

Institute for Professionals in Taxation



CMI – Sales Tax Candidate Orientation and Examination Overview & Guidelines

Prepared by: Professional Designation Committee, Sales Tax (4.18)

CMI Orientation

This session is meant to give an overview of the requirements for earning the CMI designation and provide suggestions for study. It is not meant to be a teaching aid or a stand-alone study guide. It is suggested that you do not attempt the CMI Exam without further instruction and significant study and preparation.



CMI Sales Tax Links

- [CMI Sales Tax Brochure](#)
- [CMI Sales Tax – Eligibility Checklist](#)
- [CMI Sales Tax Application](#)
- [CMI Sales Tax Exam Deadlines](#)
- [CMI Candidate FAQs](#)



Objectives of IPT

1. Improve professional standards.
2. Recognize individuals with a thorough knowledge of the principles and practices of sales and use taxation.
3. Support continuing education and professional development.
4. Cooperate with government bodies to improve state and local tax administration.



Objectives of IPT

5. Establish and promote high standards of competence and efficiency in tax management.
6. Review and disseminate information on existing and proposed state and local tax legislation, regulation and administrative action.



Objectives of IPT

7. Inform the general public on matters related to state and local taxation and public finance.
8. Promote the study of state and local taxation by encouraging research and conducting conferences and symposiums.



Requirements for CMI Designation

1. Membership
2. Experience
3. Education
4. Examinations
5. Recommendation from Committee to Board
6. Board Approval and Conferral



Membership

Membership in the Institute shall be available to any employee of a business whose duties include managing or administering the state or local tax obligations of the business or providing tax-related services to other businesses.



Membership Types

1. Corporate members
2. Consultant members
3. Honorary members
4. Retired members
5. Academic Members



Membership

Any member of the Institute in good standing is eligible to become a candidate for the CMI professional designation.



Experience

- A minimum of 5 years varied sales tax experience is required to take the CMI examinations.



Education

- Mandatory IPT School Requirement
- Other Approved Professional Education
 - Bachelor's Degree
 - Advanced Degrees
 - Professional Designations
 - Sales Tax Related Courses



IPT Program Requirement

1. Successful completion of Sales Tax School II.

(Successful completion or challenge of Sales Tax School I is a prerequisite to attending Sales Tax School II. School II may not be challenged.)

2. Successful completion of an additional IPT sales tax program of at least 12 CE hours in length.

(If School I is attended, it can either fulfill this requirement OR be awarded 5 education points.)



Approved Professional Education

Must earn 25 Education Points from the following

- Bachelor's Degree

(Maximum of 10 Points)

- 10 Points for a Bachelor's degree
- In lieu of degree:
 - 2 Points per year for a maximum of 6 points
 - 1 Point per year of full-time sales tax experience beyond the minimum 5 year requirement .



Approved Professional Education

- **Advanced Degrees**

(Maximum of 5 Points)

Examples: MA, MS, MBA, LLB, JD

- **Professional Designations**

(Maximum of 5 Points)

Examples: CMI, CPA, Esq.



Approved Professional Education

- Sales Tax Related Courses
 - IPT Courses
 - Sales Tax Symposium or Academy = 5 Points
 - Sales Tax School I (if not used to meet other IPT program requirement) = 5 Points
 - Annual Conference = 5 Points
 - Sales Tax Seminar = 2 Points



Approved Professional Education

– Approved Sales Tax Related Courses

- * Maximum of 5 Points per course with a written exam.
- * Maximum of 3 Points per course without a written exam.
- * A minimum of 6 instructional hours is required per point.

*****Courses submitted for consideration must include a descriptive program and a certificate of completion.*****



Examples of Other Courses

- Sales and use tax, gross receipts tax, excise tax, accounting, auditing, statistics, or tax research courses administered by recognized professional and education organizations and approved by the CMI-Sales Tax Committee.
- Sales and use tax related courses, seminars, symposia, or conferences.



