from nontaxed inventory, use tax is due to the state when the material is delivered to the job site, regardless of when it is used in performing a contract. (7-1-26)

a. When a contractor fabricates tangible personal property, puts it into inventory, and later withdraws it for a job, tax applies to the fully fabricated value. This is true regardless of whether the fabricator installs the property themselves or through an agent or subcontractor. (7-1-26)

07. Examples. Available at [Sales and Use Tax Examples](#). (7-1-26)

015. WELL DRILLERS/PUMP INSTALLERS.

Sections [63-3609\(a\)](#), [63-3621](#), [63-3615\(b\)](#), [63-3622D](#), [63-3622W](#), Idaho Code

01. In General. This rule illustrates the application of Idaho sales and use tax to contractors who drill wells or install pumps. The general principles stated in Sections 012 and 014 also apply to these contractors. (7-1-26)

02. Types. The types of wells covered by this section include, but are not limited to: (7-1-26)

a. Water wells, including those for municipal, domestic, commercial, and industrial purposes, and wells used for agricultural irrigation. (3-31-22)

b. Monitor wells used to check for contamination or to find the water table. (3-31-22)

c. Anode wells used to ground power or gas lines. (3-31-22)

d. Construction wells used for pilings, shoring, and elevator hoists. (3-31-22)

e. Natural gas and oil wells. (7-1-26)

f. Injection wells. (7-1-26)

03. Well Drilling. A well driller is a contractor improving real property. The contractor should not charge sales tax on materials such as casing, screens, piping, etc., used to construct or repair a well as these materials are consumed by the well driller. (7-1-26)

04. Pump Installation. The three-factor test as discussed in Section 067 is used to determine if a pump is taxable as a real property improvement or as tangible personal property. (7-1-26)

a. A pump installed with a well that supplies water to land or a building is presumed to be a real property improvement. (7-1-26)

b. A pump that doesn't supply water to land or a building and is used in commercial or industrial applications is presumed to be tangible personal property unless it is so integrated into the real estate that it is a permanent fixture. (7-1-26)

05. Exemptions. In some cases, exemptions may apply to materials installed by well drillers and pump installers as provided in Idaho Code. Exemptions apply only to project materials and not to construction equipment and supplies, such as drilling rigs and drill bits. (7-1-26)

06. Examples. Available at [Sales and Use Tax Examples](#). (7-1-26)

016. (RESERVED)

017. DINING ON AIRLINES, BUSES, AND RAIL TRANSPORTATION.

Sections [63-3612](#), [63-3613](#), [63-3615](#), [63-3621](#), Idaho Code

01. Sale of Meals. The sale of meals or drinks that are not included in the price of the ticket on commercial aircraft, railway dining cars or buses operating in Idaho is a retail sale. An airline, bus company or passenger train is operating in Idaho if a trip starts or ends in Idaho and part of the trip can be allocated to Idaho. (3-31-22)

02. Taxable Sales. The gross receipts of such a sale are taxable when the meals, beverages or other tangible personal property are ordered or served within the boundaries of Idaho. It doesn't matter whether the meals and other property are consumed in Idaho. (7-1-26)

03. Formula for Taxable Sales. A formula may be used to determine the taxable sales of meals and beverages on the trip if accurate records of actual sales are not kept. (7-1-26)

a. Formula. Calculate the percentage of trip miles in Idaho in relation to the total mileage of the trip. Multiply this percentage by the total sales of meals and beverages served on the entire trip. (7-1-26)

04. Meals, Snacks, Beverages or Other Tangible Personal Property. When the price of an airline, bus, or railway ticket includes meals, snacks, beverages, or other tangible personal property, the cost of these goods is subject to use tax. An airline, bus, or rail company that purchases these goods in Idaho, pays Idaho sales tax to the vendor, regardless of where the goods will be distributed to passengers. If these goods are purchased in another state and no sales or use tax has been paid to that state, the cost of the goods distributed to passengers on trips that start or end in Idaho is subject to use tax. In the absence of accurate records, the provider may determine taxable use based on trip miles. (7-1-26)

018. (RESERVED)

019. SALES BY COUNTY SHERIFFS.

Sections [63-3612](#), [63-3620](#), Idaho Code

A county sheriff who sells tangible personal property will collect and remit sales tax. This includes sales pursuant to a court order or a summary notice and sale foreclosure procedure. (7-1-26)

020. AUCTIONEER, AGENT, BROKER, DISTRIBUTOR AND FACTORS.

Section [63-3610](#), Idaho Code

Every auctioneer, agent, broker, distributor and factor acting for a principal, or entrusted with any bill of lading, custom house permit for delivery or any tangible personal property for the purpose of sale, collects and remits sales tax on those sales. This is true even if the principal or owner of the property would not have had a requirement to do so. (7-1-26)

021. MULTI-LEVEL MARKETING FIRMS.

Sections [63-3610](#), [63-3612](#), Idaho Code

01. Multi-Level Marketing Firm. A multi-level marketing firm is an organization that can convey to a person the right to sell a product and the right to convey those rights to another person. (3-31-22)

02. Requirement of Multi-Level Marketing Firms to Collect Tax. Multi-level marketing firms collect the sales and use tax on all tangible personal property sold by the multi-level marketing firm through such agents, whether or not the agents are independent contractors. (7-1-26)

022. DROP SHIPMENTS (RULE 022).

Sections [63-3615A](#), [63-3619](#), [63-3620](#), [63-3621](#), [63-3622](#), Idaho Code

01. In General. Drop shipping is an order fulfillment method where a business can't have the products it sells in stock. The seller bills the buyer and has a third party (generally a manufacturer or distributor) fulfill the order by shipping the goods to the buyer. (7-1-26)

02. Parties to the Contract. There are two (2) sales contracts in a drop shipment. One (1) is between

the seller and the buyer. The other is between the seller and the third-party shipper. (7-1-26)

a. The seller collects Idaho sales tax from the buyer, if mandated. Since there is no sales transaction between the third-party shipper and the buyer, the shipper isn't mandated to collect sales tax. (7-1-26)

b. If the third-party shipper is mandated to have an Idaho Seller's Permit, the shipper documents the exempt sale between the shipper and the seller with a properly executed resale/exemption certificate. (7-1-26)

c. The matrix below outlines the sales tax responsibilities of the shipper:

	Seller (Permitted)	Seller (Not Permitted)	Customer
Shipper (Permitted)	Obtain Properly executed Resale/Exemption Certificate or Collect Tax	Obtain Letter of No Nexus or Collect Tax	Don't Collect Tax from Customer / Use Tax Owed by Customer
Shipper (Not Permitted)	Don't Collect Tax	Don't Collect Tax	Don't Collect Tax from Customer / Use Tax Owed by Customer

(7-1-26)

d. The matrix below outlines the sales tax responsibilities of the seller:

	Shipper (Permitted)	Shipper (Not Permitted)	Customer
Seller (Permitted)	Provide Properly executed Resale/Exemption Certificate	None	Collect Tax from Customer
Seller (Not Permitted)	Give Letter of No Nexus	None	Don't Collect Tax from Customer / Use Tax Owed by Customer

(7-1-26)

03. Examples. Available at [Sales and Use Tax Examples](#). (7-1-26)

023. (RESERVED)

024. RENTALS OR LEASES OF TANGIBLE PERSONAL PROPERTY (RULE 024).

Sections [63-3609](#), [63-3612](#), [63-3613](#), [63-3616](#), [63-3622UU](#), Idaho Code

01. **Bare Equipment Rental.** A bare equipment rental is a rental of equipment without an operator and is a taxable sale. The owner of the equipment is a retailer and is required to collect and remit Idaho sales tax on each rental payment. The equipment owner who primarily rents bare equipment may buy the equipment and repair parts without paying tax to the vendor by giving the vendor a properly executed resale certificate. If the equipment owner uses the rental equipment for their own benefit or in their own business operations, the equipment owner pays use tax based on a fair market rental value for the period during which they used their own equipment. (7-1-26)

02. **Fully Operated Equipment Rentals.** (3-31-22)

a. A fully operated equipment rental is an agreement in which the owner or supplier of the equipment or property supplies the equipment or property along with an operator, and the property supplied is of no value to the

customer without the operator. A fully operated equipment rental is a nontaxable service. (7-1-26)

b. The owner or supplier of the equipment or property used in a fully operated equipment rental is the consumer of the equipment or property and owes tax when they buy or use that equipment or property in Idaho. The owner who rents fully operated equipment can't buy repair parts tax exempt. Special rules apply to transient equipment used for short periods in Idaho. See Subsection 073.03. (7-1-26)

c. If the equipment or property has value to the customer without an operator, then the lease or rental of the equipment or property is a distinct transaction. It is taxable and its price will be stated separately from the price of the service provided by the operator. (7-1-26)

03. Mixed Use of Rental Equipment. (3-31-22)

a. If the equipment owner primarily rents bare equipment but sometimes supplies equipment with an operator, the equipment owner is the consumer of the equipment while it is used by the supplied operator to perform a service contract. Accordingly, the equipment owner will pay use tax on the fair market rental value of the equipment for that period of time unless they pay tax when they bought the equipment. (7-1-26)

b. If the equipment owner primarily rents fully operated equipment but sometimes rents bare equipment, he charges sales tax on the rental of the bare equipment even though tax was paid on the original purchase of the property. In this case, the owner purchased the equipment for a purpose other than the resale or re-rental of that property in the regular course of business. (3-31-22)

04. Operator Obligated to Be Paid by Customer. In some cases, an equipment owner supplies equipment along with an operator but a contract or a state or federal law requires the customer to pay the operator. If all other indications of an employee-employer relationship, such as the right to hire and fire, immediate direction and control, etc., remain with the equipment owner, the owner is viewed as supplying a service and no sales tax applies to the service fee. However, the fact that the transaction is a fully operated equipment rental needs to be clearly stated on the face of the invoice or other billing document. The Commission may examine the facts on a case-by-case basis to determine if a true employer-employee relationship exists between the equipment owner and the operator. (7-1-26)

05. Rentals to Exempt Entities. The rental or lease of equipment invoiced directly to an entity exempt from sales tax isn't taxable. However, if the rental or lease is to an individual or organization performing a contract for, or working for an exempt entity, the rental is taxable. (7-1-26)

06. Rental Payments Applied to Future Sales. Rentals to be applied toward a future sale or purchase are taxable. (3-31-22)

07. Out-of-State Rental/Lease. Rental or lease payments on bare equipment used outside Idaho aren't subject to Idaho sales tax. If the equipment is delivered in Idaho, even though it will be used outside the state, then the rental or lease payment for the first rental period is subject to Idaho tax. (7-1-26)

08. Lease-Purchase and Lease with Option to Purchase. (3-31-22)

a. Lease-purchase. An agreement where the ownership of the leased property passes to the buyer at the end of the stated terms of the contract with no additional consideration from the buyer, or where the additional consideration doesn't represent the fair market value of the property. A lease-purchase is a retail sale and tax is collected on the entire sales price on the date the property is delivered. (7-1-26)

b. Lease with an option to purchase. An agreement where the ownership of the leased property remains with the seller over stated terms of the contract and the seller keeps the leased property unless the buyer exercises an option to buy it at fair market value. The seller will collect sales tax for each lease payment and the buyout if the buyer exercises the option at the end of the contract. (7-1-26)

025. – 026. (RESERVED)

027. COMPUTER EQUIPMENT, SOFTWARE, AND DATA SERVICES.

Sections [63-3613](#), [63-3616](#), Idaho Code

01. Definitions. For purposes of this section, the following terms will have the following meanings: (7-1-26)

a. Computer. A programmable machine or device having information processing capabilities that includes word, data, and math processing equipment, testing equipment, programmable microprocessors, and any other integrated circuit embedded in manufactured machinery or equipment. (7-1-26)

b. Computer Hardware. A physical computer assembly and all peripherals, whether attached physically or remotely by any type of network, and includes all equipment, parts and, supplies. (7-1-26)

c. Computer Program. A sequence of instructions written for the purpose of performing a specific operation on a computer. (7-1-26)

d. Storage Media. Storage media include, but are not limited to, hard disks, optical media discs, diskettes, magnetic tape data storage, solid state drives, and other semiconductor memory chips used for nonvolatile storage of information readable by a computer. (3-31-22)

e. Cloud Storage. A method of storing digital data on remote servers, accessible via the internet, rather than on a physical device or local network, managed by a third-party provider. (7-1-26)

02. Canned Software. When a sale of canned software is taxable, tax applies to the entire amount charged to the customer. If the consideration consists of license fees, royalty fees, right to use fees or program design fees, whether for a period of minimum use or for extended periods, all fees are included in the taxable price. The taxability of canned software depends on how it is delivered. (7-1-26)

a. If it is sold using a physical package but the package doesn't contain the canned software on storage media, it isn't tangible personal property and the sale isn't taxable. A printed key code sold in a box that allows the user to download canned software and activate the canned software using the key code isn't taxable. (7-1-26)

03. Maintenance Contracts. Maintenance contracts sold in connection with the sale or lease of taxable canned software generally provide that the buyer will be entitled to receive periodic program enhancements and error correction, often referred to as upgrades, either on storage media or through remote telecommunications. The maintenance contract may also provide that the buyer will be entitled to telephone or on-site support services. (7-1-26)

a. Mandatory maintenance contract. If the maintenance contract is a condition of the sale, lease, or rental of taxable canned software, the sales price is taxable. Tax applies whether or not the charge for the maintenance contract is separately stated from the charge for software. In determining whether an agreement is optional or mandatory, the terms of the contract will be controlling. (7-1-26)

b. Optional maintenance contract. If the maintenance contract is optional to the buyer of taxable canned software: (7-1-26)

i. Then only the portion of the contract fee representing upgrades is taxable if the fee for any maintenance agreement support services is separately stated and the upgrades are delivered on storage media; (3-31-22)

ii. If the fee for any maintenance agreement support services isn't separately stated from the fee for upgrades and the upgrades are delivered on storage media, then fifty percent (50%) of the entire charge for the maintenance contract is taxable; (7-1-26)

iii. If the maintenance contract only provides upgrades delivered on storage media, and no maintenance agreement support services, then the entire sales price of the contract is taxable; (3-31-22)

iv. If the maintenance contract only provides support services, and the customer isn't entitled to or doesn't receive any canned computer software upgrades or enhancements, then the sale of the contract isn't taxable. (7-1-26)

c. If an optional software maintenance contract provides for software updates to be delivered electronically but also allows a customer to receive software updates on storage media, no portion of the contract is taxable unless the customer receives software updates on storage media. (3-31-22)

04. Reports Compiled by a Computer. The sale of statistical reports, graphs, diagrams, or any other information produced or compiled by a computer and sold or reproduced for sale in substantially the same form as it is produced is a sale of tangible personal property and is taxable if the final product is printed or delivered in an electronic format on storage media. If a report is compiled from information furnished by the same person to whom the finished report is sold, the report will be taxable unless the person selling the report performs some sort of service regarding the data or restates the data in substantially different form than that from which it was originally presented or delivers the report to the buyer electronically. (7-1-26)

a. When additional copies of records, reports, manuals, tabulations, etc., are provided, tax applies to the charges for those copies. (7-1-26)

05. Cloud or Remote Data Storage. Charges to store data on storage media owned and controlled by another party is a nontaxable service. (7-1-26)

06. Training Services. Separately stated charges for training services are not taxable, unless they are incidental services agreed to be rendered as a part of the sale of tangible personal property. (7-1-26)

a. When separate charges are made for printed training materials such as books or manuals sales tax applies. (7-1-26)

b. When training materials are provided at no cost to the buyer in conjunction with the sale of tangible personal property, the training materials are included in the sales price of the tangible personal property. (7-1-26)

c. When no tangible personal property is sold and training materials are provided at no charge to the customer, the provider of the training is the consumer of the training materials and pays sales or use tax on the value of the materials. (7-1-26)

07. Custom Software. Tax doesn't apply to the transfer of custom software or custom programming services performed in connection with the sale or lease of computer equipment if such charges are separately stated from the charges for the equipment. (7-1-26)

a. Custom programming charges not separately stated from the sale or lease of equipment are taxable. (7-1-26)

b. Custom software includes a program prepared for the special order of a customer who will use it to produce and sell or lease copies of the program. The resale of the program by the customer for who the custom software was prepared is a sale of canned software. (7-1-26)

08. Examples. Available at [Sales and Use Tax Examples](#). (7-1-26)

028. HOTELS, MOTELS, LODGING, AND CAMPGROUNDS.
[63-1801 through 63-1804, 63-3612\(2\), 67-4718, 67-4917B, 67-4917C](#), Idaho Code

01. Fees. Fees charged for providing hotel, motel, lodging, short-term rentals, vacation rentals, and campground accommodations are subject to state sales tax, Idaho Travel and Convention tax, and may be subject to the Auditorium or Community Center District sales tax. This includes fees collected for short-term rentals and vacation rentals even when the sale is facilitated by a short-term rental marketplace. These taxes are explained in [IDAPA 35.01.06](#). (7-1-26)

02. Resale Purchases. Hotels, motels, lodging operators, short-term rentals, vacation rentals, and campgrounds may purchase tangible personal property for consumption by their customers without paying tax if the tangible personal property is included in the fee charged to the customer and is directly consumed by the customer in such a way that it cannot be reused. Items include: (7-1-26)

- a. Facial tissue, toilet tissue, disposable laundry pickup bags, and paper napkins. (3-31-22)
- b. Soaps, hair shampoo, hair conditioners, and lotions. (3-31-22)
- c. Disposable plastic drinking glasses, disposable plastic utensils, disposable shoeshine cloths, and disposable shower caps. (3-31-22)
- d. Candies, beverages, meals, and newspapers furnished with the room. (3-31-22)
- e. Room stationery, envelopes, notepads, pens, and matches. (7-1-26)

03. Taxable Purchases. Tangible personal property which isn't included in the fee charged to the customer and not directly consumed by the customer is taxable when purchased by the hotel, motel, lodging operator, short-term rental, vacation rental, or campground. Taxable purchases include property not directly consumed by the customer, property that isn't disposable in nature, or property that is depreciated in the books and records of the hotel, motel, lodging operator, short-term rental, vacation rental, or campground. The hotel, motel, lodging operator, short-term rental, vacation rental, or campground is the user and consumer of such supplies and equipment and will pay sales tax on the purchase of such items. Items include: (7-1-26)

- a. Bath towels, bathmats, linens, and bedding. (3-31-22)
- b. Glassware, silverware, and dishware. (7-1-26)
- c. Furniture and fixtures. (3-31-22)
- d. Bibles, room service menus, and directories. (3-31-22)
- e. Garbage can liners. (3-31-22)
- f. Any tangible personal property available to the general public. (3-31-22)

029. PRODUCING, FABRICATING, AND PROCESSING.
Sections [63-3612](#), [63-3613](#), Idaho Code

01. In General. Tax applies to charges for materials and labor used in producing, fabricating, processing, printing, imprinting, or the engraving of tangible personal property. Producing, fabricating, and processing include any operation which results in the creation or production of tangible personal property. The operation can be a step or a series of steps in a process that will ultimately result in the creation or production of tangible personal property. (7-1-26)

02. Repairing and Reconditioning. Producing, fabricating, processing, or engraving doesn't include labor performed to repair, recondition, refit, or refurbish tangible personal property for the use for which it was originally produced. Labor to fabricate tangible personal property that is then used in a repair is taxable. See Section 062. (7-1-26)

- 03. Examples.** Available at [Sales and Use Tax Examples](#). (7-1-26)

030. ADMISSIONS.
Section [63-3612](#), Idaho Code

01. Admissions. Charges for admission to a place or event in Idaho include the right to remain in a place or use a seat or table or other similar accommodation and are taxable. The charge to gain access to a place or

event is taxable whether that charge is designated as a cover charge, minimum charge or any such similar charge. (3-31-22)

a. When charges for admission allow access to a place or event for a limited period, any additional charge to extend that time is admission and is taxable. (3-31-22)

b. When a person or organization acquires the sole right to use any place or the right to dispose of or control the admissions to any place with the intent of charging people to attend the event, the amount paid for such right isn't subject to sales tax. Such a transaction constitutes a rental for resale. However, when the person or organization sells admission, the tax will apply to the amounts paid for such admission. If the person or organization doesn't charge people to attend the event, their rental of the recreational facility may be taxable. See Section 129. (7-1-26)

02. Rental of Tangible Personal Property. When a charge is made only for the rental of tangible personal property such as skates, golf clubs, etc., the rental will be taxable. If a lesser charge is made to a person not desiring to use the property or services offered, this lesser amount will be deemed to represent the amount charged for admission. (3-31-22)

031. RADIO AND TELECOMMUNICATIONS EQUIPMENT AND LAND MOBILE RADIO SERVICE OF SYSTEMS.
Sections [63-3612](#), [63-3621](#), Idaho Code

01. General Rule and Scope. This section describes sales and use tax treatment of telephone terminal equipment or services and land mobile radio systems or services. (7-1-26)

02. Telephone Terminal Equipment and Services. (3-31-22)

a. The sale, rental, or lease of telephone terminal equipment is taxable. Telephone terminal equipment includes desk sets, PBX systems, automated answering equipment, cellular telephones, and mobile radio telephones. (7-1-26)

b. Fees for access charges, toll charges, call waiting, call forward, message recording, and similar charges to customers aren't taxable. (7-1-26)

03. Land Mobile Radio Systems or Services. Land mobile radio systems and services, defined by 47 CFR § 90.7, are a regularly interacting group of base, mobile and associated control and fixed relay stations intended to provide land mobile radio communications service over a single area of operation. (3-31-22)

a. The sale, rental, or lease of terminal equipment or equipment located on the customer's premises is taxable. The equipment includes handsets, mobile telephones, antennae, and like or similar property. (3-31-22)

b. Separately stated fees for the installation of terminal equipment or equipment that will be located on the customer's premises aren't taxable. (7-1-26)

c. Separately stated fees for access charges, toll charges, and similar charges are not taxable. (3-31-22)

04. Provider Equipment. The owner or provider of telephone or land mobile radio systems and services will pay a sales or use tax on any tangible personal property purchased for the use of the business. This includes equipment used in receiving or transmitting office supplies, repair equipment, accounting or customer billing equipment, and equipment or devices or other property used to maintain or repair land mobile radio systems or services. Equipment referenced in Subsection 031.02.a. isn't provider equipment. (7-1-26)

05. Drop-In Equipment and Inside Wiring. The installation of drop-in equipment and inside wiring to bring communication transmissions from a source outside the premises of the user to terminal equipment within the user's premises is an improvement to real property. Drop-in equipment and inside wiring include wires, plugs, sockets, receptacles, connectors and similar items. See Section 012 for tax treatment of contractors. (7-1-26)

032. (RESERVED)

033. SALES AND FREE DISTRIBUTION OF NEWSPAPERS AND MAGAZINES.

Sections [63-3610](#), [63-3612](#), [63-3613](#), [63-3619](#), [63-3622](#), [63-3622T](#), Idaho Code

01. Subscriptions. Subscriptions to printed newspapers and magazines are sales of tangible personal property. (7-1-26)

02. Single Copy Price. The single copy price is to be computed according to the following formula. (Published subscription price) x (Number of subscription periods in one (1) year) / (Number of issues a subscriber receives in one (1) year) = Single Copy Price. (7-1-26)

03. Subscription Price. As used in this rule, the terms published subscription price and subscription price mean the total amount charged for purchase and delivery of the newspaper and magazine, except that separately stated postage is to be excluded from the taxable subscription price. It is acceptable business practice for publishers to establish a price for their newspapers as separate weekday-only and Sunday-only issues. The provisions of this rule will be in effect in such cases. When the price is posted as a combined weekday-Sunday price, sales tax will be charged on the combined subscription price. (3-31-22)

04. Vending Machine Sales. Sales of newspapers or magazines through a vending machine are taxed computed on the retail sales price otherwise directed in Idaho Code. (7-1-26)

05. Product Consumed by the Publisher. Eight-tenths of one percent (0.8%) of net press run of newspapers or magazines, will be taxed as product consumed by the publisher. Any percentage figure below eight-tenths of one percent (0.8%) is to be supported by accepted accounting methods generally used in the publishing industry. The value of the newspapers used is set at the retail price charged to the consumer. Formula: (Eight tenths of one percent (0.8%) of Daily Net Press Run) x (Single Copy Retail Price) x (Tax Rate) / Daily Net Press Run = Tax Per Copy. (7-1-26)

06. Single Unit Price and Net Press Run. For purposes of this calculation, single copy price is the amount calculated by the formula in Subsection 033.02. Net press run is all readable, usable copies, including editorial copies, tearsheets, and archival copies, and excluding spoiled runs or printing waste. (7-1-26)

07. Free Distribution Newspapers. (7-1-26)

a. Newspaper Format. The term “newspaper format” means a publication bearing a title, issued regularly at stated intervals of at least twelve (12) times a year, and formed of printed paper sheets without binding. Catalogs, advertising fliers, travel brochures, employee newsletters, theater programs, telephone directories, restaurant guides, posters, and similar publications are not publications in newspaper format. (7-1-26)

b. Qualifying for Exemption. Advertisements promoting the free distribution newspaper itself don’t qualify as non-income producing informative material. Neither do logos, column headings, mastheads, borders, etc. (7-1-26)

