

Meals and Rooms Tax: What You Need to Know

Meals and Rooms Tax: What is it?

Any private person, entity, institution, or organization selling meals or renting rooms to the public must collect the Vermont Meals and Rooms Tax from their customers on their gross receipts and remit the tax to the Vermont Department of Taxes.

While there are exemptions from the Meals and Rooms Tax, they are more restrictive than the exemptions to Sales and Use Tax.

Examples of Businesses Subject to the Meals and Rooms Tax

- Restaurants, bars, or catering businesses
- Hotels, motels, bed & breakfasts
- Rental cottages, campsites, and ski lodges
- Rentals operated by a private person if rentals total more than 15 days in a calendar year.

Meals and Rooms Rates in Vermont

- 9.0% on sales of prepared and restaurant meals
- 9.0% on sales of lodging and meeting rooms in hotels
- 10.0% on sales of alcoholic beverages served in restaurants
- Local Option Tax: certain municipalities may also impose a local option tax of 1% on meals and rooms. A general rule of thumb is that this local tax is imposed based on where the meal is consumed or the rental accommodation is located. To find out if your municipality imposes such tax, please visit the Vermont Department of Taxes' website for a listing of these jurisdictions or contact us.

The Business Tax Account—Your Key to Remitting

You must register for a Vermont Business Tax Account by completing an application, Form S-1, and mailing or faxing it to:

Vermont Department of Taxes
P.O. Box 547
Montpelier, VT 05601-0547
Fax: (802) 828-5787

After your application is processed, you will be:

- Assigned a Vermont Business Tax Account number and the necessary information for *VTBizFile*
- Provided with a Meals and Rooms Tax license, which you must display for your customers as your authorization to collect taxes on behalf of the State of Vermont

Fast, Easy Filing to Pay Your Business Taxes

Your registration letter received in the mail will contain all the information you need to sign up to file and pay your business taxes online using *VTBizFile*

VTBizFile offers the following benefits:

- File and pay your Meals and Rooms, Sales and Use, and Withholding taxes in one place
- Print filing and payment receipts to maintain your records
- View and print a history of filings for up to four years
- Choose from three easy payment options: ACH debit, ACH credit or credit card

For more information about the Meals and Rooms Tax, including exceptions, and other applicable business taxes, please visit www.tax.vermont.gov or contact the Department's Business Tax Division at: bustax@state.vt.us or (802) 828-2551.

Please see the reverse side for links to the forms and online services you will need to file and pay your Meals and Rooms Tax or visit www.tax.vermont.gov.

Website Links to Forms, Services, and Meals and Rooms Tax Information

VTBizFile – Electronic Filing of Business Trust Tax Returns (SU-451, MR-441, WH-431)

<https://secure.vermont.gov/bizfile/index>

General Information

Form B-2a – Notice of Change – Business Address or Cancellation

www.state.vt.us/tax/pdf.word.excel/forms/business/b-2a.pdf

Form S-1 – Vermont Business Tax Account Application & Instructions

<http://www.state.vt.us/tax/pdf.word.excel/forms/business/s-1&instr.pdf>

Calendar of Due Dates

<http://www.state.vt.us/tax/taxcalendar.shtml>

Business Tax Rate Charts

Meals & Rooms Tax – 9%

www.state.vt.us/tax/pdf.word.excel/business/9%25mrtaxchart.pdf

Meals & Rooms Tax with Local Option Tax – 10%

www.state.vt.us/tax/pdf.word.excel/business/10%25mrtaxchartlocalopt.pdf

Alcohol & Beverage Tax – 10%

www.state.vt.us/tax/pdf.word.excel/business/10%25alcohol.pdf

Alcohol & Beverage Tax with Local Option Tax – 11%

www.state.vt.us/tax/pdf.word.excel/business/11%25alcoholtaxchartlocalopt.pdf

Local Option Tax – Town Listing

<http://www.state.vt.us/tax/businesslocaloption.shtml>

Regulations

Regulations are an invaluable tool to understand your obligations under the law. Visit the following link for the regulations on Meals and Rooms Tax:

www.state.vt.us/tax/pdf.word.excel/legal/regs/Final%20MR%20regs.2010.pdf

Need help? Contact (802) 828-2551, option 3