

Vermont Sales Tax and Maple Production

Vermont's 6% sales tax applies to retail sales of tangible personal property, which includes much of the equipment and supplies used to produce maple syrup and maple products. There are some sales tax exemptions available for some items, but not all. The information below is to help determine whether a purchase is taxable or exempt.

Agricultural Machinery, Equipment, and Supplies Used in Maple Production

Producers purchasing machinery and equipment should review the Department of Taxes fact sheet, ["Agricultural Machinery, Equipment, and Supplies: Taxable or Exempt?" \(tax.vermont.gov\)](https://tax.vermont.gov) to make sure sales tax is applied correctly.

Please keep the following in mind when referring to the fact sheet:

- This exemption applies to the collection of sap and production of maple syrup. For machinery and equipment, the fact sheet asks five qualifying questions. A maple producer must be able to respond "yes" to all five questions to make sure the sales tax treatment is correct for each purchase of machinery or equipment.
- The agricultural exemption is limited to the collection of sap and production of maple syrup. It does not apply to machinery and equipment purchased for making maple candy and other products from syrup. See the section below on manufacturing for making products from syrup. (Note that processing sap into maple syrup and processing maple syrup into maple products both qualify as manufacturing.)
- Equipment is exempt if used to handle and preserve maple syrup at your business location or used to prevent or deter the destruction, injury or spoilage of maple syrup. Note, however, that permanent fences, silos, and barns are not exempt.
- Some machinery and equipment do not qualify for the agricultural exemption because they

cannot meet all the requirements. Some common examples of items that are taxable because they cannot meet the requirements (unless a different exemption applies): building materials, machines and equipment used to construct a building in which maple syrup is produced; office furniture and supplies; machinery for landscaping or land clearing; property used to exhibit or market agricultural products; machinery and equipment used for fire or accident prevention; and protective gear.



Manufacturing Maple Products

Manufacturers of maple syrup and maple products may purchase certain supplies, machinery, equipment, and monitoring devices that are used in or consumed as an integral or essential part of an integrated production operation without paying sales tax on those items. The information below explains the sales tax exemption for manufacturing. [Additional information can be found on the Department of Taxes website \(tax.vermont.gov\).](https://tax.vermont.gov)

Note that the exemption is not available for nonindustrial businesses whose operations are primarily retail. This is true even if they produce or process tangible personal property as an incidental part of conducting the retail business. For example,

a retail store that produces some maple candy for sale on the premises is unlikely to qualify because the business is primarily retail and not manufacturing.

MANUFACTURING SUPPLIES TEST

To qualify, an item must be (1) tangible personal property, (2) used in the manufacturing process, (3) have a useful life of less than one year, and (4a) become an ingredient or component part of tangible personal property for sale, or (4b) be consumed or destroyed or lose its identity in the manufacture of tangible personal property for sale.

MANUFACTURING MACHINERY AND EQUIPMENT TEST

To qualify, the item must be: (1) machinery or equipment, (2) used or consumed directly in manufacture, (3) used or consumed exclusively in manufacture, (4) used to manufacture tangible personal property, machinery, equipment, parts, or supplies for use in the manufacturing process, and (5) used during the manufacturing process.

EXAMPLES

Examples of machinery and equipment deemed to be used as an integral or essential part of an integrated production operation when used during the integrated production operation include:

- Those used to transport or convey products from the beginning of the production line until it is placed into initial packaging.
- Those used to guide, control, or direct the movement of property undergoing manufacturing or processing.
- Those used to test or measure materials, the property undergoing manufacturing or processing, or the finished product during the manufacturer's integrated production operations.
- Those used to assist the functioning of other production machinery and equipment and the continuation of production operations, such as to provide lubricant, electricity, water, or similar substances.
- Those used to package the property being manufactured or processed in any container or wrapping in which such property it is normally sold or transported, even if the machinery operates after the point of initial packaging.

This list is not exhaustive. [Consult the Department of Taxes website \(tax.vermont.gov\)](http://tax.vermont.gov) for further guidance if needed.