Application Deadlines

1. Applications must be received in the IPT office **90 days prior** to the examination date.
2. Verification of final requirements met must be received in the IPT office **45 days prior** to the examination date.
3. Intention to sit for exam must be received in the IPT office **30 days prior** to the examination date.



Overview of Application Process

1. Submit Application
2. Application is reviewed by IPT Staff & CMI Committee
3. Applicant notified of candidacy
 - Includes information on accessing study material
4. Applicant notified of eligibility
 - a. Met requirements – eligible to sit at next exam.
 - b. Lacking requirements– ineligible to sit without further verification of requirements.



Overview of Application Process

5. Eligible candidates will receive an email 6 – 8 weeks prior to each exam with the exam details.
6. Examinees are notified of the exam results in writing.
 - a. Candidates, who did not pass the written and/or oral exam, will receive a list of categories in which further study, education and/or experience is needed as indicated by their exam performance. The committee does not conduct reviews of the exam. Questions regarding the grading policy may be directed to the IPT office.
 - b. New CMIs will receive a lapel pin, a framed certificate and large certificate via mail.



Please Note

- Applicants have six consecutive testing opportunities **from the date of application** (not eligibility) to meet the requirements in effect for certification.
- Applicants **must notify the IPT office in writing** to update their application as requirements are met.



CMI Applicant Evaluation

1. Education

(a) Sales Tax School II Year _____ Passed _____

(b) Sales Tax School I or IPT Sales Tax Program
Year _____ Passed _____

(c) Other approved professional education (Min. 25 points required) Points

(1) _____ yrs. College (max. 10)
Degree - Major & Type _____

(2) Advanced degree _____ (Max. 5 points) _____

(3) Professional Designation _____ (Max. 5 points) _____

(4) Approved Sales tax related courses: (Max. 5 points per course)

<u>Course</u>	<u>Organization</u>	<u>Year</u>	
_____	_____	_____	_____
_____	_____	_____	_____

TOTAL POINTS: _____



Study Material

- Available only to candidates - Includes chapters, breakout problems, breakout solutions from each IPT Sales Tax School as well as the CMI-S orientation guide.
- To maintain the integrity of IPT's educational programming, **do not copy or distribute these materials in any way.**



Examinations

- Written
 - will establish the experience and overall knowledge of the candidate
- Oral
 - will test the candidate's overall knowledge of sales and use taxation, professionalism, ethical requirements and IPT's purpose/vision.



Affirmation for Exam

CMI SALES TAX PROFESSIONAL DESIGNATION EXAMINATION CERTIFICATION

CANDIDATE'S NAME IMA SAMPLE CANDIDATE'S EXAM NO. 1234
CANDIDATE'S COMPANY OF RECORD: IMA COMPANY

Upon completing this form in conjunction with the CMI Sales Tax Professional Designation Exam , I hereby testify and affirm the following:

- 1. The “Candidate Exam Number” listed above is the same as that listed on the front of my exam booklet.**
- 2. I am currently employed by the company listed above.**
- 3. During the course of the examination, I will not communicate about the examination nor solicit or utilize any unauthorized aid or assistance.**
- 4. I will subscribe to the high ethical professional standards required by members of the Institute for Professionals in Taxation.**



Affirmation Continued

6. I will not transcribe any part of this examination nor carry away with me any notes, worksheets or comments that I might make. All written comments and assumptions will be marked in the examination book and any work-papers will be surrendered to the committee when I turn-in my exam.
7. I will not consult any unauthorized written materials, digital media, or reference materials during the course of this examination.
8. I will not attempt to destroy the security of this examination by discussing or relaying specific questions or answers to those whom I know have not previously passed this examination.
9. I have a cumulative total of at least five years of full-time Sales Tax experience as described in the CMI-Sales Tax candidacy application.

Signature

Date

Grade



Written Examination

Generally, the exam includes:

1. True/False questions
2. Multiple Choice questions
3. Written Response/Short Answer questions
4. Significant Court Cases
5. Problem Solving



Written Examination Grading

1. Passing grade - 70% or higher
2. Examinations are identified by a number, not by name, to ensure anonymity.
3. All exams are graded by the Committee.
4. To ensure objectivity, all exams below 5 points of 70% are regraded by the committee.
5. Show all work on exam and state all assumptions to maximize scores.



