

S U S A N

C O M B S

Texas Application for Direct Payment Permit

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS



General Information

Under Ch. 559, Government Code, you are entitled to review, request and correct information we have on file about you, with limited exceptions in accordance with Ch. 552, Government Code. To request information for review or to request error correction, contact us at the address or phone numbers listed on this form.

Who may submit this application -

You may submit this application if you annually purchase at least \$800,000 worth of taxable items for your own use and not for resale.

- *The Comptroller may issue a Direct Payment Permit after receiving this completed application and finding that all the requirements for issuing a Direct Payment Permit stated in Item 1 of this application, "Taxpayer's Agreement," have been met.*

For assistance -

If you have any questions about this application, filing tax returns or any other tax-related matter, contact your nearest Texas State Comptroller's local office. You may also call (800) 252-5555 or (512) 463-4600.

General Instructions

- Please do not separate pages.
- Write only in white areas.
- Fill in all blanks and answer all questions completely and fully.
- Do not use dashes when entering Social Security, Federal Employer Identification Number (FEIN), Texas Taxpayer or Texas Vendor Identification numbers.
- **Federal Privacy Act:** Disclosure of your Social Security number is required and authorized under law, for the purpose of tax administration and identification of any individual affected by applicable law. 42 U.S.C. §405(c)(2)(C)(i); Tex. Govt. Code §§403.011 and 403.078. Release of information on this form in response to a public information request will be governed by the Public Information Act, Chapter 552, Government Code, and applicable federal law.

NOTE: *No purchases may be made tax free until this application has been approved and your Direct Payment Permit has been issued.*

Specific instructions are on the back of the next page.

Complete this application and mail to: Comptroller of Public Accounts
111 E. 17th St.
Austin, TX 78774-0100

Texas Application for Direct Payment Permit

- Please read instructions.
- Type or print.
- Do not write in shaded areas.

TAXPAYER'S AGREEMENT

1. Taxpayer's Agreement - The applicant, in consideration of the issuance of a Direct Payment Permit by the State of Texas according to the provisions of the law, agrees and affirms:

- that applicant is a responsible person annually purchasing at least \$800,000 worth of taxable items for use and not for resale (*complete Item 19*);
- that the accounting method used will clearly distinguish between taxable and nontaxable purchases (*complete Item 20*);
- that upon the issuance of a Direct Payment Permit to the applicant, the applicant will accrue and pay to the State of Texas all taxes which are or may in the future be due by virtue of the State, Local, Metropolitan Transit Authority, City Transit Department, County and Special Purpose District Sales and Use Tax Acts. The tax is due on all taxable purchases; and, unless the tax is paid to the seller, it must be reported on the Texas Direct Payment Return. All taxes due will be paid monthly on or before the 20th day of the month following each monthly reporting period;
- that the Direct Payment Exemption Certificate will not be issued for taxable items purchased for resale;
- to report all taxable purchases on the direct payment return and waive any claim for discounts for taxes paid. No taxable purchases may be reported on a sales and use tax return;
- upon request, to make available at any time to the Comptroller's office the books, papers, records and equipment of the applicant's business;
- to cooperate with the Comptroller's office in the examination of the books, papers, records and equipment of the applicant and in the investigation of the applicant's activities, business and accounting methods; and
- to fully disclose to the Comptroller's office in this agreement or upon acquisition, whichever occurs first, the nature and extent of the ownership or control which the applicant has in the business from which the applicant makes purchases pursuant to the Direct Payment Permit.

Legal cite: Tex. Tax Code Ann. Sec. 151.419

Type or print name of sole owner, partner or officer

Sole owner, partner or officer

sign
here

TAXPAYER IDENTIFICATION

2. Legal name of owner (*sole owner, partnership, corporation or other name*)

3. Mailing address (*street and number, P.O. Box or rural route and box number*)

City

State

ZIP code

County

4. If you are a sole owner, enter your home address IF it is different from the address above. (*street and number, city, state, ZIP code*)

4a. Enter the phone number of the person primarily responsible for filing tax returns (*area code and number*). () - -

5. Enter your Social Security number if you are a sole owner - -

6. Enter your Federal Employer Identification Number (FEIN), if any -

7. Enter your taxpayer number for reporting any Texas tax OR your Texas Vendor Identification Number if you now have or have ever had one.....

OWNERSHIP

8. Indicate how your business is owned.

☐ 1 - Sole owner

☐ 3 - Texas corporation

☐ 7 - Limited partnership

☐ 2 - Partnership

☐ 6 - Foreign corporation

☐ Other (*explain*)

File number

Month Day Year

9. If your business is a Texas corporation, enter the file number and date.....

10. If your business is a foreign corporation, enter home state, home state registration number, Texas file number and date.

Home state

Home state registration number

Texas file number

Month Day Year

11. If the business is a limited partnership, enter the home state and identification number.....

State

Number

Instructions for Completing Texas Application for Direct Payment Permit

Item 2 - Sole owner - enter first name, middle initial and last name.
Partnership - enter the legal name of the partnership.
Corporation - enter the legal name exactly as it is registered with the Secretary of State.
Other organization - enter the title of the organization.

Item 3 - Enter the complete address where you want to receive mail from the Comptroller of Public Accounts.
NOTE: If you want to receive mail for other taxes at a different address, attach a letter with the other address(es).

Item 6 - Enter the Federal Employer Identification Number (FEIN) assigned to your business by the Internal Revenue Service.

Item 7 - If you have both a Texas Taxpayer and a Texas Vendor Identification Number, enter only the first eleven digits of the Vendor Identification Number.

Item 8 - If you check "Other," identify the type of organization.
Examples: Social Club, Independent School District, Family Trust.

Item 13 - Partnership - enter the information for ALL partners. If a partner is a corporation, enter the Federal Employer Identification Number (FEIN) of the corporation.
Corporation or other organization - enter the information for the principal officers (president, secretary, treasurer).

Item 18 - The description of your business should include the principal types of business.
Examples: highway construction, crude petroleum, natural gas transmission, industrial chemicals. *Please be specific.*

Item 19 - Enter the total amount of taxable items purchased last year or to be purchased. This does not include purchases for which a Resale Certificate can be or could have been issued.

Item 20 - To be eligible for a Direct Payment Permit, you must maintain an accounting method that clearly distinguishes between taxable and non-taxable purchases.

Describe your accounting method fully. Explain the internal controls and the accounting flow of the data that will be used to prepare your direct payment return.

Answer the following questions in your explanation.

- How will you distinguish between
 - purchases made under a direct payment exemption certificate;
 - purchases for resale;
 - nontaxable purchases;
 - purchases in Texas and out of state;
 - any other tax-free purchases; and
 - tax-paid purchases?
- If you purchase items for resale and for your own use from the same supplier, will you issue separate purchase orders? How will the two types of purchases be accounted for?
- If you do not issue blanket exemption certificates to your suppliers, how will you indicate on which items the supplier will collect tax?
- What accounting procedure will you follow to report use tax in the same month that you receive vendor's billings?
- What procedure will you follow to report use tax to the correct city, Metropolitan Transit Authority (MTA) or City Transit Department (CTD), County and/or Special Purpose District (SPD)?
- When you prepare your direct payment return, from what source(s) will you get the necessary data? How will this data get to the source(s)?
- Will more than one person review the purchase records and compare them to reported purchases?
- What procedures will you follow to ensure that tax-free purchases are not reported on the Texas Sales and Use Tax Return?