

REG-1-097, Direct Payment Permit

097.01 Companies that are issued a direct payment permit are authorized to pay the proper Nebraska and local sales tax on certain purchases directly to the Nebraska Department of Revenue (Department) in lieu of paying the sales tax to the seller.

097.02 Companies may apply for a direct payment permit by completing a Nebraska Application for Direct Payment Authorization, Form 20DP, and paying the nonrefundable \$10 application fee. If the application is approved, a direct payment permit will be issued.

097.03 In order to qualify for a direct payment permit, the applicant must meet the following conditions:

097.03A The company must have annual taxable purchases in Nebraska of property and services totaling at least \$3 million. Taxable purchases exclude purchases for resale;

097.03B The company must demonstrate that its system of accruing tax on purchases is adequate for accruing tax on all taxable purchases; and

097.03C The company must agree to accrue and pay all sales and use taxes to the Department on or before the 20th day of the month following the date of purchase, lease, or rental.

097.04 The holder of a direct payment permit will not receive any collection fee on those taxes due on taxable property purchased under the direct payment permit.

097.05 The holder of a direct payment permit cannot use the permit for the following transactions:

097.05A Cash purchases;

097.05B Purchases of motor vehicles, motorboats, all-terrain vehicles, and utility-type vehicles;

097.05C Purchases of lodging and related services;

097.05D Purchases of food or beverages;

097.05E Purchases of admissions; and

097.05F Purchases for resale.

097.06 The company must accept responsibility for use by any other company to which the direct payment permit has been delegated.

097.07 The holder of a direct payment permit must furnish a copy of the direct payment permit to each seller for purchases of taxable property or services on which an exemption is claimed.

097.07A The holder of a direct payment permit must keep a current list of all sellers from whom purchases are made under the direct payment permit, and submit the list for examination upon request of the Tax Commissioner.

097.07B If the permit is revoked or relinquished, the holder of the permit must notify all sellers who have been furnished copies of the permit that the permit is no longer valid.

097.08 If a seller receives a direct payment permit from a purchaser, the seller is relieved from the obligation to collect tax on taxable sales. A copy of the direct payment permit must be maintained in the records of the seller.

097.08A The holder of a direct payment permit may use the permit to make tax-exempt purchases of computer software, digital goods, or services that will be concurrently available for use in more than one jurisdiction.

097.08B The holder of a direct payment permit may also use the permit to make tax- exempt purchases of direct mail as defined in Reg-1-105. Sales tax will be remitted based on the requirements of Reg-1-105. A certificate of exemption for direct mail is not required for direct mail purchases.

097.09 The tax that is remitted by a company issued a direct payment permit is a sales tax. The company issued a direct payment permit cannot claim an exemption under Reg-1-002E on items purchased from any Nebraska licensed seller or from any seller engaged in business in Nebraska.

097.10 Items purchased under the special permission letter of exemption for certain common carriers as provided in Reg-1-015 and delivered in Nebraska are not subject to sales and use tax when shipped outside Nebraska, even though the same company has been granted the authority to operate under the provisions of the direct payment permit program for sales and use tax purposes.

097.11 The direct payment permit can be delegated to another company if the holder of the permit has at least an 80% ownership of the other company.

097.12 The Tax Commissioner may revoke a direct payment permit any time the holder of the permit no longer qualifies for the issuance of a permit, fails to comply with the conditions under which the permit was issued, or for any other reason constituting misuse of the permit.

(Neb. Rev. Stat. §§ 77-2703(1)(f), 77-2705, 77-2705.01, 77-2705.02, and 77-2705.03. June 24, 2017.)