

Virginia Sales Tax Holiday
August 2017
COMBINED

Summary

General Overview:

- The holiday will commence at 12:01 a.m. on **Friday, August 4, 2017** and conclude at midnight on **Sunday, August 6, 2017**.
- The holiday will provide sales tax relief on certain purchases of **school supplies, clothing, footwear, hurricane and emergency preparedness items** and **Energy Star and WaterSense products**.
- The exemptions are intended for individuals and their personal use. The exemptions do not apply to business purchases.
- Additional information regarding the holiday can be found at:
<http://www.tax.virginia.gov>

School Supply Exemption:

- The exemption applies to school supplies with a sales price of **\$20 or less per item** (see list of exempt items below)
- School supply is defined as an item that is commonly used by a student in a course of study. For purposes of the sales tax holiday, the term does not include computers and such items may not be purchased exempt of the tax.

Clothing Exemption:

- The exemption applies to clothing and footwear with a sales price of **\$100 or less per item** (see list of exempt items below).
- Clothing is defined as any article of wearing apparel and typical footwear intended to be worn on or about the human body. Clothing does not include sporting equipment or footwear designed primarily for athletic activity or protective use and not usually considered appropriate for everyday wear (see list of exempt items below).

Hurricane Preparedness Supply Exemption:

- The exempt items include generators costing **\$1,000 or less**, gas-powered chain saws with a selling price of **\$350 or less**, chain saw accessories and other supplies costing **\$60 or less** (see list of exempt items below).

Energy Star/WaterSense Exemption:

- The exemption applies to Energy Star/WaterSense qualified products that cost **\$2,500 or less per item** (see list of exempt items below).
- Energy Star/WaterSense qualified products have been designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding each such agency's requirements under the Energy Star and Water Sense programs.

LIST OF ELIGIBLE SCHOOL SUPPLIES

The following is an **all-inclusive** list of items that are included in the term "school supply" and are therefore exempt from tax during the sales tax holiday period if their sales price is **\$20 or less per item**. Only the following items are exempt as school supplies. Items need not be intended for use in school or in connection with a school activity to be eligible for the exemption.

- Binder pockets
- Binders
- Blackboard chalk
- Book bags, messenger bags, and totes
- Calculators
- Cellophane tape
- Clay and glazes
- Compasses
- Composition books
- Computer storage media; diskettes; recordable compact discs; and flash drives
- Crayons
- Dictionaries and thesauruses
- Disinfectant wipes
- Dividers
- Erasers (including dry erase marker erasers and dry erase marker cleaning solution)
- Folders: expandable, pocket, plastic, and manila
- Glue, paste, and paste sticks
- Hand sanitizer soap
- Highlighters
- Index card boxes

- Index cards
- Legal pads
- Lunch boxes and lunch bags (including disposable lunch bags)
- Markers (including dry erase markers and dry erase marker kits)
- Musical instruments, musical instrument accessories, and replacement items for musical instruments
- Notebooks
- Paintbrushes for artwork
- Paints (acrylic, tempera, and oil)
- Paper: loose leaf ruled notebook paper, copy and printer paper, graph paper, tracing paper, manila paper, colored paper, poster board and construction paper
- Pencil boxes and other school supply boxes
- Pencil sharpeners
- Pencils
- Pens
- Protractors
- Reference books
- Reference maps and globes
- Rulers
- Scissors
- Sheet music
- Sketch and drawing pads
- Textbooks
- Tissues
- Watercolors
- Workbooks
- Writing tablets

LIST OF ELIGIBLE CLOTHING

The following is a list of items that are included in the term "clothing" and are therefore exempt from tax during the sales tax holiday period if their sales price is **\$100 or less per item**. This list is **not all-inclusive**. Other items meeting the definition of clothing may be purchased exempt of the tax.

