



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
BUREAU OF BUSINESS TRUST FUND TAXES
DEPT. 280901
HARRISBURG, PA 17128-0901

PENNSYLVANIA EXEMPTION CERTIFICATE

CHECK ONE:

- STATE OR LOCAL SALES AND USE TAX
 STATE OR LOCAL HOTEL OCCUPANCY TAX
 PUBLIC TRANSPORTATION ASSISTANCE TAXES AND FEES (PTA)
 PASSENGER CAR RENTAL TAX (PCRT)

(Please Print or Type)

This form cannot be used to
obtain a Sales Tax License
Number, PTA License Number
or Exempt Status.

Read Instructions
On Reverse Carefully

THIS FORM MAY BE PHOTOCOPIED – VOID UNLESS COMPLETE INFORMATION IS SUPPLIED

- CHECK ONE:** PENNSYLVANIA TAX UNIT EXEMPTION CERTIFICATE (USE FOR ONE TRANSACTION)
 PENNSYLVANIA TAX BLANKET EXEMPTION CERTIFICATE (USE FOR MULTIPLE TRANSACTIONS)

Name of Seller or Lessor _____

Street _____ City _____ State _____ Zip Code _____

Property and services purchased or leased using this certificate **are exempt** from tax because: (Select the appropriate paragraph from the back of this form, check the corresponding block below and insert information requested.)

1. Property or services will be used directly by purchaser in performing purchaser's operation of: _____
2. Purchaser is a/an: _____
3. Property will be resold under License Number _____ (If purchaser does not have a PA Sales Tax License Number, include a statement under Number 7 explaining why a number is not required.)
4. Purchaser is a/on: _____ holding Exemption Number _____
5. Property or services will be used directly by purchaser performing a public utility service. (Complete Part 5 on Reverse.)
6. Exempt wrapping supplies, License Number _____. (If purchaser does not have a PA Sales Tax License Number, include a statement under Number 7 explaining why a number is not required.)
7. Other _____
(Explain in detail. Additional space on reverse side.)

I am authorized to execute this Certificate and claim this exemption. Misuse of this Certificate by seller, lessor, buyer, lessee, or their representative is punishable by fine and imprisonment.

Name of Purchaser or Lessee _____ Signature _____ Date _____

Street _____ City _____ State _____ Zip Code _____

1. ACCEPTANCE AND VALIDITY:

For this certificate to be valid, the seller/lessor shall exercise good faith in accepting this certificate, which includes: (1) the certificate shall be completed properly; (2) the certificate shall be in the seller/lessor's possession within sixty days from the date of sale/lease; (3) the certificate does not contain information which is knowingly false; and (4) the property or service is consistent with the exemption to which the customer is entitled. For more information, refer to Exemption Certificates, Title 61 PA Code §32.2. An invalid certificate may subject the seller/lessor to the tax.

2. REPRODUCTION OF FORM:

This form may be reproduced but shall contain the some information as appears on this form.

3. RETENTION

The seller or lessor must retain this certificate for at least four years from the date of the exempt sale to which the certificate applies. **DO NOT RETURN THIS FORM TO THE PA DEPARTMENT OF REVENUE.**

4. EXEMPT ORGANIZATIONS:

This form may be used in conjunction with form REV-1715, Exempt Organization Declaration of Sales Tax Exemption, when a purchase of \$200 or more is made by an organization which is registered with the PA Department of Revenue as an exempt organization. These organizations are assigned an exemption number, beginning with the two digits 75 (example: 75-00000-0).

GENERAL INSTRUCTIONS

Those purchasers set forth below may use this form in connection with the claim for exemption for the following taxes:

- a. State and Local Sales and Use Tax;
- b. PTA rental fee or tax on leases of motor vehicles;
- c. Hotel Occupancy Tax if referenced with the symbol (●);
- d. PTA fee on the purchase of tires if referenced with the symbol (+);
- e. Passenger Car Rental Tax

EXEMPTION REASONS

- 1.) Property and/or services will be used directly by purchaser in performing purchaser's operation of:
- A. Manufacturing B. Mining C. Dairying D. Processing E. Farming F. Shipbuilding

This exemption is not valid for property or services which are used in: (a) constructing, repairing, or remodeling of real property, other than real property which is used directly in exempt operations; or (b) maintenance, managerial, administrative, supervisory, sales, delivery, warehousing or other nonoperational activities. Effective October 1, 1991, this exemption does not apply to certain services and PTA tire fee.

