



## **FREQUENTLY ASKED QUESTIONS - U.S. SALES TAX FOR FOREIGN PUBLISHERS**

### **Who is considered a “Foreign Publisher”?**

You are considered a foreign (non-U.S.) publisher if your country of domicile/residence is not the United States.

### **How does U.S. sales tax affect me as a Foreign Publisher?**

- Sales tax is a transaction-based tax charged upon the sale of most products in 46 U.S. states. Sales tax is a state tax, not a federal government tax, and as a result it is different in each state.
- Most printing fees charged for publisher direct printing **ARE** taxable in most states unless exempt. See below for documentation requirements for exemption claims.
- U.S. sales tax only affects you if you place orders with IngramSpark for delivery to a U.S. address.
- Sales to our retail or library partners are not subject to U.S. sales tax.

### **In which U.S. states will sales tax be charged for publisher direct orders (if tax exemption documentation is not provided)?**

Currently: California, Florida, Indiana, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia and Washington. This list is subject to change based on tax laws and operational changes within Lightning Source.

### **Do I have to pay sales tax on the Title Setup or Market Access fees?**

No. Sales tax applies primarily to the printing fees charged for short run or drop ship orders.

### **Why do you mention Lightning Source in this information if I have an IngramSpark account?**

Lightning Source is the Ingram business entity that supports the IngramSpark service.

### **What do I need to send to IngramSpark to be exempt from paying sales tax?**

If you wish to claim an exemption from sales tax on the products and services purchased from IngramSpark and Lightning Source, you will need to submit updated sales tax exemption documentation (see below for instructions). You may be exempt from paying sales tax if you are purchasing the products and services for resale or if you are an exempt entity (ex: governmental, educational, charitable, or nonprofit organizations).

### **I am tax exempt. How do I submit my documentation?**

The IngramSpark website has been enhanced to make it easy to identify states in which you may be eligible for sales tax exemptions.

## **INSTRUCTIONS**

**Step 1:** Log in to your IngramSpark account at [www.ingramspark.com](http://www.ingramspark.com)

**Step 2:** On your dashboard, click “Account”



- Step 3:** Click the “Tax Information” button on the sidebar menu and then the “Claim US Tax Exemptions” button.
- Step 4:** Ensure “Yes” is selected and then click “Continue”.
- Step 5:** Select “Claiming exemption based on resale and Business/Organization resides outside of the United States”.
- Step 6:** Review the tax information verbiage and select “Continue”.
- Step 7:** Select the applicable country from the drop down and input the Company Identifying Number issued by the country in which your business is located and select "Continue".

Based on your selections, either download the documents or provide your email address where indicated and select “Send Email.” Once you receive the email print and sign all tax exemption forms. Scan and upload the signed forms to the website via the “Tax Information” page under “Account”.

After completing the information requested, you will be provided with the forms for the states in which you are eligible for exemption. Forms must be completed and uploaded to IngramSpark through the “Upload Tax Documents” button by clicking “Accounts” on your dashboard. The button is located at the bottom of the “Accounts” menu

**I have already uploaded my tax exemption documentation. Do I need to resend it?**

If you claimed a sales tax exemption prior to January 29, 2014, you will need to resubmit your information. Please follow the instructions above to complete your tax exemption.

**What happens if I do not submit updated sales tax documentation as requested?**

Without updated sales tax exemption documentation, sales tax will be collected on future printing orders (short run and drop ship) in the states where Lightning Source is obligated. If you updated your sales tax exemption documentation prior to January 29, 2014, you will need to resubmit your information to the Lightning Source website to qualify for a sales tax exemption.

**When does this go into effect?**

IngramSpark and Lightning Source will be updating foreign publisher records through mid-December 2014. If you are eligible for a tax exemption, but are unable to comply by the specified date or did not receive the email, please email [ingramsparkinternational@ingramcontent.com](mailto:ingramsparkinternational@ingramcontent.com). You may continue to



upload exemption documents after mid-December, but you may be charged sales tax for orders placed before exemption documentation is received.

**Can I mail or fax a copy of my tax exemption certificate to my IngramSpark support?**

To ensure you have the correct paperwork for all U.S. states in which you are eligible, we highly recommend submitting your exemption documentation through the IngramSpark website. If you are unable to submit your paperwork online, please download the correct paperwork that you receive from IngramSpark and fax it to (UK Fax No.) +44 (0) 845 121 4594. Please reference your IngramSpark account number on the form.

**What is a resale tax exemption certificate and am I eligible?**

With resale certificates, someone purchasing goods to resell may be exempt from paying sales tax on those items. The tax exemption applies only to the goods to be resold, not other items purchased for use by the business. To claim an exemption based on resale, you must provide a properly completed resale certificate for all states where you are licensed as a reseller.

**I do business in a state that isn't one of the 14 in which Lightning Source is currently required to charge sales tax. Will I still be affected?**

Possibly, yes. Tax is based on the state where the transaction occurs, so you could still be taxed depending on how freight is arranged:

- If Lightning Source arranges for freight, the transaction is deemed to have taken place in the state where the books are being shipped.
- If you arrange for freight, the transaction is deemed to have taken place in the state where the books are printed. (Lightning Source printing facilities are in Tennessee, Ohio, Pennsylvania and California—all states that charge sales tax without exemption documentation.)

We highly recommend completing the resale and exemption documentation as requested on the IngramSpark website. If Lightning Source is required to register in additional states and/or if sales tax laws change to include services currently not taxable, IngramSpark will have the information already on file for you.