- Aprons, household and shop
- Athletic supporters
- Baby bibs and clothes
- Baby receiving blankets
- Bandanas
- Bathing suits, swim trunks, cover-ups and bathing caps
- Beach capes and coats
- Belts

- Boots
- Choir and altar clothing
- Clerical vestments
- Coats, jackets, and windbreakers
- Corsets and corset laces
- Costumes (sold not rented)
- Coveralls
- Diapers, children and adult, including disposable diapers
- Dresses
- Ear muffs
- Footlets
- Formal wear for men and women (sold, not rented)
- Fur coats and stoles, shawls and wraps
- Garters and garter belts
- Girdles
- Gloves and mittens for general use
- Golf clothing, caps, dresses, shirts, skirts, pants
- Gym suits and uniforms
- Hats and caps
- Hosiery
- Insoles, inserts for shoes
- Jeans
- Jerseys (both athletic and non-athletic)
- Lab coats
- Legwarmers
- Leotards and tights
- Lingerie
- Neckwear, including bow ties, neckties, and scarves
- Nightgowns, pajamas, and other nightwear
- Overshoes and rubber shoes
- Raincoats, rain hats, and ponchos
- Robes
- Rubber pants
- Rubber thong/flip-flops
- Sandals
- Scarves
- Shirts and blouses
- Shoes and shoe laces
- Shorts
- Skirts
- Slacks
- Slippers

- Slips
- Sneakers
- Socks and stockings, including athletic socks
- Steel toed shoes
- Suits
- Suspenders
- Underwear or undergarments
- Uniforms, athletic and non-athletic
- Vests
- Wedding apparel, including veils (sold not rented)

LIST OF ELIGIBLE HURRICANE PREPAREDNESS SUPPLIES & EQUIPMENT

Sales Price of **\$60 or Less per Item**

- Artificial ice, blue ice, ice packs and reusable ice
- Batteries including AAA cell, AA cell, C cell, D cell, 6 volt, 9 volt, cell phone batteries (*excluding automobile and boat batteries*)
- Any portable, battery-operated or self-powered light sources including flashlights, lanterns, glow sticks
- Portable, battery-operated or self-powered radios (including self-powered radios with electrical power capability)
- Two-way radios
- Weather band radios and NOAA weather radios
- Tarpaulins, plastic sheeting, plastic drop cloths or other flexible waterproof sheeting
- Bungee cords, rope, and paracords
- Ground anchor systems or tie down kits
- Ratchet straps
- Duct tape
- Carbon monoxide detectors
- Smoke detectors
- Fire extinguishers
- Gas or diesel fuel tanks or containers
- Water storage containers
- Non-electric food storage coolers
- Bottled water
- Nonreusable water packets
- Manual can openers
- Storm shutter devices
- Cell phone chargers
- First aid kits

Sales Price of **\$1,000 or Less per Item**

- Portable generators and generator power cords
- Inverters and inverter power cables
- Photovoltaic devices that generate electricity

Chain Saws and Chain Saw Accessories

Gas-powered chain saws with a selling price of **\$350 or less** and chain saw accessories with a sales price of **\$60 or less** may be purchased exempt of the sales and use tax during the combined sales tax holiday.

LIST OF ELIGIBLE ENERGY STAR/WATERSENSE PRODUCTS

The following Energy Star or WaterSense products with a sales price of **\$2,500 or less per item** are eligible for the exemption:

- Air Conditioners
- Ceiling Fans
- Dehumidifiers
- Washing Machines/Clothes Washers
- Dishwashers
- Light Bulbs
- Refrigerators

Products that cost **\$2,500 or less per item** with the WaterSense label are eligible for the exemption.

Guidelines:

Absorption of Tax – Virginia law requires dealers to collect and remit to the Department the sales taxes of all taxable items. Although Virginia law generally prohibits retailers from advertising that they will absorb all or any part of the sales or use tax, or relieve the purchaser, consumer, or lessee from paying the tax, this prohibition do not apply during the combined sales tax holiday, nor for the fourteen days immediately preceding the commencement of the combined sales tax holiday. During this 17-day period, dealers may advertise that they will absorb the tax on any or all non-qualifying items. The dealer may not absorb the tax prior to or following the sales tax holiday period, and may not advertise that he will do so.

Exchanges – If a customer purchases a qualifying item during the exemption period, but later exchanges the item for a similar qualifying item, even if a different size, different color, or other feature, no additional tax is due, even if the exchange is made after the exemption period.

If a customer purchases a qualifying item during the exemption period, but after the exemption period has ended, the customer returns the item and receives credit on the purchase of a different item, whether or not the different item qualifies for the exemption, the appropriate sales tax is due on the sale of the newly purchased item.

If a customer purchases a qualifying item before the exemption period, but during the exemption period, the customer returns the item and receives credit on the purchase of a different item of eligible property, no sales tax is due on the sale of the new item if the new item is purchased during the sales tax holiday period.