034. (RESERVED)

035. LAYAWAY SALES.

Sections [63-3612](#), [63-3613](#), Idaho Code

01. In General. Sales tax will be collected on the total sales price of the items on layaway when the customer takes possession of the merchandise. The sales tax is accrued and remitted to the state based on the tax rate in effect at the time of sale. Separately stated non-refundable layaway service charges are not taxable. (7-1-26)

036. SIGNS.

Sections [63-3609](#), [63-3612](#), [63-3613](#), [63-3622](#), Idaho Code

- 01. Lease or Rental of Signs.** The lease or rental of signs that are tangible personal property is taxable. (7-1-26)
- 02. Material That Becomes Part of a Sign.** The sale of advertising signs may consist of a mixed transaction including both a sale of tangible personal property and a sale of real property. (3-31-22)
- a.** The materials and labor necessary to fabricate a sign are taxable unless an exemption applies. (7-1-26)
- b.** Signs may be attached to real property in such a way that they become a real property improvement. The person installing materials into real property is a contractor and is the consumer of the materials installed. See Section 012. (7-1-26)
- 03. Road Signs.** Road signs include traffic signs such as speed limit, stop; street, recreational area, mileage, exit, and other informational signs. (7-1-26)
- a.** In general, road signs become real property upon installation. A contractor installing road signs is improving real property when performing the installation work. The contractor is the consumer of all materials used in the installation of the road sign. The contractor owes sales or use tax on its use of all sign materials regardless of whether the contractor purchased the materials or had the sign materials provided by the sign owner. However, if the sign owner has already paid sales or use tax on its purchase of the sign materials, the contractor won't owe any additional use tax. (7-1-26)
- b.** If a road sign is intended to be temporary, the road sign doesn't become real property regardless of how the road sign is affixed to real property. (7-1-26)
- 04. Displays, Graphics, or Signs Applied to Real Property.** Custom displays, graphics, or signs applied to walls or windows of a building isn't a retail sale of tangible personal property and isn't taxable. The applicator pays sales or use tax on the purchases of materials used. (7-1-26)
- 05. Billboards.** Billboards are not in the same category as signs. The rental of a billboard isn't a rental of tangible personal property. Materials used in the construction, erection, and maintenance of a billboard are taxable. (7-1-26)

037. AIRCRAFT AND FLYING SERVICES.

Sections [21-101](#), [63-3612](#), [63-3622GG](#), Idaho Code

- 01. Definitions.** For the purposes of this section, the following terms have the following meanings: (7-1-26)
- a.** Aircraft. The term aircraft is defined in Section [21-101\(b\)](#), Idaho Code. (7-1-26)
- b.** Freight. Goods transported by a carrier between two (2) points. (7-1-26)
- c.** Nonresident Businesses and Other Organizations. A limited liability company (LLC) or other legal entity formed by an Idaho resident under the laws of another state primarily for the purpose of purchasing and owning one (1) or more aircraft isn't a nonresident. The use of an aircraft owned by such an entity will be subject to use tax upon its first use in Idaho. (7-1-26)
- d.** Day. Any part of a 24-hour period from midnight to midnight is a day. (7-1-26)
- e.** Transportation of passengers or freight for hire. The business of transporting persons or property for compensation from one (1) location on the ground or water to another. It doesn't include any flight that begins and ends at the same point. (7-1-26)
- f.** Common Carrier. The operation of an aircraft in the transportation of passengers or freight for hire by members of the public. For flights in which federal regulations limit or minimize profit, the aircraft is likely not

operating as a common carrier. The term “public” doesn’t include: (7-1-26)

- i. Owners or operators of the aircraft; (3-31-22)
- ii. Employees of the aircraft owner or operator; (3-31-22)
- iii. Guests of the aircraft owner or operator; (3-31-22)
- iv. Any of the above with the same relationship to a parent of the aircraft owner, a subsidiary of that parent, or a subsidiary of the aircraft owner; (3-31-22)
- v. An individual or entity flying under a time sharing agreement which is an arrangement where an aircraft owner leases their aircraft with flight crew to another individual or entity and the aircraft owner limits the amount charged in accordance with federal regulations; or (7-1-26)
- vi. An individual or entity flying under an interchange agreement which is an arrangement where an aircraft owner leases their aircraft to another aircraft owner in exchange for equal time on the other owner’s aircraft and any fees charged can’t exceed the difference between the costs of owning, operating, and maintaining the two (2) aircraft. (7-1-26)

02. Aerial Contracting Services. Businesses primarily engaged activities involving the carrying of external loads, such as aerial logging, are performing aerial contracting services. Such businesses are not primarily engaged in the transportation of freight. (7-1-26)

a. Aircraft purchased, rented, or leased for aerial contracting are taxable unless an exemption applies. It makes no difference if the service is provided to a government agency or a private individual or company. The purchase of repair parts, oil, and other tangible personal property are taxable. (7-1-26)

03. Flying Instructions. Flying instructions or lessons which may include solo flights are a service and the fees are not taxable. (3-31-22)

a. Aircraft purchased, rented, or leased to be used primarily for flying instruction are taxable. (3-31-22)

b. When aircraft held for resale are used by the aircraft dealer for flying instructions or lessons, a taxable use occurs. The use tax is due on a reasonable rental value for the time the aircraft is used to provide the service. (3-31-22)

04. Examples. Available at [Sales and Use Tax Examples](#). (7-1-26)

038. FLYING CLUBS (RULE 038).
Sections [63-3612](#), [63-3613](#), [63-3620](#), Idaho Code

01. In General. A flying club is an association of persons who have purchased or leased aircraft for the purpose of renting the aircraft to club members. The aircraft rentals to the club members are considered bare equipment rentals and are taxable at a reasonable rental value. (3-31-22)

02. Rental or Sale of Aircraft to Members. The flying club is a retailer who is obligated to obtain a seller’s permit and collect and remit sales tax. See Section 024. (7-1-26)

03. Other Charges to Members. Charges for membership fees are generally taxable. If the membership fee is not related to the rental of the aircraft, the fee isn’t taxable. Separately stated charges for flight instruction aren’t taxable. However, charges for logbooks, flight instruction manuals, or other tangible personal property are taxable. (7-1-26)

04. Aircraft Repair Parts. If the flying club is responsible for the maintenance of the aircraft, the club may purchase the necessary repair and replacement parts without paying tax. (7-1-26)

039. (RESERVED)

040. PROFESSIONAL TAXIDERMISTRY.

Sections [63-3612](#), [63-3613](#), Idaho Code

01. In General. Taxidermy is subject to Idaho sales and use tax. When selling an item fabricated from a hide, fur pelt, or other animal material the entire sales price is taxable even if the customer supplies the raw materials. See Section 029. (7-1-26)

02. Materials. Items such as mounting material, tanning products and preservatives, and other materials incorporated into the finished product may be purchased for resale by the taxidermist. (7-1-26)

041. FOOD, MEALS, OR DRINKS.

Sections [63-3607](#), [63-3612\(2\)\(b\)](#), [63-3621\(16\)](#), [63-3622J](#), Idaho Code

01. In General. This section covers the imposition of tax on sales of food, meals, or drinks. (7-1-26)

02. Clubs and Organizations. Private clubs, country clubs, athletic clubs, fraternal, and other similar organizations are retailers of tangible personal property sold by them, even if they make sales only to members. Such organizations are to collect and remit Idaho sales tax on all taxable sales. Taxability of membership dues depends upon what is provided as a part of the membership dues. (7-1-26)

a. When an organization holds a function in its own quarters, maintains its own kitchen facilities, and sells tickets which include items such as meals, dancing, drinks, entertainment, speakers, and registration fees (convention), the charges may be separated and tax collected on meals, drinks, and admission fees when the ticket is sold. The organization holding the function or convention is obligated to collect and remit Idaho sales tax. (7-1-26)

b. When an organization holds a function in facilities operated by a restaurant or motel and sells tickets for meals, drinks, and other services, no sales tax applies to these sales if the organization pays the restaurant or hotel sales tax on the meals and drinks furnished and all other services performed. The hotel, restaurant, or caterer will collect and remit the tax to the state. (3-31-22)

03. Colleges, Universities, and Schools. A cafeteria operated by a state university, junior college district, public school district, or any other public body is treated the same as a cafeteria operated by a private enterprise. Purchases of food for resale are not taxable; meals sold are taxable. (3-31-22)

a. If a meal is paid for by cash or a meal ticket is sold to the student, tax is computed on the total sales price of the meal. If meals are sold as part of a room and board fee, the amount paid for board is separated from the amount paid for the room. Tax is calculated and collected on that part of the total fee allocated to the purchase of meals. (3-31-22)

04. Fraternities, Sororities, and Cooperative Living Group. Fraternities and sororities generally purchase and prepare food for their own consumption. The food is prepared and served in a cooperative manner by members of the fraternity or by employees hired by the group for this purpose. Purchases made by the fraternity or sorority are for consumptive use and are taxable. There is no sale of meals to fraternity or sorority members and no sales tax imposed on any allocated charge for them whether stated separately or included as part of a lump sum charge for board and room. (3-31-22)

a. If a concessionaire is retained by the fraternity or sorority to furnish meals, the concessionaire is a retailer engaged in the business of selling meals; food purchases are for resale and meals supplied by the concessionaire to members of the fraternity or sorority are taxable. (3-31-22)

b. If the fraternity or sorority regularly furnishes meals for a consideration to nonmembers, these meals become taxable and the fraternity or sorority is to obtain an Idaho seller's permit. (3-31-22)

c. Cooperative living groups are normally managed in much the same manner as fraternities and

sororities. Food is purchased and meals are prepared and served by members of the group or their employees. The same conditions outlined above for fraternities and sororities apply to cooperative living groups. (3-31-22)

05. Boarding Houses. Sales of meals furnished by boarding houses are taxable, when they are charged separately. This applies even if the meals are served exclusively to regular boarders. Where no separate charge or specific amount is paid for meals furnished, but is included in the regular board and room charges, the boarding house or other place isn't considered to be selling meals, but is the consumer of the items used in preparing such meals. (7-1-26)

06. Honor System Snack Sales. Honor system snack sales are those items of individually sized prepackaged snack foods, such as candy, gum, chips, cookies or crackers, which customers may purchase by depositing the purchase price into a collection receptacle. Displays containing these snacks are generally placed in work or office areas and are unattended. Customers are on their honor to pay the posted price for the article removed from the display. Purchases from these snack displays are taxable. (3-31-22)

a. Sales tax applies to the total sales. The posted price is to include a statement that sales tax is included. (3-31-22)

b. The formula for computing the taxable amount is: total sales/ (100% + tax rate). (7-1-26)

07. Church Organizations. Special provisions apply to religious organizations. See Section [63-3622J](#), Idaho Code. (7-1-26)

08. Food or Beverage Tastings. If a participant pays to participate in a food or beverage tasting, the charge to participate in the tasting is taxable. (7-1-26)

09. Nontaxable Purchases by Establishments Selling Meals or Beverages. Persons who serve food, meals, or drinks for a consideration may purchase tangible personal property without paying tax if the property is for resale to their customers, is included in the fee charged to the customer, and is directly consumed by the customer in such a way that it cannot be reused. Items which are purchased for resale and directly consumed by customers include: (7-1-26)

a. Disposable containers for food or drinks. (7-1-26)

b. Disposable supplies included in the price of the meal or drink, such as drinking straws, stir sticks, utensils, paper napkins, paper placemats, and toothpicks. (7-1-26)

c. Candies, popcorn, drinks, or food, when included in the consideration paid for other food, meals, or drinks. (3-31-22)

10. Taxable Purchases by Establishments Selling Meals or Beverages. Tangible personal property which isn't included in the fee charged to the customer and not directly consumed by the customer is taxable when purchased by the restaurant, bar, food server, or similar establishment. Tangible personal property which isn't directly consumed by the customer includes property that is reusable or property that is depreciated in the books and records of the restaurant, bar, or similar establishment. Taxable purchases include: (7-1-26)

a. Waxed paper, stretch wrap, foils, paper towels, garbage can liners, or other paper products consumed by the retailer, as well as linens, silverware, glassware, tablecloths, towels, and reusable napkins, furniture, fixtures, cookware, and menus. (7-1-26)

b. Any tangible personal property available to the general public, such as restroom supplies and matches. (3-31-22)

11. Examples. Available at [Sales and Use Tax Examples](#). (7-1-26)

042. PRICE AND PRODUCT LABELS.
Sections [63-3612](#) and [63-3613](#), Idaho Code

01. Price Labels. Price labels, stickers, pricing ink, pricing guns and shelf labels purchased by retailers are property used and consumed by the retailer in the regular course of business and are taxable. (7-1-26)

02. Product Labels. Product labels that contain product information such as ingredients, nutritional information, or caloric information are not taxable, since the utility of the label doesn't end with the purchase of the product. Product labels that don't have ingredients, nutritional, or caloric information, such as freshness or promotional labels, are taxable as advertising and are property used and consumed by the retailer. (7-1-26)

043. SALES PRICE OR PURCHASE PRICE DEFINED.
Sections [63-3612](#) and [63-3613](#), Idaho Code

01. Sales Price and Purchase Price. The terms sales price and purchase price may be used interchangeably. Both mean the price paid by the customer to the seller. (7-1-26)

02. Services Agreed to Be Rendered as a Part of the Sale. The taxable sales price includes services agreed to be rendered as a part of the sale. The following isn't an exclusive list: (7-1-26)

a. Any charges for any services to bring the subject of a sale to its finished state ready for delivery and in the condition specified by the buyer, including charges for assembly, fabrication, alteration, lubrication, engraving, monogramming, cleaning, or any other servicing, customizing or dealer preparation except those exempted in Section 63-3622OO, Idaho Code. (3-31-22)

b. Any charges for warranties, service agreements, insurance coverage, or other services mandated by the vendor to be taken as a condition of the sale. If the sale could be completed without the payment of these charges, the charges are not part of the taxable sales price if separately stated. See Section 049. (7-1-26)

03. Costs of Business. Costs passed along by the seller to their customer don't reduce the taxable sales price. The following isn't an exclusive list: (7-1-26)

a. Any commission or other form of compensation for the services of an agent, auctioneer, consultant, broker, or similar person. (7-1-26)

b. Any fuel surcharges except those charges which the vendor can document are related only to delivery of the property to the end customer. (7-1-26)

c. Any convenience, surcharge, processing, or other fee imposed by a seller on a buyer paying with a financial transaction card such as a credit card, debit card, check card, or other banking instrument or device. (7-1-26)

04. Added Charges. Charges added by the seller to the sales price are taxable unless excluded by statute. The following isn't an exclusive list of taxable charges: (7-1-26)

a. Any charge based on the amount or frequency of a purchase, such as a small order charge or the nature of the item sold, such as a slow-moving charge for an item not frequently sold. (7-1-26)

b. Any amounts designated as service charges, including those added to the price of meals, drinks, delivery charges, or admission charges. (7-1-26)

c. Charges added to the price due to a surge in demand or during a particular time frame. (7-1-26)

044. TRADE-IN AND TRADE-DOWN.
Sections [63-3612](#), [63-3613](#), [63-3621](#), Idaho Code

01. Trade-In. A trade-in is the amount allowed by a retailer on merchandise accepted as payment for other merchandise. Merchandise is tangible personal property which is, or becomes, part of an inventory held for resale. (7-1-26)

02. Trade-Down. A trade-down is a transaction in which a vendor accepts a trade-in from the customer that equals or exceeds the value of the merchandise sold to the customer. The taxable sales price is reduced to zero (0) and no sales tax is due on the transaction. (7-1-26)

03. Trade Allowance. When a retailer sells merchandise from their resale inventory and lets the customer trade other goods which the retailer places in their resale inventory, the taxable sales price of the merchandise may be reduced by the amount allowed as trade. A trade allowance will qualify if the property traded meets the following criteria: (7-1-26)

- a.** The property is consideration delivered by the buyer to the seller; (3-31-22)
- b.** The sales documents, executed not later than the time of sale, identify both the property being purchased and the property being traded; and (7-1-26)
- c.** The delivery of the trade and the purchase are components of a single transaction. (7-1-26)
- d.** The buyer is an owner of the property being traded. (7-1-26)

04. Disallowed Trade Allowance. (7-1-26)

a. Private Party Transactions. A trade allowance isn't allowed on transactions between individuals because the traded property doesn't become a part of an inventory held for resale. (7-1-26)

b. Insurance Settlements. An insurance settlement doesn't qualify as a trade allowance. (7-1-26)

05. Core Charges. Parts for cars, trucks, and other types of equipment are often sold with an added core charge. When the used core is returned, the core charge is refunded. This is essentially a trade-in of a used part for a new part. Since the seller cannot be certain that the customer will return a reusable core, such core charges are taxable. The tax on the core charge will be refunded by the seller at the time credit for the core charge is allowed. (3-31-22)

06. Trade-In for Rental/Lease Property. When tangible personal property is traded in as partial payment for the rental or lease of other tangible personal property, sales tax applies to all payments made after the value of the trade-in property has been depleted and the lessor begins charging for the lease or rental. The methods of applying the trade-in value to the lease are: (7-1-26)

a. The trade-in value may be subtracted from the value of the leased or rented property, thereby reducing the monthly payments and the sales tax due on those payments. (3-31-22)

b. The trade-in value may be subtracted from the initial lease payments, with no sales tax due on those payments until it is used up. (3-31-22)

c. A combination of the two (2) methods, above. (3-31-22)

07. Rental/Lease Property Traded-In. When a person disposes of tangible personal property that is leased and assigns his right to purchase the leased property to the retailer, no trade-in allowance is given for the amount of the residual buyout paid by the retailer. However, if the residual buyout amount which the lessee would pay to purchase the property is less than the amount that would be allowed by the retailer as a trade-in if the lessee had actually owned the vehicle, then the taxable sales price may be reduced by the difference between the total trade-in amount and residual buyout. (3-31-22)

08. Examples. Available at [Sales and Use Tax Examples](#). (7-1-26)

045. RESCINDED SALE, REFUNDS OF PURCHASE PRICE.
Sections [28-2-608](#), [63-3612](#), [63-3613](#), Idaho Code

01. A Rescinded Sale. A transaction in which the seller and buyer place each other in the same positions they were in prior to entering into any taxable transaction; and a transaction which meets the rules of the Uniform Commercial Code for revoking acceptance in whole or in part. (7-1-26)

02. Refund of Remitted Sales Tax. Where a seller has collected and remitted tax on the sale and has refunded it to the buyer on rescission, the Commission will refund or credit the seller accordingly. The burden of proving a rescission is on the person claiming the refund or credit on a rescinded sale. See Section 117. (7-1-26)

03. Refund Reduced. The sales tax refunded to the buyer is reduced by the amount of sales tax due on the seller added charges to recover depreciation, buyer usage, or other costs on the customer return. (7-1-26)

04. Restocking Charge. If a seller places a restocking charge on returned merchandise, the charge isn't taxable, and the sales tax refunded to the buyer is not reduced. (7-1-26)

05. Optional Warranty and Other Contracts. Payment of the purchase price to the buyer pursuant to an optional warranty or contract between the seller and the buyer doesn't constitute a rescission of the sale or refund. (7-1-26)

06. Documentation. To obtain refund credit, the seller will keep adequate documents to support their claim for refund or adjustment. (7-1-26)

046. COATINGS ON TANGIBLE PERSONAL PROPERTY.
Sections [63-3612](#), [63-3613](#), [63-3622OO](#), Idaho Code

01. Coatings Generally. A coating is a substance covering the surface of tangible personal property usually intended to improve the durability or aesthetic appeal of the tangible personal property to which it is applied. There are a variety of coatings including paint, powder coating, chrome plating, spray-on bedliners, and anodized coatings. This section doesn't apply to coatings applied directly to real property. (7-1-26)

02. Coatings are Tangible Personal Property. The materials applied to tangible personal property to produce a coating are tangible personal property both before and after the application process. Unless an exemption applies, the sale of a coating is taxable. (7-1-26)

03. Material Charges. Unless an exemption applies, the materials portion of a sale of a coating is taxable. If the seller is unable to measure the exact amount of material used, a reasonable method of estimation is acceptable. (3-31-22)

04. Nontaxable Labor Charges. In any of the following circumstances, the labor to apply a coating will be nontaxable labor: (3-31-22)

a. A previous coating is removed and replaced with a new coating, regardless of any differences in quality between the two (2) coatings. (3-31-22)

b. A coating is applied to used tangible personal property on top of an already existing coating. (3-31-22)

05. Taxable Labor Charges. In any of the following circumstances, the labor to apply a coating will be taxable labor: (3-31-22)

a. A coating is applied to new tangible personal property, regardless of whether the tangible personal property already has a coating except those exempted in Section 63-3622OO, Idaho Code. (3-31-22)

b. A coating is applied to new or used tangible personal property that has never been previously coated. (3-31-22)

06. Separate Statement. When the labor portion of the transaction is exempt, both materials and labor are to be separately stated on the customer's billing statement. If there is no separate statement of materials and labor,

the entire transaction is taxable. (7-1-26)

07. Used Tangible Personal Property. For purposes of this section, tangible personal property is used if the tangible personal property has been previously put to the use for which it was intended. If a contractor hires someone to apply a coating to tangible personal property that the contractor intends to incorporate into real property, the tangible personal property has not been put to the use for which it was intended and is considered new tangible personal property. (7-1-26)

08. Tangible Personal Property Held for Resale. For new or used tangible personal property held by a seller as part of its inventory, any labor costs incurred to apply a coating to the tangible personal property and charged to the end consumer are taxable services agreed to be rendered as part of the sale of the tangible personal property. The labor charges are exempt only if the sale of the tangible personal property is exempt or if the labor is exempted by Section 63-3622OO, Idaho Code. If the seller pays a third party to apply a coating to tangible personal property in its inventory, the seller may claim a resale exemption on the transaction. (3-31-22)

09. Exemptions. Like any sale of tangible personal property, if the customer provides a properly executed exemption certificate to the seller claiming an exemption that applies to the transaction, the seller has no obligation to collect sales tax on the transaction. The seller maintains a copy of the exemption certificate on file. (7-1-26)

10. Examples. Available at [Sales and Use Tax Examples](#). (7-1-26)

047. OUTFITTERS, GUIDES, AND LIKE OPERATIONS.
Sections [63-3612](#), [63-3613](#), Idaho Code

01. In General. Fees charged for services performed by outfitters, guides, dude ranches, hunting and fishing lodges, or camps are charges for the use of, or privilege of using, tangible personal property or other facilities for recreation. Fees charged by outfitters and like operations for providing outdoor recreational services are taxable. (3-31-22)

a. An outfitter is any person that is for hire to conduct outdoor recreational activities, including: hunting animals or birds; float or power boating of rivers, lakes, and streams; fishing; hiking; skiing; hazardous desert or mountain excursions; and other recreational activities. (7-1-26)

b. A guide is a person employed by an outfitter to furnish personal services for the conduct of outdoor recreational activities. (3-31-22)

02. Services Performed in More Than One State. When an outfitter's service to a client takes place in more than one (1) state, and the customer receives an invoice from the outfitter that separately displays the Idaho portion of the charges from those of the other states, only the Idaho portion is subject to Idaho sales tax. (3-31-22)

a. When an outfitter's service to a client takes place in more than one (1) state and the outfitter fails to separately state the Idaho portion of the charges from those of other states, sales tax will be charged on the total amount. (7-1-26)

03. Government Use Fee. Land and water use fees imposed on outfitters, such as the three percent (3%) fee paid to the U.S. Forest Service, are not taxable when separately stated on the customer's invoice. (3-31-22)

04. Prepaid Travel Expense. When an outfitter's invoice separately states prepaid travel expenses such as lodging, and the outfitter has paid sales tax to vendors providing the travel services, the outfitter won't be obligated to tax that portion of their bill to the customer. (7-1-26)

05. Lodging. If an outfitter provides overnight lodging for a client at a facility operated by the outfitter, charges for the lodging are taxable and hotel/motel taxes as provided by [IDAPA 35.01.06](#), Section 011. (7-1-26)

06. Equipment Rental. When an outfitter rents equipment such as ground sheets, sleeping bags, rain gear, boots and dry bags, to his client for use during the recreational activity, sales tax will be charged on the

equipment rental. (7-1-26)

07. Prepurchase Hunting and Fishing Licenses. When an outfitter purchases a hunting or fishing license for a client and separately states the fee on the billing to the client, no sales tax applies to the license fee. (7-1-26)

08. Travel Agency Services. (3-31-22)

a. When outfitter services are purchased by a client through a travel agency and the outfitter bills the travel agency for the fee, the amount billed to the travel agency is taxable. In this case, the agency is acting as an agent for the client and the additional fee charged by the agency to the client isn't taxable. (7-1-26)

b. When outfitter services are arranged for a client by a travel agency but the outfitter bills the client, the amount billed to the client is taxable. In this case, the agency is acting as the agent of the outfitter and the fee paid to the travel agency by the outfitter cannot be deducted from the measure of the taxable sale. Even if the outfitter separately states the travel agency fee on their billing to the client, they are obligated to charge tax on the total amount. (7-1-26)

c. When a primary outfitter books a client and hires a secondary outfitter to provide the services to the client, the primary outfitter is obligated to charge the client sales tax on the full fee. (7-1-26)