Oral Examination

1. Pass/Fail grading.
2. Examination is given by two committee members.
3. Exam primarily covers professional ethics and the candidates' management/planning and analytical skills. (refer to “About Us” section on www.ipt.org)
4. A standardized set of questions is used by each exam team.



Results and Notification

1. Written and oral exams are independent exams.
2. CMI Candidates are notified in writing of their exam results.
 - a. Email: 1 week following exam
 - b. Mail: 2-3 weeks following exam



Accessing Study Material

- To access the study material
 - Visit www.ipt.org
 - Sign in, click on your name in the top right corner
 - Click on the “My Participation” tab and scroll down to the “CMI Candidate Study Materials” section.
 - Click on the link for study materials.





Program in Focus

Duff & Phelps will be the Signature Sponsor for the 2013 Annual Conference

[LEARN MORE »](#)

- [PROGRAM IN FOCUS](#)
- [CERTIFICATION](#)
- [SHOP TALK](#)
- [FROM THE FRONT PORCH](#)

» Upcoming Programs

- 3/18/2013 ABA/IPT Income Tax Seminar [Register](#)
- 3/19/2013 ABA/IPT Sales/Use Tax Seminar [Register](#)
- 3/21/2013 ABA/IPT Property Tax Seminar [Register](#)

» News and Announcements

IPT's March Tax Report Now Available

[Read More](#)

» Billy D. Cook Educational Fund

We are pleased to announce that the IPT Education Fund has been named in honor of BILLY D. COOK, Emeritus Executive Director.

Over the past 22 years Billy's commitment to IPT and the many IPT Educational Programs



> Personal Information

[Institute for Professionals in Taxation](#)

Preferred Billing
600 Northpark Town Center
1200 Abernathy Road, N.E. - Suite L-2
Atlanta, GA 30328
USA

> Challenge/Retake Exams

The links below are only valid for members who have applied to take the respective Challenge Exam.

- Basic Income Tax School - [click here](#)
- Advanced Income Tax School - [click here](#)
- Credits and Incentives School - [click here](#)
- Sales Tax School I - [click here](#)
- Sales Tax School II - [click here](#)
- Property Tax School - [click here](#)

> CMI Candidate Study Materials

The links below are only valid for members who have applied to take the respective CMI Exam.

CMI-I Candidate study materials - [click here](#)

> Upcoming Programs

Begin Date	Title	Details
4/22/2018	2018 Sales Tax School II	Register
6/3/2018	2018 State Income Tax School I	Register
6/3/2018	2018 State Income Tax School II	Register
6/4/2018	2018 Credits and Incentives School	Register
6/24/2018	2018 IPT Annual Conference	Register
8/5/2018	2018 Property Tax School	Register
8/19/2018	2018 Real Property Tax School	Register
9/23/2018	2018 Personal Property Tax School	Register
9/30/2018	2018 Sales Tax Symposium	Register
10/3/2018	2018 VAT Symposium	Register
11/4/2018	2018 Property Tax Symposium	Register
11/6/2018	2018 Credits & Incentives Symposium	Register
1/13/2019	2019 State Income Tax Symposium	Register

> Distance Learning Courses

To access and take any recorded distance learning course, Please click this link:

[Knowledge Center](#)

> Meetings that you are registered for...

Event	Location	Program Info
2018 IPT Annual Conference	Vancouver, BC	Click here

> Programs you have attended...

Transaction Date	Description	Program Info
10/22/2017	2017 Credits & Incentives Symposium	Click here

... prior to 2013 are not listed under "Programs You Have Attended."



Contents of Exam

The topics and sample questions in these guidelines are representative of the knowledge tested on the exam and are meant to clarify the content. The following topics and review questions are not intended to limit the subject matter or be all-inclusive of what might be covered in the exam.



