

REG-1-015, Common and Contract Carriers (Multistate Operations) - Tax Deferral

015.01 Any person, firm, or corporation operating as a common or contract carrier engaged in multistate operations, may apply to the Nebraska Department of Revenue for special permission to defer the incidence of the sales and use tax on certain purchases within or without this state, where the item purchased is first stored here for subsequent use in multistate operations, and at the time of purchase, the final location of the use of the item is unknown. The special permission referred to in this regulation is not related to the common and contract carrier exemption referred to in Reg-1-069, Common and Contract Carrier Vehicles.

015.02 Upon receipt of a request for permission to defer taxes, an investigation will be made to determine whether the applicant maintains satisfactory records to show where the purchased property is actually used. Such request must be written and be accompanied by a \$10.00 fee. If a favorable report results from the investigation, the Nebraska Department of Revenue will issue a special permission letter to the respective common or contract carrier. This special permission letter is issued in the form of a certificate of exemption. The common or contract carrier receiving the letter should furnish a copy of the letter to those vendors from whom purchases are made where use is unknown at the time of purchase in order that sales or use tax will be excluded from such purchases. Such letter shall not be used when purchases are made which knowingly have been or will be used or consumed within this state.

015.03 A retailer (seller) repeatedly making the same type of exempt sale to common or contract carriers need not take a separate copy of the special permission letter for each sale but may, at his or her risk, take a blanket certificate covering all future sales. If the Nebraska Department of Revenue determines that any such sale was not exempt, the retailer (seller) shall be liable for the tax, penalty, and interest. If a single special permission letter is taken, identification of the common or contract carrier must appear upon the memoranda created at the time of sale.

015.04 When items that were purchased tax exempt are later used in this state by the common or contract carrier, use tax is due at the applicable rate in effect at the time of use. This liability must be reported on the appropriate return to be filed for the period corresponding to the month of use.

(Section 77-2706(6), R.R.S. 1943.January 24, 1993.)