09. Purchases by Outfitters and Like Operations. (3-31-22)

a. Outfitters will pay tax when purchasing equipment and supplies for use in their business. Purchases such as boats, rafts, oars, motors, horses, tack, llamas, transportation equipment, camp gear, cooking gear, animal feed, brochures, and promotional give-away items. (7-1-26)

b. When an outfitter maintains an inventory of gear, such as ground sheets, sleeping bags, boots, rain gear, and dry bags, which is exclusively held for rental to clients, the outfitter may purchase the gear without tax in the manner previously described. The outfitter may purchase gear without paying tax only if the gear is rented to clients as a separate line item on the invoice to the client and sales tax is charged to the client. If gear is provided to clients as a part of the outfitter package fee, the outfitter will pay tax when purchasing the gear. (7-1-26)

c. When an outfitter arranges travel accommodation for their client and pays the vendors of lodging, and restaurant or catered meals, they will pay sales tax, as well as other applicable hotel/motel taxes, to the vendors. When an outfitter purchases food that he will prepare and furnish to clients, no sales tax applies if the outfitter provides a resale certificate. The outfitter will then collect a tax from his client on the sale of the furnished food. Alternatively, an outfitter may buy food and pay tax on the purchase. Under this alternative, the outfitter will include the cost of the food in his nontaxable charges to his client. (7-1-26)

d. When an outfitter purchases the services of a taxidermist on behalf of his client, they should not pay tax to the vendor by providing the vendor with a properly completed resale certificate. The outfitter will charge tax to his client on this fee. (7-1-26)

11. Federal Preemption. The National Maritime Transportation Security Act of 2002, forbids the states from imposing tax on any vessel or other water craft, or its passengers or crew if the vessel or water craft is operating on any navigable waters. The Tax Commission interprets this statute to mean that states are forbidden from taxing sales of rafting and jet boating trips if they occur on navigable waters. See 33 U.S.C. Section 5. If Congress repeals the preemption sales of rafting trips will become taxable on the effective date of the repeal. This interpretation is subject to judicial review and could change, depending on rulings from state or federal courts. (7-1-26)

048. MANUFACTURED HOMES (MOBILE HOMES) AND MODULAR BUILDINGS.
Sections 39-4105, 39-4301, 39-3605J, 39-3606, 39-3612, 39-3613, 39-3621, Idaho Code

01. Used Manufactured Home. Only the sale of a new manufactured home is taxable. After the first sale at retail of a manufactured home, any subsequent retail sale of the unit is a sale of a used manufactured home. The sale of a used manufactured home is exempt from tax, whether or not the original sale was taxable and without

regard to whether the sale is made for use within or without Idaho or whether sold by a dealer. A dealer who sells both new and used manufactured homes is to maintain adequate records to establish which sales are taxable and which are exempt for sales tax audit purposes. (3-31-22)

02. Sale of an Office Trailer. An office trailer is a structure which is built on a permanent chassis, is transportable in one (1) or more sections and is designed for use as an office. An office trailer doesn't qualify as a manufactured home, because it isn't designed for use as a dwelling, nor does it qualify as a modular building, because it isn't designed to be affixed to real property. When an office trailer is sold at retail, it is taxed on one hundred percent (100%) of the purchase price, including all furniture, fixtures, and appliances, whether the office trailer is new or used. (7-1-26)

03. Component Parts. Component parts include items incorporated by the manufacturer which remain unchanged at the time of the original retail sale, such as sinks, cabinetry, closet doors, central heating and cooling, garbage disposals, water heaters, and carpeting. Refrigerators, ranges, draperies, and wood burning stoves placed in the unit by the manufacturer are also component parts. (3-31-22)

04. Non-component Parts. All fixtures, furniture, furnishings, appliances, and attachments not incorporated as a component part of a new modular building or manufactured home are taxable separately and distinctly from the sales price of the modular building or manufactured home. Such items are to be separately stated on the sales invoice and tax will be assessed on the separately stated items on their full retail value. (3-31-22)

05. Repairs. Repairs to or renovations of used modular buildings or manufactured homes are repairs to real property, irrespective of whether the unit is affixed to real property or whether the unit is held for resale. Materials used to repair or renovate a used modular building or manufactured home are taxable at the time of purchase or use tax at the time of use. (3-31-22)

049. WARRANTIES AND SERVICE AGREEMENTS.

Sections [63-3612](#), [63-3613](#), Idaho Code

01. Warranties and Service Agreements. Warranties or service agreements may be furnished by the manufacturer or seller upon the sale, lease, or rental of tangible personal property by any of the following means: (3-31-22)

a. Including the price of the warranty or service agreement as part of the sales, lease, or rental price of the tangible personal property. (3-31-22)

b. Separately stating the price of the warranty or service agreement, but requiring the purchase of the warranty or service agreement as a condition of the sale, lease, or rental of tangible personal property. (3-31-22)

c. Allowing the buyer the option of purchasing a separately stated warranty or service agreement. (3-31-22)

02. Separate Optional Contract. Service agreements may also be offered as a separate optional contract on tangible personal property not owned or sold by the seller of the service agreement. (3-31-22)

03. Services Agreed to be Rendered. Services agreed to be rendered as a condition of a warranty or service agreement may be performed by the seller of the warranty or service agreement or by any dealer or repair facility that the seller may appoint to perform the repair or service. (3-31-22)

04. Non-Optional Warranty or Service Agreement. If the warranty or service agreement is mandatory as a condition of the sale, lease, or rental of tangible personal property, the gross sales price is taxable whether or not the charge for the warranty or service agreement is separately stated from the sales price of the tangible personal property. (7-1-26)

a. When parts are replaced by the seller of the warranty or service agreement, no tax is imposed on the purchase of the parts by the seller. The parts replaced are considered to have been taxed at the time the warranty or service agreement was sold. (3-31-22)

b. When a third-party dealer or repair facility performs the repair, the seller of the warranty or service agreement may provide the repairer with a resale certificate. (7-1-26)

05. Optional Warranty or Service Agreement. If the warranty or service agreement is optional to the buyer, no sales tax is charged on the sale of the warranty or service agreement. A taxable transaction occurs when the seller of the warranty or service agreement performs the repair. (3-31-22)

a. If the seller of the warranty or service agreement performs the repair and purchases parts for the repair or uses parts from his inventory, he will pay sales or use tax upon the parts when they are applied by him. (3-31-22)

b. When a third-party dealer or repair facility performs the repair and bills the seller of the warranty or service agreement, the third-party dealer or repair facility will separately state and charge sales tax on the parts to the seller of the warranty or service agreement. (3-31-22)

c. The seller of the warranty or service agreement will pay sales or use tax on parts for the repairs, even if the buyer qualifies for any exemption under the Idaho Sales and Use Tax Act or rules. (3-31-22)

06. Parts in Addition to Warranty Fee. Regardless of any of the above, if the seller of the warranty or service agreement bills the purchaser for parts over and above the agreed upon warranty or service agreement fee, sales tax is charged to the purchaser on the sales price of the parts. (7-1-26)

07. Replacement Parts and Maintenance Supplies. As used in this rule, a warranty or service agreement applies to replacement parts and maintenance supplies that become a part of the tangible personal property that is being serviced. The sale of other tangible personal property, such as paper for a copy machine, will be separately stated from any warranty or service agreement fee and sales tax charged to the buyer. (7-1-26)

050. VETERINARIANS AND VETERINARY SUPPLIES.
Sections [63-3612](#), [63-3613](#), [63-3622](#), [63-3622D](#), [63-3622N](#), Idaho Code

01. In General. Fees charged by a veterinarian for professional services are not taxable. Tangible personal property used or consumed by a veterinarian or sold by a veterinarian is subject to sales and use tax. (7-1-26)

02. Drugs and Other Supplies. Drugs and other supplies used by a veterinarian while treating animal patients are tangible personal property consumed by the veterinarian while providing services. If the veterinarian has not paid sales tax on the purchase of drugs or supplies, a use tax is owed by the veterinarian. (7-1-26)

03. Services Provided to Exempt Customers. The veterinarian's use of drugs is taxable even when providing services to an exempt buyer such as a cattle rancher, dairyman, or other producer because the drugs are consumed by the veterinarian. Since the production exemption is available only to the persons engaged in a production business, the veterinarian doesn't qualify for the exemption. (7-1-26)

04. Retail Sales of Drugs and Supplies. The sale of drugs and veterinary supplies is a retail sale and veterinarians making such sales collect and remit sales tax on those sales. However, the sale of drugs and veterinary supplies to a person operating a stock, dairy, poultry, fish, fur, or other ranch for gain or profit is exempt. (7-1-26)

05. Equipment and Supplies. Tangible personal property purchased or acquired by the veterinarian for the operation of this business including professional instruments and supplies, and office furnishings and equipment are taxable. (7-1-26)

051. DISCOUNTS, COUPONS, REBATES, AND GIFT CERTIFICATES.
Sections [63-3612](#), [63-3613](#), Idaho Code

01. Adjustments That Apply After Tax Calculation. Tax will be charged before deducting the following: (7-1-26)

a. Prompt pay discounts. A discount offered by a retailer to a buyer as an inducement for prompt payment. Sales tax will be computed on the full amount of the purchase price before the payment discount is subtracted. When an invoice or other billing document states that a discount will be allowed if payment is made before a certain date, then the discount is presumed to be a prompt pay discount. Discounts allowed on payments received after the stated date are presumed to be prompt pay discounts unless proven to the contrary by clear and convincing evidence. (7-1-26)

b. Manufacturer's rebates. A manufacturer's rebate means a cash payment made by a manufacturer to a consumer who has purchased or is purchasing the manufacturer's product from the retailer. Sales tax is computed on the full amount of the purchase price without regard to the manufacturer's rebate. Any rebate received by the buyer from the manufacturer, distributor, or any person other than the retailer won't reduce the retail sales price taxable. Rebates paid by a retailer to the consumer will also be included in the taxable price if the retailer has been reimbursed by a third party, such as the manufacturer. (7-1-26)

c. Manufacturer's discount. A manufacturer's discount is a price reduction offered by a manufacturer to a consumer for purchasing their product from a retailer who is then reimbursed that amount by that manufacturer. Sales tax is computed on the full amount of the purchase price before subtracting the coupon amount. This includes coupons issued by a manufacturer allowing the buyer to buy one item and get a second item free if the retailer will be reimbursed by the manufacturer. (3-31-22)

d. Food Stamps and WIC with a manufacturer's discount. Purchases of food under the Federal Food Stamp Program or the Federal Special Supplemental Food Program for Women, Infants, and Children, (WIC), are exempt from sales or use tax. When a buyer uses manufacturer's discount coupons to purchase food items that qualify under these programs, the discount value of the coupon is taxable. (7-1-26)

02. Adjustments That Apply Before Tax Calculation. Tax is charged after the deduction of the following: (3-31-22)

a. Trade discounts. A trade discount is a reduction from the posted or listed price offered by a retailer which isn't an inducement for prompt payment and which, when applied to the posted or listed price, establishes the true selling price to be paid by the buyer. (7-1-26)

b. Retailer's rebates. A retailer's rebate is an amount of money or property paid by a retailer to a buyer which is conditioned upon the recipient making a purchase from the retailer. However, if a retailer is reimbursed by a manufacturer or other third party, the transaction isn't a retailer's rebate and the rebate amount is included in the taxable sales price. This would be the case when a buyer sends the rebate claim to the retailer, the retailer sends the rebate amount to the buyer and the manufacturer reimburses the retailer. (7-1-26)

c. Retailer discount coupons. Retailer discount coupons are coupons issued by a retailer which entitle the holder to purchase the issuing retailer's products at less than the posted or listed retail price. (3-31-22)

d. Manufacturer's motor vehicle rebates. Effective July 1, 1990, a manufacturer's rebate offered to a buyer of a motor vehicle may be deducted from the purchase price of the vehicle before computing the tax if the rebate is used to reduce the retail sales price of the vehicle, or is used as a down payment on the purchase. The dealer's customer invoice shows the manufacturer rebate as a deduction to, or down payment on, the purchase price of the vehicle. Only manufacturer rebates offered on motor vehicles qualify for the exclusion from tax. Manufacturer rebates offered on trailers, off-highway equipment, and other property will be treated as discussed in Subsection 051.01.b. (7-1-26)

03. Coupon Books. (3-31-22)

a. The sale of a coupon book that contains coupons offering discounts is deemed to be the sale of an intangible and is therefore not taxable. (3-31-22)

b. When the buyer of a coupon book redeems one (1) of the coupons, the discount allowed by the coupon isn't included in the taxable sales price if the retailer isn't reimbursed by a manufacturer or other third party.

(7-1-26)

04. Donated Goods. The donor is the consumer of donated goods and will pay sales or use tax on the purchase price of the goods. (7-1-26)

05. Gift Certificates. A gift certificate purchased from a vendor entitles a recipient to tangible personal property or services when presented to the vendor. The purchase of a gift certificate isn't a taxable transaction. When the gift certificate is presented for redemption a sale is consummated. If the sale is a transfer of tangible personal property, the vendor collects sales tax at the time of sale. Tax applies to the purchase price of the tangible personal property, irrespective of any cash refunded on any difference between the face value of the gift certificate and the purchase price. If the sale is for services not taxable under the Sales Tax Act, the vendor won't collect sales tax. (7-1-26)

06. Buy One Get One Free Discounts. If a retailer offers a "buy one get one free" discount in which the buyer purchases an item and receives another item of the same kind at no additional charge, the taxable sales price is the actual price paid after the discount is taken. Use tax isn't applicable to the item sold at no charge; however, if a manufacturer's discount allows the buyer to receive a free item for which the retailer will be reimbursed by the manufacturer the taxable sales price is the full amount before the discount is calculated. (7-1-26)

07. Complimentary Gift with Purchase of an Item. (3-31-22)

a. If a retailer offers a complimentary item to a customer at the time of, and in connection with, the sale of tangible personal property, the gift is considered a part of the sale. The item given away is deemed to be purchased for resale by the retailer; however, if the sale is of an item exempt from tax and the sale of the gift item would have been taxable, the retailer is responsible for use tax on the gift. This subsection applies only to sales of tangible personal property. (3-31-22)

b. If a retailer offers to give away a promotional item to anyone with no mandatory purchase, then the retailer doesn't purchase the promotional item for resale. The retailer pays sales or use tax on its purchase price of the promotional items given away. (7-1-26)

c. This subsection applies only to items given away by sellers of tangible personal property. (7-1-26)

08. Examples. Available at [Sales and Use Tax Examples](#). (7-1-26)

052. PURCHASE AND SALE OF TANGIBLE PERSONAL PROPERTY RELATING TO FUNERAL SERVICES.

Sections [54-1103](#), [63-3609](#), [63-3612](#), [63-3613](#), [63-3620](#), [63-3622](#), [63-3622U](#), Idaho Code

01. Purchases by Licensed Funeral Establishments. The exemption doesn't include sales to and purchases by funeral establishments of equipment and supplies used and consumed while providing funeral services. The purchase of a memorial marker isn't an integral part of the funeral service. The purchase of a memorial marker is a taxable transaction regardless of whether it is sold by a licensed funeral establishment. The funeral establishment's purchase of equipment and supplies used for embalming and preparing bodies for burial and all other tangible personal property used or consumed in the course of the business operations to which title doesn't pass from the funeral establishment is taxable. (7-1-26)

02. Caskets, Vaults, and Burial Receptacles. Caskets, vaults, and burial receptacles are exempt when sold by a licensed funeral establishment as a part of funeral services and the purchase of these items isn't taxable. The construction of a building for use as a mausoleum is an improvement to real property and the sale or use of the materials for the construction of the mausoleum is taxed in the same manner as other persons improving real property. (7-1-26)

03. Use Tax. When a licensed funeral establishment purchases equipment and supplies from suppliers who don't collect and remit Idaho sales tax, the funeral establishment will report and remit use tax on their taxable purchases. (7-1-26)

04. Documenting Purchases for Resale. A funeral establishment purchasing tangible personal property for resale will be mandatory to document the purchase for resale by providing their seller with a properly executed resale certificate. The purchase of items like caskets and clothing is a purchase for resale, even though the sale of the same property by the funeral establishment is exempt. (7-1-26)

05. Examples. Available at [Sales and Use Tax Examples](#). (7-1-26)

053. (RESERVED)

054. PERSONS ENGAGED IN PRINTING.

Sections [63-3608](#), [63-3612](#), [63-3613](#), [63-3616](#), [63-3621](#), [63-3622](#), [63-3622D](#), Idaho Code

01. Private Printing Plants. Persons operating private printing plants in conjunction with their principal business pay sales or use tax on the purchase of equipment and supplies used to produce display signs, advertising brochures, and other materials for their own consumption. (3-31-22)

02. Printing upon Special Order. Persons primarily engaged in the printing of tangible personal property upon special order for a consideration may purchase equipment and supplies directly used to produce such property exempt from sales or use tax. (3-31-22)

a. The sale of typography, art work, photoengraving, electros, mats, stereotypes, hand or machine composition, lithographic plates or negatives, electrotypes, etc., to a person primarily engaged in the printing of tangible personal property for a consideration, and to be used directly by such person is deemed essentially sales of service or exempt materials and not taxable. (3-31-22)

b. When purchasing goods for resale, the printer provides the seller with a properly executed resale certificate. (7-1-26)

03. Sales by Persons Engaged in Printing. Fees charged to ultimate consumers for printing of tangible personal property upon special order are taxable. (3-31-22)

a. Printing of tangible personal property includes imprinting and all processes or operations connected with the preparation of paper or paper-like substances, the reproduction thereon of characters or designs and the alteration or modification of such substances by finishing and binding. (3-31-22)

b. Upon such final sales, charges for materials, labor and production of fabrication or typography, author's alterations, art work, photo engravings, electros, mats, stereotypes, hand or machine composition, lithographic plates or negatives, electrotypes, etc., and binding and finishing services are included in the taxable sales price whether the various charges are separately stated or not. (3-31-22)

c. The following charges, if separately stated, are not included in the taxable sale price: (3-31-22)

i. Charges for postage as part of the printed item; or (3-31-22)

ii. Charges for addressing, stamping, sealing, inserting or wrapping in connection of a direct mail advertising in which items of tangible personal property and service are supplied. (3-31-22)

04. Advertising Inserts. As used in this rule, advertising inserts means printed advertising distributed concurrently with, but printed separately from, a newspaper, magazine, or other publication. (3-31-22)

a. The sale of advertising inserts by a printer or other supplier to an advertiser for use by the advertiser in the promotion of its business or products, and not for resale by the advertiser, is a taxable sale of tangible personal property. If, for any reason, the seller of the advertising inserts fails to collect sales tax on the sale of the advertising inserts to the advertiser, the advertiser is subject to use tax on its use of advertising inserts in Idaho. (3-31-22)

b. When an advertiser contracts for the distribution of advertising inserts to locations within this state, a taxable use by the advertiser occurs. The contracted distribution constitutes an exercise of right or power over the

advertising inserts by the advertiser. The person performing the distribution services may be a publisher, printer, distributor of a newspaper, magazines, or other publication, or any other person performing distribution services. (3-31-22)

c. A contract between an advertiser and a publisher of a newspaper, magazine, or other publication, whereby the publisher sells advertising space in its publication isn't a taxable sale. (7-1-26)

05. Labels and Other Printed Matter Sold to Manufacturers. Sales of labels or name plates, and the printing thereon, to manufacturers, producers, or wholesale merchants where the purpose of the buyer is to affix the label or name plate to his own product, or the container thereof won't be taxable. (7-1-26)

a. Sale of package inserts, individual folding boxes and setup boxes, and the printing thereon to manufacturers, or producers, to accompany their own manufactured products, and to pass to the ultimate consumer upon final sales of the manufactured product contained or described therein, are presumed to be made for the purpose of resale. (3-31-22)

b. Sale of direction sheets, instruction books, or manuals to a manufacturer, producer, wholesale or retail merchant, to be supplied with his product at no separate charge, are not taxable. If a separate charge is made for such sheets, books, manuals, or pamphlets, the manufacturer, etc., is mandatory to collect and remit sales tax. (7-1-26)

055. PERSONS ENGAGED IN ADVERTISING.
Sections [63-3612](#), [63-3613](#), [63-3621](#), [63-3622](#), [63-3622S](#), Idaho Code

01. In General. Advertising agencies, television stations, radio stations, graphic artists, and other persons engaged in advertising may be engaged in either the rendering of professional services or the sale of tangible personal property or both. When such persons are engaged in the sale of tangible personal property, they are retailers and are to collect and remit sales tax on the property sold. When such persons are engaged in the rendering of professional services, no sales tax applies to the service. Whether the sale is a sale of professional services or of tangible personal property is determined by the object of the transaction, i.e., is the object sought by the buyer the service per se or the tangible personal property produced by the service. Determining whether the sale is a sale of professional services or of tangible personal property is a question of fact is determined in view of all the facts and circumstances of each transaction. (7-1-26)

02. Media Advertising and Advertisements. Media advertising is the use of mass media as a means by which to reach a wide audience, viewers, listeners, or readers, with an advertisement to promote a product, service, issue, or personality. Mass media is defined as radio, television, cable television, newspapers, periodicals, trade journals, or other such media which can reach a mass audience with an identical message. The object sought by the buyer purchasing media advertising is the intangible professional service of the seller. The sale of media advertising is a sale of professional service and is a nontaxable transaction. The transfer of tangible personal property is inconsequential to the services rendered. (7-1-26)

a. Radio and television advertisement. Sales tax doesn't apply to the amount charged to produce or create advertisements which are to be broadcast by a radio or television station. It makes no difference whether the producer or creator sends the advertisement directly to the broadcast facility or to the advertiser, who in turn distributes the commercial to a broadcast facility. (7-1-26)

b. Radio and television dubs. Charges for dubs which are produced from a master copy of a radio or television commercial or broadcast are not taxable so long as they are for distribution to other broadcasting facilities. Sales tax will apply to the sale of radio or television commercial or broadcast dubs which are not for distribution to a broadcast facility and are sold to a customer for another use. The measure of the tax will be the total price charged for the copies. (3-31-22)

c. Magazine, newspaper, and periodical advertisements. Sales tax doesn't apply to the amount charged to a customer to produce camera ready artwork, veloxs, and other forms of artwork which are to be reproduced in and distributed as part of a mass media publication, such as magazines, newspapers, trade journals, and periodicals. (7-1-26)

d. Print media advertisement copies. Sales tax will apply to charges for reprints of a print media advertisement sold to a customer. The measure of the tax will be the price charged for the reprints. (3-31-22)

03. Sales of Non-Media Advertising. Non-media advertising is any form of advertising which doesn't use the mass media in reaching the targeted audience, such as posters, brochures, pamphlets, handbills, displays, business forms, stationery, business cards, key chains, cups and glasses, pens, pencils, t-shirts, and other similar items. The object sought by the buyer is the tangible personal property. If the advertising agency is the agent of its client, the sale is between the supplier of the tangible personal property and the client and is taxable based on the price charged by the supplier to the client. If the advertising agency isn't the agent of its client, then the purchase from the supplier is for resale. The sale from the agency to its client is a retail sale and is subject to tax based upon the entire amount charged to the customer by the advertising agency, including separately stated fees for: (7-1-26)

a. Artwork produced by the advertising agency, including all materials, design fees, and labor to develop and produce the artwork, lettering, and designs used in the finished non-media advertising. (3-31-22)

b. Artwork, lettering, and designs purchased from a graphic artist. (3-31-22)

c. Photographs, negatives, and other similar items whether purchased from a commercial photographer or produced in-house by the advertising agency. (3-31-22)

d. Professional modeling fees. (3-31-22)

e. Printing charges, whether printed by the advertising agency or a commercial printer, including any markup or service charge. (3-31-22)

f. All other charges to the customer for services agreed to be rendered by the advertising agency as part of the sale of non-media advertising. (3-31-22)

04. Sale of Custom Made Audio-Visual Films and Audio Recordings. A custom made audio-visual film or audio recording is a film or recording whose intended purpose isn't for media advertising. Items of custom audio recordings include those to be used with a slide show presentation, designed to be played alone for information purposes or in-store advertising, or other similar purposes. Items of custom films are safety films, training films, filmed newsletters, in-store audio-visual advertising, and other audio-visual films not sold for media advertising. (7-1-26)

a. The object of the buyer is to obtain the tangible personal property. The fact that the charge for the tangible personal property, the film or recording, is principally derived from labor or creativity of the maker of the property doesn't transform the sale of the tangible personal property into a sale of services. (7-1-26)

b. If the advertising agency is the agent of its client, the sale is between the supplier of the tangible personal property and the client and is taxable based on the price charged by the supplier to the client. If the advertising agency isn't the agent of its client, then the purchase from the supplier is for resale. The sale from the agency to its client is a retail sale and is taxable based upon all charges for copy writing, directing, producing, photographing, acting, vocal artists, recording, editing, mixing, and other similar charges to produce a finished film or audio recording. (7-1-26)

