

Instructions for Use of the Solar Energy Exemption Certificate (Form S-3E)

This exemption certificate applies only to the purchase of items to be incorporated into:

- (a) A net metering system as defined in 30 V.S.A. § 219a;
- (b) A home or business energy system on a premises not connected to the electric distribution system of a utility and that:
 - (i) is of no more than 500 kW capacity;
 - (ii) is intended primarily to offset the customer's own electricity requirements;
 - (iii) is located on the customer's premises or, in the case of a group net metering system, on the premises of a customer who is a member of the group; and
 - (iv) employs a renewable energy source or is a qualified micro-combined heat and power system of 20 kW or fewer that meets the definition of combined heat and power in 10 V.S.A. § 6523(b) and may use any fuel source that meets air quality standards;
- (c) A hot water heating system that converts solar energy into thermal energy used to heat water, but limited to that property directly necessary for and used to capture, convert, or store solar energy for this purpose.

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-3E or a form with substantially identical language.
- (c) The certificate must be dated and complete and in accordance with the published instructions.
- (d) The buyer's certificate must be issued prior to or at the time of the purchase of property.

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.

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.

ADDITIONAL PURCHASE BY THE 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.

Other types of exemption certificates that may be applicable are available on our website at:

<http://tax.vermont.gov>. For questions regarding how these exemption certificates may be properly applied, please contact the Vermont Department of Taxes at (802) 828-2551, option #3.