Institute for Professionals in Taxation

- a. Objectives
- b. Code of Ethics
- c. Professionalism



IPT Code of Ethics

The Institute for Professionals in Taxation has established a *CODE OF ETHICS* to set forth ethical and professional guidelines for all IPT members.

*** *IPT's CODE OF ETHICS* has been revised effective January 1, 2009. Please verify you have the latest version to study.***



Sales and Use Taxes

- a. Types of taxes possible
- b. Understand compensating taxes concepts
- c. Differences between types of taxes and how they apply
- d. Significance of tax department in making business decisions
- e. Terms, definitions and concepts related to administration and compliance



Constitutional Issues

- a. Definition of nexus
- b. Different types of nexus (affiliated, attributional)
- c. Identify when does nexus exist
- d. Instrumentalities of interstate commerce
- e. Sales and use tax information exchange agreements
- f. Prospective only application of law
- g. Other constitutional considerations



State Administration of Sales/Use Taxes

- a. Typical organizational structure
- b. Powers to impose and regulate tax laws
- c. Statutory authority vs. regulations, rules and administrative decisions
- d. Principles of tax collection
- e. Other duties possibly performed by tax administrators
- f. Principles of audit administration



Taxpayer Compliance

- a. Registration requirements and processes
- b. Considerations for sales transactions
- c. Considerations for purchase transactions
- d. Considerations for transfer transactions
- e. Bulk sales provisions
- f. Taxpayer Rights



Exclusions, Exemptions and Exemption Certificates

- a. Exclusions
- b. Exemptions
- c. Exemption certificates
- d. Exemption certificate completion requirements
- e. Transferring assets between corporate entities



Tax Return Preparation

- a. Measuring tax liability
- b. Preparing the return
- c. Penalties and interest
- d. Secrecy of returns
- e. Filing responsibilities and liability



Local Taxes

- a. Origin vs. destination
- b. Difference among rates
- c. Differences among tax bases
between state and local jurisdictions
- d. Coding issues
- e. Home-rule versus state
administration



Mergers, Acquisitions, Consolidations

- a. Bulk sale provisions
- b. Sale for resale
- c. Casual, isolated, or occasional sale
- d. Intangibles



Audits, Appeals Procedures and Claims for Refunds

- a. Nature of the tax audit
- b. Authority for auditing of taxpayer's records
- c. Managed audits
- d. Pros and cons of different sampling methods (block, statistical, systematic)
- e. Records and retention requirements
- f. Electronic data interchange (EDI) issues
- g. Auditor's request for records
- h. Entrance interview with auditor
- i. Statute of limitations and waivers of statute
- j. Control of the audit and the auditor
- k. The hearing
- l. Appeals processes
- m. Claims for refunds



Industry - Manufacturing

- predominant, exclusive, & direct use
- integrated plant theory
- exemptions, pollution control equipment
- industrial/enterprise zone
- ancillary equipment
- testing, storage, packaging, transportation, quality control, R&D, consumables



Industry - Retailing

- trade-ins, discounts, gifts, premiums, samples
- advertising and advertising supplements
- exemptions
- warranties
- shipping, transportation, handling charges, packaging
- drop shipments
- demonstration/display inventory
- mail order sales



Industry - Telecommunications

- intrastate, interstate, international
- cellular phones & cellular services
- prepaid calling cards
- 900 service
- surcharges



Industry - Services

- true object test
- computer services - software & hardware, installation, training, consulting, data processing, internet, licensing agreements, service contracts, maintenance.
- construction contracting - types of contracts, types of contractors, agency clause, consumer vs. retailer, new construction vs. remodeling, improvements to real property
- leasing - operating leases, capital leases, sale-leasebacks, rental taxes
- enumerated services



Industry - Miscellaneous

- hospitality
- health care



Special Applications

- a. Procurement cards
- b. Printed materials
- c. Promotional items, samples and gifts
- d. Installation and repair charges
- e. Taxable/non-taxable labor and services
- f. Environmental taxes and fees



Significant Court Cases

(including but not limited to the following):

