

Dear Interested Party:

During the 2017 Session, the Virginia General Assembly enacted [House Bill 1890](#) and [Senate Bill 1308](#) (2017 Acts of Assembly, Chapters 436 and 449) which, effective July 1, 2017, change the Retail Sales and Use Tax treatment of sales of certain tangible personal property that is affixed by the seller to real property.

The legislation repeals part of *Va. Code* § 58.1-610(D), the Retail Sales and Use Tax provision requiring dealers that both make retail sales and also install fences, venetian blinds, window shades, awnings, storm windows and doors, locks and locking devices, floor coverings, cabinets, countertops, kitchen equipment, window air conditioning units or other like or comparable items to collect the tax from their customers on such sales. In the same manner as other real property contractors, these retailers will now be required to pay the tax on their purchase or use of these items.

Prior to the legislation, any person selling and installing these items would be deemed a retailer of them and not a using or consuming contractor with respect to them. Accordingly, such dealers would be able to purchase the goods for resale tax exempt and then collect sales tax from the ultimate consumer. Real property contractors were deemed to be consumers of these items and were required to pay sales or use tax on them and not charge tax to the ultimate consumers.

Since the legislation represents a change in long-standing policy, the Department of Taxation will issue a guidance document to facilitate understanding of and compliance with the new legislation. The Department is currently in the process of developing such guidance and is soliciting input from interested parties. The Department has established a webpage which you may refer to for additional information about the development process, located [here](#). Please send any comments you may have regarding the development of this guidance via e-mail to Vivek Bakshi at TAX-Guidelines@tax.virginia.gov by the close of business on **April 23, 2017**.

If you have any questions, please let me know.

Sincerely,

Virginia Department of Taxation