



Designation of Construction Contractor as Agent of a Governmental Entity and Exemption Certificate

General Information

Purpose of the R-1020 Form: Agencies and instrumentalities of federal or Louisiana state or local government may designate a construction contractor as its authorized agent for the purpose of purchasing construction materials, leasing and renting tangible personal property, and purchasing taxable services. Form R-1020 serves as the documentation by which the government entity and contractor document the agency relationship to vendors of materials and services. It also serves as documentation that the contractor's purchases are sales tax exempt, and therefore serves as an exemption certificate, which the vendor must retain on file to support the deduction he will claim on his sales tax return. Effective 11-1-2004, the R-1032 exemption certificate will no longer be necessary.

Use of the R-1020 Form: The form must be signed by both parties, contractor and governmental entity. After signature, both the contractor/agent and the governmental entity must keep an original copy of the form on file, along with other documents that pertain to the construction project. (Effective 11-1-2004) Do not send a copy of the R-1020 form to the Louisiana Department of Revenue. Retain your copy of the original certificate on file. The contractor/agent must reproduce the original copy as needed to attach a copy to each purchase order for materials for the project. The reproduced copy will serve as the exemption certificate that will document the exempt sale of materials to the contractor/agent.

Subcontractors. A designated contractor may not re-designate his subcontractors as authorized agents for the governmental entity. Each subcontractor must obtain its own designation from the governmental entity.

Title to Property: Any materials purchased by the agent through the use of this certificate immediately become the property of the governmental entity upon delivery to the contractor/agent.

Restrictions as to Vendors: The governmental entity may choose to restrict the agent/contractor to making purchases from a pre-selected list of vendors and providers of services. This restriction, if applicable, must be incorporated into a contractual agreement between the governmental entity and the designated agent. If there are no vendor restrictions, the contractor/agent may use the R-1020 Exemption Certificate to make sales tax exempt purchases from any vendor.