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.

I. Objectives of IPT
   A. Improve professional standards.
   B. Recognize individuals with a thorough knowledge of the principles and practices of sales and use taxation.
   C. Support continuing education and professional development.
   D. Cooperate with government bodies to improve state and local tax administration.
   E. Establish and promote high standards of competence and efficiency in tax management.
   F. Review and disseminate information on existing and proposed state and local tax legislation, regulation and administrative action.
   G. Inform the general public on matters related to state and local taxation and public finance.
   H. Promote the study of state and local taxation by encouraging research and conducting conferences and symposiums.

II. Requirements for CMI Designation
   A. Membership
   B. Experience
   C. Education
   D. Examinations
   E. Recommendation from Committee to Board
   F. Board Approval and Conferral

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

   A. Membership Types
      1. Regular members
      2. Affiliate members
      3. Associate members
      4. Honorary members
      5. Retired members
      6. Academic members
IV. Experience
   A. A minimum of 5 years varied sales tax experience is required to take the CMI examinations.

V. Education
   A. Mandatory 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.)
   B. Approved Professional Education - must earn 25 Education Points from the following:
      1. Bachelor’s Degree (Maximum of 10 Points)
         a. 10 Points for a Bachelor’s degree
         b. In lieu of degree:
            (i) 2 Points per year for a maximum of 6 points
            (ii) 1 Point per year of full-time sales tax experience beyond the minimum 5 year requirement.
      2. Advanced Degrees (Maximum of 5 Points)
         a. Examples: MA, MS, MBA, LLB, JD
      3. Professional Designations (Maximum of 5 Points)
         a. Examples: CMI, CPA, Esq.
      4. Sales Tax Related Courses
         a. IPT Courses
            (i) Sales Tax Symposium or Academy = 5 Points
            (ii) Sales Tax School I (if not used to meet IPT program requirement) = 5 Points
            (iii) Annual Conference = 5 Points
            (iv) Sales Tax Seminar = 2 Points
      5. Approved Sales Tax Related Courses
         a. Maximum of 5 Points per course with a written exam.
         b. Maximum of 3 Points per course without a written exam.
         c. A minimum of 6 instructional hours is required per point.
         d. Examples of Other Courses:
            (i) 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.
            (ii) Sales and use tax related courses, seminars, symposia, or conferences.
Courses submitted for consideration must include a descriptive program and a certificate of completion. Courses will not be approved without supporting documentation.

VI. Application Deadlines
   A. Applications must be received in the IPT office 90 days prior to the examination date.
   B. Verification of final requirements met must be received in the IPT office 45 days prior to the examination date.
   C. Intention to sit for exam must be received in the IPT office 30 days prior to the examination date.

VII. Overview of Application Process
   A. Submit Application
   B. Application is reviewed by IPT Staff & CMI Committee
   C. Applicant notified of candidacy
      1. Includes information on accessing study material
   D. Applicant notified of eligibility
      1. Met requirements – eligible to sit at next exam.
      2. Lacking requirements– ineligible to sit without further verification of requirements.
   E. Eligible candidates will receive an email 6 – 8 weeks prior to each exam with the exam details.
      1. 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.
      2. New CMIs will receive a lapel pin, a framed certificate and large certificate via mail.
   F. Examinees are notified of the exam results in writing.
   G. Please Note:
      1. Applicants have six consecutive testing opportunities from the date of application (not eligibility) to meet the requirements in effect for certification.
      2. Applicants must notify the IPT office in writing to update their application as requirements are met.
VIII. 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)
           Course ____________________________ Organization ____________________________ Year ______
           ____________________________ ______
           TOTAL POINTS: ______

IX. Sample 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)
           Course ____________________________ Organization ____________________________ Year ______
           ____________________________ ______
           TOTAL POINTS: ______
X. Study Material
A. Available only to candidates - Includes chapters, breakout problems, breakout solutions from each IPT Sales Tax School as well as the CMI-S orientation guide.
B. To maintain the integrity of IPT’s educational programming, do not copy or distribute these materials in any way.

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

XII. 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:

• The “Candidate Exam Number” listed above is the same as that listed on the front of my exam booklet.
• I am currently employed by the company listed above.
• During the course of the examination, I will not communicate about the examination nor solicit or utilize any unauthorized aid or assistance.
• I will subscribe to the high ethical professional standards required by members of the Institute for Professionals in Taxation.
• 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.
• I will not consult any unauthorized written materials, digital media, or reference materials during the course of this examination.
• 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.
• 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________
XIII. **Written Examination**
A. 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
B. 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.

XIV. **Oral Examination**
A. Pass/Fail grading.
B. Examination is given by two committee members.
C. Exam primarily covers professional ethics and the candidates’ management/planning, presentation and analytical skills. (refer to “About Us” section on [www.ipt.org](http://www.ipt.org))
D. A standardized set of questions is used by each exam team.
E. Failing the ethics portion of the exam results in failure of the oral exam.

XV. **Results and Notification**
A. Written and oral exams are independent exams.
B. CMI Candidates are notified in writing of their exam results.
   1. Email: 1 week following exam
   2. Mail: 2-3 weeks following exam

XVI. **Accessing Study Material**
A. To access the study material
   1. Visit [www.ipt.org](http://www.ipt.org)
   2. Sign in, click on your name in the top right corner
   3. Scroll down to the “Professional Information” section.
   4. Click on the link for study materials.
XVII. 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.

