



State of Vermont
Department of Taxes
 133 State Street
 Montpelier, VT 05633-1401

Agency of Administration

To: Sponsors of House Bill 225 – An act relating to information on the collection of the local option portion of Vermont’s sales and use tax

Pursuant to 32 V.S.A. § 3102, the Department of Taxes cannot disclose any return or return information to any person who is not an officer or agent of the Department. “Return” is defined to include any “tax return, declaration of estimated tax, license application, report, or similar document, including attachments, schedules, and transmittals filed with the Department of Taxes.” 32 V.S.A. § 3102(2). “Return information” is defined to include, among other information, “whether or not a return was filed or required to be filed.” 32 V.S.A. § 3102(3).

However, under 32 V.S.A. § 3102(d)(3), the Commissioner of Taxes is authorized to disclose “whether a person is registered to collect Vermont income withholding, sales and use, or meals and rooms tax.” Amazon is registered. Local option taxes are imposed on any sale that is subject to the Vermont sales tax. 24 V.S.A. § 138(c). Businesses that are registered to collect the Vermont Sales and Use Tax are required to collect any applicable local option taxes. Whether a sale is subject to local option tax is based on the destination of the sale, or wherever the customer takes possession of the item or where it is delivered. Vendors who make sales into local option tax towns, report and remit the tax on the same Sales and Use Tax form they use for the Vermont Sales Tax (SUT-451).

In light of the recent announcement, the Department of Taxes fully expects Amazon to collect, remit, and pay all applicable Vermont taxes, just as any other registered sales and use taxpayer would. We do not expect the law to apply any differently to Amazon. This includes the local option sales tax, where applicable.

To confirm this with publicly available information, Amazon announced that it began collecting sales tax in Vermont on February 1, 2017. A simple experiment of making a taxable purchase of a book on Amazon reveals they are complying with our understanding of their announcement and collecting all applicable taxes.

Shipped to a town with a local option sales tax (Brandon):

Shipped to a town without a local option sales tax (Montpelier):

Place your order

By placing your order, you agree to Amazon's privacy notice and conditions of use.

Order Summary

Items:	\$11.28
Shipping & handling:	\$0.00
Total before tax:	\$11.28
Estimated tax to be collected:	\$0.79
Total:	\$12.07
Gift Card:	-\$12.07
Order total:	\$0.00

How are shipping costs calculated?
 Prime shipping benefits have been applied to your order.

Place your order

By placing your order, you agree to Amazon's privacy notice and conditions of use.

Order Summary

Items:	\$11.28
Shipping & handling:	\$0.00
Total before tax:	\$11.28
Estimated tax to be collected:	\$0.68
Total:	\$11.96
Gift Card:	-\$11.96
Order total:	\$0.00

How are shipping costs calculated?
 Prime shipping benefits have been applied to your order.



The address with a Brandon ZIP code caused Amazon to calculate the tax at the 7.0% rate (6.0% Vermont Sales Tax + 1.0% Local Option Sales Tax). The Montpelier ZIP code resulted in a 6.0% rate. This is consistent with how all retailers must apply local option taxes to deliveries – it is based on the ZIP code of where the delivery is taking place.

We hope this letter serves as a satisfactory explanation to the directive set forth in H.225. We would be happy to discuss this further.

Sincerely,

Candace Morgan

Director of Policy, Outreach, and Legislative Affairs,
Vermont Department of Taxes

cc: Kaj Samsom, Commissioner, Vermont Department of Taxes
Members of the House Committee on Ways and Means
Members of the Senate Committee on Finance
Speaker of the House Mitzi Johnson
Senate President Pro Tempore Tim Ashe
Steve Klein, JFO
Peter Griffin, Legislative Council

