

VERMONT DEPARTMENT OF TAXES

TECHNICAL BULLETIN

TAX: Sales and Use Tax; Meals and Rooms Tax

TB-50

SUBJECT: Campgrounds

ISSUED: December 14, 2009

STATUTORY REFERENCE: 32 V.S.A. chs. 225 and 233

REVISED: May 22, 2017

INTRODUCTION

This technical bulletin provides clarification on the application of Vermont meals and rooms tax and sales and use tax to the campground industry. The information applies to campgrounds operated privately or by the State of Vermont Department of Forest and Parks. Campgrounds located where a local option tax is in effect must also collect the additional local option tax on charges subject to the State tax. This technical bulletin does not cover the tax application to summer camps for children.

Fees charged by campgrounds operated by U.S. government agencies are not subject to Vermont meals and rooms tax or sales tax.

Please be advised that this technical bulletin is meant to provide an overview only. It is based on the Vermont tax statutes and regulations as of this day (see 32 V.S.A. chs. 225 and 233; Reg. §§ 1.9202-1.9203, § 1.9242, § 1.9245, and § 1.9271; and Reg. §§ 1.9701-1.9781). Regulations and statutes are subject to change and should be consulted regularly.

DEFINITIONS

Campgrounds are areas of land rented out for temporary living accommodations, which may include tents, recreational vehicles, and lean-to or cabin structures and for which the campground may supply electrical, water, or sewerage hook-up. Campground operators may also make available amenities such as swimming pool, hot tubs, playground, tennis courts, badminton or volleyball nets, croquet lawns, arcades, batting cages, movies (shown or rented), cable or satellite TV, picnic areas, general stores, restaurants, internet access, and shower and bathroom facilities.

A temporary accommodation is one at which the renter does not stay for more than thirty (30) days.

IMPOSITION OF ROOMS TAX

Charges for rent to the public of tent, cabins, bunk houses, lean-tos, recreational vehicles, or structures on plots or parcels of land on the campground premises are considered charges for hotel accommodations and subject to the rooms tax. The tax is on the total charge for the rental.

Charges for the rental of plots or parcels of land in campgrounds where customers may pitch a tent or park a recreational vehicle are not subject to the rooms tax.

The electrical, water, and sewerage hook-ups included in the charge for rental of a plot or parcel of land without a structure is not subject to the rooms tax.

IMPOSITION OF MEALS TAX

Campgrounds operating a restaurant, snack bar, or other prepared food facility are required to collect the meals tax on the sale of taxable meals. Some foods and beverages sold from a general store or during a special event may also be subject to the meals tax.

All foods and beverages sold by a restaurant are taxable, whether consumed on or off the premises. A restaurant is a business that sells foods and beverages intended for immediate consumption. Any establishment with 80% or more of its gross receipts derived from the sale of taxable foods, beverages or alcoholic beverages is a restaurant under Vermont law. With the exception of grocery-type items furnished for take-out, all foods and beverages sold by a restaurant are taxable, whether consumed on or off the premises. Examples of non-taxable grocery-type items furnished for take-out are whole pies or cakes, loaves of bread, single serving bakery items sold in quantities of three or more, delicatessen sold by weight or measure (except party platters), whole uncooked pizza, quart or larger containers of milk or juice, pint or larger closed containers of ice cream, package of cookies or bakery items sold in quantities of three or more, maple syrup, and eight-ounce or larger containers of salad dressings or sauces. Fruits, vegetables, candy, flour, nuts, coffee beans and similar unprepared grocery items sold as self-serve are not subject to the meals tax.

Food and beverages dispensed by vending machines are always subject to the meals tax, whether located in a restaurant or anywhere else.

A campground that operates a general store or similar establishment that does not meet the definition of restaurant is required to collect the meals tax on any non-prepackaged food or beverage for which a charge is made. Sandwiches of any kind (except frozen and hot heated at the point of sale), food or beverages furnished from a salad bar, or heated food or beverage are subject to the meals tax regardless of whether they are prepackaged and wherever they are sold.

Prepared and/or heated foods and beverages are subject to the meals tax. Examples of prepared and/or heated foods and beverages include, but are not limited to, coffee or hot chocolate sold by the cup, ice cream cones, cooked pizza whether sold whole or by the slice, cooked hot dogs, fries, salad bar items, food kept on a steam table whether served by the operator or self-serve, and fountain soft drinks.

Soft drinks are subject to meals tax when sold as part of a taxable meal. This means soft drinks are always subject to meals tax when sold by restaurants. When sold by other establishments and are not part of a taxable meal, soft drinks are subject to sales tax (see below). Alcoholic beverages sold for immediate consumption are subject to the meals tax on alcoholic beverages and may only be sold by establishments licensed by the Department of Liquor Control.

