

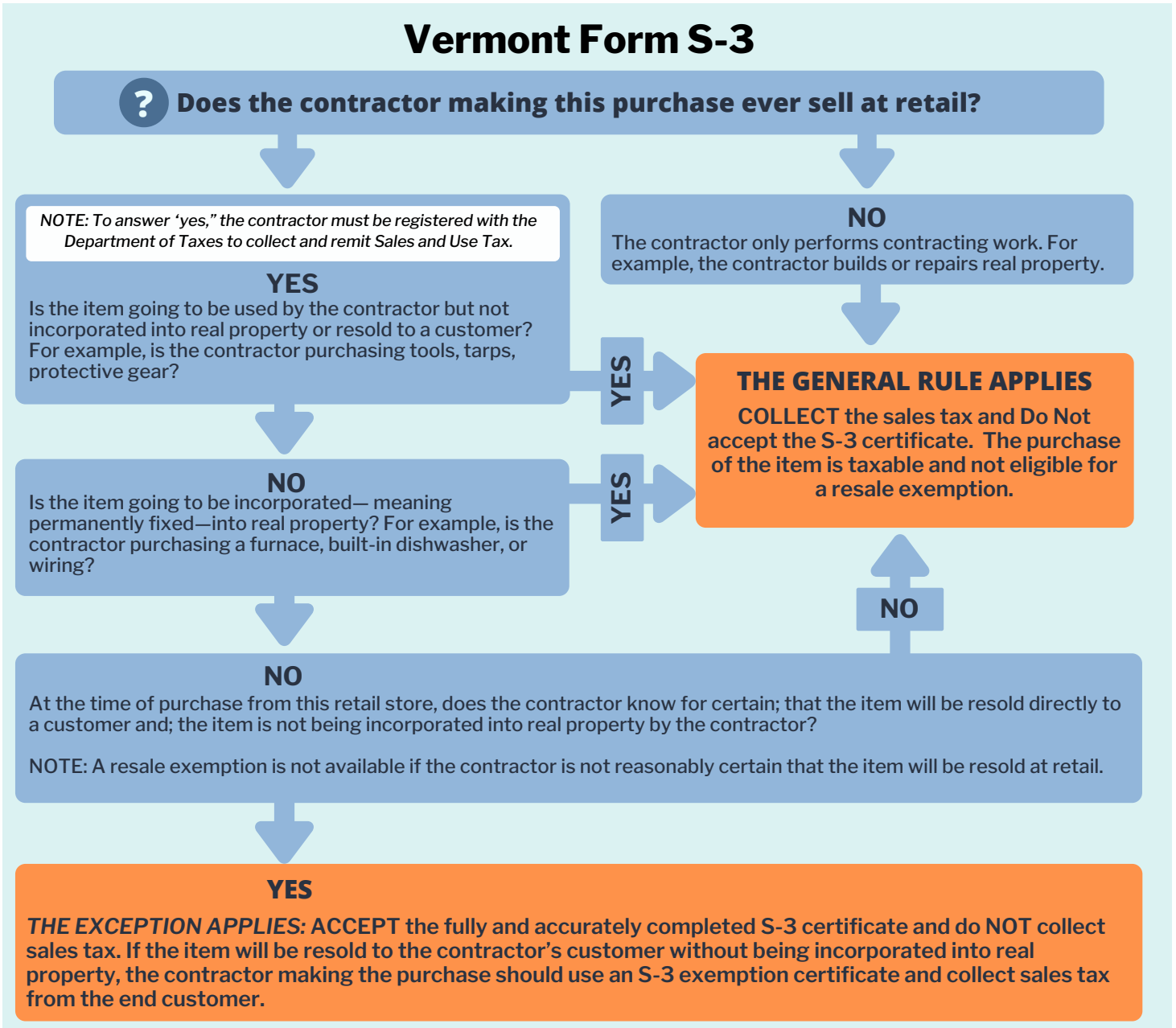
General Sales to Contractors: For Retailers

HOW TO DETERMINE WHETHER A SALE IS TAXABLE OR EXEMPT

The General Rule: Sales of materials and supplies for construction and repair are taxable when made to contractors and repair persons.

The Exception: A sale may be exempt if: 1) the contractor meets certain limited requirements AND 2) provides an exemption certificate.

Accepting a Certificate: Retailers, when the contractor hands you a Vermont Form S-3, Vermont Sales Tax Exemption Certificate for Purchases for Resale and by Exempt Organizations, ask the contractor the following:



NOTE: WHEN YOU (THE RETAILER) ACT AS A CONTRACTOR you are responsible for tax when you use materials and supplies for construction or repair. Treat yourself like a contractor for those transactions. If you would prefer to collect tax from the end customer instead, Vermont offers that option, which comes with special rules and requirements. Do **NOT** collect tax from the customer until you have applied to do so from the Department of Taxes; instead, remit use tax at your standard customer price.

Qualified Exempt Projects: For Retailers

HOW TO DETERMINE WHETHER A SALE IS TAXABLE OR EXEMPT

Accepting a Certificate: Retailers, when the contractor hands you a Vermont Form S-3C, Vermont Sales Tax Exemption Certificate for Contractors Completing a Qualified Exempt Project, ask the contractor the following:

Vermont Form S-3C

? Is the contractor working on a job on a property OWNED by one of the following:

1. 501(c)(3) nonprofit organization?
2. Government entity?
3. Qualified development entity?

YES

Is the contractor purchasing these items for the contractor's own use? For example, will the contractor be using them as shop supplies, equipment, tarps, tools, protective gear, temporary fencing, or other items used on a job but which will not be transferred to the end customer?

YES

NO

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

THE GENERAL RULE APPLIES

COLLECT the sales tax and **Do Not** accept the S-3C certificate. If the contractor believes the items should be tax-exempt, the contractor may contact the Vermont Department of Taxes at (802) 828-2551.

NO

THE EXCEPTION APPLIES: ACCEPT the fully and accurately completed S-3C certificate and **do NOT** collect the sales tax on the items.

NOTE: Only a manufacturer may claim an exemption for machinery and equipment used directly and exclusively in the manufacture, printing, and publishing of tangible personal property for sale. A retailer should not accept an S-3C exemption certificate for manufacturing machinery. Instead, the manufacturer should make the purchase and provide a completed S-3M exemption certificate directly to the retailer.