

# Vermont Sales and Use Tax Exemption for Forestry Machinery, Repair Parts, and Accessories

Specific types of machinery, repair parts, and accessories sold for use on exempt machinery are exempt from Vermont Sales and Use Tax. This exemption targets the types of machinery used in timber cutting, timber removal, and the processing of timber or other solid wood forest products intended to be sold at retail.

## What is eligible for the exemption?

Under this exemption, only the following machinery is exempt from Vermont Sales and Use Tax:

- Skidders with grapple and cable
- Feller bunchers
- Cut-to-length processors
- Forwarders
- Delimbers
- Loader slashers
- Log loaders
- Whole-tree chippers
- Stationary screening systems
- Firewood processors, elevators, and screens

These types of machinery are exempt from sales and use tax, no matter who is purchasing the item. Repair parts and specific accessories to be used in these types of machinery are also exempt from sales and use tax.

The following accessories are exempt from Vermont Sales and Use Tax only when used on the exempt machinery above:

- Traction enhancement accessories
- Tire chains
- Track systems
- Winch cables

Any other types of machinery and accessories not explicitly listed in the exemption under Vermont law at 32 V.S.A. § 9741(51) are not exempt from

sales and use tax and continue to be taxable. This means that other pieces of machinery used in logging or forestry, such as bulldozers, excavators, ATVs, tractors, etc., remain subject to the sales and use tax. Hand tools, such as chainsaws, also do not qualify for the exemption.

*Note:* Tracked vehicles, including bulldozers and excavators, have a cap on the amount of sales tax that can be charged on their purchase. The cap amount is currently \$1,380 for the 6% sales tax. This cap is equivalent to the sales tax on the first \$23,000 of the tracked vehicle price. If a town has a local option sales tax, the cap on local option tax is 1% of \$23,000, which is \$230. Additional value, above the first \$23,000 of purchase price, is not subject to sales tax or local sales tax. For more information, see Technical Bulletin 52.

## How do I claim this exemption?

All purchases of this type of machinery are exempt from sales tax, regardless of who is making the purchase. Some sellers may ask purchasers to complete the Form S-3W, Tax Exemption Certificate for Forestry and Wood Products Machinery, Repair Parts, and Accessories. However, the Department does not require this form for purchases of eligible equipment.

Since the repair parts and accessories used for these types of machinery can also be used for non-exempt

Page 1 of 2

Disclaimer: The information provided here is intended to be an overview only. Vermont tax statutes, regulations, Vermont Department of Taxes rulings, or court decisions supersede information presented here.

Rev. 06/2019 • Pub. FS-1142

machinery, the Department *will require* an exemption certificate for purchases of the repair parts and accessories eligible for this exemption.

A purchaser must fill out exemption Form S-3W for all eligible repair parts and accessories and present it to the seller.

If a seller is not willing to grant the exemption on the machinery, repair parts, or accessories, the Department recommends that purchasers pay the sales tax at the time of purchase and then request a refund from the Department directly. Purchasers can file for a refund using Form REF-620, Application for Refund of VT Sales and Use Tax or Meals and Rooms Tax, available on our website.

**Is fuel used in this machinery exempt from tax, too?**

Yes. Dyed diesel (commonly referred to as “off-road dyed diesel”) used in these exempt types of machinery is exempt from sales tax. If you are using dyed diesel in other types of machinery, it is exempt if it is used for propulsion (to make the machinery move).

To make sure the dyed diesel will be used for the forestry equipment, your fuel dealer must ask purchasers to complete Form S-3F, Vermont Sales

Tax Exemption Certificate for Fuel or Electricity.

If you have any more questions, please visit our website at [tax.vermont.gov](http://tax.vermont.gov) to see more information about this exemption, as well as all applicable forms and exemption certificates.

**Know Your 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 at [tax.vermont.gov](http://tax.vermont.gov):

- 32 V.S.A. Chapter 233
- Reg. § 1.9701 Sales and Use Tax Regulations
- Technical Bulletins
- Fact Sheets

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