IMPOSITION OF SALES TAX

Charges for the use of campgrounds that offer recreational and amusement facilities may be subject to the sales tax if the facilities are considered places of amusement. "Places of amusement" are broadly defined as any place where any facilities for entertainment, recreation, amusement or sports are provided. Campgrounds that provide basic amenities, such as a playground, bathhouse, beach access, basketball hoop, or horseshoe pit are not required to collect sales tax.

When the charge for the use of the place of amusement is separately stated on the customer's bill or invoice, only the amusement charge is subject to the sales tax, as long as the fee for the amusement is reasonably allocated.

No sales tax is due on the money or purchased tokens to play arcade games such as video games, pinball, musical, vocal or visual entertainment machines. Sales tax must be collected, however, on a cover charge or other fee to enter the arcade.

A campground operator is entitled to make exempt purchase of items intended to be rented out, such as canoes, kayaks, or boats, or to be sold, such as postcards or towels. The campground operator provides an exemption certificate to the vendor indicating the purchases are sales for resale and not subject to the sales tax. When the items are sold by the campground operator to customers, the operator collects the sales tax from the customer on each

rental or sale, and remits the tax to the Department.

Food and grocery-type items that are not subject to meals tax are exempt from sales tax.

Unless subject to meals tax, sales of soft drinks are subject to sales tax. A soft drink is any nonalcoholic beverage that contains natural or artificial sweeteners. Soft drinks do not include beverages that contain milk or milk products, soy, rice, or similar milk substitutes, or greater than 50 percent of vegetable or fruit juice by volume. Alcoholic beverages that are not subject to meals tax (i.e., sold unopened for consumption off the premises) are subject to sales tax.

EXAMPLES OF THE IMPOSITION OF MEALS AND ROOMS TAX AND SALES TAX:

- 1] Campground A charges \$15 a night for rental of a site on which the camper pitches a tent. The charge includes access to shower and bathroom facilities, and a lecture on the ecology of the area given by a naturalist. No rooms tax or sales tax is due.
- 2] Campground B charges \$25 a night for the use of a lean-to. The rental fee includes access to shower and bathroom facilities, use of a swimming pool, and admission to a movie shown each night on the campground premises. Because there is no separate charge for the swimming pool or movie, the \$25 charge is subject to rooms tax. If separately stated on the customer's bill, the charge for the use of the pool and admission to the movie is subject to the sales tax and the charge for the use of the lean-to is subject to the rooms tax.
- 3] Campground C charges a customer \$35 a night to rent a tent already pitched on a plot of land, access to a swimming pool, picnic areas, miniature golf course, and shower and bathroom facilities. The campground provides an itemized sales receipt breaking out the costs: \$25 for tent accommodations, \$5 for miniature golf course, and \$5 for swimming pool. The \$25 is subject to rooms tax. The \$5 charges for the miniature golf course and swimming pool are subject to sales tax. The picnic area and shower and bathroom facilities are part of the amenities included with the tent accommodations and the embedded charge for the use is not subject to tax.
- 4] Campground D rents campsites on which a camper may pitch a tent. In addition, it offers tent rentals to campers who arrive without a tent. The charge for a site without the tent rental is \$25. If the camper also rents a tent, there is an additional \$15 charge for the tent rental. On occasion, the campground offers combined site and tent rental for a single \$35 fee. When the charges for the site and the tent rental are two separate transactions, the \$25 charge for the use of the site is not subject to tax. The separately stated \$15 charge for the tent rental is subject to sales tax. The full \$35 non-itemized charge for the site with the tent rental is subject to rooms tax. Rental of tents by the campground is subject to the sales tax even if the camper does not rent a site at the campground.
- 5] Campground E charges a customer \$65 a night for parking his or her recreational vehicle on the campground lot. The charge includes hook-up to water, sewer and electricity. For an additional charge, the camper can get satellite TV, use of a swimming pool and tennis courts, and use of a canoe or kayak. The \$65 charge for parking and hook ups is not subject to rooms tax. The additional charge for optional services is subject to the sales tax.
- 6] Campground F charges a customer \$85 a night for a cabin that includes a dinner at the campground restaurant (exclusive of alcoholic beverages). The entire \$85 charge is subject to meals and rooms tax. The restaurant collects the meals tax on any sale of alcoholic beverages to the renter. Before going back to the cabin, the renter buys soda from a vending machine. The soda is subject to meals tax because it was sold by a vending machine.
- 7] Campground G charges a customer \$85 a night for rental of a site on which the customer parks his or her recreational vehicle. The charge includes hook-up to water, sewer and electricity, use of a swimming pool, arcade, batting cage and 2 admission tickets to a sports hall of fame. Because the campground operator makes a single charge for access to the amusement facilities and the site rental, the entire charge is subject to the sales tax. Charges for the use of the arcade games, whether in money or tokens, is not subject to sales tax.
- 8] Campground H charges \$15 a night for rental of a site suitable for pitching a tent or parking a recreational vehicle.

