# The Sales Tax Export Exemption - An Overview

Tax Code Section 151.307 provides an exemption from Texas sales and use tax on tangible personal property purchased in Texas and exported to another country.

Texas sales tax is not due when a purchaser buys an item here and has the seller ship it to another country, or has the seller send it directly to a freight forwarder for export. Shipping documentation must be maintained in the seller's records to show why tax was not collected on these types of sales.

A receipt from a common carrier, such as the United States Post Office, United Postal Service (UPS) or Federal Express, is sufficient to show that the seller shipped the item to another country provided the receipt includes a description of the item or items being exported.

When the seller delivers the item to a freight forwarder, the seller must receive both a freight forwarder's receipt and a copy of the original bill of lading issued by a licensed and certificated carrier that describes the property being exported to document the exemption. In some cases, customers purchase items from several retailers and the freight forwarder ships in one shipment with one bill of lading.

Even though the shipment is exported with only one shipper (consignor) showing on the bill of lading, the shipment leaves the country with several invoices, thus more than one shipper. In these instances, a copy of the bill of lading together with the receipt from the freight forwarding company showing that the seller delivered the items are sufficient to prove export. See STAR letter 9303L1230B12.

A seller must collect sales tax when a customer picks up or takes delivery of taxable items in Texas, even if the customer later exports those items.

Once the items have been exported, the purchaser may request a refund of the tax paid from the store where the purchase was made, or, in some situations, directly from our office, as long as the purchaser provides the necessary proof of export documentation, and the applicable waiting period has passed.

Examples of acceptable proof are a bill of lading, customs broker's exemption certificate, or entry documents from the destination country. Only one type of proof relating to a particular piece of property is necessary. See Rule 3.323 for more information.

## Use Before Export Causes Loss of Exemption

If the owner uses the goods before exporting them, the export exemption is lost.

For example, if a customer buys a hat in Texas and wears it, the purchaser may not request a refund of the tax paid on the hat, even if the purchaser subsequently exports it when leaving the U.S. Wearing the hat is a taxable use of the item in this state.

Property kept in Texas for more than 30 days from the date of purchase is presumed to have been stored, a taxable use of the property under Texas law. Property stored in Texas by the owner loses its exemption as an export. Property in the hands of a freight forwarder is not covered by this provision.