

**Vermont Department of Taxes**  
**TECHNICAL BULLETIN**

**TAX: SALES**

**SUBJECT:** Tax on Tracked Vehicles

**REFERENCE:** 32 V.S.A. § 9741 (38)

**TB-52**

**ISSUED:** July 1, 2008 (as TB 43)

**REVISED:** July 1, 2010 (as TB 52)

**REVISED:** May 25, 2012

**REVISED:** June 10, 2014

**REVISED:** June 14, 2016

Subsection 9741(38) of Title 32, Vermont Statutes Annotated limits the sales and use tax imposed on the purchase of tracked vehicles. The law further provides that the maximum tax will be adjusted as of July 1 of each even numbered year by the cumulative inflation index for the prior two calendar years under the Consumer Price Index for urban consumers -all items and rounded to the nearest ten dollars.

The maximum tax for sales occurring between July 1, 2016 and June 30, 2018 is \$1,320.00 after adjusting for 2014 and 2015 inflation.

The cap is computed as follows:

Unrounded cap for July 1, 2014 to June 30, 2016	\$1,302.61
CPI Urban all items December 2013-December 2015	<sup>1</sup> <u>X1.01492</u>
Unrounded cap July 1, 2016	\$1,322.04
Maximum tax July 1, 2016 through June 30, 2018	\$1,320.00

If the sale of a tracked vehicle takes place in a municipality where the local option sales tax is collected, the additional 1% tax is also due on the sale of tracked vehicles for the first \$22,000 of the price of the vehicle. In cases where the sale price of a tracked vehicle is greater than \$22,000, the local option tax is capped at \$220. In such cases, the total sales tax collected is \$1,540 (\$1,320 cap as calculated above and the additional local option tax of \$220.)

There is no change in the sales and use tax filing requirements of vendors of tracked vehicles. For sales tax reporting purposes, the total sales price of the vehicle will be reported on the vendor's sales tax return as gross sales (Line 1) with the balance of any such sale that exceeds \$22,000 shown as nontaxable sales on Line 2.

Example for the sale of a tracked vehicle:

INVOICE		SALES TAX REPORTING CALCULATION	
Selling price	\$78,000	Gross sales	\$78,000
Sales tax due	<u>\$1,320</u>	Exempt sales	\$56,000
Total due	\$79,320	Taxable sales	\$22,000
		Tax at 6%	\$1,320
		Local Option Tax (Line 4c, if applicable)	\$220
 INVOICE (Local Option jurisdiction)			
Selling price	\$78,000		
Sales tax due	<u>\$1,540</u>		
Total Due	\$79,540		

Approved: \_\_\_\_\_

Date: \_\_\_\_\_

Mary N. Peterson  
Commissioner of Taxes