**If I have resale tax exemption documentation for one state, do I have to pay taxes in other states?**

There are currently 37 states that accept your foreign reseller exemption as valid resale exemption documentation for drop shipments. This means that if you as a seller have submitted to IngramSpark the necessary paperwork for resale tax exemption, you may also be eligible for resale tax exemption in other states with the completion of a Reseller Affidavit. (See "What is a Reseller Affidavit?" for more information on Reseller Affidavits.)



All states that have sales tax other than California, Connecticut, District of Columbia, Hawaii, Massachusetts, Maryland, Mississippi, New Mexico, and Tennessee allow a “foreign ” registration to certify a sale for resale if documented properly.

Six of the thirty-seven states—Colorado, Illinois, Michigan, New York, Pennsylvania, and Virginia—require their own state-issued form, in addition to the Resale Affidavit, to be completed in order to document a “Foreign ” exemption. Forms for these states, as well as the Resale Affidavit, can be found in the tax section of the IngramSpark account dashboard. (See “I am tax exempt. How do I submit my documentation?” for more information.)

*Lightning Source is currently registered to charge sales tax in 14 states, many of which currently recognize “Foreign” or “Home” exemption rules. We highly recommend completing all the resale and exemption documentation as requested on the IngramSpark website, so if Lightning Source is required to register in additional states and/or if sales tax laws change to include services currently not taxable, IngramSpark will have the information already on file for you.*

#### **What is the Reseller Affidavit?**

The Reseller Affidavit is a legal document declaring that you are not registered nor required to be registered for sales tax in any states but that you are a legal business operating in a foreign country and purchasing the products and services from Lightning Source for resale. A Reseller Affidavit must be properly completed and submitted to Lightning Source for Resale Exemption rules to apply. The Reseller Affidavit is provided through the IngramSpark website and should be used to ensure that all of the necessary information is provided.

The following must be complete in order for the affidavit to be recognized by state authorities as legal:

- principle country of domicile
- company Identifying number from domicile country
- VAT or other Transaction Tax ID # from domicile country if required in the domicile country
- the type of goods of the business is disclosed
- the contact number is completed
- it is signed, titled and dated by an authorized employee
- the affidavit language is not changed or altered

An online version is available through the IngramSpark website, and will allow you to provide the necessary information, which is carried to the appropriate resale certificate forms. If the Reseller Affidavit is not properly completed or if it is not submitted to IngramSpark, then only those states where the customer has provided a valid resale certificate will be exempt from sales tax.



**What if I am claiming an exemption based on my entity status (governmental, educational, charitable, or nonprofit organization)?**

If you are claiming an exemption based on being an exempt entity, you will need to provide IngramSpark with the documentation issued to you by the state(s) claiming your exemption. Unlike the Foreign / Home State rules applicable to resale exemption, tax exemption based on being an exempt entity will not typically exempt you from sales tax in other states. Most states require an exempt organization to register in the state before an organization can claim a sales tax exemption.

Documentation required for sales tax exemption based on entity status varies by state. If you are an exempt entity, Lightning Source will review your submitted documentation and notify you if it is not accepted for tax exemption. For questions regarding please send an email to [tax@ingramcontent.com](mailto:tax@ingramcontent.com).

**Why do I have to fill out forms for Illinois, Michigan, New York, Pennsylvania and Virginia if I'm not in any of those states?**

These states require their own state-issued form, as well as the Reseller Affidavit, to be completed to document a "Foreign" exemption. Please sign and date each form. Please ensure that your name and address is listed as the purchaser on each form and that Lightning Source, LLC. is listed as the seller. For the general description of products to be purchased from seller, please insert "Products and services provided by LSI".

Also, please consider the following items and ensure they are completed on each applicable form:

Colorado

- In the "Qualifies As" area, please check the appropriate box that describes your business.
- Please insert your principle country of residence in the "City or State" box.
- Please insert your ID number from your principle country of residence in the "State Registration or ID Number" box.
- Sign and date at bottom.

Illinois

- Line 7 of Step 4 – Check part 1
- Sign and date in Step 5

Michigan

- Section 2 – Check box 1
- Section 3 – Check box 10, enter your country of residence, your id number from that country, and the words 'Foreign Reseller'.
- Section 4 – Complete, sign and date.

NEW YORK



- Check “Blanket certificate”
- Complete the Purchaser information line (ex. Publishing, books)
- Complete Part 2 (check Box D) and enter your country of principal residence in the “state/jurisdiction” line and your Foreign ID number in the “registration” line.
- Sign and date at bottom

#### PENNSYLVANIA

- Check “State or Local Sales and Use Tax “ at top form
- Check “Blanket” box above name of Seller
- Check box 3 and state (See Attached) in the “License Number” line. The affidavit has this information.
- If applicable, check the following statement in Box 7: “The purchaser makes no taxable sales/not required to hold a PA Tax License. Property sold in regular course of business.”
- Sign and date at bottom

#### VIRGINIA

- Check Box 1
- Provide your country of residence and your ID number from that country in the field for “Certificate of Registration No.”.
- Please complete the line “Kind of business engaged in by dealer”. (Publishing, book store, ...)
- Complete address
- Date and sign

#### **Can I get a refund for any taxes paid before I submit my certificate?**

No. Lightning Source is obligated to collect taxes on all applicable items until tax exemption paperwork is on file. To avoid paying unnecessary taxes, make sure you submit your paperwork within the timeline noted in your email or contact your customer service representative.

#### **I’m not in the US. Is this applicable to me?**

Yes, if you are having books printed and/or shipped in the United States.

#### **Where can I find out more about tax exemptions?**

For more information on tax exemptions and whether or not you are eligible, consult your tax advisor or the Department of Revenue for the states in which you conduct business.