05. Sales of Design Services. Determining whether design fees are taxable will depend on the object of the transaction. A fee charged to a customer for creation and design of a logo, product or business trademark, letterhead, or similar item which doesn't involve the transfer of tangible personal property beyond that which is to convey the design to the customer, is a sale of services and isn't taxable. When design fees are services agreed to be rendered as a part of the sale of tangible personal property, sales tax will apply to the design fee. Tax doesn't apply to such fees when an agency acts as an agent. See Subsection 055.07.e. (7-1-26)

06. Purchases by Advertising Agencies, Graphic Artists, and Similar Operations. Persons engaged in advertising and graphic artists may provide both nontaxable services and taxable sales of tangible personal property. (3-31-22)

a. When providing nontaxable services, including producing media advertising and providing design services which don't involve the sale of tangible personal property, the agency/artist pays tax on purchases of: Art supplies, such as poster board, paper products, inks, letters, and paints; amount charged by others to produce veloxs, negatives, lithographic plates, electrotpe, and other such items; photographic work; prerecorded music and sounds; and props, costumes, and backdrops. (7-1-26)

b. When engaged in the retail sale of tangible personal property, such as the sale of non-media advertising items, custom films, custom audio recordings, or printed goods, the producer/agency/artist, when purchasing tangible personal property to be incorporated into the product for resale, may provide vendors with a properly executed resale certificate. See Section 128. Items considered to be directly incorporated into the product for resale include purchases of: Art supplies such as poster board, paper products, inks, letters, and paints; amounts charged by others to produce veloxs, negatives, lithographic plates, electrotpe, and other such items; photographic works; prerecorded sounds and music; and printing charges. (7-1-26)

c. Rental of recording or production studios and equipment. Sales tax will apply to the rental of a recording studio, audio-visual production studio, recording equipment, and audio-visual production equipment, when the owner of the equipment doesn't furnish the personnel to operate the equipment and relinquishes total operational control of the equipment. A taxable rental also occurs if the studio personnel merely render incidental services such as maintenance and repair. No sales tax will apply to the rental of a recording studio, audio-visual production studio, recording equipment, and audio-visual production equipment when the personnel to operate the equipment is furnished with the rental of the equipment. (7-1-26)

07. Examples. Available at [Sales and Use Tax Examples](#). (7-1-26)

056. PHOTOGRAPHERS AND PHOTOFINISHERS.

Sections [63-3616](#), [63-3622](#), [63-3622D](#), Idaho Code

01. Sales of Photographs. (3-31-22)

a. Printed photographs are tangible personal property. Sales of printed photographs are taxable. (3-31-22)

b. Digital photographs are tangible personal property when sold and delivered to the buyer on storage media. Sales of digital photographs are taxable when sold and delivered to the buyer on storage media. (3-31-22)

c. Digital photographs aren't tangible personal property when delivered electronically or by cloud storage and aren't taxable. (7-1-26)

02. Sales of Videos. Sales of videos are taxable, as tangible personal property, when sold and delivered to the buyer on storage media. They are also taxable if delivered electronically if the buyer has a permanent right of use. (7-1-26)

03. Sales by Photographers and Photofinishers. (3-31-22)

a. When photographers or photofinishers sell films, frames, cameras, printed photographs, digital photographs delivered on storage media, photostats, blueprints, etc., they are making a sale of a completed article of tangible personal property and they are to collect the tax on the total sales price unless an exemption applies. (7-1-26)

b. When photographers or photofinishers render service, such as retouching, tinting, or coloring of print photographs belonging to others, they are performing taxable processing services and are to collect the tax from their customers unless an exemption applies. When similar services are performed on a digital photograph, the service is only taxable if the final product is delivered on storage media. (3-31-22)

c. Photographers may charge a sitting fee which may be separately stated from any charges for the photographs. When charged along with a sale of printed photographs or digital photographs delivered on storage media, sitting fees are charges for producing or fabricating tangible personal property and are taxable. See Section

029. (7-1-26)

04. Sales to Photographers and Photofinishers. (3-31-22)

a. Photographers and photofinishers may qualify for the production exemption if they are primarily in the business of selling print photographs or digital photographs delivered on storage media. Photographers and photofinishers primarily in the business of selling digital photographs that are delivered electronically cannot qualify for the production exemption. (3-31-22)

b. The production process begins when the image is captured. Therefore, photographers pay sales or use tax on purchases of props, backdrops and other items used prior to the start of production of the photograph. Equipment and supplies including cameras, lights, lenses, film, paper, fix, developer, and enlargers used to produce photographs are used during the production process and are exempt if the photographer otherwise qualifies for the production exemption. (7-1-26)

c. Photofinishers may purchase equipment and supplies exempt from sales or use tax as long as the equipment and supplies are directly used to produce print photographs or photographs delivered on storage media, which they will sell and they otherwise qualify for the production exemption. (7-1-26)

05. Definitions. For purposes of this rule, the following terms have the following definition: (3-31-22)

a. Storage media. Storage media include, but are not limited to, optical media discs such as CDs or DVDs, hard drives, diskettes, magnetic tape data storage, solid state drives, flash drives, and other semiconductor memory chips used for nonvolatile storage of information readable by a computer. (3-31-22)

b. Cloud Storage. A method of storing digital data on remote servers, accessible via the internet, rather than on a physical device or local network, managed by a third-party provider. (7-1-26)

057. DRY CLEANERS, LAUNDRIES, LAUNDROMATS, AND LINEN SUPPLIERS.
Sections [63-3612](#), [63-3622](#), [63-3622X](#), Idaho Code

01. Dry Cleaners and Laundries. Dry cleaners perform a service and are not to collect tax from their customers. Dry cleaners pay sales or use tax on purchases of cleaning supplies, hangers, plastic bags and other supplies used in the performance of this service. The purchases of dry-to-dry transfer systems by dry cleaners are exempt from sales and use tax. This exemption applies only to the purchase of entire systems and doesn't apply to purchases of repair parts for such systems. (7-1-26)

02. Linen Suppliers. (3-31-22)

a. Linen supply firms or laundries which furnish such items as sheets, pillowslips, towels, uniforms, diapers, etc., collect and remit sales tax based on the rental charge. The sales tax will also apply to the rental of shop towels, floor mats for building entrances, dust mops, room deodorizers and any other tangible personal property rented or leased for building maintenance or service. (7-1-26)

b. Items acquired by these firms which are purchased for resale, rental or lease in the ordinary course of business, may be purchased exempt from sales tax if a properly executed resale certificate is provided to the seller. (7-1-26)

03. Laundromats. (3-31-22)

a. Receipts from coin-operated washers and dryers are not taxable. Sales of cleaning supplies such as soap or bleach through coin operated vending machines are taxable. (7-1-26)

b. Persons engaged in the laundromat business will pay sales or use tax when purchasing washers, dryers, and other tangible personal property for the operation of their business. (7-1-26)

058. SALES THROUGH VENDING MACHINES.

Sections [63-3612](#), [63-3613](#), [63-3622](#), [63-3622L](#), [63-3622X](#), [63-3623B](#), Idaho Code

01. In General. The sale of tangible personal property through a vending machine is a taxable transaction. The term vending machine means any mechanical device which, without the assistance of a human cashier, dispenses tangible personal property to a buyer who deposits cash or cash equivalent in the device. Video games and other coin operated amusement devices are not vending machines. Fees paid for the use of coin operated amusement devices are not subject to sales tax. See Section 109. (7-1-26)

02. Requirement to Obtain a Seller's Permit. Vendors who sell tangible personal property through a vending machine are to obtain a seller's permit. Only one (1) seller's permit is needed; however, each vending machine operated by the vendor is to conspicuously display the vendor's name, address, and seller's permit number. When multiple vending machines are placed in a single location, the owner's name, address, and seller's permit number need be displayed only once. (7-1-26)

03. Examples. Available at [Sales and Use Tax Examples](#). (7-1-26)

059. SALES BY FLORISTS.

Sections [63-3612](#), [63-3613](#), Idaho Code

01. Sales. Florists are retailers engaged in the business of selling tangible personal property and are to collect and remit sales tax from the buyer. (3-31-22)

a. Charges for creating, processing, fabricating, or setting up floral or plant arrangements are taxable, even if separately stated. (3-31-22)

b. Separately stated delivery charges, relating only to the transportation of the product after the sale, are not taxable. (3-31-22)

02. Rentals. The lease or rental of potted plants, palms, artificial wreaths and flowers, or other tangible personal property is taxable. (7-1-26)

03. Sales. Sales tax will be collected on orders taken by an Idaho florist or nursery that will be fulfilled by another florist or nursery, the delivery will take place. The florist or nursery fulfilling this order won't collect sales tax. (7-1-26)

a. Telephone, wire, and handling charges in connection with these sales are part of the taxable sales price. (3-31-22)

04. Street Vendors. The above applies to individuals and street vendors as well as florists who maintain a regular place of business. (3-31-22)

060. FEDERAL EXCISE TAXES AND RETAILERS TAXES.

Sections [63-3612](#), [63-3613](#), [63-3621](#), Idaho Code

01. General Rule. The taxable sales price includes any mandatory amount to be paid by a retailer or their customer as a federal importer's or manufacturer's excise tax. (7-1-26)

a. Federal taxes on products such as tobacco products, distilled spirits, beer, cheese, mixed flour, processed and renovated butter are included in the taxable sales price. (7-1-26)

b. Any federal tax payable to the wholesaler, importer, manufacturer or other producers, such as taxes on gasoline, automobiles, tires, sporting goods, or other tangible personal property when sold by the wholesaler, importer, manufacturer, or other producer are included in the taxable sales price. (7-1-26)

02. Excluded Federal Taxes. Federal taxes imposed directly on retail sales, such as those imposed by Section 4051, Internal Revenue Code, are excluded from the taxable sales price. (3-31-22)

061. TRANSPORTATION, FREIGHT, AND HANDLING CHARGES.

Sections [63-3612](#), [63-3613](#), Idaho Code

01. In General. Whether or not transportation and handling charges are separately stated, the sales price includes any charges made for delivery of goods to the seller. Charges for transportation and handling of goods to the consumer aren't included as a part of the sales price regardless of when title passes. (7-1-26)

02. Charges Not Separately Stated. Regardless of other provisions of this rule, transportation and handling charges which are not separately stated are included in the taxable sales price. (3-31-22)

03. Charges for Delivery to the Seller. When a customer orders goods from a retailer and the goods are shipped to a store where the customer picks them up, the charge for delivery to the store is included in the taxable sales price. (7-1-26)

04. Freight-In Charges. If a seller of goods orders an item for a customer and the seller separately states fees for freight-in to the seller and freight-out to the consumer on the invoice, the fees for freight-in are part of the taxable sales price. The fees for freight-out aren't taxable. (7-1-26)

05. Delivery by the Retailer. If a consumer orders goods from a retailer and the retailer delivers the goods to the buyer by means of the retailer's vehicle. If the retailer separately states the charge for transportation and handling of the goods, the charge is for delivery and handling to the consumer, it isn't taxable. (7-1-26)

06. Use of Transportation Charges as a Means of Avoiding Sales Tax. If a seller offers to give away merchandise worth approximately what the buyer pays for shipping, the entire price of shipping is taxable. (7-1-26)

07. Demurrage. Demurrage is a charge by a transportation company to its customer for detaining a ship, freight car, or truck beyond the time allowed for loading or unloading. Demurrage charges aren't taxable when right, power, and control of the ship, freight car, or truck remains with the transportation company. (7-1-26)

062. REPAIRS TO TANGIBLE PERSONAL PROPERTY.

Section [63-3612](#), [63-3613](#), [63-3622](#), Idaho Code

01. In General. Repairs normally require both material and labor. Persons engaged in the business of repairing, renovating, or altering tangible personal property owned by others are mandatory to collect sales tax on the parts and materials used in the repair or renovation of the property. (7-1-26)

02. Separate Statement of Parts and Materials. The sales price of parts and materials need to be separately stated. Sales tax is charged on parts and materials. Separately stated repair labor isn't taxable. If parts and materials are not stated separately from repair labor, the total amount for parts, materials, and repair labor is taxable. (7-1-26)

03. Repairs Covered by Insurance Benefits. Repairs, the costs of which are covered by insurance benefits, are treated the same as otherwise described in this rule. Sales tax is to be collected on the parts and materials. Separately stated repair labor isn't taxable. (7-1-26)

04. Incidental Materials. When a small amount of materials is used to perform a repair, the value of the materials may be insignificant to the entire repair cost. Materials are incidental if the value is insignificant, doesn't have a reasonable retail price, and are not listed separately on the customer invoice. The repair shop pays tax when purchasing incidental materials. (7-1-26)

05. Shop Supplies. Shop supplies are taxable when purchased by the dealer/repair shop and aren't included as part of the taxable amount billed to the customer. Shop supplies include spray bottles, buffer pads, towels, masking tape, solvents, sandpaper, and other items that have no specific identifiable value billed to the customer, and don't become part of the item being repaired. (7-1-26)

06. Repairs Versus Fabrications. Repairs to tangible personal property are not to be confused with fabrications of tangible personal property. Fabricated tangible personal property is subject to sales tax on the entire

price whether the parts, materials, and labor are stated separately. See Section 029. (7-1-26)

07. Examples. Available at [Sales and Use Tax Examples](#). (7-1-26)

063. BAD DEBTS AND REPOSSESSIONS.
Sections [63-3612](#), [63-3613](#), [63-3619](#), [63-3626](#), Idaho Code

01. In General. Sales tax is collected on an accrual basis. The tax is owed to the state at the time of sale, regardless of when the payment is made by the customer. (3-31-22)

02. Rules for Unsecured Credit Sales. The following rules apply to unsecured credit sales: (3-31-22)

a. When a seller cannot collect accounts receivable arising from an unsecured credit sale of tangible personal property subject to sales tax, the seller can make an adjustment on his sales tax return or apply for a refund of taxes according to this rule. (7-1-26)

b. The adjustment or refund may be claimed on the sales tax return for the month in which the bad debt adjustment is made on the books and records of the taxpayer. The tax for which the credit or refund is sought is included in the amount financed and charged off as a bad debt for income tax purposes. (3-31-22)

c. A written claim for the refund may also be filed with the Tax Commission within three (3) years from the time the tax was paid to the Tax Commission. The Tax Commission will review all such refund claims. See Section 117. (7-1-26)

03. Rules for Secured Credit Sales. The following rules apply to secured credit sales: (3-31-22)

a. If the collateral isn't repossessed, the seller may treat a bad debt the same as an unsecured credit sale. (7-1-26)

b. If the collateral is repossessed and not seasonably resold at a public or private sale, its retention is considered to satisfy the debt and no bad debt adjustment is allowed. "Seasonable resold" means the property was resold within six (6) months of repossession. (7-1-26)

c. If the collateral is repossessed and seasonably resold at public or private sale, then the seller is entitled to a bad debt adjustment. The amount of tax that may be credited or refunded is the amount calculated as worthless less the amount realized from the sale of the collateral. "Amount realized" is the amount for which the goods are sold at a public or private sale. (7-1-26)

d. If merchandise is repossessed and is subsequently resold at retail, sales tax is computed on the sales price and collected and remitted the same as on other retail sales. (3-31-22)

04. Application to Taxpayers. The following rules apply to taxpayers who remit sales tax on an accrual basis but report income tax on a cash basis or aren't obligated to file income tax returns. (7-1-26)

a. It is mandatory that retailers remit sales tax on an accrual basis, even though their accounting records and income tax returns may be prepared on the cash basis of accounting. (7-1-26)

b. For taxpayers who keep their records and file income tax returns on a cash basis, a worthless account cannot be written off as a bad debt because it hasn't been recognized as income in the taxpayer's books. These retailers may still claim a bad debt for sales tax purposes. The claim should be made when the debt adjustment is made on the books and records, even though the bad debt doesn't appear on the retailer's income tax return. (7-1-26)

c. Since these claims cannot be verified against the income tax returns of these taxpayers, sufficient evidence should be attached to prove that the account has become worthless, that the tax was remitted by the retailer, and that the retailer didn't receive payment of the tax from the buyer. (7-1-26)

05. Amount of Credit Allowed. The amount of credit that can be claimed is the amount of sales tax that is uncollectible. If both nontaxable and taxable items are financed, credit may be taken only for that portion of the bad debt which represents unpaid sales tax. (3-31-22)

a. Calculation of Bad Debt Attributed to Sales Tax: Assume the tax rate is six percent (6%). A retailer sells a thirty thousand dollar (\$30,000) forklift for thirty-one thousand eight hundred dollars (\$31,800) including sales tax. The buyer pays a five thousand dollar (\$5,000) down payment and finances the balance. The buyer later defaults and the retailer repossesses the forklift and sells it at a public auction for six thousand dollars (\$6,000). At the time of repossession the buyer owes seventeen thousand five hundred forty-five dollars (\$17,545) including the financed sales tax. After the sale the amount that the retailer writes off is eleven thousand five hundred forty-five dollars (\$11,545). The sales tax bad debt write off is six hundred fifty-three dollars (\$653).

Total taxable sale	\$30,000
6% sales tax	\$1,800
Total sale	\$31,800
Down payment	(\$5,000)
Total financed	\$26,800
Payment to principal after sale	(\$9,255)
Amount realized at public sale	(\$6,000)
Total bad debt	\$11,545
Sales tax portion of bad debt $\$11,545 - (11,545 / 1.06) =$	\$653

(7-1-26)

b. Calculation of Bad Debt Attributable to Sales Tax with Taxable and Nontaxable Charges: Assume the tax rate is six percent (6%). A car dealer makes a taxable sale of an automobile for fourteen thousand nine hundred dollars (\$14,900) along with an extended warranty for five hundred dollars (\$500), a documentation fee of one hundred dollars (\$100), a title fee of eight dollars (\$8) and credit insurance for one hundred dollars (\$100). The customer pays one thousand dollars (\$1,000) cash and trades in a car worth ten thousand dollars (\$10,000) which is pledged as security for an earlier outstanding loan of six thousand dollars (\$6,000). The customer, therefore, has to borrow enough to pay off the old loan on the trade-in. The customer defaults on the new ten thousand nine hundred eight dollar (\$10,908) loan after paying five hundred dollars (\$500) towards the principal. The customer damages the automobile in an accident leaving the collateral worthless. The car dealer may take an adjustment for only that portion of the bad debt representing the taxable percentage of the total sales price of the car. Only five thousand dollars (\$5,000) of the total fifteen thousand nine hundred eight dollar (\$15,908) cost was taxable.

Sales price of vehicle	\$14,900
Documentation fee	\$100
Extended warranty	\$500
Credit insurance	\$100
Title fee	\$8
Trade-in	(\$10,000)
Sales tax	\$300
Subtotal	\$5,908
Down payment	(\$1,000)

Invoice total	\$4,908
Amount financed	\$10,908
Payment to principal after sale	(\$500)
Amount of bad debt	\$10,408
Amount of down payment used to pay sales tax:	
	$(\$300 / \$5,908) = 5.08\%$
	$.0508 \times \$1,000 = \50.80
Amount of sales tax financed:	
	$\$300 - \$50.80 = \$249.20$
Percentage of loan representing sales tax:	
	$\$249.20 / \$10,908 = 2.28\%$
Sales tax paid by payments to principal:	
	$\$500 \times 0.228 = \11.40
Amount of bad debt write-off:	
	$\$249.20 - \$11.40 = \$237.80$

(7-1-26)

- 06. Bad Debt Collected Later.** If a bad debt account is collected later, the amount collected is taxable. (7-1-26)

07. To Claim Credit for a Bad Debt. Credit for bad debts for sales tax purposes may be claimed by the retailer that made the original sale and paid the sales tax to the state. Financial institutions or other third parties who are the assignees of the retailer may claim a bad debt for sales tax on property for which they provided financing, if the amount financed includes the sales tax remitted on the sale of the property. The person who ultimately bears the loss if the buyer of the property defaults on the obligation to repay can make the claim. (7-1-26)

064. (RESERVED)

065. TIRE BALANCING, STUDDING, AND SIPING.

Sections [63-3612](#), [63-3613](#), Idaho Code

01. Services Subject to Sales Tax. Sales tax applies to the amount charged for services agreed to be performed in conjunction with the sale of a tire. This includes balancing, studding, siping, and similar charges. The total amount charged for the tire, the services, and the materials used to perform the services is taxable. (7-1-26)

02. Services Not Subject to Sales Tax. The person performing nontaxable services owes tax on the value of the materials they use. (7-1-26)

a. The amount charged for balancing, studding, or siping a tire owned by the customer is a nontaxable service. (7-1-26)

b. A separately stated fee to mount or install a tire is nontaxable whether sold to or owned by the customer. (7-1-26)

03. Materials Used in Performing a Service. Studs, wheel weights, valve stems, cores, patches, and similar items are materials that may be used to perform both a taxable and nontaxable service. The seller may elect to use any consistent method in determining the value and the amount of materials used in performing taxable and nontaxable services. The method selected should represent a reasonable allocation based on their use. (7-1-26)

- 04. Examples.** Available at [Sales and Use Tax Examples](#). (7-1-26)

066. (RESERVED)

067. REAL PROPERTY.

Sections [55-308](#), [63-3609](#), [63-3612](#), [63-3616](#), Idaho Code

- 01. Real Property.** The term real property means land and improvements or fixtures to the land. (7-1-26)
- 02. Improvements or Fixtures.** Improvements or fixtures to real property include: (3-31-22)
- a.** Property which is physically attached to the land or other improvements affixed to the land in such a manner that it can't be removed without materially damaging the real property or is of such a nature that it would normally be expected to be sold together with the land. (7-1-26)
- b.** Property which increases the market value of the land or increases the ability of the possessor of the land to use it more productively. (3-31-22)
- c.** Property which increases the market value or productivity on a relatively permanent basis. (3-31-22)
- 03. Three Factor Test.** A three (3) factor test may be applied to determine whether an article has become a fixture to real property. The three (3) tests to be applied are: (3-31-22)
- a.** Annexation to the realty, either actual or constructive. (3-31-22)
- b.** Adaptation or application of the article to the use or purpose to which that part of the realty is suitable. (7-1-26)
- c.** Intention to make the article a permanent addition to the realty. (3-31-22)
- i.** Intention is determined from the surrounding circumstances at the time of installation. It isn't the undisclosed purpose of the annexor, but rather the intention implied and manifested by their act. (7-1-26)
- 04. Trade Fixtures.** A trade fixture is an item affixed to a building which a business uses for the purpose of trade, manufacture, ornament, or domestic use. A trade fixture is tangible personal property which is easily removed without causing significant damage to the fixture or premises. "Trade fixtures" include display cases, trophy cases, clothing racks, shelving, modular displays, kiosks, wall cases, register stands, and check-out counters. If trade fixtures only benefit the particular business occupying a building, they are not adapted to the use of the real estate and are therefore personal property. A trade fixture will only be deemed to be a real property improvement if: (7-1-26)
- a.** It is affixed to the real estate and its removal would cause significant structural damage to the building itself; or (3-31-22)
- b.** It is affixed to the real estate and is of benefit to the land or building regardless of the particular business conducted on the premises. (3-31-22)
- 05. Examples.** Available at [Sales and Use Tax Examples](#). (7-1-26)

068. COLLECTION OF TAX.

Sections [63-3619](#), [63-3621](#), [63-3633](#), Idaho Code

- 01. Bracket System for Six Percent Tax Rate.** The sales tax rate is six percent (6%). The following schedule is to be used in determining the amount of tax to be collected by a retailer at the time of sale. (7-1-26)
- a.** Multiply six cents (\$0.06) for every whole dollar included in the sale, and (3-31-22)

- b. Add for each additional fractional dollar amount of sale the corresponding tax below:

Dollar Amount of Sale		Tax
0.00 - 0.03	-	.00
0.04 - 0.20	-	.01
0.21 - 0.37	-	.02
0.38 - 0.53	-	.03
0.54 - 0.70	-	.04
0.71 - 0.87	-	.05
0.88 - 0.99	-	.06

However, sales to a total amount of eleven cents (\$0.11) or less are exempt from tax. (3-31-22)

02. Tax to Be Separately Displayed. The amount of tax collected by the retailer is to be displayed separately from the list price, marked price, the price advertised in the premises or other price on the sales slip or other proof of sale. (7-1-26)

03. Reimbursement of Tax From the Buyer to the Seller. If the seller doesn't collect the sales tax at the time of the sale and it's later determined that sales tax should have been collected, the seller can then collect the sales tax from the buyer if the delinquent tax has been paid by the seller. The legal incidence of the tax falls upon the buyer. (7-1-26)

a. The seller is also entitled to collect reimbursement from the buyer of the interest paid on the taxes assessed. (3-31-22)

b. The seller isn't entitled to reimbursement from the buyer for penalties imposed as part of the assessment against the seller. (7-1-26)

c. The receivable established by the seller seeking reimbursement from the buyer isn't subject to expiration of the statute of limitations provided in Section 63-3633, Idaho Code. (7-1-26)