- a. *National Bellas Hess v. Illinois Department of Revenue*, 386 U.S. 753, 87 S. Ct. 1389, 18 L.Ed.2d 505 (1967)
- b. *D.H. Holmes v. McNamara*, 486 U.S. 24, 108 S. Ct. 1619, 100 L.ED.2d 21 (1988)
- c. *National Geographic Society v. California Board of Equalization*, 430 U.S. 551, 97 S. Ct. 1386, 51 L.Ed.2d 631 (1977)
- d. *Scripto, Inc. v. Carson*, 362 U.S. 207, 80 S. Ct. 619, 4 L.Ed.2d 660 (1960)
- e. *Complete Auto Transit v. Brady*, 430 U.S. 274, 97 S.Ct. 1076, 51 L.Ed.2d 326 (1977)



Significant Course Cases (cont.)

- f. *Goldberg v. Sweet*, 488 U.S. 252, 109 S. Ct. 582, 102 L.Ed.2d 607 (1989)
- g. *Tyler Pipe Industries v. Washington*, 483 U.S. 232, 107 S.Ct. 2810, 97 L.Ed.2d 199 (1987)
- h. *Exxon v. Wyoming*, 783 P.2d 685 (1989)
- i. *Quill Corporation v. North Dakota*, 504 U.S. 298, 112 S.Ct. 1904, 119 L.Ed.2d 91 (1992)
- j. *Associated Industries of Missouri v. Lohman*, 511 U.S. 641, 114 S.Ct. 1815, 128 L.Ed.2d 639 (1994)



Significant Course Cases (cont.)

- k. *South Central Bell v. Barthelemy, et al*_ 643 So2d 1240 (1994)
- l. *Navistar International Transportation Corp. v. California State Board of Equalization*, 884 P.2d 108, 35 Cal.Rptr.2d 651 (1994)
- m. *Oklahoma Tax Commission v. Jefferson Lines, Inc.* 514 U.S. 175, 115 S.Ct. 1331, 131 L.Ed.2d 261 (1995)
- n. *Itel Containers Int'l Corp v. Huddleston*, 507 U.S. 60, 113 S.Ct. 1095, 122 L.Ed.2d 421 (1993)
- o. *Borders Online, LLC V. State Board of Equalization*, 129 Cal. App 4th 1179 (May 31, 2005)
- p. *United States v. New Mexico*, 102 S. Ct. 1373 (1982)
- q. *McKesson Corp. v. Division of Alcoholic Beverages*, 110 S. Ct. 2238 (1990)



Selected References to Assist in Studying for Examinations

(including but not limited to the following):

- [IPT SALES AND USE TAXATION 2004](#) Edited by Jerrold F. Janata. (Available for order through IPT Office or via website at <http://www.ipt.org>)
- [IPT SALES & USE TAX SCHOOL BOOKS, SCHOOL I & II](#). INSTITUTE FOR PROFESSIONALS IN TAXATION. (Available through attendance at respective annual IPT sales & use tax schools – including glossary)
- [IPT SALES & USE TAX SYMPOSIUM BOOKS](#). INSTITUTE FOR PROFESSIONALS IN TAXATION. (Available through attendance at annual IPT sales & use symposiums)
- [SALES TAXATION, STATE AND LOCAL STRUCTURE AND ADMINISTRATION](#). John F. Due and John L. Mikesell. Johns Hopkins University Press. Baltimore and London, 701 W. 40th Street, Suite 275, Baltimore, MD, 21211, PH: 800-537-5487.
- [STATE TAX CASES REPORTER](#). Commerce Clearing House, Inc. (Available through your local CCH representative)
- [STATE TAX REPORT COMPILATION SECTION](#). Commerce Clearing House, Inc. (Available through your local CCH representative)
- [STATE AND LOCAL TAXES WEEKLY](#). Research Institute of America. (Available through your local RIA representative)
- [SALES & USE TAX REPORT](#). INSTITUTE FOR PROFESSIONALS IN TAXATION. Published Monthly. (Included in IPT membership)