- 2.) Purchaser is a/an:
- + A. Instrumentality of the Commonwealth.
 - + B. Political subdivision of the Commonwealth.
 - + ● C. Municipal Authority created under the "Municipal Authority Acts of 1935 or 1945."
 - + ● D. Electric Co-operative Corporation created under the "Electric Co-operative Law of 1990."
 - + ● E. Co-operative Agricultural Association required to pay Corporate Net Income Tax under the Act of May 23, 1945, P.L. 893, as amended (exemption not valid for registered vehicles).
 - + ● F. Credit Unions organized under "Federal Credit Union Act" or State "Credit Union Act".
 - + ● G. Federal Instrumentality
 - H. Federal employee on official business (Exemption limited to Hotel Occupancy Tax only. A copy of orders or statement from supervisor must be attached to this certificate.)
 - I. School Bus Operator (This Exemption Certificate is limited to the purchase of parts, repairs or maintenance services upon vehicles licensed as school buses by the PA Department of Transportation. For purchase of school buses, see NOTE below.)
- 3.) Property and/or services will be resold or rented in the ordinary course of purchaser's business. If purchaser does not have a PA Sales Tax License Number, complete Number 7 explaining why such number is not required. This Exemption is valid for property or services to be resold: (1) in original form; or (2) as an ingredient or component of other property.

- 4.) Special exemptions
- | | |
|--------------------------------------|---|
| A. Religious Organization | E. Direct Pay Permit Holder |
| B. Volunteer Fireman's Organization | + ● F. Individual Holding Diplomatic ID |
| C. Nonprofit Educational Institution | + G. School District |
| D. Charitable Organization | H. Tourist Promotion Agency
(Exemption limited to the purchase of promotional materials for distribution to the public.) |

Exemption limited to purchase of tangible personal property or services for use and not for sale. The exemption shall not be used by a contractor performing services to real property. An exempt organization or institution shall have an exemption number assigned by the PA Department of Revenue and diplomats shall have an identification card assigned by the Federal Government. The exemption for categories "A, B, C and D" are not valid for property used for the following: (1) construction, improvement, repair or maintenance or any real property, except supplies and materials used for routine repair or maintenance of the real property; (2) any unrelated activities or operation of a public trade or business; or (3) equipment used to maintain real property.

- 5.) Property or services will be used directly by purchaser in the production, delivery, or rendition of public utility services as defined by the PA Utility Code.

PA Public Utility Commission and/or

Interstate Commerce Commission

A contract carrier is not entitled to this Exemption and a "Schedule of Charges" filed by such carrier does not satisfy this requirement. This Exemption is not valid for property or services used for the following: (1) construction, improvement, repair or maintenance of real property, other than real property which is used directly in rendering the public utility services; or (2) managerial, administrative, supervisor, sales or other nonoperational activities; or (3) tools and equipment used but not installed in maintenance of facilities or direct use equipment. Tools and equipment used to repair "direct use" property are exempt from tax.

- 6.) Vendor/Seller purchasing wrapping supplies and nonreturnable containers used to wrap property which is sold to others.

- 7.) Other (Attach a separate sheet of paper if more space is required.) _____

NOTE: Do not use this form for claiming an exemption on the registration of a vehicle. To claim an exemption from tax for a motor vehicle, trailer, semi-trailer or tractor with the PA Department of Transportation, Bureau of Motor Vehicles and Licensing, use **FORM MV-1**, "Application for Certificate of Title", for "first time" registrations and **FORM MV-4ST**, "Vehicle Sales and Use Tax Return/Application for Registration", for all other registrations.



April 6, 2004 (Reissued April 7, 2009)
Pennsylvania Sales and Use Tax
No. SUT-04-014
Property Used in Public School Construction Contract

ISSUE

What items of tangible personal property are exempt from sales and use tax when purchased by a construction contractor for use in fulfilling a construction contract with a school district for its high school?

CONCLUSION

A construction contractor may purchase building machinery and equipment exempt from tax when the purchases are made pursuant to a construction contract with a public school district.

