

Sales/Use/Indirect:

District of Columbia High Court Denies Resale Exemption Because Certificate Not Provided at Time of Purchase

Case No. 22-TX-0088, D.C. (3/2/23). The District of Columbia (D.C.) Court of Appeals (Court) affirmed the denial of a taxpayer's resale exemption refund claim, agreeing that the taxpayer's payment of taxes on certain purchases intended for resale (in this case, certain prepared meals that were then resold) were *not* exempt under D.C. law because the taxpayer failed to provide resale certificates to the seller at the time of purchase. In doing so, the Court explained that applicable D.C. statutes specify a "clear procedure for purchasers who wish to avoid sales tax on the ground that the purchaser intends to resell the purchased items." That is, according to the Court, at the time of the purchase, the purchaser must provide the vendor with a certificate stating that the purchased items are intended for resale. The Court rejected that taxpayer's claim that a purchaser failing to provide the required certificate and paying D.C. sales tax at the time of a purchase may "nevertheless later obtain a refund by proving that the purchased items were intended for resale and in fact were resold," and concluded that as a matter of form, the taxpayer failed to follow required D.C. procedure. The Court also stated that "double taxation" did not ensue in its denial of the resale exemption, because the taxpayer "bore the ultimate burden of paying sales tax only once." Please contact us with any related questions.

URL: <https://www.dccourts.gov/sites/default/files/2023-03/Distric%20Hosp%20v%20DC%2022-TX-88.pdf>

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