

[REDACTED]

January 3, 2011

Formal Ruling 2011-01

[REDACTED],

I am responding to your request for a formal ruling on the application of "[REDACTED] dollars" for applying the Vermont sales tax.

Your company is a direct sales company that markets items exclusively through independent distributors. You provide "[REDACTED] dollars" to individuals that hold sales events in their homes. Those [REDACTED] dollars are a form of compensation and they are exchanged for the purchase of your products. For the purpose of the Vermont sales tax, the [REDACTED] dollars are a part of the consideration in the sale of a product. For that reason, the sales tax is due on the gross price of the product sold and not a price reduced by the value of the [REDACTED] dollars.

The basis of this ruling is the definition of sales price in Vermont Statute:

Sales price: means the total amount of consideration, including cash, credit, property, and services, for which personal property or services are sold, leased, or rented, valued in money, whether received in money or otherwise... 32 VSA § 9201(4)(A).

This ruling will be made public after deletion of the parties' names and any information which may identify the parties. A copy of this ruling showing the proposed deletion is attached, and you may request that within thirty (30) days the Commissioner delete any further information that might identify the interested parties. The final discretion as to deletions rests with the Commissioner.

This ruling is issued solely to your business and is limited to the facts presented as affected by current statutes and regulation. Other taxpayers may refer to this ruling to determine the Department's general approach, but the Department is not bound by this ruling or with respect to any other taxpayer, or if the facts are other than as represented for this ruling or if the relevant law changes. Section 808 of Title 3 provides that this ruling will have the same status as an agency decision or an order in a contested case. You have the right to appeal this ruling within thirty days.

Sincerely,

Kenneth Jones
Policy Analyst

Approved this ____ day of January, 2011

Ellen Tofferi
Acting Commissioner