04. Examples. Available at [Sales and Use Tax Examples](#). (7-1-26)

069. INTERSTATE COMMERCE.
Sections [63-3612](#), [63-3613](#), [63-3621](#), Idaho Code

When tangible personal property is located within the state of Idaho at the time of sale and is delivered within the state of Idaho, such sale is taxable irrespective of where the parties to the contract of sale are located and where the contract was made or accepted or the funds paid. When an individual or company comes into Idaho and purchases tangible personal property or has repairs made to tangible personal property, it is an Idaho sale subject to Idaho sales tax. (7-1-26)

070. SELLER'S PERMITS.
Section [63-3620](#), [63-3620A](#), [63-3631](#), [63-3622YY](#), Idaho Code

01. Seller's Permit and Sales Tax Permit. The terms "seller's permit" and "sales tax permit" may be used interchangeably. Both refer to the permit issued to a person desiring to engage in business in Idaho as a retailer. (7-1-26)

02. Obtaining a Permit. Application for a permit and instructions are available on the Idaho State Tax Commission website. It is essential for the permit applicant to list each place of business operated by the same person, firm, or corporation. A separate permit number will be obtained for each different business name. (7-1-26)

03. Sales in Leased Premises. When any established business leases a portion of its shelves, counters or floor space to other persons selling tangible personal property to consumers, the sales from such leased space may be included in the tax return of the lessor. When the lessee conducts the leased space in the same manner as a separate business and keeps separate business records, it is mandatory for the lessee to obtain a sales tax permit. (7-1-26)

04. Cancellation of a Sales Tax Permit. It is the responsibility of a permit holder to notify the Tax Commission immediately upon any change in ownership of the permitted business or upon complete or partial termination of the permit holder's business. Complete or partial termination of a permit holder's business includes the lease of part or all the business or business location to another party who will be responsible for remitting the sales tax. This notice will include the following information: (7-1-26)

a. This notice will include the date of closure, date of sale or date of lease. If the permit holder doesn't continue to operate a business under that permit number, the notice will state that the permit should be canceled. The permit holder will return the permit or send a statement, by mail, email, phone call, or Taxpayer Access Point (TAP), that the permit has been destroyed. If the permit holder has sold or leased his business, the notice will state the last day of operation and the name of the new owner or lessee. (7-1-26)

b. If this information isn't provided to the Tax Commission and the new owner or lessee continues operation of the business on the previous owner's or operator's permit, the original permit holder may be liable for all tax incurred during the period that the new owner or lessee operated a business under the previous owner's permit. (7-1-26)

05. Suspension of Sales Tax Permits. A permit holder will notify the Tax Commission of the anticipated discontinuation of a business due to seasonal operation or for any other reason. This notice will contain the date of closure and anticipated date of reopening. Upon receipt of this information, returns will be suspended during the period of closure. (7-1-26)

06. Examples. Available at [Sales and Use Tax Rules Examples](#). (7-1-26)

071. (RESERVED)

072. APPLICATION AND PAYMENT OF USE TAX.
Sections [63-3615](#), [63-3621](#), [63-3622](#), Idaho Code

01. Imposition of Use Tax. Use tax is imposed upon the privilege of using, storing, or otherwise consuming tangible personal property within Idaho. The tax is imposed on the value of the tangible personal property. (7-1-26)

02. Use. The term "use" doesn't include use of tangible personal property incidental to the performance of a contract if the owner of the tangible personal property is a business primarily engaged in producing tangible personal property for resale and the property is exempt in Idaho Code. See Sections 012 and 079. (7-1-26)

03. Receipt Showing Idaho Sales Tax Paid. If the property is purchased from a retailer and Idaho sales tax is charged by and paid to the retailer, then no use tax will apply. A purchase order issued by the buyer advising the retailer to charge or include the Idaho sales tax isn't sufficient evidence that the tax has been paid. The retailer's receipt provided to the buyer that displays separate statement of the tax relieves the buyer of the use tax requirements. (7-1-26)

04. Out-of-State Purchases. If the property is purchased outside the state or from a retailer not subject to the Tax Commission's jurisdiction and is subsequently used, stored, or otherwise consumed in this state, then a use tax will apply. The buyer reports and pays use tax directly to the Tax Commission by filing a use tax return on the forms prescribed by the Tax Commission. (7-1-26)

05. Taxes Paid to Another State. The taxpayer may offset from the use taxes payable to Idaho any amount of general sales or use taxes paid to another state on the purchase or use of the same property if paid by the same taxpayer. A credit can't be claimed for taxes erroneously paid to another state if no taxable sale or use under the laws of that state occurred. In determining whether a tax is due in the state where paid, the Tax Commission will be bound by the laws, rules, and administrative rulings of the state to which tax is paid. (7-1-26)

a. If the amount of tax levied by the state to which it is paid is less than the amount of the Idaho tax due, then the balance will be paid as Idaho tax. (7-1-26)

b. If the amount of tax levied by the state to which it is paid is equal to or greater than the Idaho tax, then there will be no taxes due to Idaho regarding the same transaction or subsequent use of the property. (7-1-26)

c. If the taxes paid to the other state are greater than the Idaho tax, the amount of offset available is limited to the amount of Idaho tax due on the same transaction or use of the property. (3-31-22)

06. Use Undeterminable at Time of Purchase. In some cases, a buyer may be unable to determine at the time of purchase whether or not the property purchased will be used for a taxable or nontaxable purpose. A buyer engaged in both retailing and contracting business might not know whether an item will be sold at retail or withdrawn from inventory and used while performing a contract to improve real property. In these circumstances the buyer may purchase the goods tax exempt if the buyer presents documentation in Section 128. The buyer will maintain adequate accounting control to ensure that use tax is properly accrued on all taxable property. (7-1-26)

07. Tangible Personal Property Removed From Inventory. A retailer or wholesaler may purchase tangible personal property for resale without paying sales tax. The retailer or wholesaler may use inventory in displaying or demonstrating the inventory for purposes of selling the inventory in the normal course of business. If the retailer or wholesaler uses inventory for any purpose besides display or demonstration in the normal course of selling that inventory, the retailer or wholesaler owes use tax. If inventory is consumed during such a display or demonstration, the retailer or wholesaler owes use tax. The retailer or wholesaler calculates the use tax on the value of the tangible personal property. Use tax doesn't apply to any use or consumption of tangible personal property where such use is specifically exempted from use tax by Idaho Code. (7-1-26)

a. Inventory held for resale becomes subject to use tax at the time the retailer or wholesaler removes the tangible personal property from inventory. If a retailer or wholesaler removes tangible personal property from inventory and then performs additional manufacturing or processing labor, the retailer or wholesaler should calculate use tax on the acquisition cost before the additional labor. However, if a retailer or wholesaler removes tangible personal property after performing additional manufacturing or processing labor, the retailer or wholesaler calculates use tax on the total inventoried cost including the additional labor. (3-31-22)

08. Examples. Available at [Sales and Use Tax Rules Examples](#). (7-1-26)

073. TANGIBLE PERSONAL PROPERTY BROUGHT OR SHIPPED TO IDAHO.
Sections [63-3615](#), [63-3621](#), [63-3621A](#), Idaho Code

01. Equipment Brought into Idaho. Equipment or other tangible personal property brought or shipped to Idaho by residents or nonresidents is presumed to be for storage, use, or other consumption in this state. Generally, tangible personal property is subject to use tax on its fair market value when it is first used in Idaho. (7-1-26)

02. Substantive Use. Any substantive use of the property in Idaho is sufficient to subject the property to use tax. The use tax doesn't apply to the use of items purchased before July 1, 1965, or the use of items excluded from tax by Idaho Code. (7-1-26)

03. Examples. Available at [Sales and Use Tax Rules Examples](#). (7-1-26)

074. -- 076. (RESERVED)

077. EXEMPTION FOR RESEARCH AND DEVELOPMENT AT THE IDAHO NATIONAL LABORATORY (INL).

Section [63-3622BB](#), Idaho Code

01. Real Property. The exemption doesn't apply to real property or to tangible personal property which will become improvements or fixtures to real property. See Sections 012 and 067. (7-1-26)

02. Incidental Use of Property. This exemption doesn't extend to the incidental use of any tangible personal property which fails to meet the test of primary or direct use or consumption. (7-1-26)

a. Areas of support which are considered incidental include: communications equipment; office equipment and supplies; janitorial equipment and supplies; training equipment and supplies; dosimetry or radiation monitoring equipment which lacks the capability of giving an immediate indication and would not result in an immediate evacuation of personnel or shutdown of equipment; subscriptions or technical manuals which provide technology not primarily used or directly connected to the research activity; and hot and cold laundry operations. (3-31-22)

b. Materials of common support which are considered incidental include: clothing for weather protection or of a reusable nature; hand tools which are not subject to contamination at the time of initial use; protective coverings which are protection from other than radiation or are of a reusable nature; and all safety equipment and supplies which don't protect from direct radiation exposure. (7-1-26)

03. Property Directly Used or Consumed. Tangible personal property primarily or directly used or consumed in a research and development activity to perform quality assurance on research equipment isn't taxable. Items of a general support nature, such as coveralls, are taxable. (7-1-26)

04. Parts for Equipment. The use of tangible personal property which becomes a component part of research equipment being calibrated within a calibration lab isn't taxable; whereas the use of parts and equipment in calibrating or for the repair of other maintenance equipment is taxable. (7-1-26)

05. Radioactive Waste. The initial containment or storage of radioactive waste is an exempt use. Any further processing or transporting of such waste not relating to a research and development activity is a taxable use. (3-31-22)

06. Agreements with Contractors. The Tax Commission may enter into agreements with contractors engaged in research at the INL prescribing methods by which the contractor or contractors may accrue use tax based on the accounting procedures obligated by the U.S. Department of Energy. (7-1-26)

078. MOTOR FUELS.

Sections [63-2421](#), [63-2431](#), [63-3621](#), [63-3622C](#), [63-3622D](#), [63-3622G](#), Idaho Code

01. Exemptions. (3-31-22)

a. Motor fuels taxed under [Title 63, Chapter 24, Idaho Code](#), are exempt from sales and use taxes. If such purchases are later included in credits or refunds for motor fuels taxes paid and not subject to taxes imposed by [Title 63, Chapter 24, Idaho Code](#), and no other exemption applies, sales and use taxes are applicable. (7-1-26)

b. The sale or use of fuel for subsequent use outside this state and fuel brought into this state in the fuel tanks of vehicles in interstate commerce may be exempt. It is mandatory for carriers engaging in interstate commerce to maintain sufficient verifiable statistical data to substantiate any exemption claimed for fuel purchased in Idaho for use outside this state. In the case of a substantial change in the mode of operation of the carrier or other circumstances that would cause the statistical data to be invalid, the carrier needs to review and adjust the exemption claimed accordingly. (7-1-26)

02. Exclusion from Exemption. Purchase or use of any fuels may be subject to sales and use taxes if no other exemption applies. The following, without limitation, are taxable: (7-1-26)

a. Fuel used by a road contractor in the operation of construction equipment or operation of stationary engines to generate electricity, unless all the electricity generated is used primarily and directly in the processing, manufacturing, or fabricating of tangible personal property to be sold at retail. (7-1-26)

b. Fuel used by private contractors in off-road vehicles in the performance of contracts with any governmental instrumentality. (3-31-22)

079. PRODUCTION EXEMPTION.

Sections [63-3622](#), [63-3622D](#), [63-3622X](#), [63-3622HH](#), Idaho Code

01. In General. The production exemption provides an exemption from sales and use taxes for certain tangible personal property used in production activities. Differences in the way a specific taxpayer conducts business can result in taxability determinations that are different for other taxpayers. Determinations of taxability are based upon the equipment's primary use when such equipment is used for more than one (1) purpose. (7-1-26)

a. For the purposes of this section, a separately operated segment of a business is a segment of a business for which separate records are maintained and which is operated by an employee or employees whose primary employment responsibility is to operate the business segment. (7-1-26)

b. The production exemption doesn't include the performance of contracts to improve real property, such as road or building construction, or to service-related businesses not devoted to the production of tangible personal property for ultimate sale at retail. (7-1-26)

02. Exempt Purchases. As applied to manufacturing, processing, mining, or fabrication operations, sales and purchases of the following tangible personal property are exempt, except as limited by other subsections of this section: (7-1-26)

a. Equipment such as cranes, manlifts, and scissor lifts used primarily to install production equipment. (3-31-22)

b. Equipment used primarily to fabricate production equipment. (3-31-22)

c. Equipment and supplies used in the performance of a quality control function which is an integral and necessary step in maintaining specific product standards. (3-31-22)

03. Production Process Beginning and End. The production process begins when raw materials used in the process are first handled by the operator at the processing plant or site. The production process ends when the product is placed in storage, however temporary, ready for shipment or when it reaches the final form in which it will be sold at retail, whichever occurs last. See Section 083 regarding farming. (7-1-26)

04. Taxable Purchases. The production exemption doesn't include any of the following: (7-1-26)

a. Motor vehicles that are to be licensed by Idaho law, but not licensed, are taxable. A motor vehicle not obligated to be licensed is exempt under the production exemption only if it meets the tests in Subsection 079.03 of this section. (7-1-26)

b. Paint, plastic coatings, and similar products used to protect and maintain equipment, whether applied to production equipment or other equipment. (7-1-26)

c. Fuel used in equipment while performing activities that don't qualify for the production exemption. (7-1-26)

d. Equipment used primarily to construct, improve, alter, or repair real property. (3-31-22)

05. Transportation Activities. (7-1-26)

a. Transportation includes the movement of tangible personal property over private or public roads or

highways, canals, rivers, rail lines, through pipelines or slurry lines, or on private or public aircraft. (3-31-22)

b. Transportation includes movements of tangible personal property from one (1) separate location which is a continuous manufacturing, processing, mining, fabricating or farming activity to another separate location which is a continuous exempt activity or process. (3-31-22)

c. Transportation includes movement of raw materials, except farm produce, from a point of initial extraction or severance or importation to a point where processing, manufacturing, refining, or fabrication begins. See Section 083 regarding farming. (7-1-26)

06. Special Rules. Special rules apply to irrigation equipment, contractors, loggers, and farmers who act as retailers. Refer to the specific rules relating to those subjects. (3-31-22)

080. LUMBER MANUFACTURING.

Sections [63-3622](#), [63-3622D](#), [63-3622X](#), [63-3622HH](#), Idaho Code

This sections illustrates the application of the production exemption to the lumber manufacturing industry and is based upon the usual methods of doing business used in the industry In cases not covered by this section, the general principles of the production exemption apply. This section is limited in application to the manufacturing of rough and finished lumber and doesn't encompass the manufacturing of plywood, particleboard, veneer, or paper products. (7-1-26)

01. Nontaxable Activities. Generally considered as nontaxable activities are the following: (3-31-22)

a. Log receiving including log loaders, cranes, and front end loaders. (3-31-22)

b. Log deck/log pond including log loading equipment and boats moving logs from the storage area to the de-barker; sprinkler equipment when used for prevention of product deterioration; and devices used to detect metal in logs. (3-31-22)

c. Debarking equipment used to strip bark from logs including conveyor equipment for moving debarked logs further into the mill or for conveying bark when bark is used as boiler fuel or when conveying bark to a further processing stage. (3-31-22)

d. Chipper, used to produce chips including chip storage bins and pneumatic conveyors. (3-31-22)

e. Mill deck, as used for grading and cutting to length. (3-31-22)

f. Headrig/shotgun, as used for sawing logs. (3-31-22)

g. Edger, as used for edging rough lumber. (3-31-22)

h. Trimmer, as used for trimming to length. (3-31-22)

i. Resaw, as used for producing the proper thickness. (3-31-22)

j. Green chain, as used to determine according to size and species the amount of mandatory time in the dry kiln. (7-1-26)

k. Dry kiln, as used to reduce moisture content. This exemption encompasses fire brick, steam pipe, and fans inside the kiln but doesn't include improvements to real property. (7-1-26)

l. Unstackers. (3-31-22)

m. Planers, as used for finishing, grading and grade stamping of specialty products. (3-31-22)

n. Boiler when used for the generation of steam used to operate production equipment. (3-31-22)

- ## 081. UNDERGROUND MINING

This section illustrates the application of the production exemption to the underground mining industry and is based on the usual methods of doing business in the industry. In cases not covered by this section, the general principles apply. (7-1-26)

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mining area. (7-1-26)

02. Taxable Purchases. The following are generally considered taxable: (3-31-22)

a. Diamond drilling activities used for exploration. (3-31-22)

b. Air ventilation and conditioning if an improvement to real property including fans, motors, vent ducts; coolers; and air doors. (3-31-22)

c. Water lines and pumps used to remove water from the mine if improvements to real property. (3-31-22)

d. Safety equipment and supplies used somewhere other than a mining area, such as an office, or not mandated by a state or federal agency even if used in a mining area. (7-1-26)

e. Maintenance and cleanup using backhoes, except when the primary use is to recover ore or waste; equipment used to repair or maintain mining equipment; battery maintenance equipment including battery chargers, and shop supplies and other materials or supplies which don't become a component part of production exempt equipment. (7-1-26)

f. Sampling/assaying for purposes other than quality control. (3-31-22)

082. ABOVEGROUND, OPEN PIT, MINING.

Sections [47-701](#), [47-701A](#), [63-3605H](#), [63-3622](#), [63-3622D](#), [63-3622X](#), [63-3622HH](#), Idaho Code

This section illustrates the application of the production exemption to the aboveground, open pit, mining industry and is based on the usual methods of doing business in the industry. In cases not covered by this section, the general principles of the production exemption apply. This section applies only to activities related to aboveground mining, which doesn't include soil extraction. (7-1-26)

01. Exempt Purchases. The following are generally considered nontaxable: (3-31-22)

a. Drilling and blasting, to loosen overburden for removal or, to define limits of existing ore bodies using track drills, rotary drills, and compressors to operate them, drill rods, drill bits, explosives, caps, fuses, etc., for this purpose. (3-31-22)

b. Ore and overburden extraction and removal using front end loaders, track loaders, power shovels, backhoes, scoop loaders, and similar equipment used to extract and load ore or strip and load overburden. (3-31-22)

c. Hauling of ore and overburden to stockpiles, loading sites, or disposal sites on the mine site using scrapers, carryalls, and off-highway trucks and trailers. (3-31-22)

d. Ore sorting, grading, sizing, and crushing operations, including unloading from transport devices using bulldozers, front end loaders, crushers, conveyors, and similar equipment. (3-31-22)

02. Taxable Purchases. The following are generally considered taxable: (3-31-22)

a. Exploration, where the primary purpose is to discover new ore bodies using equipment, including rotary drills, drill rigs, blasting equipment, seismic equipment, cats, bulldozers, and other materials and supplies, primarily used for such activities. (3-31-22)

b. Real property improvements, construction, and maintenance activities, including materials and equipment used primarily for constructing or maintaining buildings, fences, railroads, concrete pads and footings, and roads. Equipment, including cranes, concrete equipment, and post hole diggers primarily used for such purposes. Materials and supplies, including lumber, steel, roofing, trusses, fence posts, gates, and wire; and concrete, rebar, and re-mesh. (3-31-22)

c. Maintenance and cleanup activities, including those where the primary purpose is to maintain

equipment and facilities or cleanup grounds and roads, except where cleanup activities are done primarily to recover ore. Shop or other equipment used primarily to repair, clean, or maintain production equipment, including welders, lathes, shop tools, hoists, cranes, mechanics' trucks, oiling trucks and trailers, steam cleaners, and testing equipment. Shop and other materials and supplies which won't become a component part of production equipment. (7-1-26)

d. Land reclamation activities, including activities where mined ore pits or panels are filled in, shaped, and reseeded, including seed or seedlings, fertilizers, soil conditioners, soil, and bulldozers, scrapers, and seed drills primarily used for this purpose; however, equipment primarily used for ore and overburden extraction and loading is exempt, even though this equipment is also used in land reclamation. (3-31-22)

e. Transportation of personnel and materials, including transportation to and from worksites or about the mine in general using buses, people movers, trailers, trucks, or similar equipment. (3-31-22)

f. Equipment and supplies used in transportation activities where ore or overburden is moved between geographically separated mine sites, processing plants or disposal sites, if 1) a substantial break in the production activities occurs, and 2) the activity doesn't sort, grade, size, crush, or in some other way further process the ore. Transportation activities include loading, transporting, unloading, and stockpiling. A substantial break in the production activities occurs when the product is transported between geographically separated production sites by means of public roads, waterways, airways, railways, or any other public means. The production facility to which the product is transported is a separate processing facility, and the equipment and supplies used to transport the product taxable. Taxable equipment includes: trucks and trailers, whether licensed or unlicensed; railroad equipment; barges and other watercraft; pipelines; conveyors; front end loaders; and bulldozers. If the means of transport to processing plants, smelters, etc., doesn't constitute a substantial break in the process, such as a slurry line directly from the mine to the plant, then the loading and unloading activities are not taxable. (7-1-26)

g. Personnel support activities, including facilities, equipment, and supplies for eating, sleeping, and recreation. Taxable items include eating trailers, utensils and food, beds, linens, clothing provided to employees at no charge, and pool tables. (7-1-26)

083. FARMING AND RANCHING.

Sections [63-3603](#), [63-3622](#), [63-3622D](#), [63-3622W](#), [63-3622X](#), [63-3622HH](#), Idaho Code

This section illustrates the application of the production exemption to the farming and ranching industry and is based on the usual methods of doing business in the industry. In cases not covered by this section, the general principles of the production exemption apply. (7-1-26)

01. In General. Farming applies to a business operated with the intention of making a gain or profit. Farming doesn't include operation of ranches or stables where the sole purpose is showing or racing horses, or the breeding of show or race horses. (7-1-26)

02. Transportation Activities. Equipment used to move farm produce to initial storage is exempt, even though it may be mounted on a vehicle which is mandated to be licensed and is taxable. Equipment qualifies for this exemption if: (7-1-26)

- a.** It is readily removable from the vehicle on which it is mounted; (3-31-22)
- b.** It is separately stated on the vendor's invoice; and (3-31-22)
- c.** It's sold to a qualified farming operation. (7-1-26)

03. The Farming Exemption Doesn't Include: (7-1-26)

a. Property purchased to meet the personal needs of a farmer, a farmer's family, or employees. Items excluded from the exemption include, but are not limited to, hand soap, toothpaste, shampoo, blankets, sheets, pillowcases, towels, washcloths, irrigation boots, coveralls, gloves, other clothing, and grocery items. (7-1-26)

b. Food and supplies purchased for barnyard and household pets, such as cat and dog food, are taxable. Even though a dog may occasionally be used for herding livestock or a cat may control mice in the barn, the

supplies purchased for their care and maintenance don't qualify for the production exemption. Only when a dog's SOLE purpose is the herding or protection of a rancher's livestock may the food and supplies for the dog be purchased tax exempt under the production exemption. (7-1-26)

c. Livestock trailers which may be attached to motor vehicles used to transport horses, cattle, sheep, or other farm animals on public roads are transportation equipment and are taxable. (3-31-22)

d. Motor vehicles mandated to be licensed are taxable even when used exclusively in a farming operation. Motor vehicles purchased, but not licensed, by a farmer for use exclusively in an off-road production activity, such as a feed truck, are not taxable. (7-1-26)

04. Farmers. When farmers sell their grain, livestock, and other horticultural products for resale or processing, the sale isn't taxable if the buyer provides a properly executed exemption certificate to the farmer. When farmers sell directly to consumers or users, they will obtain a seller's permit, collect sales tax, and pay the tax on those sales to the Tax Commission. (7-1-26)

084. CONTAINERS RETURNABLE/NONRETURNABLE.
Sections [63-3622](#), [63-3620E](#), Idaho Code

01. Container. A container encloses or will enclose tangible personal property which is sold at wholesale or retail. A container may be comprised of one (1) or more components. Items used as shipping supplies which don't enclose the product are not considered to be containers. (7-1-26)

02. Taxable Containers. Containers subject to sales and use tax include containers used by persons who are providing a service rather than selling a product. (7-1-26)

03. Supplies. Shipping, selling, or distribution supplies are not considered to be containers and are taxable when purchased by the shipper, seller, or distributor, such as: (3-31-22)

a. Shipping pallets and lumber stickers when not banded or shrink wrapped to the product to be sold, thereby not becoming a part of the container. (3-31-22)

b. Banding or binders used to secure goods to transportation equipment. (3-31-22)

c. Price stickers and address labels affixed to containers that don't provide any product information such as weight, quantity, nutritional value, or other necessary product description. (7-1-26)

04. Examples. Available at [Sales and Use Tax Rules Examples](#). (7-1-26)

085. SALES TO AND PURCHASES BY NONPROFIT ORGANIZATIONS.
Sections [63-3622](#), [63-3622O](#), Idaho Code

The Sales Tax Act doesn't provide any general exemption for charitable or nonprofit organizations, corporations, associations, or other entities. Specific statutory provisions provide exemptions for some charitable organizations. Unless an exemption is clearly granted to a specific organization or to specific sales or purchases by a specific organization or a class of organization, no exemption applies. Special rules apply to religious organizations. (7-1-26)

086. – 087. (RESERVED)

088. SALE OR PURCHASE OF MATTER USED TO PRODUCE HEAT BY BURNING.
Sections [63-3612](#), [63-3613](#), [63-3622](#), [63-3622G](#), Idaho Code

01. Heating Matter. Matter used to produce heat by burning includes natural gas, liquefied propane, coal, wood, oil, petroleum, and their by-products. The phrase "used to produce heat by burning" means the act of incineration of material in a furnace or similar device for the purpose of raising or maintaining the temperature in an enclosed space, dwelling, or building including a building under construction, and includes heating water and cooking. (7-1-26)

02. Bulk Sales. Heating matter delivered in bulk to a dwelling or building for the purpose of producing heat by burning and properly identified by the seller in their books and records, on the delivery ticket, and invoice to the customer, relieves the vendor of the responsibility to obtain a sales tax exemption certificate from the buyer.

