



Sales Tax / Resale Certificate Information

Customer FAQ's

1. **Why now? We've been doing the same business in the same states with you for years?**
 - a. If you as the distributor provide this resale or exempt certification, no tax will be charged to the state in which we are shipping to on your behalf.
 - b. Because sales & use tax collection has become a very high profile issue due to the lost state tax revenues from the escalation of internet shopping and the decrease of revenues overall as a result of the downturn in the economy.

2. **Won't this make your products/services cost more?**
 - a. No, not at all. The cost of the products/services remains unchanged. The sales tax is merely a flow-through to the states of a legally due tax obligation.
 - b. If you are not the end user of the product then you should be able to pass this tax obligation to your customer, who would have been responsible for it all along.

3. **'So and so' is also a big Company, how come they don't charge us tax all over?**
 - a. Despite being big by some standards, they may not have the extensive business presence of Discount Labels. They may be structured to insulate certain segments from having to collect tax, as we once were. While this may provide a minor, short-term benefit, it creates barriers to the providing the comprehensive product selection we are now able to offer.
 - b. If they are a privately-held Company, vs. publicly-traded like Discount Labels, they may not have the level of oversight that we do. Being a public Company we have corporate governance issues to address in relation to the accuracy and completeness of our financial reporting, including tax compliance.
 - c. Also, it is significant to note that ***just because the local printer does not have the obligation to collect the tax in these other states does not mean it isn't due.*** If the ultimate consumer has sufficient nexus in the receiving state they would have a legal obligation to remit a Use Tax on any taxable items so purchased where tax was not charged by the vendor. We are simply facilitating that process (as required by law) and are therefore rendering this additional service to our customers.

4. **Why do I have to pay tax to a state where I don't have any physical presence?**
 - a. The concept of nexus hinges upon business presence rather than strict physical presence. The requisite level of business presence can take many forms.