

## Forest Products Tax FAQs

### **Who is liable for the Forest Products Tax?**

Effective July 1, 2015, the first manufacturer using, consuming, or processing forest products is liable for the Forest Products Tax unless the tax has been previously paid by the severer of the forest products. The first manufacturer storing forest products for sale or shipment out of state also is liable for the Forest Products Tax unless the tax has been previously paid by the severer.

If there is no manufacturer, or the manufacturer is not registered for the Forest Products Tax, the severer is liable for the tax.

### **Who is considered a manufacturer?**

A manufacturer is any person that for commercial purposes at a fixed place of business (i) processes forest products into various sizes and forms, including chips; (ii) processes forest products into other products; (iii) uses or consumes forest products; or (iv) stores forest products for sale or shipment out of state. A mill, plant, yard, or other location at which occurs a regular and continuous course of dealing is considered a fixed place of business.

### **I operate a portable sawmill in the forest when I am severing forest products. Is this a fixed place of business?**

No, the use of portable machinery or equipment, such as portable sawmills and chippers, alone at the place of severance of forest products is not a fixed place of business. You are considered the severer of the forest products and not a manufacturer.

### **I will be liable for the Forest Products Tax. How do I register?**

You can register [online](#), or submit a completed [Form R-1](#).

### **I am an out-of-state manufacturer and would like to remit the tax for forest products purchased from severers. Can I register for the Forest Products Tax?**

Yes, out-of-state manufacturers may register for the Forest Products Tax using the same process as other manufacturers and severers.

### **I sever forest products and sell them to a sawmill that is registered for the Forest Products Tax. What documentation do I need to be relieved from the tax for those forest products?**

A signed agreement, bill of sale, or invoice between the severer and a manufacturer stating that the manufacturer is registered and liable for the tax on any forest products sold or delivered to the manufacturer.

**I am an in-state manufacturer and the severer of the forest products I'm buying has already paid the Forest Products Tax. What documentation do I need to be relieved from the tax for those forest products?**

A signed agreement, bill of sale, invoice, or other written documentation that includes (i) the severer's name, address, and Virginia forest products tax registration number; (ii) the date of sale or delivery; (iii) a description of the products sold or delivered; and (iv) a statement that the Virginia Forest Products Tax has been paid with regard to the forest products sold or delivered.

**I sever forest products and sell them to an out-of-state mill that processes the forest products into paper at a fixed place of business. The mill has voluntarily registered to pay the Forest Products Tax. Who is liable for the Forest Products Tax?**

As the mill is the first manufacturer and registered for the Forest Products Tax, the mill is liable for the tax.

**I sever forest products and sell them to an out-of-state mill. The mill is not registered to pay the Forest Products Tax. Who is liable for the Forest Products Tax?**

As the mill is not registered for the tax, you are liable for the Forest Products Tax.

**I am a severer who also chips the trees with a portable chipper. I do not have a fixed place of business. I will sell the chips to a mill in the Commonwealth that processes the forest products into paper. Who is liable for the tax?**

As the mill is an in-state manufacturer and is the first manufacturer, the mill is liable for the tax.

**I am a severer who also chips the trees with a portable chipper. I do not have a fixed place of business. I will sell the chips to a biomass plant in the Commonwealth for use as fuel. Who is liable for the tax?**

As the biomass plant is using or consuming the forest products for commercial purposes at a fixed place of business, it is considered a manufacturer. As it is the first manufacturer, the biomass plant is liable for the tax.

**I operate a biomass plant that buys chips from a sawmill operating at a fixed place of business in the Commonwealth. Am I liable for the tax?**

As the sawmill is the first manufacturer and is an in-state manufacturer, the sawmill is liable for the tax. As the biomass plant is not the first manufacturer, you are not liable for the tax.

**I am a severer who also processes the trees with a portable sawmill. I do not have a fixed place of business. I will sell the forest products to a furniture plant in the Commonwealth that processes the forest products into furniture at a fixed place of business. Who is liable for the tax?**

As the furniture plant is processing the forest products into other products, it is considered a manufacturer. As it is the first manufacturer, the furniture plant is liable for the Forest Products Tax unless you have previously paid the tax.

**I run a mill yard that cuts forest products bought from severer into specific lengths for sale to sawmills. Am I liable for the tax?**

As the mill yard is processing the forest products into various sizes and forms for commercial purposes at a fixed place of business, it is the first manufacturer and liable for the tax.

**I run a mill yard that only holds the forest products for sale to sawmills and does not process the forest products. Am I liable for the tax?**

If you are selling to an in-state sawmill, you are not the manufacturer. As the sawmill is the first manufacturer, the sawmill is liable for the tax.

However, if you are selling to an out-of-state sawmill, you are storing the forest products for sale out of state for commercial purposes at a fixed place of business and is considered a manufacturer. As you are the first manufacturer, you are liable for the tax.

**I am a 3rd party broker and I buy forest products from severers that I store for sale out of state. Am I liable for the tax?**

As you are storing the forest products for sale out of state for commercial purposes at a fixed place of business, you are considered a manufacturer. As you are the first manufacturer, you are liable for the tax.

**I am a contract shipper that transports trees for a severer. Am I liable for the tax?**

No, a contract shipper is not considered a severer or manufacturer of forest products and is not liable for the Forest Products Tax.

**I am a Virginia landowner and I have contracted a severer to cut down trees on my property. Am I liable for the Forest Products Tax?**

No, a landowner is not considered a severer or manufacturer of forest products and is not liable for the Forest Products Tax.

**What if I have additional questions?**

If you have additional questions regarding the payment of the Forest Products Tax, please contact the Miscellaneous Tax Unit at (804) 786-2450. Questions regarding the registration process should be directed to Customer Services at (804) 367-8037.