Return of Eligible Items – For a 60-day period immediately after the combined sales tax holiday, when a customer returns a qualifying item, no credit for or refund of sales tax shall be given unless the customer provides a receipt or invoice that shows tax was paid, or the seller has sufficient documentation show that tax was paid on the specific item. This 60-day period is set solely for the purpose of designating a time period during which the customer must provide documentation that shows that sales tax was paid on returned merchandise, and is not intended to change a seller’s policy on the time period during which the seller will accept returns.

Articles Normally Sold as a Unit – Items that are generally sold as a unit, must continue to be sold as a unit and cannot be priced separately and sold as individual items to render these items subject to the exemption.

Buy One, Get One Free or for a Reduced Price – Where items are sold under a “buy one, get one free” or “buy one, get one for a reduced price” special, a retailer cannot average the total price of items advertised as buy one, get one free/for a reduced price in order to make the items eligible for exemption.

Coupons and Discounts – A discount given by a retailer reduces the sales price and the amount of the discount is deducted before determining whether an item is eligible for the exemption. A store coupon given by a retailer reduces the sales price, and the amount of the discount is deducted before determining whether an item is eligible for the exemption. A coupon that reduces the sales price is treated as a store coupon if a third party does not reimburse the seller for the coupon amount.

During the sales tax holiday, a manufacturer’s coupon or third party coupon reduces the sales price **for all qualifying items**. During the remainder of the year, a manufacturer’s coupon or third party coupon may not be treated as a reduction in the sales price for any item. Instead, the value of the manufacturer’s coupon must be added to the amount paid to determine the selling price, for purposes of determining the sales and use tax.

Gift Certificates – A gift certificate may not be used to reduce the sales price of an item in order to render that item eligible for exemption. However, eligible items sold and delivered during the combined sales tax holiday period using a gift certificate qualify for the exemption.

Rebates – A rebate occurs after a sale and does not reduce the sales price. The amount of the rebate is not considered when determining whether an item is eligible for an exemption.

Sale of an Extended Warranty – The sale of an extended warranty, which provides for the provision of repair parts and labor, does not qualify for exemption during the combined sales tax holiday, even if the item purchased under warranty is eligible for exemption during the holiday.

Shipping and Handling Charges – Under Virginia law, sales price does not include separately stated charges for the delivery of property sold by the seller to the purchaser, but does include separately stated charges for handling and service charges. Generally, for transactions in which the shipping and handling charges are combined the charges are treated as “handling” charges and constitute part of the base price of the item.

During the combined sales tax holiday period, shipping and handling charges are not included in the base price of the item if that item qualifies for the sales tax holiday exemption. Shipping and handling charges may not be used to determine whether an item meets the threshold sales price for qualifying items. Provided the qualifying item meets the required threshold amount, that item qualifies for the sales tax holiday exemption, and the associated shipping and handling charges are also exempt from taxation. If an item exceeds the threshold requirements or is otherwise ineligible for exemption during the sales tax holiday, the shipping and handling charges will be included in the base price of the item, and the entire price will be subject to sales tax.

Sales of Two Eligible Items for One Price – If two or more qualifying items are placed together as a set and offered for one price that exceeds the cost threshold for qualifying items, the items in question do not qualify for the sales tax holiday.

Sales of Exempt and Taxable Items for One Price – If items qualifying for the exemption are normally sold together with merchandise that does not qualify for the exemption as a set or single unit, the item will qualify for the combined sales tax holiday exemption, provided the price of the full unit does not exceed the maximum price allowed for the qualifying item. If an item qualifying for the exemption is sold as a package with an item that does not qualify for the exemption, sales tax will be imposed upon the full package price, regardless of whether the collective price of the items falls below the maximum sales price permitted for the qualifying item.

Threshold – During the combined sales tax holiday, when the sales price of an item is greater than the maximum allowable sales price for an exempt item, sales or use tax is due on the entire charge for the item. The sales price is not reduced by the threshold amount.

Mail Order, Telephone and Internet Sales – Items purchased online, by mail order, or by telephone are treated as exempt if 1) the item is both delivered to and paid for by the customer during the exemption period; or 2) the customer orders and pays for the item and the seller accepts the order during the exemption period for immediate shipment, even if delivery is made after the exemption period.