

Disclaimer: Note that some less common exemptions were omitted from this guidance. Contact the Department of Taxes for additional advice if you think a different exemption may apply. See our fact sheet, Vermont Sales and Use Tax by Contractors, tax.vermont.gov/sites/tax/files/documents/FS-1112.pdf or tax.vermont.gov/business/industry/contractors for additional information.



Quick Tip

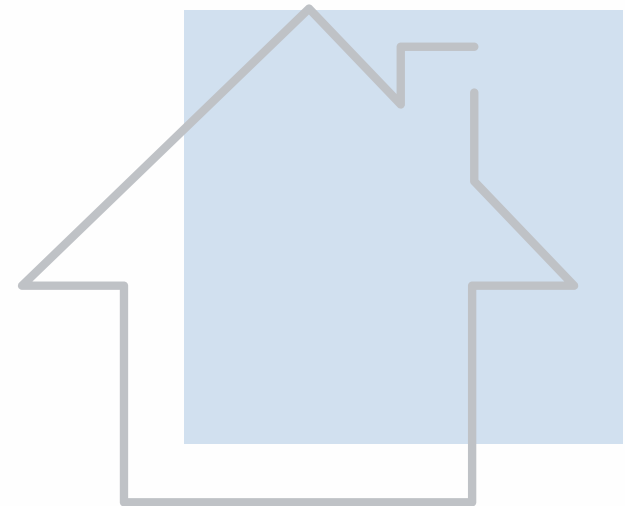
Include the same job name or number on the invoice that is provided on any exemption certificates used.



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**SALES TAX REFERENCE
FOR CONTRACTORS**

Installing tangible personal property into real property

**How to determine whether a
purchase by your business is
taxable or exempt**

General Purchases

Follow these steps when you make purchases for use by your business or purchases to be used on projects associated with private businesses and residences.

1 Register

For a free Sales and Use Tax account with the Vermont Department of Taxes.

2 Is the item to be used or consumed in the project?

Items like tools, equipment, tarps, and protective gear are used in a project. Items sold directly to the customer without being installed are not used or consumed in the project.

NO
Continue

YES
Contractor pays tax.

3 Is the item going to be incorporated (permanently affixed) into real property?

Furnaces, built-in appliances, wiring, plumbing, fences, and landscaping are incorporated. New construction is also considered incorporated.

NO
Continue

4 Will the contractor charge the customer sales tax for this item?

NO
Contractor pays tax.

YES
Contractor may use the S-3 exemption certificate to buy the item tax exempt.

YES
Contractor pays tax.

Special Projects

Follow these steps when you make purchases for a project involving real property owned by a 501(c)(3), government entity, or qualified redevelopment project.

1 Did the 501(c)(3), government entity, or local development corporation provide the contractor with a S-3 exemption certificate?

NO
Contractor pays tax unless the item is exempt when applying the General Purchases decision tree.

YES
The entity is responsible for confirming that it meets all the applicable requirements in 32 V.S.A. § 9743(3) and (4), including the ownership requirements.
Continue

2 Is the item for the contractor's own use?

Things like tools, equipment, tarps, and protective gear are not sold to the customer.

YES
Contractor pays tax.

NO
Contractor may use the S-3C exemption certificate to buy the item tax exempt. Use the S-3 provided by the entity to fill out the S-3C. Keep a clear record linking every individual exemption used to the related exemption certificate and retain the record for three years.