

* * * Sales and Use Tax; Prewritten Computer Software* * *

Sec. 8. 32 V.S.A. § 9701(60) is added to read:

(60) “Vendor-hosted prewritten computer software” means prewritten computer software that is accessed through the Internet or a vendor-hosted server or platform, including where possession of the software is maintained by the vendor or a third party, regardless of:

(A) the method of delivery or transfer, including whether any downloading occurs;

(B) whether the access is permanent or temporary; and

(C) whether the charge for the right of access is on a per use, per user, per license, subscription, or some other basis.

Sec. 9. 32 V.S.A. § 9771 is amended to read:

§ 9771. IMPOSITION OF SALES TAX

Except as otherwise provided in this chapter, there is imposed a tax on retail sales in this State. The tax shall be paid at the rate of six percent of the sales price charged for but in no case shall any one transaction be taxed under more than one of the following:

* * *

(7) tangible personal property to an advertising agency for its use in providing advertising services or creating advertising materials for transfer in conjunction with the delivery of advertising service; ~~or~~

(8) specified digital products transferred electronically to an end user regardless of whether for permanent use or less than permanent use and

1 regardless of whether or not conditioned upon continued payment from the
2 purchaser; or

3 (9) vendor-hosted prewritten computer software.

4 Sec. 10. 32 V.S.A. § 9773 is amended to read:

5 § 9773. IMPOSITION OF COMPENSATING USE TAX

6 Unless property or telecommunications service has already been or will be
7 subject to the sales tax under this chapter, there is imposed on every person a
8 use tax at the rate of six percent for the use within this State, except as
9 otherwise exempted under this chapter:

10 * * *

11 (4) specified digital products transferred electronically to an end user;

12 ~~and~~

13 (5) telecommunications service except coin-operated telephone service,
14 private telephone service, paging service, private communications service, or
15 value-added non-voice data service; and

16 (6) vendor-hosted prewritten computer software.

17 Sec. 11. REPEAL

18 2015 Acts and Resolves No. 51, Sec. G.8 (prewritten software accessed
19 remotely) is repealed.

1 [Sec. 12 omitted; DFR fees]

2 * * * Minimum Corporate Income Tax * * *

3 Sec. 13. 32 V.S.A. § 5832(2)(B)–(E) is amended to read:

4 (B) An amount determined in accordance with section 5832a of this
5 title for a corporation that qualifies as and has elected to be taxed as a digital
6 business entity for the taxable year; or

7 (C) For C corporations with Vermont gross receipts from \$0-
8 \$2,000,000.00, the greater of the amount determined under subdivision (1) of
9 this section or \$300.00; or

10 (D) For C corporations with Vermont gross receipts from
11 \$2,000,001.00-\$5,000,000.00, the greater of the amount determined under
12 subdivision (1) of this section or \$500.00; or

13 (E) For C corporations with Vermont gross receipts greater than
14 \$5,000,000.00, the greater of the amount determined under subdivision (1) of
15 this section or \$750.00.

16 * * * Effective Dates * * *

17 Sec. 14. EFFECTIVE DATES

18 This act shall take effect on July 1, 2021, except:

19 (1) Notwithstanding 1 V.S.A. § 214, Secs. 3 (80/20 rule definitions), and
20 5–6 (Finnigan method and 80/20 rule) shall take effect retroactively on January
21 1, 2021 and apply to taxable years beginning on and after January 1, 2021.

1 (2) Secs. 4 (single sales factor and repeal of throwback) and 13
2 (minimum corporate income tax) shall take effect on January 1, 2022 and
3 apply to taxable years beginning on and after January 1, 2022.

4 (3) Secs. 8–11 (prewritten computer software) shall take effect on June
5 1, 2022.