

HILCO INDUSTRIAL, LLC
IDAHO SALES TAX RULES SUMMARY

Hoku Materials, Inc.
1 Hoku Way
Pocatello, ID 83204

Tax Rate: 6% (State rate; no local rate)

Auctions – This is a taxable auction: “A person engaged in the business of making retail sales at auction of property owned by the person or others is considered to be a retailer and is responsible for collecting and remitting tax on the sales. (IC Sec. 63-3610(a)-(b); Rule 35.01-02-018.01; Rule 35.01-02-020)

Manufacturing:

Certain tangible personal property primarily and directly used in or during the manufacturing, processing, and fabricating of tangible personal property for resale is exempt from sales and use taxes. The exemption applies only to a business or separately operated segment of a business that is **primarily** devoted to producing tangible personal property intended for sale at retail. (IC Sec. 63-3622D)

The "production process" begins when raw materials are first handled by the operator at the processing plant or site and ends when the product is placed in storage, ready for shipment, or reaches the final form in which it will be sold, whichever is last. (Rule 35.01.02.079)

Exempt manufacturing property includes 1)tangible personal property primarily and directly used or consumed in or during a manufacturing, or processing operation, including repair parts, if the use of the property is necessary or essential to the performance of the operation; 2)Safety equipment and supplies required to meet state or federal safety standards.

Nonexempt manufacturing property:

1. A hand tool with a unit purchase price of \$100 or less;
2. Property not used in the actual manufacturing, processing or fabricating activities, such as office equipment;
3. Property used in transportation;
4. Property used to make repairs;
5. Property used to manufacture, fabricate, assemble or install tangible personal property that is not held for resale and that is owned by the manufacturer;
6. Motor vehicles and aircraft.

Resale:

Sales of tangible personal property for purposes of resale are not subject to tax. (IC Sec. 63-3609; Rule 35.01.02.011)

A resale certificate must (1) be signed by and bear the name and address of the purchaser or its agent, (2) indicate the number of the permit issued to the purchaser or that the purchaser is an out-of state retailer, and (3) indicate the general character of the tangible personal property sold by the purchaser in the regular course of business (IC Sec. 63-3622(c); IC Sec. 63-3621(e))

Exemption Certificate Forms:

ST-101 Sales Tax Resale or Exemption Certificate - http://tax.idaho.gov/forms/EFO00149_06-10-2014.pdf

Multi-jurisdiction Exemption Certificate - <http://www.mtc.gov/Resources/Uniform-Sales-Use-Tax-Exemption-Certificate>