Quality Control Testing

Quality control testing is generally considered part of manufacturing. The manufacturing exemption applies to monitoring devices used in manufacturing even if it operates beyond the point of initial packaging.

PACKAGING EXEMPTION

A sales tax exemption is available for a manufacturer or distributor to purchase packing, packaging, or shipping materials used on tangible personal property for sale.

Fuel

A fuel dealer should know when to collect sales tax on fuel deliveries and what exemptions may apply. They will need a maple producer's help in determining specific uses and appropriate tax treatment. The Department of Taxes advises that taxpayers use separate meters or fuel storage tanks to easily distinguish taxable and exempt uses. If that is not practical, a taxpayer may also determine the percentage of floor space used primarily for qualified purposes and allocate usage according to the resulting percentage, provided floor space accurately reflects fuel usage.

EXEMPT FUEL USES

Generally, electricity, oil, kerosene, natural gas, propane, wood, coal, and similar products are exempt when:

- Used directly and exclusively for farming purposes (see box below)
- Used to operate farming machinery and equipment
- Used for lighting and heating farm property and buildings
- Used for residential purposes
- Used directly or indirectly in manufacturing
- Storing manufactured products (but not after initial shipping)

FUEL USED DIRECTLY AND EXCLUSIVELY FOR FARMING PURPOSES

This is fuel used by a business to produce goods for sale through agriculture and horticulture. Farming includes maple syrup production, as well as many other activities, such as producing turf crops, sod crops, dairy products, meat, and greenhouse products. Note that cooperatives and similar organizations that engage in marketing and related activities are not considered farming for purposes of this exemption. Food processing facilities are not considered farming either (although the exemption for fuel used in manufacturing may apply instead).

TAXABLE FUEL USES

Fuel is not exempt when used for:

- Office administration
- Sales or marketing
- Retail operations, including storage at a retail outlet
- Distribution operations
- Activities that are ancillary to manufacturing, such as meetings, dining, childcare, and automobile parking.

Food and Drinks

EXEMPT FROM SALES TAX

Prepackaged food items that are not sold for immediate consumption are exempt when sold at retail. This means that a business selling prepackaged maple syrup and maple products should not collect sales tax when selling these items at a farm store, market, or similar store.

SUBJECT TO SALES TAX

Beverages that are sweetened with maple syrup (or other sweeteners) are subject to sales tax as "soft drinks." You should collect sales tax when selling these as grocery-type items to be brought home. Meals tax is due when sold for immediate consumption.

SUBJECT TO MEALS TAX

Sales of maple products for immediate consumption are subject to meals tax. Meals tax applies when products are sold at a tasting event, in a sugar house, or anywhere else they are sold for immediate consumption. Meals tax does not apply to free samples provided for immediate consumption.

EXEMPTION CERTIFICATES

Some sales tax exemptions require you to present the retailer with an exemption certificate.

- Use a [Vermont S-3A exemption certificate \(tax.vermont.gov\)](#) when claiming an agriculture exemption of machinery and equipment.

- Use a [Vermont S-3M exemption certificate \(tax.vermont.gov\)](https://tax.vermont.gov) when claiming a manufacturing or packaging exemption during a purchase.
- Use a [Vermont S-3F exemption certificate \(tax.vermont.gov\)](https://tax.vermont.gov) when claiming an exemption for the purchase of fuel or electricity.

Resources

- [Agricultural Machinery, Equipment and Supplies: Taxable or Exempt? \(tax.vermont.gov\)](https://tax.vermont.gov)
- [Exemption Certificates \(tax.vermont.gov\)](https://tax.vermont.gov)
- [Industry Guidance \(tax.vermont.gov/business/industry\)](https://tax.vermont.gov/business/industry)

CONTACT US

If you have questions, please contact the Department of Taxes at tax.individualincome@vermont.gov or call (802) 828-2865 or (866) 828-2865 (toll-free in Vermont).

Visit our website for [more information, guides, and fact sheets \(tax.vermont.gov\)](https://tax.vermont.gov).