



ALABAMA DEPARTMENT OF REVENUE  
SALES, USE & BUSINESS TAX DIVISION  
**Purchasing Agent Appointment**

ST: PAA1  
11/09

**PURCHASING AGENT APPOINTMENT**

Name and Address of Agent	Name and Address of Governmental Entity or Exempt Organization
NAME	NAME
MAILING ADDRESS	MAILING ADDRESS
CITY STATE ZIP CODE	CITY STATE ZIP CODE
PHYSICAL ADDRESS	PHYSICAL ADDRESS
CITY STATE ZIP CODE	CITY STATE ZIP CODE
	ALABAMA EXEMPTION (NUMBER, ACT, LAW, ETC.)

Name and Location of Project	Appointment Information
NAME	EFFECTIVE DATE
PHYSICAL ADDRESS	Agency appointment will expire on the date of completion of the project.
CITY STATE ZIP CODE	SCHEDULED DATE OF COMPLETION:
IDENTIFY PROJECT	

The undersigned governmental entity or exempt organization ("tax-exempt entity") hereby appoints the above-named person or company as its agent to (check the applicable box):

- order materials that will be incorporated into the real estate constituting the construction project identified above; or
- order and pay for materials that will be incorporated into the real estate constituting the construction project identified above with funds belonging to the tax-exempt entity.

As agent of the tax-exempt entity, the person or company named above (check the applicable box):

- is authorized to appoint subagents of the tax-exempt entity to order materials that will be incorporated into the real estate constituting the project; or
- is not authorized to appoint subagents of the tax-exempt entity.

By signing this appointment we acknowledge that: the appointment applies only to the purchase of materials after the effective date hereof (which cannot be prior to the date the appointment is signed); the agent has the authority to bind the tax-exempt entity contractually for the purchase of tangible personal property that will be incorporated into the real estate constituting the construction project identified above; payment for the purchases made pursuant to such appointment must be made with funds belonging to the tax-exempt entity; and the agent is required to notify all vendors and suppliers from which tax-exempt purchases are to be made of the agency relationship and that the obligation for payment is that of the tax-exempt entity and not the agent. All purchase orders and remittance devices furnished to these vendors/suppliers shall clearly reflect the agency relationship. The vendor or supplier may rely on the tax-exempt status of purchases made on behalf of the tax-exempt entity by the duly appointed purchasing agent, provided that the criteria in Alabama Department of Revenue Rule 810-6-3-.69.02 and in the attached instructions are followed and the proper documentation exists to confirm compliance with these instructions.

**Sign Here** \_\_\_\_\_

AUTHORIZED REPRESENTATIVE OF THE GOVERNMENTAL ENTITY OR EXEMPT ORGANIZATION TITLE DATE

**Print Name** \_\_\_\_\_

**APPOINTMENT OF SUBAGENT**

Name and Address of Subagent (Subcontractor)	Appointment Information
NAME	EFFECTIVE DATE
STREET OR OTHER MAILING ADDRESS	Subagency appointment will expire on the date the subagent completes work on the project by fulfilling the contractual obligation to perform.
CITY STATE ZIP CODE	SCHEDULED DATE OF COMPLETION:
SCOPE OF WORK TO BE PERFORMED BY SUBAGENT	

The undersigned agent (contractor) hereby appoints the subagent (subcontractor) to act as a purchasing agent of the tax-exempt entity to order, but not to pay for, materials that will be incorporated into the real estate constituting the construction project identified above. In making purchases for the project, the subagent must comply with Alabama Department of Revenue Rule 810-6-3-.69.02 and the attached instructions.

**Sign Here** \_\_\_\_\_

AUTHORIZED REPRESENTATIVE OF AGENT (CONTRACTOR) TITLE DATE

**Print Name** \_\_\_\_\_

# Instructions For Preparation of Form ST: PAA1

## Purchasing Agent Appointment

The United States Government, the State of Alabama, counties and incorporated municipalities of the state, and various other entities within the state are specifically exempt from paying state and local sales and use tax on their purchases of tangible personal property. These tax-exempt entities cannot transfer their exempt status to a contractor or developer who is required to purchase and pay for the materials that are to be used pursuant to a construction contract with the tax-exempt entity. However, a tax-exempt entity may appoint as its agent a contractor to act on its behalf to order materials or to order and pay for materials that will be incorporated into real estate pursuant to a construction contract with the tax-exempt entity. Purchases made by the agent on behalf of the tax-exempt entity will be exempt from the payment of state and local sales or use tax provided that the procedures outlined in Alabama Department of Revenue Rule 810-6-3-.69.02 are followed. These procedures include the provisions below. (**Note:** *This form should not be used to purchase materials for a project that has been granted abatement pursuant to the Tax Incentive Reform Act of 1992, Chapter 9B of Title 40, Code of Alabama 1975, as amended, or for the exemption available to contractors for the purchase of building materials for construction projects with health care authorities organized under Article 11 of Chapter 21 of Title 22 or Chapter 62 of Title 11. Tax-exempt purchases of materials for these types of projects must be made in accordance with the provisions of the applicable sections of the Code of Alabama 1975, as amended, and ADOR Rules.*)

