

Vermont Sales and Use Tax for Manufacturers, Retailers & Contractors of Items Permanently Installed in a Home or Business

Manufacturers, sellers, and contractors of items permanently installed in a home or business, such as countertops, cabinets, and other types of permanent fixtures, should understand how to properly apply Vermont Sales and Use Tax. Staying current with your tax obligations now will save you time and money later. If you have a question about sales and use tax, please contact the Business Tax section of the Vermont Department of Taxes at tax.business@vermont.gov or (802) 828-2551, option 3.

CONTRACTORS

When purchasing the item from the supplier, the contractor must **not** use a resale exemption certificate and must pay the sales tax on the item to be installed. The contractor may pass the tax on to its customers as a markup, noting on the invoice that **“The contractor has paid all applicable Vermont taxes on materials used for this job.”**

MANUFACTURERS

When the manufacturer sells its own product directly to the customer who is the end user (for example, the owner of the home or business), it should collect sales tax at the point of sale and remit it to the Vermont Department of Taxes.

If the manufacturer sells the product **installed**, it is acting as a contractor and should follow the guidelines for contractors shown above. Installation charges are not subject to tax if stated separately. Manufacturers selling primarily at retail (51% or greater) are considered retailers and should follow the guidelines for retailers shown below.

RETAILERS*

When the item is sold not installed: When purchasing the item from the supplier, the retailer should present a resale exemption certificate, so that no sales tax is collected for this transaction. The retailer collects the sales tax at the point of sale from its customer and remits the tax to the Vermont Department of Taxes.

When the item is sold installed: When purchasing the item from the supplier, the retailer should present a resale exemption certificate, so that no sales tax is collected for this transaction. The retailer collects the sales tax at the point of sale from its customer on the price of the item. Installation charges are not subject to tax if stated separately.

**A retailer is any person who is primarily engaged in the business of making retail sales of tangible personal property, which for the purposes of this section of Vermont statute (see 32 V.S.A. § 9771) is defined as including property used to improve, alter, or repair the real property of others.*



Disclaimer: This fact sheet is intended to provide an overview only. Vermont tax statutes, regulations, Vermont Department of Taxes rulings, or court decisions supersede information provided in this fact sheet.

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