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## Sales and Use Tax on Retailers and Contractors of Heating Equipment

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Full service fuel dealers can now decide whether to be treated as retailer or a contractor when it comes to paying the Vermont Sales and Use Tax.

Under Vermont law (Reg. § 1.9701(5) -1 Retail Sale), a retailer collects the Sales and Use Tax from their customer and remits the tax to the state. A contractor pays the 6% sales tax (and local option tax, where applicable) to their wholesale supplier at the point of purchase. If purchased tax-free by an out-of-state vendor, the contractor is responsible for paying the 6% use tax to the state.

However, under Act 134 of 2016, a full service fuel dealer can elect to operate as a retailer when it comes to the sale of heating equipment. The law ([Sec. 23. 32 V.S.A. § 9711](#)) provides a formal process whereby a full service fuel dealer can purchase equipment and materials tax free and charge, charge the sales tax to the end user, and remit the tax to the state on a monthly basis.

### Answers to Frequently Asked Questions

***I already pay sales tax to our wholesale equipment supplier. Can we continue as is?***

Yes. You can keep operating business as usual.

***What if I purchase from a wholesale supplier in New Hampshire where there is no sales tax?***

It is the responsibility of the heating service company to remit the 6% Vermont use tax. While the use tax can not be itemize on the customer's invoice, it may include the following statement:

*"The contractor has paid all applicable Vermont taxes on materials used for this job."*

***What if I purchase from a wholesale supplier in another state which has a sales tax?***

If sales tax is paid on equipment purchased out of state that is equal to or greater than Vermont's 6% sales tax— no Vermont use tax is due. In Massachusetts (6.25%) and New York (7% and up), no use tax would need to be submitted to Vermont as long as the Sales Tax was paid in those states.

***I would prefer to purchase equipment and materials tax-free from my wholesale supplier, charge the sales tax to my customer, and remit the tax to the state. What do I have to do?***

You are required to sign [Vermont Form SUT-459](#) which will designate your company as a retailer.

***What if I change my mind?***

The decision to pay taxes as a retailer is binding for a minimum of five years. After five years, you can request a withdrawal.

***Do I have to renew every five years?***

No. If you decide to pay taxes as a retailer and wish to continue doing so, no action is required.

***What documentation do I have to provide my wholesale supplier in order to purchase equipment tax-free?***

In order to purchase equipment and materials from your wholesale supplier tax-free, you must provide them with a Vermont Sales Tax Exemption Certificate ([Form S-3](#)).