The appointment of the contractor as purchasing agent of the tax-exempt entity must be made in writing and may, but is not required to, take the form of a completed Purchasing Agent Appointment, Form ST: PAA-1. The appointment must be made prior to the contractor's purchase of materials that are claimed to be tax-exempt. In the absence of a written appointment the contractor must pay the sales and use taxes otherwise due. A contractor may not purchase materials, incorporate them into realty prior to obtaining a properly completed and signed Form ST: PAA-1, or other written appointment, and later claim an agency relationship and petition for a refund of sales and use tax paid on the materials. The Form ST: PAA-1 can only be used to appoint the contractor to purchase on behalf of the tax-exempt entity materials that will be incorporated into the real estate constituting the project. However, execution of the Form ST: PAA-1 does not preclude a separate written appointment of the contractor as agent of the tax-exempt entity to purchase other tangible personal property.

Purchases made by the purchasing agent on behalf of the tax-exempt entity are exempt from the payment of sales and use taxes, provided that funds belonging to the tax-exempt entity are directly obligated and payment is made with funds belonging to the tax-exempt entity. When the contractor is also appointed as agent to pay for the materials on behalf of the tax-exempt entity, payment must be made from an account designated for this specific purpose and funded by the tax-exempt entity. It is permissible to use a trust account for multiple projects, provided that the account is funded by the tax-exempt entities and records are maintained to document the source of funds for each project. The contractor may not commingle its own funds with the funds in the account. The contractor may not deposit its own money into the account. The contractor may not pay for materials with its own funds and receive reimbursement from the account.

**PENALTY.** Any person who makes unauthorized use of this document with the intent to evade payment of tax is liable for any sales and use taxes that may be due, together with interest, and may be assessed

additional penalties as provided in Section 40-2A-11, Code of Alabama 1975, as amended.

**APPOINTMENT INFORMATION.** All information requested on the attached Purchasing Agent Appointment, Form ST: PAA-1, must be provided, including by attachments to the form. The project name, location, and description must be included. Tax-exempt organizations must provide their Alabama Sales and Use Tax Certificate of Exemption number, Legislative Act number, or state law by which they are exempt from sales and use tax. The form or other written appointment document must reflect the date the appointment will become effective, which cannot be prior to the date the document is signed. The agency appointment will expire on the date of completion of the project. The scheduled date of completion must be reflected on the appointment document. However, the scheduled date of completion may be extended by approval of the tax-exempt entity when it is determined that the project will not be completed by that date. The agent shall not make any purchases without payment of sales or use taxes under the authority of this appointment before the effective date or after the date of completion of the project. This Purchasing Agent Appointment must be signed by an officer or duly-authorized representative of the tax-exempt entity. The signed original document must be retained by the contractor, and a copy should be retained by the tax-exempt entity. In a subsequent audit, to substantiate the contractor's appointment as agent to purchase on behalf of the tax-exempt entity, the contractor will be required to provide to the auditor upon request a copy of the executed appointment document.

**AGENT'S APPOINTMENT OF ONE OR MORE SUBAGENTS.** When authorized by the tax-exempt entity, the agent (contractor) may appoint one or more subagents (subcontractors) to act as the purchasing agent of the tax-exempt entity to order, but not to pay for, materials that will be incorporated into the project. For each subagent appointed, the agent (contractor) must document the appointment by completing the section provided on a copy of Form ST: PAA-1, or otherwise document the appointment in writing. The document must include the date the appointment of the subagent will become effective, which cannot be prior to the date the contractor signs the document appointing the subagent. The subagency appointment will expire on the date the subagent's work on the project is completed. The scheduled date of completion of the subagent's work on the project must be reflected on the appointment document. However, the scheduled date of completion may be extended by the contractor (agent) when it is determined that the subcontractor's work on the project will not be completed by that date. The subagent (subcontractor) shall not make any purchases without payment of sales or use taxes under the authority of this appointment before the effective date or after the date the subagent's work on the project is completed. A description of the work to be performed by the subagent must be included. For each subagent appointed, the Appointment of Subagent form or other writing must be signed by the agent (owner, partner, member, corporate officer, or other individual authorized to sign the document). The signed document must be retained by the subagent (subcontractor). A copy of the document must be provided to the tax-exempt entity for their records and a copy must be retained by the agent (contractor). A subagent's purchase of materials on behalf of the tax-exempt entity is exempt from the payment of state and local sales and use taxes provided that the criteria set out above and in ADOR Rule 810-6-3-.69.02 are followed. In a subsequent audit, to substantiate the subcontractor's appointment as agent to purchase on behalf of the tax-exempt entity, the subcontractor will be required to provide to the auditor upon request a copy of the executed subagent appointment document.