

INSTRUCTIONS FOR USE OF RESALE CERTIFICATE OF EXEMPTION (S3)

1. Contractors (S3C); manufacturers, publishers, research and development establishments (S-3M); persons buying fuel for combined home/business premises and for farm use (S-F); farmers (S-3A) must use the exemption certificate listed in parenthesis. There is no resale in the construction situation. The contractors pay use tax on materials incorporated into real estate. This certificate does not apply to contractors. When they contract with an exempt organization to repair, build or alter real estate, the contractors must use form S3C.
2. Call the Department of Taxes at 802-828-2551 if there is any question whether the organization is a 501(c)(3). The typical civic, social, recreational and business league organizations are not 501(c)(3) organizations.
3. GOOD FAITH - In general, a vendor who accepts an exemption certificate in "good faith" is relieved of liability for collection or payment of tax upon transactions covered by the certificate. The question of "good faith" is one of fact and depends upon a consideration of all the conditions surrounding the transaction. A vendor is presumed to be familiar with the law and the regulations pertinent to the business in which he deals.

In order for "good faith" to be established, the following conditions must be met:

- (a) The certificate must contain no statement or entry which the vendor knows or has reason to know, is false or misleading.
 - (b) The Resale and Exempt Organization form must be used.
 - (c) The certificate must be dated and complete and in accordance with the published instructions.
 - (d) The Vermont certificate number is provided. NOTE: Vermont does not register the Volunteer Fire Departments and others listed.
 - (e) The property to be purchased is of a type ordinarily used by the purchaser for the purpose described on the certificate.
 - (f) The purchaser's certificate must be issued prior to or at the time of the purchase of property.
4. IMPROPER CERTIFICATE - Sales transactions which are not supported by properly executed exemption certificates shall be deemed to be taxable retail sales. The burden of proof that the tax was not required to be collected is upon the VENDOR.
 5. RETENTION OF CERTIFICATES - Certificates must be retained by the vendor for a period of not less than three years from the date of the last sale covered by the certificate. Certificates must be in the physical possession of the vendor and available for inspection.
 6. LACK OF CERTIFICATE - The Department of Taxes and its auditors will treat as a taxable sale any transactions for which an exemption certificate was required and is not in the vendor's possession at the time of sale.
 7. ADDITIONAL QUALIFYING PURCHASES BY SAME PURCHASER - This certificate covers additional purchases by the same purchaser of the same general type of property. However, each subsequent sales slip or purchase invoice based on this certificate must show the purchaser's name, address and Certificate of Authority number for purposes of verification.