

October 24, 2010

<redacted>
<redacted>
<redacted>

FORMAL RULING 2010-13

Dear <redacted>,

I am responding to your request for a formal ruling on the application of the Vermont Sales Tax to lease arrangements.

Your company provides both capital/finance and operating leases to Vermont customers for equipment. Your customer provides you a completed Certificate of Exemption that has been designed and approved by the Streamlined Sales and Use Tax Agreement Governing Board - SSTBG Form 0003. This form can be used for either a blanket purchase exemption (to be applied for the purchase of different items) or a single purchase.

The Vermont Department of Taxes recognizes SSTBG Form 0003 in the same way as it recognizes exemption certificates authorized by the Commissioner of Taxes such as Vermont Exemption Certificates S-3 and S-3C. Therefore, a customer that provides a signed copy of the SSTBG 0003 shall not be charged sales tax on the lease payments or based on other charges passed through to the lessee such as personal property taxes. This exemption is valid whether the lease agreement is a capital lease or an operating lease. The exemption is valid as a Single Purchase Exemption or as a Blanket Purchase Exemption.

This ruling is issued solely to <redacted> and is limited to the facts presented as affected by current statutes and regulations. 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 statutes or regulations. You have the right to appeal this ruling within thirty days. 3 VSA § 808.

Kenneth Jones
Policy Analyst

Ellen Tofferi,
Acting Commissioner of Taxes