<i>Public High School</i>	Taxable - T Exempt - E
Site Work	
Crushed stone	T
Corrugated Polyethylene storm water piping & fittings	T
Reinforce concrete storm water piping and fittings	T
PVC storm water piping and fittings	T
PVC sanitary sewer piping and fittings	T
Ductile iron domestic and fire protection water service piping and fittings	T
Precast concrete inlets, manholes, and associated gratings and covers	T
Precast trench drains and gratings	T
Fire hydrants and fittings	T
Precast Concrete meter vaults and accessories	T
Ready mix concrete	T
Asphalt paving	T
Plant materials, fertilizers, soil treatments and grass seed	T
Concrete	
Ready mix concrete	T
Reinforcing steel bars and mesh	T
Form materials	T
Expansion joint materials and other concrete accessories	T
Concrete curing compounds, sealers and hardeners	T
Masonry	
Concrete masonry units (CMU)	T
Face Brick	T
Masonry grout	T
Grout	T

Metal and membrane flashings	T
Cast stone trim and panels	T
Miscellaneous masonry accessories	T

Metals	
Structural steel framing	T
Steel bar joist	T
Metal decking	T
Prefabricated metal bridge systems	T
Metal stairs and railings	T
Miscellaneous metal fabrications	T
Expansion joint covers	T

HVAC	
Chilled water and hot water pipes, fittings and valves	T
Pipe and equipment insulation	T
Boilers, pumps, and expansion tanks	E
Chillers and cooling towers	E
Water treatment*	T&E*
Air handling units	E
Unit ventilators	E
Cabinet unit heaters	E
Convectors	E
Make up air units	E
Energy recovery units	E
Unit heaters	E
Variable speed drives	T
Duct work	T
Diffusers	E
Registers	E
Grilles	E
Fans	E
VAV boxes	E
Ventilators	E
Automatic Temperature controls	E
Testing, adjusting and balancing of exempt equipment, i.e. building machinery and equipment (BME)	E
Testing, adjusting and balancing of non-exempt equipment	T
Boiler breeching	T

*Purchases for the H₂O treatment system that are generation, distribution, storage, conditioning or termination equipment are exempt. Piping, valves, fittings, and any other item that is not one of the equipment types are taxable.

Electrical	
Conduit	T
Boxes	T
Wire	T
Cable	T

Lighting fixtures	E
Lamps	E
Security System ¹	T&E ¹
CCTV system*	T&E*
Fire alarm system*	T&E*
Wiring devices (switches, receptacles)	E
Wiring devices (receptacle and junction boxes)	T
Clock systems*	T&E*
Intercom/Paging systems*	T&E*
Remote sound systems (gym, auditorium, cafeteria, etc.)*	T&E*
Emergency generator	E
Switchboard/panels/transformers/safety switches	E
Telephone and data systems*	T&E*
¹ A security system is not one of the listed building systems for which purchases of one of the five equipment types are exempt. However, purchases would be exempt if they are one of the five equipment types and are used for one of the listed systems, e.g. (i) alarms limited to fire, security or detection, (ii) <u>control system</u> for building access, or (iii) communications limited to voice, video, data, or sound.	
*Purchases that are generation, distribution, storage, conditioning or termination equipment and a component of one of the ten listed categories are exempt. For example, speakers and microphones for the sound system are exempt. Wiring and any other purchases that are not one of the equipment types or for an exempt system are taxable.	
Carpentry	
Wood blocking	T
Plywood sheathing	T
Interior finish millwork	T
Thermal and Moisture Control	
Foundation membrane waterproofing systems	T
Foundation damp proofing	T
Breakmetal copings, flashings, gutters, and downspouts	T
Wall, roof and foundation insulation (rigid board and batt)	T
Roof membrane and accessories	T
Roof hatch	T
Roof vents* - *Taxable unless part of building's ventilation system.	T/E*
Firesafing materials	T
Spray fireproofing	T
Caulking, sealants and accessories	T
Doors and Windows	
Hollow metal doors and frames	T
Wood doors	T
Finish door hardware	T
Aluminum windows, storefronts and curtain wall systems	T
Glass and glazing	T
Rolling and sectional metal doors and shutters	T

