

INSTRUCTIONS FOR FUEL OR ELECTRICITY CERTIFICATE OF EXEMPTION (Form S-3F)

The type of exemption **must** be checked. If some of the fuel or electricity is not eligible, enter the portion which is exempt as a percentage.

Residential and farm Exempt use of energy is described by Regulation 1.9741(26) for residential and domestic use, and for farming. Call (802) 828-2551 to obtain a copy of the regulation. **Domestic use** may include both primary and secondary residences but may not include motels or other facilities for short term rentals or facilities such as nursing homes which are in the business of providing care or service beyond board and shelter. **Farm** means an enterprise using land and improvements for agriculture or horticultural production for sale. Orchards and greenhouses are considered farms for purposes of this exemption. Slaughter houses, logging operations, and food processing facilities are not considered farms.

Manufacturing exempt use of energy is defined by Regulation 1.9741(34). The exempt portion must be used directly in manufacturing. Not exempt would be the portion used for administrative functions, sales and marketing, research and development, storage in a retail sales area, and ancillary services such as conference rooms, cafeterias, etc. Sales transactions not supported by properly executed exemption certificates will be deemed taxable retail sales. The burden of proof that the tax was not required to be collected is upon the seller.

Completed forms are to be retained by the *Seller* to document why the Sales & Use tax has not been charged to the buyer. In general, a seller who accepts an exemption certificate in “good faith” is relieved of liability for the collection or payment of the Sales & Use tax otherwise due on items covered by the completed certificate. “Good faith” depends on all the conditions surrounding the transaction AND relies on the seller’s familiarity with the laws and regulations pertinent to the applicability of the exemption with relation to the business in which the seller deals. Additionally, in order for good faith to be established, the following conditions must be met:

- The completed certificate must contain no entry which the seller knows, or has reason to know, is false or misleading;
- The certificate is fully completed, dated and signed in accordance with the instructions;
- The item purchased is of the type ordinarily used by the buyer for the purpose described on the certificate; and
- The certificate is completed prior to or at the time of the purchase.

Completed certificates must be retained by the seller for a period of not less than three years from the date of the last sale covered by the certificate.