



## INSTRUCTIONS FOR USE OF RESALE CERTIFICATE OF EXEMPTION (Form S-3)

1. This certificate does not apply to contractors. Materials used in construction are not considered as being for resale. The contractors pay use tax on materials incorporated into real estate. When they contract with an exempt organization to repair, build or alter real estate, the contractors must use Form S-3C for exempt purchases. Also, manufacturers, publishers, research and development establishments (S-3M); persons buying fuel for combined home/business premises and for farm use (S-3F); farmers (S-3A) must use the exemption certificate listed in parenthesis for their exempt purchases.
2. Civic, social, recreational, and business league organizations are not 501(c)(3) organizations. Exemption applies only to 501(c)(3) organizations which are religious, educational, or scientific.
3. **GOOD FAITH** - A seller who accepts an exemption certificate in "good faith" is relieved of liability for collection or 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 seller 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 seller knows or has reason to know, is false or misleading.
  - (b) The certificate is on Form S-3 or a form with substantially identical language.
  - (c) The certificate must be dated and complete and in accordance with the published instructions.
  - (d) The Vermont certificate number is provided where applicable. 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 buyer for the purpose described on the certificate.
  - (f) The buyer's certificate must be issued prior to or at the time of the purchase of property.
4. **IMPROPER CERTIFICATE/LACK OF 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 SELLER.
  5. **RETENTION OF CERTIFICATES** - Certificates must be retained by the seller for at least three years from the date of the last sale covered by the certificate.
  6. **ADDITIONAL PURCHASES BY SAME BUYER** If the buyer has this as a Multiple Purchase certificate, the certificate covers additional purchases of the same type of property. For each subsequent purchase, the seller must show sufficient identifying information on the sales slip to trace the purchase to the exemption certificate on file.