There is a general store on the premises that sells postcards, grocery items, hot coffee and hot chocolate, individual pastries, sandwiches, prepared hot dogs, pizza by the slice, beer, wine, and soda. The store does not get 80% of its receipts from the sale of taxable meals. The \$15 lot rental is not subject to rooms tax. Edible grocery-type items sold by the general store are not subject to meals or sales tax. Grocery-type items such as soap, detergents, and sponges are subject to sales tax. The postcards, beer, and wine are subject to sales tax. The hot coffee and hot chocolate, pastries, sandwiches, prepared hot dogs, and pizza are subject to meals tax.

9] Campground I charges a fee to visitors of the campground. The fee entitles the visitors to entrance into the campground and use of a swimming pool or other amusement facility. The fee is subject to sales tax. If the fee is only for entrance to the campground, then it is not subject to tax.

10] Park J charges a fee for day use of a lake and picnic area. For an additional charge, a tent site can be rented for overnight camping. The separately stated fee for the day use is subject to sales tax as an admission to an amusement facility. The charge for the tent site is not subject to rooms tax.

11] Park K charges a fee for the use of sites on which customers can pitch a tent or park a recreational vehicle. The fee includes water, sewer, and electricity hook-up. Campers have access to a river on the campground premises. The charge for the site rental is not subject to rooms tax. The river is part of the natural environment of the park and is not considered an amusement facility.

12] Campground L makes seasonal site rentals from May 1 to September 1 for recreational vehicles. The charge allows the customer to park a recreational vehicle on the campground and includes water, sewer, and electricity hook-up. No amusement facilities are provided. The charge for the seasonal site rental is not subject to rooms tax.

13] Campground M rents cabins with options for TV satellite hook-up, use of a swimming pool and tennis court, and use of a canoe or kayak. If a single charge is made for the cabin rental, which includes the options, the full charge is subject to rooms tax. If a separate charge is made for the cabin rental and a separate charge is made for use of the options, the cabin rental is subject to rooms tax. The separately stated option charges are subject to sales tax.

14] Campground N charges customers a seasonal fee for the rental of a cabin from May 1 to September 1. The renter and the campground operator enter into a lease, whether oral or written, that creates a landlord/tenant type arrangement, making the entire seasonal rental not subject to rooms tax. If the customer initially rents for one month but extends the rental, then the first thirty (30) days are subject to rooms tax and the remainder of the rental of the cabin is not subject to rooms tax.

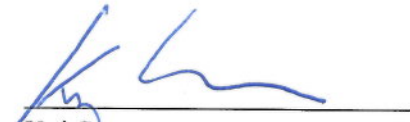
15] Park O operates amusement rides, go-karts, miniature golf, arcades, swimming pool, water slides, on-stage performances, and IMAX movies. Park O also has offers site rentals for tents and recreational vehicles. The main business of Park O is operating the amusement facilities. If the park makes one charge that covers entry to the park and a site rental, the entire charge is subject to sales tax. If the park charges separately for park entry and the site rental, the entrance charge is subject to sales tax and the site rental is not subject to sales or rooms tax.

16] Campground R rents sites for campers to pitch their own tents or park their recreational vehicles. The site includes water, sewer, and electricity hook-up and access to shower and bathroom facilities. The campground provides a playground for children consisting of a swing and slide. Because the playground is a nominal amenity and would not, in this example, qualify as a place of amusement, the sales tax does not apply and the site rental is not subject to rooms tax.

17] Campground S rents lots for camper-owned tents and recreational vehicles. The sites include water, sewer, and electricity hook-up together with access to shower and bathroom facilities. Once a week, the campground operator hosts a cookout, musical performance, and other entertainment held at a gazebo on the premises. The campground owner provides food and drinks and invites customers to bring side dishes and dessert in a pot luck style. The campground operator does not make any extra charge to the customers for the event. No rooms tax is due on the site rental. No meals tax is due on the cookout and no sales tax is due on the entertainment as there are no charges made.

USE OF TECHNICAL BULLETINS

A technical bulletin provides general information to the public and does not replace the need for competent legal or accounting advice. It is intended to provide an overview only. Vermont tax statutes, regulations, Vermont Department of Taxes rulings, or court decisions are controlling authority.



Kaj Samsom
Commissioner of Taxes

May 26, 2017

Date