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For Immediate Release

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Vermont Tax Commissioner Reminds Vermonters of Use Tax Obligations

Montpelier, Vt., Feb. 27, 2017—Vermont shoppers are familiar with the Vermont Sales Tax of 6 percent on most retail purchases. However, many Vermonters are less familiar with the corresponding use tax. Use tax is due if a shopper has not already paid sales tax at the time of purchase (except on exempt items such as food or clothing), according to the Vermont Department of Taxes.

If a taxpayer purchases a taxable item and the seller does not collect the Vermont Sales Tax due (as can occur online or in a tax-free state like New Hampshire), use tax is due on that purchase. Buying online or in a tax-free state does not mean a taxpayer can legally avoid the tax — it just means the tax gets paid differently.

Tax Commissioner Kaj Samsom reminds Vermonters to report their taxable purchases on form IN-111, the Vermont Income Tax Return, this tax season. “This is not a new tax or policy, but my department has an obligation to collect the taxes required by Vermont law so it’s important to increase awareness for Vermonters. With the increasing ease of online and out-of-state shopping, ensuring compliance with the Vermont Use Tax is an essential tool in keeping the playing field level for Vermont-based retailers.”

Samsom explains that businesses in Vermont are required to collect the tax at the point of sale, but many retailers outside the state do not. Because of this, the use tax has become increasingly relevant, and the department is exploring options to increase compliance. Vermont is not alone in this type of taxing method – all states with a sales tax enforce some type of compensating use tax when the seller does not collect at the time of sale.

One of these options will include increased attention to filers who certify that no use tax is due. “The number of Vermont filers who report some sort of use tax due is far below any reasonable estimate of the percentage of Vermonters who make taxable purchases in New Hampshire or online,” Samsom noted. “I want to start with education and awareness, reminding folks what the obligation is and how they can fix any errors they may have made in prior years. For 2016 taxes, which are currently being filed, talk to your preparer or pay attention to line 27 if you self-prepare.”

Line 27 on the Vermont personal income tax return allows taxpayers to easily report and pay any use tax owed or certify that they owe no use tax. For most taxpayers, using the provided table is an easy way to ensure you comply with the law.

More information about how to report use tax for individual taxpayers is available on the Department’s website at www.tax.vermont.gov.

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