A. Institute for Professionals in Taxation
   1. Objectives
   2. Code of Ethics
      a. The Institute for Professionals in Taxation has established a CODE OF ETHICS to set forth ethical and professional guidelines for all IPT members.
      b. IPT’s CODE OF ETHICS has been revised effective January 1, 2009. Please verify you have the latest version to study.
   3. Professionalism

B. Sales and Use Taxes
   1. Types of taxes possible
   2. Understand compensating taxes concepts
   3. Differences between types of taxes and how they apply
   4. Significance of tax department in making business decisions
   5. Terms, definitions and concepts related to administration and compliance

C. Constitutional Issues
   1. Definition of nexus
   2. Different types of nexus (affiliated, attributional)
   3. Identify when does nexus exist
   4. Instrumentalities of interstate commerce
   5. Sales and use tax information exchange agreements
   6. Prospective only application of law
   7. Other constitutional considerations

D. State Administration of Sales/Use Taxes
   1. Typical organizational structure
   2. Powers to impose and regulate tax laws
   3. Statutory authority vs. regulations, rules and administrative decisions
   4. Principles of tax collection
   5. Other duties possibly performed by tax administrators
   6. Principles of audit administration

E. Taxpayer Compliance
   1. Registration requirements and processes
   2. Considerations for sales transactions
   3. Considerations for purchase transactions
   4. Considerations for transfer transactions
   5. Bulk sales provisions
   6. Taxpayer Rights
F. Exclusions, Exemptions and Exemption Certificates
   1. Exclusions
   2. Exemptions
   3. Exemption certificates
   4. Exemption certificate completion requirements
   5. Transferring assets between corporate entities

G. Tax Return Preparation
   1. Measuring tax liability
   2. Preparing the return
   3. Penalties and interest
   4. Secrecy of returns
   5. Filing responsibilities and liability

H. Local Taxes
   1. Origin vs. destination
   2. Difference among rates
   3. Differences among tax bases between state and local jurisdictions
   4. Coding issues
   5. Home-rule versus state administration

I. Mergers, Acquisitions, Consolidations
   1. Bulk sale provisions
   2. Sale for resale
   3. Casual, isolated, or occasional sale
   4. Intangibles

J. Audits, Appeals Procedures and Claims for Refunds
   1. Nature of the tax audit
   2. Authority for auditing of taxpayer’s records
   3. Managed audits
   4. Pros and cons of different sampling methods (block, statistical, systematic)
   5. Records and retention requirements
   6. Electronic data interchange (EDI) issues
   7. Auditor’s request for records
   8. Entrance interview with auditor
   9. Statute of limitations and waivers of statute
   10. Control of the audit and the auditor
   11. The hearing
   12. Appeals processes
   13. Claims for refunds

K. Industry - Manufacturing
   1. predominant, exclusive, & direct use
   2. integrated plant theory
   3. exemptions, pollution control equipment
   4. industrial/enterprise zone
   5. ancillary equipment
   6. testing, storage, packaging, transportation, quality control, R&D, consumables
L. Industry - Retailing
   1. trade-ins, discounts, gifts, premiums, samples
   2. advertising and advertising supplements
   3. exemptions
   4. warranties
   5. shipping, transportation, handling charges, packaging
   6. drop shipments
   7. demonstration/display inventory
   8. mail order sales
M. Industry - Telecommunications
   1. intrastate, interstate, international
   2. cellular phones & cellular services
   3. prepaid calling cards
   4. 900 service
   5. surcharges
N. Industry - Services
   1. true object test
   2. computer services - software & hardware, installation, training, consulting, data
      processing, internet, licensing agreements, service contracts, maintenance.
   3. construction contracting - types of contracts, types of contractors, agency clause,
      consumer vs. retailer, new construction vs. remodeling, improvements to real
      property
   4. leasing - operating leases, capital leases, sale-leasebacks, rental taxes
   5. enumerated services
O. Industry - Miscellaneous
   1. hospitality
   2. health care
P. Special Applications
   1. Procurement cards
   2. Printed materials
   3. Promotional items, samples and gifts
   4. Installation and repair charges
   5. Taxable/non-taxable labor and services
   6. Environmental taxes and fees
XVIII. 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)
  C. National Geographic Society v. California Board of Equalization, 430 U.S. 551, 97 S. Ct. 1386, 51 L.Ed.2d 631 (1977)
  O. Borders Online, LLC V. State Board of Equalization, 129 Cal. App 4th 1179 (May 31, 2005)
  Q. McKesson Corp. v. Division of Alcoholic Beverages, 110 S. Ct. 2238 (1990)

XIX. Selected References to Assist in Studying for Examinations (including but not limited to the following):
  A. 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)
  B. 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)
  C. IPT SALES & USE TAX SYMPOSIUM BOOKS. INSTITUTE FOR PROFESSIONALS IN TAXATION. (Available through attendance at annual IPT sales & use symposiums)
  E. STATE TAX CASES REPORTER. Commerce Clearing House, Inc. (Available through your local CCH representative)
F. STATE TAX REPORT COMPILATION SECTION. Commerce Clearing House, Inc. (Available through your local CCH representative)

G. STATE AND LOCAL TAXES WEEKLY. Research Institute of America. (Available through your local RIA representative)

H. SALES & USE TAX REPORT. INSTITUTE FOR PROFESSIONALS IN TAXATION. Published Monthly. (Included in IPT membership)