

Sales and Use Tax and Audit Information

SPECIFIC ITEMS OF CONCERN FOR SALES AND USE TAX

Listed below are items identified that are of concern:

USE CONCERNS

1. Propane taxed for business use; non taxable to homeowner 2. Fertilizer taxed for lawn use; tax exempt for food use 3. Shoes, sneakers, slippers exempt; cleated or spike shoes taxable 4. Gloves & mittens exempt, sporting gloves or protective gloves taxable 5. Clothing exempt, handkerchiefs taxable 6. Wood pellets exempt to homeowner, taxed to business 7. Fertilizer taxed for flowers, exempt for vegetables 8. Flower seeds taxable, vegetable seeds exempt

General Concerns

1. State of VT. charges tax to NH state and town govt, 2. Advt. in papers exempt, flyers taxable 3. Non profit [501C] organizations are not all exempt

Agricultural Issues

1. Manure spreader taxable if used to stack manure 2. Grass seed sold to farmers is taxable 3. NH farmers taxed for fertilizer picked up in Vt.; exempt if Vt. company spreads 4. Fertilizer that is mixed[blended] is taxed 5. Farmers exemption form not clear 6. Sugaring equipt - is it all taxable?
7. Cattle gates are all taxable-why?
8. Cattle feeders & round bale feeders-taxable?
9. Cordless drill used for tapping[maple] is non taxable-why?
10. 3 point winches taxed for maple operations, exempt for pasture reclaiming

Restaurant Concerns

1. Bulk food [bagels & muffins exempt; cream cheese taxable 2. Bottled soda taxed in bagel shop if taken out; exempt if purchased in mini mart[also serves food]

Tax Audit Information

There have been several sale and use tax audits done in the Northeast Kingdom; many area legislators have been involved to various degrees as the business community has asked for their input. Listed below are areas that have been brought to our attention as a result of these audits.

1. Very time consuming for both the state and the business owner; each audit is different but many audits take up to three years
2. Tax department audits are slow in delivering what they promise; it is not unusual to find months have elapsed since the last correspondence has been received by the business being audited. In an appeal case heard on 2-12-15 testimony was given by Clem Dee Corporation and accepted by the state, that appointments made by the tax department, were made and not kept several occasions; at one point there were repeated requests for information and updates, it took the state over nine months to respond. In a different case an audit is on appeal; ten months have elapsed since the state last had contact with the business being audited.
3. There are numerous tax exempt [S3 forms] that the state requires that the business owner to have completed and on file for review and inspection. [Possibly up to 14 different forms]. The business owner is responsible for knowing how all tax exempt sales items are used; if a customer signs the exemption and uses the purchased item in a way other than is stated on the form, the business owner is responsible and liable for the tax.
4. It needs to be clearly stated that Vermont's so called sales tax is by law a sales and use tax.