

## Vermont Sales and Use Tax for Photographers Operating in Vermont

This fact sheet provides guidance on Vermont Sales and Use Tax for photographers who have business activity in Vermont. Services are not usually subject to sales tax in Vermont, but when the focus of a transaction is the purchase of tangible personal property (TPP), which is subject to tax, the transaction also is subject to tax. Because the focus of the service of photography (the transaction) is to produce a photo or image (TPP), both the charges for service to produce the TPP and the TPP are taxable. As a photographer, you must charge and collect sales tax from your customers at the point of sale and remit it to the Vermont Department of Taxes.

### What is "Tangible Personal Property"?

Tangible personal property means personal property which may be seen, weighed, measured, felt, touched, or in any other manner perceived by the senses.  
32 V.S.A § 9701(7)

### What Is Vermont Sales and Use Tax

#### Sales Tax

A sales tax of 6% is imposed on the retail sales of TPP unless exempted by law. Sales tax is *destination-based*, meaning the tax is applied based on the location where the buyer takes possession of the item or where it is delivered. Sellers should collect Vermont Sales Tax on TPP delivered to destinations in Vermont at the time and place of the sale.

Businesses are responsible for collecting sales tax from their customers and then filing and remitting the tax to the state. Sales tax is reported using the accrual basis,

requiring that sales tax is charged at the time of the sale and reported even if full payment for the sale has not been received by the seller.

#### Use Tax

Use tax is paid by the buyer of an item when the purchase subject to Vermont sales tax is made from a seller *that is not registered by the state of Vermont* to collect tax. Sales tax and use tax work together to create the same tax result whether a seller collects sales tax or not. Therefore, use tax has the same rate, rules, and exemptions as sales tax.

### When to Charge Vermont Sales Tax to Your Customers

#### Photography Services and TPP Subject to Tax

When you sell your photography services, photos, and accessories related to the photos and deliver them to a location in Vermont, you must charge and collect Vermont Sales Tax at the point of sale. The following are always subject to tax:

- Photos, developed and printed
- Photos delivered on a storage device, such as a CD or DVD, thumb drive, etc.
- Frames, albums, matting, and other photo accessories
- Delivery charges

The following services are taxable when provided as part of a transaction involving the sale of photographs:

- Consultation fees
- Sitting fees
- Labor charges for taking photos at an event

- Modeling charges
- Charges for backdrops and props
- Usage fees or license to use
- Service fees

Services and TPP listed above are commonly used in the production of photos sold by photographers. You may be selling TPP that is not listed above but which is subject to sales tax. If in doubt, please call the Department and inquire.

It makes no difference whether or not the components of the photography services and TPP are itemized separately on an invoice or bundled into a package for a single price. All are subject to sales tax.

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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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### **The “destination wedding” and situations where photos are delivered to customers out of state**

So-called “destination weddings” in Vermont are very popular among people who live outside the state. If you deliver photos and other TPP to locations outside Vermont, then you do not charge Vermont Sales Tax on services and TPP. Instead, follow the tax laws of the state where the buyer takes possession.

### **Photographers from out of state**

If your business is located in another state but you provide photography services and sales to customers in Vermont, you must register for a Vermont business tax account and collect and remit sales tax.

### **Local Option Sales Tax May Apply**

Some Vermont municipalities impose a local option sales tax of 1% in addition to state sales tax. Businesses are responsible for collecting and remitting local option tax along with state sales tax. A current listing of municipalities imposing local option taxes is at [www.tax.vermont.gov](http://www.tax.vermont.gov). Please note, however, you do not pay local option tax when paying use tax.

## **When You Must Pay Vermont Sales and Use Tax**

### **TPP subject to Vermont Sales Tax**

TPP purchased to operate your business, such as office equipment and supplies, is subject to sales tax.

### **Exemptions from Vermont Sales Tax**

TPP purchased and delivered to you in Vermont, such as machinery, equipment, and materials used and consumed in the creation and printing of the photos, is exempt from sales tax with a properly completed exemption certificate. Some examples of tax-exempt TPP in this category include machinery, such as cameras and lenses; equipment, such as backdrops and props; and materials consumed in the making of the photos, such as film and developing chemicals. Use Form S-3M, Vermont Sales Tax Exemption Certificate for Manufacturing, Publishing, Research & Development or Packaging, when making the purchase, available at [www.bit.ly/vttaxforms](http://www.bit.ly/vttaxforms).

TPP purchased and delivered to you in Vermont that becomes an integral part of the photo is exempt from sales tax with a properly completed exemption certificate. Some examples of tax-exempt TPP in this category include photographic paper and ink; photo accessories, such as frames and albums; and devices on which photos may be delivered to the customer, such as CDs, DVDs, or thumb drives. Use Form S-3, Vermont Sales Tax Exemption Certificate for Purchases for Resale and by Exempt Organizations, when making the purchase (available at [www.tax.vermont.gov](http://www.tax.vermont.gov)).

Many photographers send film or digital images to a professional photo lab, which charges sales tax on the developed photos. You may use Form S-3 to exempt your purchase from tax as long as you are reselling it to your customer.

### **When to pay use tax on TPP you purchase**

If you purchase an item subject to sales tax in Vermont from a seller that is not registered to collect tax in Vermont and therefore does not charge tax, you must pay the use tax. This usually occurs when making purchases over the Internet or from a state that has no sales tax.

An exception is when you make a purchase from an online seller of an item that would be exempt from sales tax with an exemption certificate. If the online seller does not charge sales tax (as is the case for many Internet sellers), you do not owe use tax.

You may also have the situation where you make an exempt purchase of an item you intend to resell to customers, but then decide to remove it from inventory for personal use or for use in the operation of your business. In this situation, you must pay use tax on the item as it will not be sold to a customer.

### **Know Tax Law and Regulations**

Business owners are expected to be familiar with state tax laws and regulations applicable to their businesses. For more information, please see the following:

#### **See 32 V.S.A. Chapter 233**

<http://legislature.vermont.gov/statutes/title/32>

#### **Sales and Use Tax Regulations**

[www.bit.ly/vttaxregs](http://www.bit.ly/vttaxregs)

#### **Technical Bulletins on Sales and Use Tax**

[www.bit.ly/vttechbulls](http://www.bit.ly/vttechbulls)

#### **Fact Sheets**

[www.bit.ly/vtfactsheets](http://www.bit.ly/vtfactsheets)

Vermont Sales Tax for Businesses, Vermont Use Tax for Businesses, Local Option Tax: What is It and When Does It Apply?, General Guidelines on Sales Tax: What Is Taxable and Exempt, How to Register Online for a Business Tax Account, and more fact sheets on a variety of topics

To learn more about Vermont business taxes, visit our website at [www.tax.vermont.gov](http://www.tax.vermont.gov) or contact the Department’s Business Tax Section at [tax.business@vermont.gov](mailto:tax.business@vermont.gov) or (802) 828-2551, option 3.