(7-1-26)

03. Liquefied Propane. Sales of liquefied propane in units of fifteen (15) gallons or less is considered to be used to produce heat or for domestic home use by burning. These sales don't require a properly executed sales tax exemption certificate from the buyer. These sales are exempt from tax regardless of the use to which the buyer places the liquefied propane.

(7-1-26)

04. Documentation of Other Exempt Sales. Sales of natural gas, liquefied propane (over fifteen (15) gallons), coal, wood, oil, petroleum, and its by-products are taxable, unless exempted or excluded elsewhere in the Sales Tax Act. Sales are documented in the following manner:

(7-1-26)

- a.** If purchased for resale, the seller obtains a properly executed resale certificate from the buyer.
(7-1-26)
- b.** If purchased to produce heat or domestic home use by burning and isn't bulk delivered, the seller either:
(7-1-26)
 - i.** Obtains a properly executed exemption certificate from the buyer; or
(7-1-26)
 - ii.** Has the buyer to complete a stamped or imprinted statement on a sales invoice or purchase order containing the following:

This tax exemption statement qualifies if this statement is signed by the buyer and contains all the of the following information: buyer's name, buyer's address, a Federal Employer Identification Number (EIN) or driver's license number, and state of issue. The statement is;

I certify that the fuel purchased will be used in a device for the purpose of domestic home use or heating an enclosed space, dwelling, or building. By signing this statement, I understand and know that submitting a false claim can result in tax due, interest, criminal and civil penalties.

BUYER'S SIGNATURE

(7-1-26)

- c.** The signature of the buyer on this statement will be in addition to any other signature on the invoice, receipt, or purchase order.
(7-1-26)

089. – 090. (RESERVED)

091. SALES TO AMERICAN INDIAN TRIBAL MEMBERS.

01. Sales to American Indians. American Indians make sales tax free purchases if these purchases are made within the boundaries of an American Indian Reservation. The retailer will retain documentation supporting the fact that a buyer is an enrolled member of an American Indian Tribe. Presentation of an identification card issued by one (1) of the American Indian tribes will be acceptable for this purpose.

(7-1-26)

02. Records. The retailer will maintain records in support of these exempt sales. Any of the following methods are accepted by the Tax Commission:

(7-1-26)

- a.** Recording of the buyer's name and number from the buyer's tribal identification card on the sales slip.
(3-31-22)
- b.** Recording the name and number from the buyer's tribal identification card on the cash register tape beside the record of the purchase.
(3-31-22)

c. Completion of an exemption certificate recording the number from the buyer's tribal identification card. (3-31-22)

03. Sales of Motor Vehicles to Indians. See Section 107. (7-1-26)

092. OUT-OF-STATE SALES.

Sections [63-3612](#), [63-3613](#), [63-3622Q](#), Idaho Code

The seller will maintain records to support the out-of-state sales exemption. (7-1-26)

093. (RESERVED)

094. EXEMPTIONS ON PURCHASES BY POLITICAL SUBDIVISIONS, SALES BY THE STATE OF IDAHO, ITS DEPARTMENTS, INSTITUTIONS, AND ALL OTHER POLITICAL SUBDIVISIONS.

Sections [63-3609](#), [63-3612](#), [63-3613](#), [63-3622](#), [63-3622O](#), Idaho Code

01. Sales by Political Subdivisions. Sales by the state or any political subdivision are subject to sales tax which is to be collected by the political subdivision. If taxable sales are made, a permit is mandatory. This permit is to be obtained by each sales outlet or by the office at which regular and current sales records are maintained. Taxable sales include sales of tangible personal property, admission charges, fees to use recreational facilities, recreational program fees, copies of documents for which a fee isn't set by Idaho Code and garbage service when receptacles or dumpsters are provided by the service and part of the fee represents rental of the receptacle. (7-1-26)

a. Taxable sales. Taxable sales of tangible personal property include sales of: code books; books sold by library, book fairs, etc.; maps; crime prevention signs; calendars; cafeteria sales to employees or the public; office supplies or any sale to employees; concession stands; trees, shrubs, or bedding plants; items sold to prisoners, such as cigarettes, candy, pop, etc., through vending machines; chemicals for noxious weeds; unclaimed property; chemicals for pest control; surplus property-assets; gravel, culverts, or pipe; uniforms to employees; equipment rentals with no operator; grave markers; rental of other property, golf carts, swimsuits; and nonresident or resident library cards. See Section 058. (7-1-26)

b. Admission charges. Taxable admission charges include fees for using golf courses and swimming pools, for attending athletic events, concerts, fireworks displays, and fund-raising events. (7-1-26)

c. Use of facilities for recreation. Taxable use of facilities for a recreational purpose include receipts from the use of park structures, picnic tables, fair grounds, rodeo grounds, gymnasiums, ball parks, snowmobile areas and campground areas. Exception: If an individual or organization rents or leases one (1) of these facilities and charges admission to each person using the facility, tax shouldn't be charged on the rental or lease of the facility. However, the individual or organization will apply for a seller's permit number, under which the tax on the admission will be reported and paid. (7-1-26)

d. Recreation program fees. Fees to participate in recreational programs are taxable. Some of these programs are city recreational programs in softball, baseball, basketball and football. If instruction is included in such activities as tennis, golf, or swimming, the tax isn't due on the separately stated instructional portion of the total fee. If not separately stated, the entire fee is taxable. (7-1-26)

e. Garbage service. Garbage service is taxable on that portion of the total charge which is the rental of the receptacle such as a dumpster. If the statement for service includes the rental of the dumpster or other receptacle but the rental charge isn't separately stated, the entire cost of the service is taxable. (7-1-26)

02. Federal Government. Sales to and purchases by the federal government and its instrumentalities are not subject to Idaho sales or use taxes except as provided by federal laws or regulations. Federal law also prevents the state of Idaho from imposing sales tax on any sales by the federal government or its instrumentalities. For purposes of Idaho sales and use tax, the American Red Cross is an instrumentality of the federal government. (3-31-22)

03. Other States. Sales to and purchases by states OTHER than Idaho and their political subdivisions

are taxable if delivery occurs in Idaho. (7-1-26)

095. MONEY-OPERATED DISPENSING EQUIPMENT.

Sections [63-3612](#), [63-3613](#), [63-3622](#), [63-3622H](#), Idaho Code

01. Money-Operated Dispensing Equipment. Money-operated equipment that dispenses tangible personal property includes equipment operated by a debit or credit card. (7-1-26)

02. Parts, Kits, or Supplies. This exemption doesn't apply to parts, kits, or supplies used to repair, refurbish, or upgrade the dispensing equipment. (7-1-26)

096. IRRIGATION EQUIPMENT AND SUPPLIES.

Sections [63-3622W](#), [63-3622HH](#), Idaho Code

01. Agricultural Irrigation. To qualify for the exemption, the irrigation equipment or supplies need to be used directly and primarily for agricultural irrigation purposes. If the use of the equipment or supplies is only incidental or only indirectly related to the agricultural irrigation process, tax applies. These include: (7-1-26)

a. An off-highway motorbike or all-terrain vehicle, ATV, used to transport men or equipment is indirectly related to the irrigation process. (3-31-22)

b. Irrigation boots worn to protect the irrigator are incidental to the process and are taxable. (3-31-22)

02. Nonagricultural Irrigation Equipment or Supplies. Irrigation equipment or supplies used for any purpose other than agriculture, such as irrigation pipelines or sprinkler systems used on a golf course, hobby farm, residence, and vacation home, are taxable. (7-1-26)

03. Real Property Improvements. The exemption applies regardless of whether the equipment becomes a part of real estate. It isn't necessary to distinguish between pipeline which retains its identity as tangible personal property and pipeline which may become incorporated into real property such as buried mainline pipe. (7-1-26)

04. Title to Equipment. The exemption applies regardless of whether the equipment is installed by a farmer, a contractor, or a subcontractor. The incidence of tax won't turn upon the determination of whether title to the irrigation equipment passed at the time of sale or after installation. (7-1-26)

097. (RESERVED)

098. FOREIGN DIPLOMATS.

Sections [63-3610](#), [63-3622](#), [63-3622O](#), Idaho Code

01. In General. The United States Government grants immunity from state taxes to diplomats from certain foreign countries. The diplomat is issued a federal tax exemption card by the U.S. Department of State. The cards are nontransferable and bear a photograph of the holder, a federal tax exemption number, and specific instructions as to the extent of the exemption granted to the diplomat. (3-31-22)

02. Federal Tax Exemption Cards. Federal tax exemption cards list all restrictions on tax exemptions on the face of the card, including whether or not the card privileges extend to both official and personal purchases. (3-31-22)

03. Documentation. A retailer documents exempt sales to a foreign diplomat by: (3-31-22)

a. Retaining a copy of the front and back of the federal tax exemption card to support the exempt sale; (3-31-22)
or

b. Recording for their permanent record the name of the bearer, the mission represented, the federal tax exemption number displayed on the card, the date of expiration, and the nature of the exemption granted to the

diplomat. (3-31-22)

099. OCCASIONAL SALES.

Sections [63-3610](#), [63-3622K](#), [63-3622YY](#), Idaho Code

01. Occasional Seller. An occasional seller of tangible personal property will provide a written statement to the buyer if requested. (7-1-26)

a. The written statement should include the following: (7-1-26)

i. Seller's name; (7-1-26)

ii. Seller's address; (7-1-26)

iii. Date; (7-1-26)

iv. Description of items sold; (7-1-26)

v. A statement that the seller isn't a retailer and has made no more than one (1) other sale of tangible personal property within the last twelve (12) months; and (7-1-26)

vi. Seller's signature. (7-1-26)

b. The buyer will retain the seller's statement as evidence that the purchase of tangible personal property isn't subject to use tax. (7-1-26)

c. Sales arranged by a third party are taxable. If any sales agent, licensed or unlicensed, participates in the sale of tangible personal property, the sale is taxable. (7-1-26)

02. Sales by a Business. Sale of assets or other tangible personal property by a business that requires a seller's permit are excluded from the occasional sales exemption. Even when the item sold isn't typically sold by the seller in the regular course of business, the sale is taxable unless another exemption applies. Example: A construction equipment dealership sells its office computer. Even though the seller does not normally sell computers, it collects sales tax on the sale of the computer as the computer is used in a business requiring a seller's permit. (7-1-26)

03. Yard Sales. Yard sales include sales referred to as garage sales, moving sales, and other similar sales if the requirements of this section are met. (7-1-26)

a. Tangible personal property may be sold exempt at a home yard sale if it meets the following requirements: (7-1-26)

i. The sale lasts no more than a few days. (7-1-26)

ii. The seller isn't in the business of regularly selling the same or similar property as what is sold at the yard sale. (7-1-26)

iii. The items offered for sale are not purchased for the purpose of reselling them. (7-1-26)

iv. The items offered for sale are owned by the seller. (7-1-26)

v. The sale is conducted at the seller's home. (7-1-26)

vi. The seller has no more than two (2) yard sales in a calendar year. (7-1-26)

b. If two (2) or more sellers jointly hold a single yard sale, it counts as one (1) of the two (2) exempt yard sales for each seller participating. (7-1-26)

- 04. Examples.** Available at [Sales and Use Tax Rules Examples](#). (7-1-26)

100. PRESCRIPTIONS.

Sections [63-3612](#), [63-3613](#), [63-3622](#), [63-3622N](#), Idaho Code

01. Documenting Exempt Sales. The seller keeps the written prescription or work order on file to document an individual's exemption. Sales made without a prescription or work order are taxable. The seller needs to be able to identify sales which are exempt under prescription from sales which are taxable. (7-1-26)

- a.** Refills of prescriptions on file with a seller aren't taxable. (7-1-26)

b. Some drugs may be lawfully sold without a prescription. When sold over the counter without a prescription, the drugs are subject to sales tax. When sold under a prescription, the drugs aren't taxable. (7-1-26)

02. Purchases by Practitioners. A practitioner, who is licensed under Title 54, Idaho Code, to administer or distribute a medical product listed in Section 63-3622N, Idaho Code, may purchase the item exempt from tax. Only the medical items named in Section 63-3622N, Idaho Code, which the practitioner is licensed to administer or distribute qualify for this exemption. (7-1-26)

03. Purchases by Nursing Homes and For-Profit Hospitals. The Sales Tax Act doesn't provide a general exemption from tax for purchases made by nursing homes and similar facilities or by hospitals operated for profit. As a result, they pay tax on all purchases, unless those items are exempted by Section 63-3622N, Idaho Code. (7-1-26)

- 04. Examples.** Available at [Sales and Use Tax Rules Examples](#). (7-1-26)

101. MOTOR VEHICLES AND TRAILERS USED IN INTERSTATE COMMERCE.

Sections [49-123](#), [63-3612](#), [63-3613](#), [63-3622](#), [63-3622R](#), Idaho Code

01. In General. An exemption from the sales and use tax is provided for the sale or lease of motor vehicles and trailers to commercial or private carriers to be substantially used in interstate commerce. This exemption is commonly called the International Registration Plan (IRP) Exemption. Commercial or private carriers are in the business of transporting persons or commodities owned by the carrier or another. Farm vehicles or noncommercial vehicles as defined by Section 49-123, Idaho Code, don't meet the requirements of this exemption. (7-1-26)

02. Documentation. Buyers claiming this exemption provide the seller or lessor with a properly completed Exemption Certificate. When a vehicle qualifying for this exemption is purchased from a retailer who isn't registered to collect Idaho sales tax, the buyer and provides a properly completed exemption certificate to the county assessor or Department of Transportation when titling or registering the vehicle in Idaho. See Section 128. (7-1-26)

03. Repair Parts and Supplies. The exemption doesn't apply to parts, supplies, or other tangible personal property purchased by persons engaged in interstate commerce. Purchases of glider kits as defined by Section 49-123, Idaho Code, will qualify if they are assembled into glider kit vehicles that will be immediately registered under the International Registration Plan (IRP). (7-1-26)

102. LOGGING.

Sections [63-3605C](#), [63-3622D](#), [63-3622HH](#), [63-3622JJ](#), [63-3622KK \(1\)\(d\)](#), Idaho Code

01. In General. The Sales Tax Act provides an exemption from sales and use taxes for certain tangible personal property used in logging activities. The provisions of this section are based on the usual methods of doing business in the logging industry. Specific factual differences in the way a specific taxpayer conducts business can result in determinations different from those stated in this section. Since some equipment may be used for more than one (1) purpose, determinations of taxability will be made based upon the primary use of the equipment. (7-1-26)

02. Real Property. The logging exemption applies only to tangible personal property. It doesn't apply to real property or to tangible personal property purchased for the purpose of becoming an improvement or fixture to real property. See Section 067 for a definition of real property. (7-1-26)

03. Property Used in Logging Operations. The logging exemption applies to tangible personal property primarily used in a logging activity without regard to the primary business activity of the person performing the logging. (7-1-26)

04. Logging Process Begins and Ends. The logging process begins when forest trees are first handled by the logger at the site where such an operation occurs. The logging process ends when the product is placed on transportation vehicles at the loading site, ready for shipment. (3-31-22)

05. Directly Used. Directly used, as applied to logging, means the performance of any of the following functions when such functions occur between the point at which the logging operation begins and the point at which the operation ends, as defined in Subsection 102.04: (7-1-26)

a. The performance of a function in the logging process that effects a physical change in the property being logged so as to render the property more marketable. (3-31-22)

b. The performance of a function which occurs simultaneously with and which is an integral part of and necessary to a function which effects a physical change in the property being logged rendering it more marketable. (3-31-22)

c. The performance of a function which is an integral and necessary step in a continuous series of functions which effect a physical change in the property being logged rendering it more marketable. (3-31-22)

d. The performance of a quality control function which is an integral and necessary step in maintaining specific product standards. (3-31-22)

06. Not Included in Logging Exemption. Along with tangible personal property referenced in Idaho Code, the logging exemption doesn't include the following activities and equipment: (7-1-26)

a. Road construction equipment and supplies such as tractors, road graders, rollers, water trucks, whether licensed or unlicensed, explosives, gravel, fill material, dust suppression products, culverts, and bridge material. (3-31-22)

b. Slash disposal or brush piling and clearing equipment and supplies, such as brush clearing machines, brush rakes, and tractors, except when part of the operation of a tree farm. (3-31-22)

c. Reforestation equipment and supplies. (7-1-26)

d. Safety equipment and supplies, including hard hats and earplugs. (3-31-22)

e. Transportation equipment and supplies including vehicles to transport logs from the loading site to the mill, whether the vehicles are licensed or unlicensed, and cable and tie-downs used to fasten logs to the vehicle. (3-31-22)

f. Paint, plastic coatings, and all other similar products used to protect and maintain equipment, whether applied to logging equipment or other equipment. (7-1-26)

g. Harvesting timber for firewood. (3-31-22)

07. Election to Pay Sales Tax. The owner of a log loader, log jammer, or similar fixed load motor equipment used in logging, not normally licensed for use on public roads, may elect to license and pay sales tax on the motor equipment rather than placing it on the personal property tax rolls, if the motor equipment may be legally operated on a public road as a commercial vehicle. (3-31-22)

a. Motor equipment licensed at the time of purchase. Sales tax applies to the total purchase price of the motor equipment. (3-31-22)

b. Motor equipment licensed after the date of purchase. Use tax applies to the fair market value of motor equipment on which no sales or use tax has been paid and which was not licensed at the time of purchase, if acquired within the last seven (7) years. See Section 63-3633, Idaho Code. Fair market value may be determined from the personal property tax records of the county assessor. (3-31-22)

08. Examples. Available at [Sales and Use Tax Rules Examples](#). (7-1-26)

103. (RESERVED)

104. RAILROAD ROLLING STOCK, PARTS, MATERIALS AND EQUIPMENT.

Sections [63-3622](#), [63-3622CC](#), [63-3622DD](#), Idaho Code

01. Definitions. As used in this section, the following terms have the following meanings. (7-1-26)

a. Railroad rolling stock. Flanged-wheel locomotives, railroad cars, maintenance of way equipment and other flanged-wheel vehicles designed and manufactured specifically for use on railroad tracks and railroad systems, including component parts thereof. (3-31-22)

b. Remanufacture/rebuild. To reconstruct, remake, reassemble or reprocess railroad rolling stock to materially extend the life of the equipment. This process requires extended removal of the railroad rolling stock from the transportation stream. (3-31-22)

c. Equipment. All equipment, other than railroad rolling stock, which is used in the actual remanufacturing/rebuilding process. (3-31-22)

d. Parts. Tangible personal property which becomes part of the remanufactured/rebuilt railroad rolling stock or which becomes part of the equipment. (7-1-26)

e. Materials. Tangible personal property which is used or consumed in the actual process of remanufacturing/rebuilding railroad rolling stock. (3-31-22)

f. Used in interstate commerce. Railroad rolling stock is used in interstate commerce when it performs a function which is necessary to the operation of a business which transports goods or people between two (2) or more states. (3-31-22)

g. Repair. To mend or restore to good usable condition railroad rolling stock which has not been damaged to an extent requiring extended removal from the transportation stream. (3-31-22)

h. Maintenance. Routine, periodic activities, such as lubrication and filter and oil changes, which are necessary to the continued use and operation of railroad rolling stock. (3-31-22)

i. Primary or primarily. Used more than fifty percent (50%) of the time to remanufacture/rebuild railroad rolling stock. (3-31-22)

02. Generally, Included Within the Exemption: (3-31-22)

a. Fuel used in testing remanufactured/rebuilt engines which are railroad rolling stock, and fuel used in equipment which is necessary to, and primarily used in, the remanufacturing/rebuilding process. (7-1-26)

03. Generally, Excluded from This Exemption: (3-31-22)

a. Motor vehicles and trailers which are licensed or mandated are to be licensed even though they may have flanged-wheel attachments which enable travel on railroad tracks. (7-1-26)

b. Tangible personal property which is used in such a way that it becomes a fixture to, or an improvement to, real property. (3-31-22)

c. Tangible personal property, equipment, parts, materials, used or consumed in an activity which is primarily repair or maintenance of railroad rolling stock. (3-31-22)

d. Fuel used in activities other than those stated in Subsection 104.03.d. of this rule and which isn't exempt under other provisions of the Sales Tax Act. (7-1-26)

e. Tangible personal property used in related activities which are not primarily remanufacturing/rebuilding activities, including: office equipment and supplies; safety equipment and supplies; equipment, other than railroad rolling stock, which is primarily used to construct, improve, alter or repair real property; and chemicals, solvents, and other cleaning agents used primarily for maintenance of the remanufacturing/rebuilding processing area. (3-31-22)

105. TIME AND IMPOSITION OF TAX, RETURNS, PAYMENTS, AND PARTIAL PAYMENTS.
Sections [63-3046](#), [63-3619](#), [63-3621](#), [63-3623](#), [63-3634](#), Idaho Code

01. Time and Imposition of Tax. (3-31-22)

a. Sales Tax. Sales tax is imposed, computed and collected at the time of sale, without regard to the provisions of any contract relating to the time or method of payment. In the case of installment sales, sales on account, or other credit sales, the seller reports as a taxable sale the entire sales price for the month in which the sale is made. No part of the sales tax may be deferred until the time the retailer collects payment from the buyer. A sale occurs when title to property passes through delivery to the customer or absolute and unconditional appropriation to a contract. Lease or rental payments are taxable during the month or other period for which the property is leased or rented. (3-31-22)

b. Use Tax. Use tax is determined at the time of the use, storage or other consumption of tangible personal property in Idaho. The tax is reported and payable in accordance with the provisions of this rule. Persons making purchases subject to use tax should apply for a use tax permit number from the Tax Commission. (7-1-26)

02. Returns. (3-31-22)

a. Monthly Filing. All retailers and persons subject to use tax are obligated to remit the tax to the state on a monthly basis unless a different reporting period is allowed by the Tax Commission. The remittance will include all sales and use tax due from the first through the last day of the preceding calendar month. (7-1-26)

b. Request to File Quarterly or Semiannually. Retailers or persons who owe seven hundred-fifty dollars (\$750) or less per quarter and have established a satisfactory record of timely filing and payment of the tax may request permission to file quarterly or semiannually instead of monthly. (3-31-22)

c. Request to File Annually. Retailers or persons who have seasonal activities, such as Christmas tree sales or repeating fair booths, may request permission to file annually. Approval of the request is at the discretion of the Tax Commission and is limited to taxpayers who have established a satisfactory record of timely filing and payment of the tax. (7-1-26)

d. Variable Filing. If the Tax Commission finds it necessary for the administration of the Sales Tax Act, it may assign an account to a taxpayer with a variable filing requirement. In such a case the taxpayer wouldn't be obligated to file returns at regular intervals. The Tax Commission may also create one-time filing only accounts for taxpayers who are making a single payment of sales or use tax. (7-1-26)

e. Change in Filing Frequency. If the Tax Commission finds it necessary for the efficient administration of the Sales Tax Act, it may require taxpayers reporting taxable sales of less than twelve thousand dollars (\$12,000) per year to file annually. (7-1-26)

f. Final Report. Whenever a taxpayer who has an obligation to file sales tax returns stops doing business, the taxpayer marks cancel on the last return the taxpayer files. This return ends the taxable year for sales or use tax purposes and constitutes the taxpayer's final report of sales or use tax activities or liabilities. The taxpayer encloses their seller's permit with their request for cancellation or sends a written statement that the permit has been

destroyed. If the taxpayer continues business activity after filing a final report, they may be subject to liabilities or penalties. (7-1-26)

03. Valid Return. A tax return or other document filed will meet the conditions prescribed below. Returns missing anything listed below are invalid. They may be rejected and returned to the taxpayer to be redone and refiled. A taxpayer who doesn't file a valid return is considered to have filed no return. A taxpayer's failure to properly file in a timely manner may result in penalties. Perfect accuracy isn't necessary for a valid return, although each of the following conditions is expected: (7-1-26)

