

Sales Tax on Drop Shipments as of June 12, 2012

This chart indicates whether a state allows a seller with nexus to claim a resale exemption on a transaction when it drop ships property to a consumer in the state on behalf of a customer/re-seller who is not required to collect tax in the state.

State	Drop Shipments	Comments	Citation
Alabama	Yes		Ala. Admin. Code r. 810-6-3-.35
Arizona	Yes		Transaction Privilege Tax Ruling TPR 95-13
Arkansas	Yes		Ark. Reg. GR-5
California	No		18 Cal. Code Regs. §1706
Colorado	Yes		General Information Letter GIL 2007-31
Connecticut	No	Drop shipper required to collect tax if customer is not engaged in business in CT. However, the CT Supreme Court has held that a drop shipper did not deliver property in CT where property was shipped F.O.B. factory.	Conn. Gen. Stat. §12-407(a)(3)(A) Steelcase, Inc. v. Commissioner
District of Columbia	Yes		D.C. Code Ann. §47-2001(n)(1)
Florida	No	Registered dealers located in Florida are required to collect tax. A registered nonresident dealer's sales of tangible personal property to an unregistered nonresident purchaser that are drop shipped into Florida are not subject to Florida sales and use tax unless:(1) the taxpayer ships the property to the Florida customer from the taxpayer's facility in Florida; 2) the taxpayer ships the property to the Florida customer from the taxpayer's facility located outside Florida, but uses transportation owned or leased by the taxpayer; or 3) the taxpayer ships the property to the Florida customer from the taxpayer's facility located outside Florida, but the terms of the delivery require the taxpayer to collect the sales price, in whole or in part, from the Florida customer at the time of delivery of the property to the customer.	Fla. Admin. Code. Ann. r. 12A-1.091(10) TAA 09A-010
Georgia	Yes		Sales and Use Tax Policy for Third-Party Drop Shipment Transactions
Hawaii	No	If customer has nexus, drop shipper is subject to tax at wholesale rate. If customer does not have nexus, drop shipper is subject to tax at retail rate.	Haw. Reg. 18-237-13-02.01
Idaho	Yes		IDAPA 35.01.02.022
Illinois	Yes		Ill. Admin. Code tit. 86, §130.225
Indiana	Yes		Information Bulletin #57
Iowa	Yes		Iowa Admin. Code r. 701-18.55
Kansas	Yes		Kan. Stat. Ann. §79-3651(c) Notice 07-03
Kentucky	Yes		103 Ky. Admin. Regs. 31:111-3
Louisiana	Yes		Revenue Ruling 05-006
Maine	Yes		Code Me. R. 301
Maryland	No		Md. Regs. Code tit. 3, §03.06.01.14(l)
Massachusetts	No		Mass. Gen. Laws ch. 64H, §1 TIR 04-26
Michigan	Yes		Mich. Comp. Laws §205.54k
Minnesota	Yes		Sales and Use Tax Fact Sheet No. 110
Mississippi	No	Drop shipper is not required to collect tax if MS consumer is: direct pay permit holder; licensed dealer making a purchaser for resale; or exempt entity that provides an exemption certificate to drop shipper.	Miss. Sales Tax Reg. 35.IV.3.05
Missouri	Yes		Letter Ruling LR 3726
Nebraska	Yes		E-mail in response to CCH inquiry on drop shipments
Nevada	Yes		Nev. Rev. Stat. §372.155
New Jersey	Yes		N.J. Admin. Code tit.18, §18:24-10.6(d) Publication ANJ-10
New Mexico	Yes		N.M. Admin. Code tit. 3, §3.2.13.9 N.M. Admin. Code tit. 3, §3.2.201.13
New York	Yes		TSB-M-98(3)S
North Carolina	Yes		Technical Bulletin 42-4
North Dakota	Yes		N.D. Cent. Code §57-39.4-18(1)(h)
Ohio	Yes		Information Release ST 1989-01
Oklahoma	Yes		Okla. Admin. Code §710:65-13-200
Pennsylvania	Yes		Letter Ruling SUT 99-134
Rhode Island	Yes		R.I. Gen. Laws §44-18.1-18(A)(8)
South Carolina	Yes		Revenue Ruling 98-8
South Dakota	Yes		S.D. Codified Laws §10-45-61
Tennessee	No	Effective 7/1/13, drop shipper may claim a resale exemption (included in definition of "resale").	Tenn. Code. Ann. §67-6-102 Tenn. Comp. R. & Regs. 1320-5-1-.96
Texas	Yes		34 Tex. Admin. Code §3.285(d)
Utah	Yes		Private Letter Ruling 03-001
Vermont	Yes		Vt. Code R. 1.9701(5)-3
Virginia	Yes		Ruling of Commissioner, P.D. 98-142
Washington	Yes		Wash. Admin. Code §458-20-193(11)(h)
West Virginia	Yes		W. Va. Code St. R. §11-15B-24(a)(8)
Wisconsin	Yes		Sales and Use Tax Report No. 1-10
Wyoming	Yes		Wyo. DOR Rule Ch. 2, §15(i)

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