

## Forestry Equipment Exemption from Sales and Use Tax – FAQs

H.495 and S.34 of 2017 create a new exemption from the Vermont Sales and Use Tax for specific types of machinery and equipment used in timber cutting, timber removal, and the processing of timber or other solid wood forest products intended to be sold at retail. Sec. 17 of H.495, Sec. 9 of S.34. 32 V.S.A. § 9741(51).

### 1. What is eligible for the exemption?

Under this exemption, only the following machinery is exempt from sales tax: skidders with grapple and cable, feller bunchers, cut-to-length processors, forwarders, delimiters, loader slashers, log loaders, whole-tree chippers, stationary screening systems, and firewood processors, elevators, and screens. Additionally, repair parts to be used in these types of machinery and equipment are also exempt from sales tax.

### 2. What about bulldozers and excavators? I use those in my forestry operation, too.

Any other type of machinery or equipment not explicitly listed in the exemption under 32 V.S.A. § 9741(51) are not exempt from sales tax and continue to be taxable. This means that other pieces of equipment or machinery used in logging or forestry, such as bulldozers, excavators, ATVs, tractors, etc. remain subject to sales and use tax. Hand tools, such as chainsaws, also do not qualify for this exemption.

Note: tracked vehicles, including bulldozers and excavators, have a cap on the amount of sales tax that can be charged on their purchase. Until June 30, 2018) the cap amount is \$1,320 for the 6% sales tax and \$220 for towns with a 1% local option sales tax. It is equivalent to the sales tax on the first \$22,000 of tracked vehicle price. Additional value, above the first \$22,000 of purchase price is not taxed. 32 V.S.A. § 9741(38).

### 3. When is this law effective?

The exemption is effective for purchases made on or after July 1, 2017.

### 4. What happens if I purchased equipment on June 30, 2017?

If a purchase was made on June 30, 2017 (or any time before July 1), then sales tax would need to be collected and paid at the time of purchase.

### 5. How do I claim the exemption on the machinery and equipment listed?

All purchases of this type of equipment are exempt from sales tax, regardless of who is purchasing them. Equipment dealers should simply exempt all purchases of the specific pieces of equipment: skidders with grapple and cable, feller bunchers, cut-to-length processors, forwarders, delimiters, loader slashers, log loaders, whole-tree chippers,

stationary screening systems, and firewood processors, elevators, and screens.

There will be a place on the forthcoming exemption certificate where equipment dealers can have purchasers indicate the type of machinery they are purchasing. It will not be required by the Department.

**6. How do I claim the exemption for the parts that I need for this type of equipment?**

Since the parts used for these types of equipment can also be used for non-exempt equipment, an exemption certificate will be required for purchases of the parts eligible for this exemption. A purchaser must fill out the exemption certificate and present it to the seller.

**7. Where can I find more information about this exemption?**

The Vermont Department of Taxes will publish a fact sheet on the exemption, as well as an exemption certificate to be used for purchases using the exemption, on its website at [www.tax.vermont.gov](http://www.tax.vermont.gov).