

Ruling 96-01

Vermont Department of Taxes

Date: January 18, 1996

Written By: Gloria Hobson, Business Taxes Policy Analyst

Approved By: Edward W. Haase, Commissioner of Taxes

You requested a formal ruling on the application of Vermont's sales and use tax to your clothing sales. The ruling is based on the facts contained in your November 22, 1995 letter.

Issue: Are sales made by a non profit that exceed the \$5,000 threshold in 32 V.S.A. Section 9743(3)(C) taxed on the gross receipts or receipts after expense deduction?

Facts: [Taxpayer] is a non profit organization that conducts twice yearly sales. The receipts from these sales cover necessary expenses such as pins, tags, posters, advertising and security with the balance of the proceeds going directly to three non profit organizations. The association's annual sales exceed \$5,000; and therefore, sales tax is required to be collected and remitted on the sales.

Ruling: Sales tax is collected, reported, and remitted on the sales price.

The sales tax is imposed on the receipts from the sale of tangible personal property sold at retail. 32 V.S.A. Section 9771. "Receipt" is defined in 32 V.S.A. Section 9701(4) as the amount of the sale price of any property, without any deduction for expenses or early payment discounts.

[Taxpayer] will need to review the sales volume each year to determine its sales tax obligation for the next year. The gross sales of tangible personal property determine whether a non profit qualifies for exemption from collecting the sales tax. If the prior year's sales exceed \$5,000, then the organization is responsible for collecting the tax on the current year's sales. 32 V.S.A. Section 9743(3)(C).

This ruling is issued solely to your business and is limited to the facts presented as affected by current statutes and regulations. Other taxpayers may refer to this ruling to determine the Department's general approach, but the Department will not be bound by this ruling in the case of any other taxpayer or in the case of any change in the relevant statute or regulations.