

USE TAX ACT (EXCERPT)
Act 94 of 1937

205.94i Exemption for drop shipments; definition.

Sec. 4i. (1) A seller required to collect the tax under this act shall be exempt from collecting the tax on sales of tangible personal property if the tangible personal property is part of a drop shipment and if the taxpayer complies with the requirements of subsection (3).

(2) As used in this section, "drop shipment" means the direct delivery of tangible personal property to a purchaser in Michigan by a person who has sold the property to another person not licensed under this act but possessing a resale or exemption certificate or other written evidence of exemption authorized by another state, or any other acceptable information evidencing qualification for a resale exemption, for resale to the Michigan purchaser.

(3) For each transaction for which an exemption is claimed under subsection (1), the taxpayer shall provide the following information to the department annually in any reasonable form:

(a) The name, address, and, if readily available, the federal taxpayer identification number of the person to whom the property is sold for resale.

(b) The name, address, and, if readily available, the federal taxpayer identification number of the person to whom the property is shipped in Michigan.

(4) A person making a drop shipment is a seller.

History: Add. 1986, Act 41, Imd. Eff. Mar. 17, 1986;—Am. 2008, Act 439, Imd. Eff. Jan. 9, 2009.