

Vermont Sales and Use Tax for Hotels and Motels

Hotels and motels need to know the circumstances in which the Vermont Sales and Use Tax applies to them so that the tax is paid correctly. This overview provides general information about the tax and also explains specific situations when use tax must be paid on hotel and motel purchases that are consumed by or incorporated into a business.

How are Vermont Sales Tax and Use Tax related?

Purchases of tangible personal property used in Vermont are subject to 6% Vermont sales tax. "Tangible personal property" is defined as property which may be seen, weighed, measured, felt, touched, or perceived by the senses. If a seller does not charge sales tax, or charges at a rate less than 6%, then the buyer is required to pay the 6% tax, or the difference between the amount paid and 6%, directly to Vermont as use tax. Use tax payments are due on the same cycle as sales tax.

Sales and use tax work together to create fairness. For taxable items used in Vermont, the same tax is paid regardless of where the items were purchased. Use tax is the same rate and has the same exemptions as sales tax.

When must businesses pay use tax?

Here are situations in which businesses must pay use tax when purchasing taxable property to be used in Vermont:

- Purchases made via the internet
- Purchases made in a state that does not have a sales tax or has a lower sales tax rate than Vermont's 6%
- Purchases of tangible personal property consumed by or incorporated into a business

What types of hotel and motel items are subject to use tax?

If sales tax was not paid at the time of purchase, use tax must be paid by hotels and motels on the items in this table.

Tangible personal property that becomes part of or permanently affixed to the real property, such as cabinets, dishwashers, ovens, ranges, and air conditioners
Tangible personal property used in renovations, remodeling, and repair of rooms, such as paint, wallpaper, drywall, and carpet/tile/flooring
Furniture and fixtures for use in the hotel's guest rooms, including beds, mattresses, dressers, night stands, headboards, chairs, televisions, telephones, radios, desks, and lamps
Sundry items including sheets, bath towels, soap, glasses, ice buckets, coffee makers, etc.
Machinery and equipment used in the offices or business center, such as computers, printers, credit card machines, cash registers, fax machines, and photocopiers
Kitchen equipment and supplies, including linens, kitchen towels, napkins, cutlery, silverware, glassware, serving utensils, table covers, straws, stirrers, paper products, etc.
Cleaning supplies
Cosmetics, toiletries, hygiene products, including toothbrushes, toothpaste, mouthwash, shampoo, soap, toilet paper, and skin lotions
Flowers for hotel common areas and other items used for decorating

Disclaimer: This fact sheet is intended to provide an overview only. Vermont tax statutes, regulations, Vermont Department of Taxes rulings, or court decisions supersede information provided in this fact sheet.

Iss. 08/2016 • Pub. FS-1115

What steps can I take to avoid underreporting use tax?

- Improve your understanding of Vermont's use tax requirements
- Review your purchases of property and items that are subject to Vermont Sales and Use Tax
 - Include regular operating supplies as well as renovations, improvement projects, and investments in durable goods
 - Determine if your business paid sales tax at the time of these purchases and, if not, whether use tax was paid
- If you identify an underpayment of tax greater than \$50, you may choose to file an amended return at www.myvtax.vermont.gov
- Going forward, keep in mind these tax requirements on purchases of tangible personal property and pay the tax correctly
- Be sure to report and remit tax for every scheduled payment due date of your business

Where can I find additional information about Vermont use tax?

More information about sales and use tax can be found on our website at www.tax.vermont.gov.

Sales and Use Tax Overview:

www.tax.vermont.gov/business-and-corp/sales-and-use-tax/

Regulation 1.9701:

www.tax.vermont.gov/sites/taxfiles/documents/SU.finals.11012010.pdf

