



Arizona Department of Revenue
Transaction Privilege and Use Tax
Overhead Exemption Certificate

ARIZONA FORM
5006

This exemption Certificate is prescribed by the Department of Revenue pursuant to A.R.S. § 42-5009

This exemption does not apply to city taxes.

This Certificate is to be completed by the purchaser and furnished to the vendor.

Issued To: _____
(name of vendor)

Vendors shall retain this Certificate.

Incomplete Certificates may not be accepted in good faith.

Purchaser Information

Purchaser's Business Name and Address

AZ Transaction Privilege License No. _____

Other Tax License Number _____

Name of Other State/County _____

Reason for no Tax License: _____

Government Contractor _____ Eligible Subcontractor _____

Precise Nature of Business _____

This Certificate allows the manufacturer, modifier, assembler or repairer to declare a percentage of total purchases exempt as qualifying purchases of overhead materials under a contract with the United States government with appropriate title passing clauses. *See certification statement below.*

Exemption Claimed

Taxable Percentage (%)

%

Exempt Percentage (%)

%

Total: 100%

Check applicable box ☐ All transactions ☐ Single ☐ Other _____

Period limitation if any; From _____ To _____

Note: If a limitation is noted, this Certificate continues in force from the date of signature through the stated period, unless canceled by the purchaser or the vendor.

Certification

This Certificate is only for use by purchasers claiming full or partial exemption for overhead materials for use by a government contractor who is a manufacturer, modifier, assembler or repairer, or a direct subcontractor of the government contractor, pursuant to a contract between the government contractor and the United States government in which overhead is covered by the appropriate title passing clauses.

Any abuse, misuse, or unauthorized use of this Certificate constitutes a serious violation and will lead to revocation of the Certificate and its attendant privileges. Misuse of this Certificate will subject the purchaser to payment of the ARS § 42-5009 amount equal to any tax, penalty or interest. Willful misuse of this Certificate will subject the purchaser to criminal penalties of a felony pursuant to ARS § 42-1127.B.2.

I, (print full name) _____, hereby certify that these purchases are exempt from Arizona transaction privilege tax and that the information on this Certificate is true, accurate and complete. Further, if purchasing as an agent, I certify that I am authorized to execute this Certificate on behalf of the purchaser named above.

Signature and Title of purchaser _____

Date _____ Phone number _____

General Information Regarding Use of Overhead Exemption Certification

Who May Claim Exemption

This certificate is for use by government contractors or direct government subcontractors to establish exemption under the retail classification or the use tax for sales or purchases of overhead materials. The government contractor must be a manufacturer, modifier, assembler or repairer in order to qualify for the exemption. The government subcontractor must be a direct subcontractor to a government contractor. Purchases of overhead materials are exempt from tax when purchased by these entities if there is a contract with the United States government which contains appropriate title passing clauses pursuant to Federal Acquisition Regulations. The title passing clauses must provide that title passes to the government on overhead purchases of tangible personal property. In order for purchases by a government subcontractor to be exempt the contract between the government contractor and the subcontractor must incorporate the title passing clauses included in the government contract.

Proration

A government contractor or government subcontractor may prorate the exemption for overhead materials. The government contractor or government subcontractor will be required to file an annual reconciliation with the Department of Revenue comparing the percentage claimed on this certificate and the percentage actually allocated to government contracts. The government contractor or government subcontractor will be responsible for an amount equal to the liability for any additional tax, penalty or interest that would otherwise have been the responsibility of the vendor if a certificate had not been provided.

What are Overhead Materials

Overhead Materials include tangible personal property which is not capital equipment or which does not become a component part of the product. Overhead is generally not identifiable to an exact contract. Tangible personal purchased as overhead is usually charged to an expense account which is then allocated to various locations, cost centers or contracts.

For Information Call

(602) 255-2060 in Phoenix or outside Arizona
(520) 628-6421 in Tucson
1-800-843-7196 throughout Arizona
(602) 542-4021 or 1-800-397-0256 for the
impaired TDD user.