- a.** It is submitted on the proper form, as prescribed by the Tax Commission and is complete. (7-1-26)
- b.** If necessary, copies of all pertinent supporting documentation are attached. (7-1-26)
- c.** The tax liability is calculated and has sufficient supporting information, if necessary, to demonstrate how the result was reached. A return that doesn't provide sufficient information to compute a tax liability doesn't constitute a valid return. (7-1-26)
- d.** All sales and use tax returns or other documents filed by the taxpayer will include the relevant sales or use tax permit number. (7-1-26)
- e.** The submission shows an honest and genuine effort to satisfy the requirements of the law. (3-31-22)

04. Extension of Time to File. (7-1-26)

a. The Tax Commission may, for good cause, grant authority for a taxpayer to file for an extension of time by filing an estimated return. When filing the Extension of Time estimated return, the taxpayer attaches a written request which sets forth the reason for estimating. The Tax Commission will review each request to determine if there is good cause for filing an Extension of Time estimated return. If the Tax Commission determines that the request should be denied, the taxpayer will be notified in writing and a penalty will apply to any delinquent tax due when the original return is filed. (7-1-26)

b. If the return for any period is filed on an estimated basis, the estimated return is to be filed timely and reconciled to actual figures by filing an original return within one (1) month of the due date. Any additional tax due as a result of reconciliation is to be remitted when the original return is filed and should include interest on any unpaid balance due from the due date of the return. (7-1-26)

c. The estimated tax remitted is to be at least ninety percent (90%) of the total sales and use tax due for the period or one hundred percent (100%) of the total sales and use tax due for the same month of the prior year. If the estimated tax paid is less than these requirements, a five percent (5%) penalty may be applied to the remaining tax due. (7-1-26)

d. Taxpayers wishing to file an Extension of Time estimated return will need to contact the Tax Commission to obtain the necessary forms. (7-1-26)

05. Sale and Use Tax Returns. The original return will be completed with the amount of total sales, nontaxable sales, taxable sales, items subject to use tax, and tax due inserted in the blanks. Payment will accompany the return. A complete sales and use tax return will be filed by each retailer or person subject to use tax. This return will be on a form prepared and mailed to the taxpayer by the Tax Commission. If the original is lost or destroyed, a substitute form will be supplied upon request. (7-1-26)

a. Retailers Report Own Use and Nontaxed Transactions. All retailers report any sales or purchases on which no sales or use tax was collected or paid. Goods sold or produced and consumed by the retailer, items withdrawn from stock for personal use or employee use, stock removed and used for gift or promotional purposes, or any combination of such uses are taxable. (3-31-22)

b. Reporting Adjustments. Any adjustments for additional tax due or credits claimed should be made

on the next return due after the adjustments are discovered. These adjustments are to be shown on the line designated for adjustments on the return form and will be accompanied by an explanation and any documents that support the claimed adjustment. (7-1-26)

06. Payment of Tax. (3-31-22)

a. Payment to Accompany Return. The sales and use tax return filed is to be accompanied by a remittance of the total amount due as shown on the return. Checks or other negotiable instruments should be made payable to the Tax Commission. (7-1-26)

b. Payment of One Hundred Thousand Dollars (\$100,000) or Greater. All taxes due to the state are to be paid by electronic funds transfer whenever the amount due is one hundred thousand dollars (\$100,000) or greater. (7-1-26)

c. Remittance of Collections--Bracket Exception. Retailers are obligated to remit all taxes collected from buyers, except any difference that may result from use of the bracket system described in Section 068. Any taxes erroneously collected in excess of those properly due should be refunded to the buyer by the retailer. If the retailer either cannot or doesn't make the refund during the period for which the return is due, then the retailer reports the erroneously collected taxes on the return and pay them to the Tax Commission. If the erroneously collected taxes are subsequently refunded to the buyer from whom they were collected, the retailer may claim a credit or refund of sales taxes in accordance with Section 117. Under no circumstances may a retailer retain any amount collected as sales or use tax which is greater than the retained amount authorized under the bracket system by Section 068. (7-1-26)

07. Filing Dates--General Rule. The filing date for all sales or use tax returns is the twentieth day of the calendar month immediately following the last day of the reporting period, unless otherwise allowed by these rules. This is the filing due date for all regular monthly, quarterly, semiannual, and annual accounts. If the twentieth is a Saturday, Sunday, or legal holiday, the return is due on the next following day which isn't a Saturday, Sunday, or legal holiday. (7-1-26)

106. VEHICLE SALES, RENTALS, AND LEASES.
Sections [63-3610](#), [63-3612](#), [63-3613](#), [63-3619](#), [63-3621](#), Idaho Code

01. Vehicles Purchased from Idaho Dealers. A title application form completed by the dealer showing Idaho sales tax collected is evidence that the buyer paid sales tax to the dealer. (7-1-26)

02. Vehicles Purchased from Private Parties. (3-31-22)

a. Private party sales of vehicles are taxable. The county assessor will collect tax on the gross sales price at the time of titling and registration. (7-1-26)

b. The buyer presents a bill of sale or receipt as proof of the gross sales price. Canceled checks won't be accepted in lieu of a bill of sale. In the absence of a bill of sale or receipt supporting the sales price of the vehicle, tax is collected on the value established as the average condition trade-in value in the most recent J.D. Power Official Used Car Guide for the same make, model, options, year, mileage, and condition. (7-1-26)

c. A trade-in allowance isn't allowed on a private party sale. (7-1-26)

d. A barter or exchange of vehicles or other property is taxed on the value of the vehicles and other property involved in the exchange. In the absence of documentation supporting the value of the vehicle(s), tax is collected on the value established as the average condition trade-in value in the most recent J.D. Power Official Used Car Guide for the same make, model, options, year, mileage, and condition. (7-1-26)

03. Vehicles Purchased from Retailers. (3-31-22)

a. A retailer obligated to have an Idaho seller's permit collects sales tax when selling a vehicle, even if they are not licensed as a vehicle dealer. The retailer gives the buyer the title to the vehicle, properly completing title

transfer information on the title, including the retailer's seller's permit number as proof that Idaho sales tax was collected. The retailer will also give the buyer a bill of sale stating: (7-1-26)

- i. The date of sale; (7-1-26)
- ii. The name and address of the seller; (7-1-26)
- iii. The complete vehicle description, including the vehicle identification number (VIN) that agrees with the VIN on the title; (7-1-26)
- iv. The person to whom the vehicle was sold; (7-1-26)
- v. The amount for which the vehicle was sold; and (7-1-26)
- vi. The amount of sales tax charged. (7-1-26)
- b.** If a retailer doesn't collect sales tax, the retailer will be held liable to pay the tax unless they can provide one (1) of the following to the Tax Commission (7-1-26)

- i. Satisfactory evidence that the buyer paid tax to the county assessor; (7-1-26)
- ii. A properly executed exemption certificate. (7-1-26)

04. Vehicles Rented or Leased. (3-31-22)

- a.** A rental or lease of a vehicle is taxable. See Section 024. (7-1-26)
- b.** If a lessor doesn't collect sales tax on a purchase option, the lessor will be held liable to pay the tax unless they can provide one (1) of the following to the Tax Commission: (7-1-26)

- i. Satisfactory evidence that the buyer paid tax to the county assessor; or (7-1-26)
- ii. A properly executed exemption certificate. (7-1-26)

c. The lessor collects and remits sales tax on each lease payment received from the renter or lessee. The sales tax is applicable whether the vehicle is leased or rented on an hourly, daily, weekly, monthly, mileage, or any other basis. (3-31-22)

d. Out-of-state lessors are to obtain a seller's permit and comply with this rule. If the county assessor cannot verify that the lessor is properly registered to collect the tax, title and registration could be denied. (7-1-26)

107. VEHICLES AND VESSELS – GIFTS, MILITARY PERSONNEL, NONRESIDENTS, NEW RESIDENTS, TAX PAID TO ANOTHER STATE, SALES TO FAMILY MEMBERS, AND OTHER EXEMPTIONS.

Sections [63-3605L](#), [63-3621](#), [63-3622K](#), [63-3622R](#), Idaho Code

01. Gifts of Vehicles. When the following facts clearly establish that a vehicle is being transferred as a gift from the titleholder to another, the vehicle can be transferred tax exempt if: (3-31-22)

a. No money, services, or other consideration is exchanged between the donor and recipient at any time, the recipient assumes no indebtedness, and the relationship of the donor and recipient indicates a basis for a gift. (7-1-26)

b. The donor will provide the recipient properly executed exemption certificate. The recipient will submit it to the county assessor along with the title to the vehicle being transferred. If the donor is unable to sign the affidavit, the recipient can submit either: (7-1-26)

i. A letter stating the vehicle is a gift, and signed by the donor, may be accepted by the county assessor and attached to the affidavit; or (3-31-22)

ii. The title may be marked as a gift and signed by the donor. (3-31-22)

02. Purchases Brought into Idaho by Nonresidents. (3-31-22)

a. For purposes of the nonresident exemption, a motor vehicle is considered to have been used in Idaho for a day when it is present in this state for more than sixteen (16) hours during any twenty-four (24) hour period. (7-1-26)

b. A limited liability company (LLC) or other legal entity formed by an Idaho resident under the laws of another state primarily for the purpose of purchasing and owning one (1) or more vehicles or vessels isn't a nonresident. The use of a vehicle owned by such an entity will be subject to use tax upon its first use in Idaho. (7-1-26)

03. New Residents. If an owner obtained a registration or title from another state or nation of residence more than ninety (90) days before moving to Idaho, this is proof that it was purchased primarily for use outside Idaho. New residents entering Idaho with a vehicle titled or registered in a state that doesn't impose a general sales and use tax will be obligated to provide a properly executed exemption certificate and submit it to the county assessor when applying for a title transfer or registration certificate. (7-1-26)

04. Military Personnel. (3-31-22)

a. If a military person and any accompanying spouse who own a vehicle obtained a registration or title from another state or nation of residence prior to receipt of orders to transfer to Idaho or ninety (90) days prior to moving to Idaho, whichever time period is shorter, this is proof that the vehicle was primarily for use outside Idaho. Military personnel and any accompanying spouse entering Idaho with a vehicle titled or registered in a state that doesn't impose a general sales and use tax will provide a properly executed exemption certificate and submit it to the county assessor when applying for a title transfer or registration certificate. A military person whose home of record is Idaho is a resident of this state and doesn't qualify for any exemption when bringing their vehicles back to Idaho. Military personnel receive no special exemption from the Idaho sales and use tax for purchases in Idaho of vehicles or other tangible personal property while temporarily assigned in this state. (7-1-26)

05. Tax Paid to Another State. Credit may be given for any general sales or use tax paid to another state. See Section 072. A registration certificate or title issued by another taxing state is sufficient evidence that tax was imposed at the other state's tax rate. This doesn't apply to states that don't have a general sales tax, such as Alaska, Montana, and Oregon, or when a state has exempted the vehicle from tax. (7-1-26)

06. Sales to Family Members. No tax applies to sales of motor vehicles between the following blood or legally adopted relatives: parents, children, grandparents, grandchildren, brothers, and sisters. This doesn't include persons who are related only by marriage. However, when the motor vehicle sold is community property, and it is sold to a qualifying relative of either spouse, the sale is exempt from tax. The recipient will provide a properly executed exemption certificate and submit it to the county assessor when applying for a title transfer or registration certificate. This exemption doesn't apply if the seller didn't pay tax when the vehicle was acquired. (7-1-26)

07. Sales to Nonresidents. To qualify for the nonresident exemption, the buyer needs to be a nonresident of Idaho. An Idaho resident may form an LLC or other legal entity under the laws of another state. If such an LLC or other entity is formed primarily for the purpose of owning one (1) or more vehicles or vessels it isn't a nonresident. The purchase or use of a vehicle or vessel in Idaho by such an entity is taxable. (7-1-26)

08. Examples. Available at [Sales and Use Tax Rules Examples](#). (7-1-26)

108. PURCHASE OR USE OF VEHICLES BY DEALERS, RENTAL COMPANIES, AND MANUFACTURERS.

Sections [49-1627](#), [49-1628](#), [63-3612](#), [63-3613](#), [63-3622](#), [63-3623](#), Idaho Code

01. Buying for Resale. Licensed vehicle dealers, rental companies, and manufacturers may purchase vehicles without paying sales tax when the vehicles are held for resale or rental and are only used for retention, demonstration, or display while holding the vehicles in the regular course of business. Purchases of parts installed on vehicles held in a resale inventory are exempt from sales tax. (7-1-26)

02. Titling a Vehicle. A vehicle can't be titled without documentation showing sales or use tax has been correctly paid with the following exceptions for dealers and rental companies: (7-1-26)

a. An Idaho dealer may title vehicles held for resale in the dealership name to ensure clear title to the vehicle. However, if the vehicle is registered in the dealership name, they will owe tax. (7-1-26)

b. Rental companies may title and register vehicles held in their rental inventory in their company name without paying tax. (7-1-26)

03. Dealer Plates. Any vehicle upon which a dealer's plate may be lawfully displayed is inventory held for sale and not taxable. If any use of a vehicle displaying a dealer plate requires that the dealer provide the user with a compensation form for federal income tax purposes, the amount reported is subject to use tax. The use tax will be paid by the dealer in the month immediately following the issuance of the compensation form. If a dealer makes unauthorized use or display of a dealer's plate on a vehicle which is otherwise obligated to be titled or licensed under the laws of the state of Idaho, the dealer owes use tax on the vehicle. (7-1-26)

04. Service Vehicles. Vehicles which are not held in inventory for sale or rental, such as loaner, work, or service vehicles, are taxable at the time of their purchase. Use tax will be reported and paid on the sales tax return. In titling the vehicle, the vehicle dealer reports their seller's permit number to the county assessor or Department of Transportation as evidence that sales or use tax has been paid. (7-1-26)

05. Inventory Withdrawals. Dealers may withdraw vehicles from inventory and put them to a use for which a dealer's plate isn't authorized, creating a requirement for the vehicles to be titled and licensed. Titled and licensed vehicles are taxable. Rental companies that withdraw vehicles from their rental inventory and put them to a taxable use also owe tax. Dealers and rental companies may choose one (1) of the following methods for reporting the tax: (7-1-26)

a. Report and pay use tax on their acquisition cost at the time the vehicle is withdrawn from resale inventory; or (7-1-26)

b. For each month or part of a month during which a vehicle is held for purposes other than resale, report and pay use tax on a reasonable monthly rental value. A reasonable monthly rental value is fair market rental or lease value for vehicles of similar make and model. (7-1-26)

109. AMUSEMENT DEVICES.
Section [63-3623B](#), Idaho Code

01. Requirement to Obtain Permit. The owner or operator of amusement devices obtains a seller's permit if the owner or operator makes retail sales other than the use of amusement devices. If the owner or operator doesn't make such other retail sales, the owner or operator will obtain an amusement device permit for each amusement device in service. (7-1-26)

a. Upon receiving the appropriate payment, the Tax Commission will issue to the owner or operator of one (1) or more amusement devices, a permit for each amusement device in service. The owner or operator affixes a separate permit on each amusement device in service. The permit will be affixed to the machine in such a manner that it is easily visible. Permits are transferable from one person to another after written notice of the transfer is received and acknowledged by the Tax Commission. Permits may be transferred from an amusement device that is no longer in service to another amusement device owned or operated by the same person. An amusement device permit isn't valid unless the name and business address of the owner or operator is typed or printed in black ink on the face of the permit. (7-1-26)

b. Video amusement devices may have more than one (1) monitor and be designed to be operated

independently by more than one (1) person. In such cases a separate permit is mandated for each monitor. (7-1-26)

c. Amusement device permits are renewed annually. Annual permits are valid from July 1 through June 30 and are renewed on or before July 1 by the owner or operator of the amusement devices. Amusement devices acquired after July 1 or placed in service before the next July 1 will require the appropriate fee for a full-year permit. (3-31-22)

d. If an amusement device permit is lost, stolen, or destroyed, an amusement device permit for the current year will still need to be affixed to every operating amusement device. This may require the purchase of a new permit. The Tax Commission won't issue free replacement amusement device permits regardless of the reason for the loss of the permit. (7-1-26)

02. Other Amusement Machines or Games. Charges for the use of machines or games which don't meet the definition are taxable at the prevailing rate times one hundred percent (100%) of the gross proceeds received for the use of the device. This applies regardless of the method the owner or operator uses to determine the charge, such as by the hour or by the game. The owner or operator of such amusement machines or games will obtain a seller's permit if the owner or operator charges for the use of such machines. (7-1-26)

03. Examples. Available at [Sales and Use Tax Rules Examples](#). (7-1-26)

110. RETURNS FILED BY COUNTY ASSESSORS AND FINANCIAL INSTITUTIONS.
Sections [63-3623](#), [63-3632](#), [63-3634](#), [63-3638\(9\)](#), Idaho Code

01. Filing Returns. Upon collection of sales tax on applications for certificate of title to a motor vehicle, trailer, or other titled property, or initial application for registration processed by the county assessor, the assessor will, no less than monthly, complete and submit to the Tax Commission, an Idaho Sales Tax Return-County Assessors. The assessor may, at their discretion, submit the form more frequently. But at no time will the amount of tax collected during any month be submitted later than the twentieth day of the month following the month in which the tax was collected. (7-1-26)

02. Reimbursement. The assessor and the Idaho Transportation Department will be reimbursed at the rate of one dollar (\$1) for each application for certificate of title or initial registration of a motor vehicle, trailer, or other titled property; each Transport Trailer, Office Trailer, and Untitled Boat Certificate; and each Occasional Sale Exemption Claim -- Office Trailer and Transport Trailer, processed by the assessor except those upon which any sales or use tax due has been previously collected by a retailer or paid by the buyer. (7-1-26)

03. Financial Institutions. Financial institutions collecting tax on sales of tangible personal property that they are financing, whether sold by the financial institution or another person, are to possess an Idaho seller's permit and file returns to remit the tax. If the tax collected isn't from a sale made by the financial institution, it can be reported as an adjustment on the return. Failure to remit the tax on a timely basis will result in the addition of penalties and interest. (7-1-26)

111. RECORDS AND AUDITING OF RECORDS.
Sections [63-3611](#), [63-3624](#), Idaho Code

01. In General. Every retailer doing business in this state and every buyer storing, using, or otherwise consuming in this state tangible personal property will keep complete and adequate records as may be necessary for the Tax Commission to determine the amount of sales and use tax for which that person is liable under Title 63, Chapter 36, Idaho Code. (7-1-26)

a. Unless the Tax Commission authorizes an alternative method of record keeping in writing, these records will show gross receipts from sales or rental payments from leases of tangible personal property, including any services that are a part of the sale or lease, made in this state, irrespective of whether the retailer or buyer regards the receipts to be taxable or nontaxable; all deductions allowed by law and claimed in filing the return; and the total purchase price of all tangible personal property purchased for sale or consumption or lease in this state. (7-1-26)

b. These records include the normal books of account ordinarily maintained by the average prudent

businessman engaged in such business, together with all bills, receipts, invoices, cash register tapes, or other documents of original entry supporting the entries in the books of account, together with all schedules or working papers used in connection with the preparation of tax returns. (3-31-22)

c. For taxpayers that maintain required records in both a machine-sensible and a hard-copy format, that taxpayer will make the records available to the Tax Commission in machine-sensible record format upon the Tax Commission's request. Machine-sensible records are to be maintained in the original format for the same time periods for hard-copy records outlined in Subsection 111.04 of this section. "Machine-sensible record" is a collection of related information in an electronic format. This doesn't include hard-copy records that are created or recorded on paper or stored in or by an imaging system such as microfilm, microfiche, or storage-only imaging systems. (7-1-26)

02. Alternative Storage Media. Records, including general books of account, such as cash books, journals, voucher registers, ledgers, and like documents may be retained by a storage-only imaging system and the original hard-copy documents may be discarded when all other conditions of this rule are met. A storage-only imaging system involves computer hardware, software, and other reproduction equipment that provides for the storage, retention, and retrieval of records and documents which were originally created on paper. It doesn't allow for any manipulation or processing of the documents. These records are to be authentic, accessible, readable, and meet the following requirements: (7-1-26)

a. Appropriate facilities are to be provided for preservation of the storage media for the periods open to examination and the taxpayers will provide transcriptions of any information on imaged data which may be mandatory for verification of tax liability. (7-1-26)

b. All imaged data are to be indexed, cross-referenced, and labeled to show beginning and ending numbers and to show beginning and ending alphabetical listing of documents included, and systematically filed to permit ready access. (7-1-26)

c. The taxpayer will make available upon request of the Tax Commission facilities and equipment in good working order at the examination site for reading, locating, and reproducing any record concerning sales or use tax liability maintained on storage-only imaging system. (7-1-26)

d. The taxpayer will set forth in writing the procedures governing the establishment of its storage-only imaging system and the individuals who are responsible for maintaining and operating the system with appropriate authorization from the Board of Directors, general partners, or owner, whichever is applicable. (7-1-26)

e. The storage-only imaging system is to be complete and used consistently in the regularly conducted activity of the business. (7-1-26)

f. The taxpayer will establish procedures with appropriate documentation so that the original document can be followed through the conversion system. (3-31-22)

g. The taxpayer is responsible for the effective identification, processing, storage, and preservation of storage-only imaging system making it readily available for as long as the contents may become material in the administration of any state tax law. (7-1-26)

h. The taxpayer is to keep a record identifying by whom the storage-only image system was produced. (7-1-26)

i. When displayed or reproduced on paper, the material is to exhibit a high degree of legibility and readability. For this purpose, legibility is defined as the quality of a letter or numeral that enables the observer to identify it positively and quickly to the exclusion of all other letters or numerals. Readability is defined as the quality of a group of letters or numerals being recognizable as words or complete numbers. (3-31-22)

j. All production and processing duplication, quality control, storage, identification, and inspection thereof are to meet acceptable industry standards. (7-1-26)

03. Records Prepared by Automated Data Processing Systems, ADP. An ADP tax accounting

system may be used to provide the records for the verification of tax liability. Although ADP systems will vary from one taxpayer to another, all such systems are to include a method of producing legible and readable records which will provide the necessary information for verifying such tax liability. The following requirements apply to any taxpayer who maintains any such records on an ADP system: (7-1-26)

a. Recorded or re-constructible data. ADP records will provide an opportunity to trace any transaction back to the original source or forward to a final total. If detailed printouts are not made of transactions at the time when they are processed, the systems are to have the ability to reconstruct these transactions. (3-31-22)

b. General and subsidiary books of account. A general ledger, with source references, is to be written out to coincide with financial reports for tax reporting periods. In cases where subsidiary ledgers are used to support the general ledger accounts, the subsidiary ledgers will also be written out periodically. (3-31-22)

c. Supporting documents and audit trail. The audit trail is to be designed so that the details underlying the summary accounting data may be identified and made available to the Tax Commission upon request. The system is to be so designed that supporting documents, such as sales invoices, purchase invoices, credit memoranda, and like documents are readily available. (7-1-26)

d. Program documentation. A description of the ADP portion of the accounting system is to be made available. The statements and illustrations as to the scope of operations should be sufficiently detailed to indicate: The application being performed; the procedures employed in each application, which might be supported by flowcharts, block diagrams, or other satisfactory descriptions of the input or output procedures; the controls used to insure accurate and reliable processing; and important changes, together with their effective dates, are to be noted in order to preserve an accurate chronological record. (7-1-26)

e. Data storage media. Adequate record retention facilities are to be available for storing tapes and printouts, as well as all supporting documents as may be mandated by law or this section. (7-1-26)

04. Record Retention. All records pertaining to the transactions involving sales or use tax liability are to be preserved for a period of not less than four (4) years. If an assessment has been made and an appeal to the Tax Commission or any court is pending, the books and records relating to the period under appeal by such proposed assessment will be preserved until final disposition of the appeal. (7-1-26)

05. Examination of Records. All of the foregoing records are to be made available for examination on request of the Tax Commission or its authorized representatives. (7-1-26)

06. Failure of the Taxpayer to Maintain or Disclose Complete and Adequate Records. Upon failure by the taxpayer, without reasonable cause, to substantially comply with the requirements of this rule, the Tax Commission will: (7-1-26)

a. Impose any penalty as may be authorized by law. (3-31-22)

b. Subpoena attendance of the taxpayer and any other witness when the Tax Commission deems it necessary or expedient for examination and compel the taxpayer and witness to produce any documents within the scope of its inquiry relating in any manner to the sales and use tax. (7-1-26)

c. Enter such other order as may be necessary to obtain compliance with this rule in the future by any taxpayer found not to be in substantial compliance with the requirements of this rule. (3-31-22)

112. DIRECT PAY AUTHORITY.
Sections [63-3624](#), [63-3629](#), [63-3631](#), Idaho Code

01. In General. A Direct Pay Authority is granted to certain taxpayers where it is to the mutual convenience of the Tax Commission, the taxpayer, and the taxpayer's vendors to have the sales and use tax liability upon the taxpayer's purchases determined by the taxpayer and reported directly to the state in the form of a use tax. This authorization allows vendors to sell all items of tangible personal property to the taxpayer without charging any sales tax. The only effect of this arrangement is to shift the reporting responsibility to the taxpayer holding the

authorization. (7-1-26)

