

1 S.62

2 Introduced by Senators Sirotkin, Kitchel, MacDonald, Mullin, and Westman

3 Referred to Committee on

4 Date:

5 Subject: Taxation; sales and use tax; use tax data reporting

6 Statement of purpose of bill as introduced: This bill proposes to require
7 out-of-state vendors to report information to the Department of Taxes about
8 certain sales in Vermont. The bill also proposes to have the Department of
9 Taxes develop additional rules and forms in an effort to increase the current
10 level of use tax compliance.

11 An act relating to requiring out-of-state vendors to report to the Department
12 of Taxes certain sales and use tax data, and to have the Department of Taxes
13 increase use tax compliance

14 It is hereby enacted by the General Assembly of the State of Vermont:

15 * * * Sales and Use Tax; Noncollecting Vendors * * *

16 Sec. 1. 32 V.S.A. § 9712 is amended to read:

17 § 9712. NOTICE REQUIREMENTS FOR NONCOLLECTING VENDORS

18 (a) Each noncollecting vendor making sales into Vermont shall notify
19 Vermont purchasers that sales or use tax is due on nonexempt purchases made
20 from the noncollecting vendor and that the State of Vermont requires the
21 purchaser to pay the tax due on his or her tax return. Failure to provide the

1 notice required by this subsection shall subject the noncollecting vendor to a
2 penalty of \$5.00 for each such failure, unless the noncollecting vendor shows
3 reasonable cause for such failure.

4 (b) Each noncollecting vendor shall send notification to all Vermont
5 purchasers on or before January 31 of each year showing the total amount paid
6 by the purchaser for Vermont purchases made from the noncollecting vendor
7 in the previous calendar year. The notice requirement in this subsection only
8 applies to Vermont purchasers who have made \$500.00 or more of purchases
9 from the noncollecting vendor in the previous calendar year. The notice shall
10 include any information required by the Commissioner by rule. The
11 notification shall state that the State of Vermont requires a sales or use tax
12 return to be filed and sales or use tax paid on nonexempt purchases made by
13 the purchaser from the noncollecting vendor. The notification required by this
14 subsection shall be sent separately to all Vermont purchasers by first-class mail
15 or electronic mail and shall not be included with any other shipments. The
16 notification shall include the words "Important Tax Document Enclosed" on
17 the exterior of the mailing. The notification shall include the name of the
18 noncollecting vendor. Failure to send the notification required by this
19 subsection shall subject the noncollecting vendor to a penalty of \$10.00 for
20 each such failure, unless the noncollecting vendor shows reasonable cause for
21 such failure.

1 (c) Each noncollecting vendor shall file an annual statement for each
2 purchaser with the Department of Taxes, on forms required by the
3 Commissioner, showing the total amount paid for Vermont purchases by that
4 purchaser during the preceding calendar year or any portion thereof, and this
5 annual statement shall be filed on or before March 1 of each year. The notice
6 requirements of this subsection only apply to noncollecting vendors who make
7 \$100,000.00 or more of sales into Vermont in the previous calendar year.
8 Failure to file the annual statement required by this subsection shall subject the
9 noncollecting vendor to a penalty of \$10.00 for each purchaser that should
10 have been included in the annual statement, unless the noncollecting vendor
11 shows reasonable cause for such failure.

12 (d) The Commissioner is authorized to adopt rules or procedures or to
13 create forms necessary to implement this section. Penalties imposed under this
14 section shall be subject to the same administrative and appeal provisions of this
15 chapter as if imposed under section 3202 of this title.

16 * * * Sales and Use Tax; Increased Compliance * * *

17 Sec. 2. INCREASING USE TAX COMPLIANCE

18 32 V.S.A. § 5870 provides that the Commissioner of Taxes “shall provide
19 that individuals report use tax on their State individual income tax returns.” In
20 an effort to increase the level of use tax compliance, on or before September 1,
21 2017, the Department of Taxes shall issue rules and forms designed to

1 highlight the use tax liability for taxpayers on their income tax forms, and to
2 increase compliance. These rules and forms shall be in addition to any current
3 compliance and enforcement efforts.

4 Sec. 3. EFFECTIVE DATE

5 This act shall take effect on July 1, 2017.