

Ruling 96-02

Vermont Department of Taxes

Date: January 19, 1996

Written By: Gloria Hobson, Business Taxes Policy Analyst

Approved By: Edward W. Haase, Commissioner of Taxes

You requested a formal ruling on applicability of Vermont's sales and use tax on equipment and machinery purchased for your printing business. This ruling is based on the facts contained in your letter dated December 14, 1995.

Issue: Are the equipment and software used to monitor printing production exempt from sales and use tax under 32 V.S.A. Section 9741(14)?

Facts: [Taxpayer] purchased software and computer equipment for use in its printing operations. The computer system monitors the work in process. Information is entered into the computer system by employees detailing which printing job the employee is working on, the materials used, the current production phase of the printing job, and the amount of time the employee spent on the printing job. Collection of this data provides up-to-the-minute reporting of each printing job's degree of completion and the exact location of the printing job in printing facility. The system is not used for any word processing or printing of general ledger statements.

Ruling: The software and computer equipment used to monitor work in process for printing jobs are exempt under the exemption for manufacturing.

The printing process tax exemption for printing operations is contained in 32 V.S.A. Section 9741(14). The exemption extends to devices used to monitor manufacturing machinery and equipment or the product during the manufacturing process. The computer system purchased by [Taxpayer] monitors the printing jobs, or product, throughout its manufacturing cycles. Since the system is used for no other activities, it meets the requirement of direct and exclusive use for manufacturing purposes and is exempt from the sales and use tax.

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.