02. Taxable Purchases. If the particular transaction would have been taxable without the authorization, then the taxpayer holding the authorization pays sales tax to the state even if the use of the item isn't subject to use tax. If the taxpayer holding the authorization buys goods from a retailer holding an Idaho seller's permit, then the taxpayer pays sales tax on the transaction even if the goods are intended for use solely outside the state. (7-1-26)

03. Documentation. To purchase tangible personal property without paying sales tax to the vendor, the taxpayer holding an authorization provides a copy of that authorization to each vendor. (3-31-22)

04. Holder's Responsibilities. The authorization is granted only to those taxpayers who have demonstrated, to the Tax Commission's satisfaction, the accounting and technical capability to comply with the Sales Tax Act. Direct pay authority holders make all purchases of tangible personal property tax exempt and all taxes due as mandated by the Idaho Sales Tax Act will be remitted directly to the Tax Commission by the direct pay authority holder. Vendors will be allowed to sell all items of tangible personal property to the direct pay authority holder without charging sales tax provided they obtain and keep on file a copy of the letter granting the direct pay authority. (7-1-26)

05. Revocation. The Tax Commission may revoke authorization if it determines that the taxpayer isn't complying with this rule or if the taxpayer is allowing contractors or other third parties to make exempt purchases under its authority. Notice of revocation will be given in the manner provided for deficiencies in taxes in Idaho Code and is subject to review as provided in Idaho Code. Should the Tax Commission revoke a taxpayer's direct pay authority, it will be the taxpayer's responsibility to notify his vendors of the revocation. (7-1-26)

06. Tax Imposed by Hotel/Motel Room Sales Tax. The authorization can't be used for taxes imposed on lodging accommodations. State sales tax, Travel and Convention tax, and Auditorium or Community Center District tax, when applicable, is charged by and paid to the retailer by the direct pay permittee. (3-31-22)

07. Valid Only on Purchases of Tangible Personal Property. The authorization is valid only on purchases of tangible personal property. The taxpayer can't use the authorization when engaging contractors involved in improving real property. (7-1-26)

08. Expiration. Direct Pay Authority is granted for a period of five (5) years. If the authorization isn't renewed at the end of the expiration period, the authorization will expire automatically. (7-1-26)

113. RECREATIONAL VEHICLE REGISTRATION.
Sections [63-3612](#), [63-3622K](#), [63-3622R](#), [63-3622HH](#), Idaho Code

01. Snowmobile, Motorbike, ATV, or UTV. A new owner of a new or used snowmobile, motorbike, or ATV will obtain a title for the recreational vehicle with the Idaho Transportation Department. The buyer will present evidence that sales tax was paid to the seller of the recreational vehicle, or pay any tax due before a title will be issued. (7-1-26)

02. Boat. A boat owner registers his boat each year with the Department of Parks and Recreation through authorized agents appointed by that department. (3-31-22)

a. When registering the boat for the first time or transferring the registration to a new owner, the owner will complete a valid exemption except as provided in Subsection 113.02.c. of this section. (7-1-26)

b. Each month the Department of Parks and Recreation will forward to the Tax Commission the copies of the valid exemption submitted by its agents. (7-1-26)

c. When registering a boat with a county assessor acting as an authorized agent of the Department of Parks and Recreation, the requirements of this rule don't apply. The assessor will collect and remit to the Tax Commission any sales or use tax due. (7-1-26)

114. SALES UNDER THE SNAP AND WIC PROGRAMS, RECORDS FOR PAYMENTS WITH ELECTRONIC BENEFIT TRANSFER CARDS AND WIC TENDER.

Sections [63-3622EE](#), [63-3622FF](#), Idaho Code

01. In General. Sales of food purchased under the Federal Supplemental Nutrition Assistance Program (SNAP) or the Federal Special Supplemental Food Program for Women, Infants, and Children (WIC) are exempt from the Idaho sales tax. Sales of food under these programs are exempt whether the buyer uses electronic benefit transfer (EBT) cards, WIC tender, or any other exchange medium authorized for these programs by federal law. (3-31-22)

02. Records. Retailers who accept EBT cards or WIC tender as payment are to maintain accurate records of those sales. Adequate records include sales reports or tender-type reports with collections of each type. (7-1-26)

115. RECORDS, NONTAXED SALES BY RETAIL FOOD STORES.

Section [63-3624\(d\)](#), Idaho Code

01. Retail Food Store. For the purposes of this section, retail food stores means grocery stores; meat and fish markets; fruit and vegetable markets; candy, nut, and confectionery stores; dairy product stores; retail bakeries; and egg and poultry dealers who's sales are more than fifty percent (50%) for home preparation and consumption. (7-1-26)

02. Form. Retail food stores may apply for reduced record keeping requirements by submitting a Petition for Sales Tax Records Reduction by a Retail Food Store to the Tax Commission. (7-1-26)

03. Authority. If authority for reduced record keeping is granted by the Tax Commission, a retail food store isn't mandated to keep detailed sales invoices if a properly completed resale or exemption certificate is obtained from the customer and thereafter a properly completed Sales Tax Exemption Claim Form-Grocer for each exempt sale. The completed claim form includes the following information: the name of the customer; the total purchase price of the exempt items; the date of the sale; whether the nontaxed merchandise sold consisted of food, nonfood items or both; and the signature of the person making the exempt purchase. If available, the retail food store may keep records electronically on the point of sales system. (7-1-26)

116. BONDING.

Section [63-3625](#), Idaho Code

01. Posting Security. The Tax Commission may require a retailer to post security to ensure collection and remittance of sales and use taxes for cause including: (7-1-26)

- a.** A retailer failing to file sales tax returns. (3-31-22)
- b.** A retailer failing to remit in full taxes due upon any sales tax return. (3-31-22)
- c.** A retailer with a consistent history of delinquency either in the filing of returns or payment of tax. (3-31-22)
- d.** The submission of a check for the payment of taxes which is subsequently dishonored. (3-31-22)
- e.** The filing of a fraudulent return or any return which fails to report all taxable transactions for the period for which the return relates. (3-31-22)
- f.** A retailer evidencing serious financial instability which, in the opinion of the Tax Commission, creates reasonable doubt as to the ability of the retailer to pay over sales and use taxes collected. (7-1-26)

02. Written Demand. The written demand for security will be sent to the retailer by the Tax Commission by certified mail or by personal service. Failure of the retailer to post the demanded security can be grounds for revocation of the retailer's seller's permit following proper notice and hearing. (7-1-26)

- 03. Forms of Security.** The Tax Commission will accept the following as security: (7-1-26)
- a.** Surety bond. A surety bond issued by a bonding company with the power of an attorney affixed thereto which grants the issuing agent the power to obligate the company for this type of liability. (3-31-22)
 - b.** Cash bond. Preferably in the form of a cashier's check. (7-1-26)
 - c.** Pledged savings accounts. This type of security may be furnished, providing the savings account is opened with a bank or savings and loan association and an assignment of the account is executed by the taxpayer or authorized individual and accepted by the bank or savings and loan association. If the business is a sole proprietorship, the savings account may be in the business name or individual's name. If it is a partnership, the account will be jointly in the names of the partners. In the instance of a corporation, it can be in the corporation's name with the assignment properly executed by the officer or officers with the delegated authority to sign documents for the corporation. (7-1-26)
- 05. Release of Security.** Security which has been previously posted may be released by the Tax Commission upon receipt of a written request from the retailer if, after careful review of the circumstances, the Tax Commission determines that security is no longer needed. A request may be made one (1) year after posting the security. Security will also be released upon the retailer's termination of its retail activities. In either case, if the Tax Commission deems necessary, an audit may be conducted prior to the release of any security. (7-1-26)
- 117. REFUND CLAIMS.**
Sections [63-3612](#), [63-3613](#), [63-3619](#), [63-3626](#), [63-3629\(c\)](#), [63-3631](#), [63-3045](#), [63-3045B](#), [63-3049](#), [63-4408](#), Idaho Code
- 01. In General.** An application for a refund of sales or use taxes paid in excess of the amount lawfully due will be made in accordance with the provisions of this section. (7-1-26)
- 02. Payment of Sales Tax by a Buyer to a Vendor.** When a buyer paid sales tax to a vendor, and later determines that the sales tax was paid in error, the buyer needs to request the refund from the vendor to whom the excess tax was paid. If the buyer can provide evidence that the vendor refused to refund the tax, they may file a claim for refund directly with the Tax Commission. (7-1-26)
- 03. Payment of Sales or Use Tax Directly to the State.** When a person holding a seller's permit or use tax account paid tax to the state, and later determines that the sales or use tax was paid in error, they may file a claim for refund directly with the Tax Commission. (7-1-26)
- 04. Bad Debts.** Claims for refunds arising from bad debts are to be filed with the Tax Commission in the manner prescribed by Section 063. (7-1-26)
- 05. Mathematical Errors.** If a filer of sales or use tax returns discovers that a mathematical error was made on a previously filed return resulting in overpayment of taxes, they may submit a claim for a refund directly to the Tax Commission. (7-1-26)
- 06. Refund Claims.** A refund claim is to be in writing and include the following information: (7-1-26)
- a.** Full name, address, and phone number of the claimant; (3-31-22)
 - b.** Claimant's seller's permit number or use tax account number if claimant has such a number; (3-31-22)
 - c.** The amount of the refund claimed; (3-31-22)
 - d.** A detailed statement of the reason the claimant believes refund is due; (3-31-22)
 - e.** An itemized description of the specific goods or services to which the tax relates; (3-31-22)

- f.** The date on which the claimed excess taxes were paid; (3-31-22)
- g.** Documentation showing the amount of Idaho sales tax paid; (7-1-26)
- h.** If the claimant is the seller, documentation showing tax and interest, if applicable, has been refunded to the buyer; (7-1-26)
- i.** If the claim is for bad debt, detailed account payment information for each customer and each item purchased for which a refund is claimed; and (7-1-26)
- j.** If a refund claim doesn't include the information listed in Subsections 117.06.a. through i., as applicable, then the claim doesn't satisfy the requirement to file a written claim to stop the period of limitations from running. A refund claim that doesn't include this information will be denied and processed as set out in Subsection 117.11. (7-1-26)

07. Outstanding Liabilities. No claim for refund will be approved or issued unless the claimant first satisfies outstanding liabilities for taxes administered by the Tax Commission. (7-1-26)

08. Statute of Limitations. A claim for refund won't be allowed if it is filed more than three (3) years from the time the tax was paid. If the claim is made by a person who doesn't hold a seller's permit or use tax account, the time the tax was paid is the date upon which the applicable sales or use tax return relating to the payment was filed with the Tax Commission. (7-1-26)

09. Taxes Paid in Response to a Notice of Deficiency Determination. A claim for refund can't be filed relating to any sales or use taxes which have been asserted by a notice of deficiency determination. A taxpayer contending that taxes have been erroneously or illegally collected by the Tax Commission in conformance with a notice of deficiency determination can seek a refund by using the appeal procedures outlined in [IDAPA 35.02.01.320](#) through 328. (7-1-26)

10. Denial of a Refund Claim. All claims for refund or credit will be reviewed by the Tax Commission's staff. If the staff concludes that all or part of the claim shouldn't be allowed, notice of denial of the claim will be given per the Sales Tax Act. (7-1-26)

11. Interest on Refunds. See Section 122. (7-1-26)

118. RESPONSIBILITY FOR PAYMENT OF SALES TAXES DUE FROM CORPORATIONS, LIMITED LIABILITY COMPANIES, AND PARTNERSHIPS.
Sections [63-3045](#), [63-3049](#), [63-3065](#), [63-3074](#), [63-3634](#), Idaho Code

01. Corporate Officers Duty to Pay Sales Tax. Individuals including corporate officers and employees with the duty to cause a corporation or a limited liability company to file a sales tax return or to pay sales tax when due, or any partnership member or employee with such duty, will become liable for payment of the tax, penalty and interest due from the corporation or partnership if they fail to carry out their duty. Any such responsible individual has the defenses, remedies, and recourse provided in Idaho Code and will be afforded notice and opportunity to be heard on the question of such liability. (7-1-26)

02. Penalty for Failure to Collect. Any individual mandated to collect, account for, and pay over any tax who willfully fails to carry out or execute their duty will have to pay, in addition to the tax, penalty, and interest, an additional amount equal to the total amount of tax involved. This penalty is in addition to all other penalties provided in Section 63-3634, Idaho Code. (7-1-26)

119. SUCCESSOR'S LIABILITY.
Section [63-3628](#), Idaho Code

01. Making Inquiries. When a vendor sells out their business or stock of goods, the buyer is to make an inquiry of the Tax Commission and withhold from the purchase price any amount of tax that may be due until such

time as the vendor, seller, produces a receipt stating that no tax is due. If the buyer fails to withhold from the purchase price the tax due, they become personally liable for the tax. (7-1-26)

02. Written Inquiry. The buyer is to make a written inquiry to the Boise Office of the State Tax Commission setting forth the following: (7-1-26)

- a.** The name, location, and seller's permit number of the business they are purchasing. (3-31-22)
- b.** A statement that they are purchasing the business or stock of goods. (3-31-22)
- c.** An inquiry as to any sales or use tax liability of the business they are purchasing. (3-31-22)

03. Copy of Earnest Money. The buyer is to attach to the written inquiry a copy of any earnest money or similar agreement already entered into with the prospective seller. If no earnest money agreement has been entered into, then the seller will provide written authorization to the Tax Commission to release the information to the prospective buyer. (7-1-26)

04. Written Statement from State Tax Commission. The Tax Commission, after receiving the written inquiry from the buyer as to the amount due, will issue a written statement to the buyer setting forth the amount of tax due by the seller, if any. The Tax Commission will advise the prospective buyer only of any amount of sales or use tax that may be due to the Tax Commission under the Sales Tax Act. The release of any other information isn't authorized. In the case that the prospective buyer requests to see the prospective seller's sales or use tax filing record in order to determine if the business is profitable, the prospective seller is to provide a Power of Attorney appointing the prospective buyer as attorney in fact to receive confidential information regarding sales or use tax filings on behalf of the prospective seller. (7-1-26)

05. Application for Seller's Permit Number. Upon final sale, the buyer files an application Form IBR-1 for a new seller's permit number with the Tax Commission. (7-1-26)

120. JEOPARDY DETERMINATION.

Section [63-3630](#), Idaho Code

If collection of any part of a tax is to be paid to the state, or if any determination or redetermination will be jeopardized by delay, the Tax Commission will make a determination of the tax or amount to be collected. The need for expeditious procedure and the amount of mandated security upon the assessment will be noted. The amount determined to be due to the state is immediately payable. If it isn't paid immediately after service of notice of the deficiency, it may be recorded as a final assessment and collected by judgment processes or through use of any collection procedure available to the Tax Commission's office. Hearings and other procedures will then proceed in accordance with the applicable procedures. (7-1-26)

121. (RESERVED)

122. INTEREST ON DEFICIENCIES, REFUNDS, AND ESTIMATED RETURNS.

Sections [28-22-104](#), [63-3045](#), [63-3630](#), Idaho Code

01. Interest Rate. The rate of interest on deficiencies or refunds of tax is determined annually as provided in Section 63-3045, Idaho Code, and [IDAPA 35.02.01](#), Section 310. All interest on sales or use tax deficiencies is simple interest. (7-1-26)

02. Interest Accrual During a Period Subject to Audit. (7-1-26)

a. Signal Period. Interest on deficiencies begins to accrue from the due date of the return to which the deficiency relates. Interest on refunds begins to accrue from the due date of the return or date of payment, whichever is later. (7-1-26)

b. Multiple Periods. When a deficiency is asserted or a refund is claimed for a period of time which includes several reporting periods, interest may be averaged over the interest rate period if no substantial distortion results from the averaging technique. When averaging interest, sales or purchases of extraordinary amounts outside

the usual course of business which would substantially distort the result should be excluded from the averaging calculation and interest calculated separately on such transactions. Average interest, accruing during an interest rate period, may be calculated according to the following formula:

Formula:
$$\frac{(NxR) - R}{2}$$

N = Number of reporting periods in interest rate period.

R = Interest rate per reporting period, e.g., one percent (1%) for monthly filers, three percent (3%) for quarterly filers, at a 12% annual interest rate, etc. (7-1-26)

03. Alternate Formulas. Alternatively, interest may be calculated according to such other formula as the taxpayer and the Tax Commission's sales tax audit staff may agree to apply. (7-1-26)

04. Estimated Returns. Interest on estimated returns accrues at an annual rate as provided in Section 63-3045, Idaho Code, and IDAPA 35.02.01, Section 310. (7-1-26)

05. Unpermitted Taxpayers. For the calculation of interest on a deficiency, unpermitted taxpayers are treated as monthly filers. (7-1-26)

06. Judgments. Nothing in this rule is intended to affect interest rates on judgments pursuant to Section 28-22-104(2), Idaho Code. (7-1-26)

123. ADDITIONS AND PENALTIES.

Sections 63-3046, 63-3075, 63-3076, 63-3077, 63-3624(i), 63-3634, Idaho Code

All additions and penalties provided in Idaho Code are incorporated in the Sales Tax Act. (7-1-26)

01. Substantial Underpayment. For purposes of enforcing the substantial underpayment penalty, the term taxable year, is for purposes of the Sales Tax Act, the twelve (12) month calendar period for annual reconciliation. The returns, for purposes of such taxable year, are the returns filed under Section 105. The taxpayer's entire calendar year or fiscal tax year is any fraction of a twelve (12) month period occurring prior to filing a final report. (7-1-26)

124. COLLECTION AND ENFORCEMENT.

Sections 63-3633, 63-3635, Idaho Code

The rules promulgated by the Tax Commission under IDAPA 35.02.01. (7-1-26)

125. (RESERVED)

126. SALES TAX COLLECTED BY THE IDAHO STATE LIQUOR DIVISION.

Sections 23-105, 23-1303, 23-1001, 63-3638A, Idaho Code

01. Sales for Resale. In the case of sales to persons licensed under the provisions of Title 23, Chapter 9, Idaho Code, only those purchases for resale by an establishment licensed to sell liquor will be exempt from the tax. If the licensee buys liquor for any purpose other than for resale, the licensee is subject to the use tax. (3-31-22)

02. Reporting. The superintendent of the Idaho State Liquor Division will forward monthly to the Tax Commission a report of all sales tax collected for the preceding month. All sales tax collected by the superintendent of the Idaho State Liquor Division and by contract private liquor stores, when the product is supplied by the Idaho State Liquor Division, will be credited directly to the liquor account, and not become a part of the sales tax account. (7-1-26)

127. (RESERVED)

128. CERTIFICATES FOR RESALE AND OTHER EXEMPTION CLAIMS.

Sections 63-3612, 63-3621, 63-3622, 63-3622A - 63-3622WW, 63-3624, Idaho Code

01. In General. This section applies to proper documentation for exempt purchases of tangible

personal property for resale and all other exemption claims for taxable transactions enumerated in Idaho Code.

(7-1-26)

02. Burden of Proof. All sales made within Idaho are presumed to be taxable unless the seller obtains from the buyer a properly executed resale or exemption certificate. If the seller doesn't have an exemption certificate on file, the seller will have the burden of proving that a sale isn't taxable. The seller may overcome the presumption by establishing the facts of the exemption. If the seller obtains a properly executed certificate from the buyer, the seller need not collect sales or use taxes.

(7-1-26)

03. Tax Exemption Statements. In lieu of an exemption form, when selling property that the buyer claims is entitled to the exemptions listed below, seller may stamp or imprint on the face of their sales invoices, or buyers may stamp or imprint on the face of their purchase orders, a statement containing identifying information as stated in Idaho Code, as well as the language prescribed in this section.

(7-1-26)

a. This statement is to include the following identifying information: buyer's name, buyer's address, a federal Employer Identification Number (EIN) or driver's license number and state of issue. Depending on the exemption claimed, the following language is to be used:

(7-1-26)

i. Production or Logging Exemption.

(7-1-26)

(1) The invoice, receipt, or stamp will show the purchaser's name, business name, address, federal employer identification number or driver's license number with state of issue, signature, date, and the reason for the claimed exemption.

(7-1-26)

(2) Having the seller stamp or imprint the following statement on the face of their purchase orders, a certificate containing the following language:

(3-31-22)

I certify that the property which I have here purchased will be used by me directly and primarily in the process of producing tangible personal property by mining, logging, manufacturing, processing, fabricating, or farming, or as a repair part for equipment used primarily as described above.

NATURE OF BUSINESS

BUYER'S SIGNATURE

(3-31-22)

ii. Matter Used to Produce Heat by Burning. A tax exemption statement can be used when selling materials that the buyer claims will be used to produce heat by burning as defined in Section 088 and for which no bulk delivery is made.

(7-1-26)

(1) The invoice, receipt, or stamp will show the purchaser's name, business name, address, federal employer identification number or driver's license number with state of issue, signature, date, and the reason for the claimed exemption.

(7-1-26)

(2) Having the buyer stamp or imprint on the face of their purchase order, a statement that contains the following language:

(3-31-22)

I certify that the fuel purchased will be used in a device for the purpose of domestic home use or heating an enclosed space, dwelling, or building.

Any person who signs this statement with the intention of evading payment of tax is responsible for tax due, interest and penalty.

BUYER'S SIGNATURE

(7-1-26)

04. Timely Acceptance of Certificates. With the exception of Forms ST-104HM and ST-104G which is to be provided at the time of sale. (7-1-26)

a. Certificates obtained by a seller at a time subsequent to, but not within a reasonable time after, the time of sale will be considered by the Tax Commission in conjunction with all other evidence available to determine whether or not the seller has established that a sales tax transaction is exempt from tax. (7-1-26)

b. When the Tax Commission issues a Notice of Deficiency Determination to a seller, the seller may petition for redetermination as provided by [IDAPA 35.02.01.320 - 328](#). They may submit certificates obtained from their customers as evidence of exemption claims, but only if the certificates are presented to the Tax Commission within ninety (90) days of the date of the Notice of Deficiency Determination. (7-1-26)

05. Examples. Available at [Sales and Use Tax Rules Examples](#). (7-1-26)

129. USE OF A RECREATIONAL FACILITY AND INSTRUCTIONAL FEES.
Section [63-3612\(f\)](#), Idaho Code

01. Recreational Facility. Charges or fees to procure the use of a facility, facilities, or building for the purpose of recreation or physical conditioning are taxable. A recreational facility is any place where recreation occurs including outdoor locations. (7-1-26)

02. Dues. Dues paid to fraternal organizations such as the Elks, Eagles, Masonic Order, or similar organizations are not normally paid primarily for the use of facilities for recreation. In such cases, recreational use of facilities will be incidental. However, any separate, identifiable fees charged by such fraternal organizations, more than ordinary membership dues and fees, specifically for the use of recreational or physical conditioning facilities will be taxable including bowling fees, green fees, swimming fees, court fees, or equipment usage fees. (7-1-26)

03. Instructional Fees. When a class or lesson led by an instructor is offered in a recreational facility, instruction fees, such as for martial arts, aerobics, dance, and swimming are not taxable. (7-1-26)

04. Use of Tangible Personal Property. Charges imposed to use recreational facilities such as gyms, swimming pools, skating rinks, golf courses, and bowling alleys often combine the privilege of entering the place with the right to use tangible personal property. When a uniform price is imposed upon all persons without regard to the intention of the individual to use tangible personal property or the other facilities included, the total charge will be presumed a charge for the use of a recreational facility and taxable. (7-1-26)

130. PROMOTER SPONSORED EVENTS.
Sections [63-3620](#), [63-3620C](#), [63-3622YY](#), Idaho Code

01. Promoter's Responsibility. Promoters of sponsored events are to register for their event online and provide each participant with an event identification number to register for that event. The Tax Commission may request a list of participants of the event. (7-1-26)

02. Event Participants. When participants register for the event, they will state that they either have a properly executed seller's permit, will need a temporary permit, are an Idaho small seller, or won't be making any taxable sales at the event. (7-1-26)

03. Participant's Failure to Register for the Event. For every participant that doesn't register for the event, the promoter is to provide a list of those participants to the Tax Commission within ten (10) days following the beginning of the event. For each participant listed, the promoter will include the following: the business name, address, phone number, and names of all individuals who own and operate the business. (7-1-26)

131. -- 132. (RESERVED)

133. RADIO AND TELEVISION BROADCAST EQUIPMENT.

Sections [63-3612](#), [63-3613](#), [63-3622](#), Idaho Code

Businesses that provide television or radio programs only to paid subscribers are not broadcasters and cannot claim this exemption. (7-1-26)

134. – 135. (RESERVED)

136. REBATES PAID TO CERTAIN REAL ESTATE DEVELOPERS.

Section [63-4502](#), Idaho Code

01. Qualifying Shopping Center Location. A retailer with multiple stores in Idaho needs to file a separate return for any store located in a qualifying shopping center. A retailer who ceases operation in a qualifying shopping center notifies the Tax Commission and cancels the sellers' permit for that location. (7-1-26)

02. Developer Responsibilities. The developer of a qualifying shopping center provides the names and taxpayer identification numbers of the stores located in the shopping center to the Tax Commission. The developer also notifies the Tax Commission whenever a new retailer begins operation or when a retailer ceases operations in a qualifying shopping center. (7-1-26)

137. -- 999. (RESERVED)