Finishes	
Gypsum wall board and accessories	T
Light gauge metal framing	T
Gypsum and cement plaster	T
Ceramic wall and floor tile and accessories	T
Acoustic Ceiling tile, grid and accessories	T
Carpet	T
Vinyl flooring, base and accessories	T
Wood flooring and accessories	T
Terazzo flooring and accessories	T
Special epoxy and poured resinous flooring systems	T
Paint	T
Wallcovering	T
Specialties	
Toilet accessories	T
Toilet partitions	T
Exterior ground mounted flagpoles	T
Interior signage	T
Pay telephone carousel	T
Fire extinguishers	T
Fire extinguisher cabinets	E
Metal lockers	E
Access panels	T
Marker and tack boards	T
Built-in display cases	E
Cubicle curtain track	T
Equipment	
Projection screens	E
Wall, ceiling and floor mounted athletic equipment	T
Gymnasium divider curtains	T
Paint spray booths	T
Science fume hoods	E
Loading dock bumpers and levelers	T
Casework	
Plastic laminate and wood casework and counter tops*	T/E*
Shelving	E
Library circulation desks, tables, chairs	E
Window blinds	T
*Cabinetry purchases and counter tops are exempt. Other casework purchases are taxable.	
Conveying systems	
Elevators*	T/E*
Wheelchair lifts*	T/E*

Materials lifts*	T/E*
*Elevators are specifically listed in the definition of real estate structure. Items that are generation, distribution, storage, conditioning or termination equipment for the control system of the elevator are exempt.	
Plumbing	
Cooper domestic water piping, valves and accessories	T
Cast iron and PVC sanitary drain, waste and vent piping and accessories	T
Clean outs	T
Cast iron and PVC storm water piping and accessories	T
Circulation pumps	E
Hot water heaters and storage tanks	E
Water closets, sinks, urinals and miscellaneous fixtures and faucets	E
Pipe and equipment insulation	T
Water booster pumps	E
Gas pipe, fittings and valves	T
Floor drains ¹ , roof drains ² and expansion tanks	T/E ^{1, 2}
Acid waste pipe and fittings	T
Grease traps	T
Stainless steel kitchen drains	E
Acid neutralization tank*	T/E*
*Underground tank – taxable; Above ground - exempt	
^{1, 2} - Floor drains and roof drains are exempt if they are part of the building's plumbing system, i.e., they are connected to the sanitary sewer system.	
Fire protection	
Fire pump and jockey pump	E
Pipe, fittings and valves	T
Sprinkler heads	E
Dry pipe equipment	T
Fire connections	T

FACTS

A school district (Taxpayer) is renovating their high school. The ruling request included a list of items that will be purchased for the project.

DISCUSSION

The Tax Reform Code of 1971, as amended, provides a limited exemption for purchases made by contractors for construction contracts that are performed on behalf of a public school district. This exemption is limited to items that qualify as “building machinery and equipment.”

72 P.S. § 7204(57)(ii); 72 P.S. § 7201(pp). Purchases of all other items by a contractor made pursuant to a construction contract with the school district are taxable to the contractor.

72 P.S. § 7201(o)(17).

The term "building machinery and equipment" is defined as generation equipment, storage equipment, conditioning equipment, distribution equipment and termination equipment when it is used in one of ten different building systems. The ten building systems include the following:

- (1) air conditioning limited to heating, cooling, purification, humidification, dehumidification and ventilation;
- (2) electrical;
- (3) plumbing;
- (4) communications limited to voice, video, data, sound, master clock and noise abatement;
- (5) alarms limited to fire, security and detection;
- (6) control system limited to energy management, traffic and parking lot and building access;
- (7) medical system limited to diagnosis and treatment equipment, medical gas, nurse call and doctor paging;
- (8) laboratory system;
- (9) cathodic protection system; or
- (10) furniture, cabinetry and kitchen equipment.

The definition also contains a list of items that qualify and a second list of items that are not included in the defined term. The items that are specifically included regardless of how they are attached are as follows: boilers, chillers, air cleaners, humidifiers, fans, switchgear, pumps, telephones, speakers, horns, motion detectors, dampers, actuators, grills, registers, traffic signals, sensors, card access devices, guard-rails, medial devices, floor troughs and grates, and laundry equipment, together with integral coverings and enclosures. These items are always exempt when purchased by a construction contractor having a contract with a public school district in the Commonwealth.

The items that are taxable include guardrail posts, pipes, fittings, pipe supports and hangers, valves, underground tanks, wire, conduit, receptacle and junction boxes, insulation, ductwork and coverings thereof.

Tangible personal property that qualifies as one of the listed equipment types and is used in one of the designated building systems is recognized as "building machinery and equipment." Additionally, the items specifically listed in the definition are also exempt. Although elevators are specifically included in the definition of real estate structure, purchases of generation, distribution, termination, storage, and conditioning equipment for the control system of an elevator has been recognized as part of building machinery and equipment because control systems for building access is one of the of listed building systems.