



## Courtesy of Advising Automobile Dealers LLC

[www.AdvisingDealers.com](http://www.AdvisingDealers.com)

### **CERTIFICATE OF NO TAX DUE** **TEXAS COMPTROLLER OF PUBLIC ACCOUNTS**

If you buy an existing business, the inventory of an existing business, or the name and goodwill of an existing business, in the State of Texas, you can be liable for the sales tax owed by the business unless you get a Certificate of No Tax Due for the business from the Comptroller before your purchase.

If you don't get this clearance before you buy the business, and if taxes are owed and the previous owner has failed to pay those taxes, you could be required to pay any taxes, interest, and penalties that are due.

To protect yourself from having to pay any sales and use tax owed by the business you are buying, you should submit a written request for a "Certificate of No Tax Due" to:

Certificate of No Tax Due  
Audit Division Headquarters  
Texas Comptroller of Public Accounts  
P.O. Box 13528  
Austin, TX 78711-3528

You can also fax your request to: 512-475-0349.

You can pay the taxes by sending a check or money order through the mail or at any enforcement field offices. Make your payment payable to the Texas Comptroller of Public Accounts

The written request must include the seller's taxpayer number. There is no charge for the certificate. If you have any questions about the certificate, call 1-800-344-7916 toll-free.

In most cases, a certificate can be issued within five days, but it could take four to six weeks if Comptroller's office needs to audit the seller to verify that no tax is due.

Although either party (the buyer or the seller) may request the certificate, the confidentiality law requires the Comptroller's office to issue the certificate to the seller unless we have written authorization from the seller to release the information to the purchaser. If the buyer requests the certificate, we will notify the buyer when the certificate has been sent to the seller. If you are a buyer and want to receive the certificate directly, you must submit the written authorization from the seller with your request.

If you are buying a business through an escrow company, you should ensure that the company requests the certificate of clearance on your behalf. It is important to remember that if the current owner owes taxes and escrow closes without a certificate of tax clearance, you may be held liable for unpaid taxes (for the amount up to the purchase price for the business, which includes any assumption of indebtedness).

What should I do if the previous owner has unpaid taxes? If the Comptroller's office does not issue the Certificate of No Tax Due, you are required to withhold enough of the purchase price of the business to cover any amount owed to the Comptroller until the previous owner

produces: A receipt from the Comptroller showing all the liability has been paid, or A certificate from the Comptroller stating that no amount is due.

If a Certificate of No Tax Due has been issued for the business, you are no longer legally required to set aside funds to cover unpaid sales and use taxes.

The Seller needs to tell the Comptroller it is closing or selling its business! The Seller can make changes to its account in these ways:

Use "webchange"

Call: 1-800-224-1844

Email: [tax.help@cpa.state.tx.us](mailto:tax.help@cpa.state.tx.us)

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