

# Vermont Use Tax for Individual Taxpayers

This fact sheet provides information on the Vermont Use Tax, including how to calculate, file, and pay the proper amount of tax. It is important for you to have a good understanding of use tax because individual taxpayers have the responsibility to pay use tax on purchases when they are not charged sales tax on the Vermont Income Tax Return. If use tax is not owed, then you must “certify” on the return that they do not owe use tax.

## What is the Vermont Use Tax?

Use tax must be paid by the purchaser of an item subject to sales tax in Vermont when 1) the purchase is made from a vendor that *is not registered* with the state of Vermont to collect sales tax and 2) therefore, does not collect the tax. Use tax has the same rate, rules, and exemptions as sales tax. Generally, use tax must be paid by the purchaser when the following occurs:

- The purchase is made in another state that does not impose a sales tax.
- The purchase is made from an internet vendor (you should note if tax is charged during the checkout process or on the receipt).
- The purchase is not consumed in Vermont, but it is received, stored, or operated in Vermont.

Another situation in which use tax is owed occurs when the vendor collects sales tax from the purchaser using a lower rate than Vermont’s 6% rate. In this case, the purchaser owes the difference between the two rates. For

## Calculating Use Tax

If you keep accurate records of your purchases, you may simply calculate use tax by multiplying the 6% rate by the purchase prices. Note: Price includes any shipping/delivery charge.

If you do not keep accurate records, you should do the following:

- For all individual purchases of less than \$1,000 each, use the Use Tax Reporting Table to estimate use tax.
- For individual purchases that cost \$1,000 or more each, calculate the exact use tax using the 6% rate.
- If you make both types of purchases, determine total use tax by adding the amount from the Use Tax Reporting Table for the total of all purchases that cost less than \$1,000 to the exact amount you’ve calculated for purchases of \$1,000 or more.

example, the vendor may be located in a state where the sales tax is 4% and the purchaser paid the tax at that rate. The purchaser must then pay to Vermont the difference of 2% on the purchase price in the form of use tax.

## Who Must Pay the Use Tax?

Use tax must be paid by any resident or nonresident individual when the following occurs:

- 1) You purchased an item subject to Vermont Sales Tax from a vendor that was not required to collect the sales tax on the item; and
- 2) therefore, the vendor did not charge sales tax; and
- 3) the purchased item was delivered to Vermont or used in Vermont.

## Filing and Paying Use Tax

You may report and pay any use tax owed when you file Form IN-111, Vermont Income Tax Return, by completing Line 27 on the return. Otherwise, you must check the box to “certify” that you owe no use tax.

### USE TAX REPORTING TABLE FOR TAX YEAR 2016

ADJUSTED GROSS INCOME	USE TAX IS:	ADJUSTED GROSS INCOME	USE TAX IS:
\$10,000-\$14,999	\$20	\$55,000-\$59,999	\$110
\$15,000-\$19,999	\$30	\$60,000-\$64,999	\$120
\$20,000-\$24,999	\$40	\$65,000-\$69,999	\$130
\$25,000-\$29,999	\$50	\$70,000-\$74,999	\$140
\$30,000-\$34,999	\$60	\$75,000-\$79,999	\$150
\$35,000-\$39,999	\$70	\$80,000-\$84,999	\$160
\$40,000-\$44,999	\$80	\$85,000-\$89,999	\$170
\$45,000-\$49,999	\$90	\$90,000-\$94,999	\$180
\$50,000-\$54,999	\$100	\$95,000-\$99,999	\$190

AGI \$100,000 or more, multiply by 0.20% (.0020)

For each individual purchase of \$1,000 or more, you must calculate the exact tax by multiplying the amount of the purchase by 6% (.06). If you are using the reporting table for other purchases of less than \$1,000 each, add the use tax from the table to the exact tax for your individual purchases to determine total tax owed.

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. 01/2015 • Rev. 01/2017 • Pub. FS-1035

## Examples to Calculate Use Tax

The following are examples where use tax is owed by the purchaser. If there are questions about situations not given here, please contact the Department at the number listed below.

**Example 1:** You purchased an item for \$30 that is taxable in Vermont from a seller located in the state of New Hampshire, which has no sales tax, and brought the item back to Vermont. Since no sales tax was charged at the point of sale, you must pay use tax on the purchase price of the item. Calculate use tax by multiplying the price by 6% or .06. For this example, use tax is \$1.80, but you must round the figure to the nearest whole dollar (or \$2.00 in this example) and enter it into Form IN-111, Line 27.

**Please Note:** Sales and use tax also applies to any shipping and delivery charge on the item purchased.

**Example 2:** You purchased an item for \$200 that is taxable in Vermont with a seller on the internet and had it shipped to you for \$10 to a Vermont address. If no sales tax is charged at the point of sale, then you must pay use tax on the purchase price plus the delivery charge. Calculate use tax by multiplying the total price of \$210 by 6% or .06. For this example, use tax is \$12.60. but round the figure to the nearest whole dollar (or \$13.00 for this example) and enter into Form IN-111, Line 27.

**Example 3:** You purchase an item that is taxable in Vermont from another state or country, and you have it shipped to Vermont. You don't intend to keep the item in Vermont but store it in Vermont briefly before you ship it to another destination outside the state. Even though you have not used or consumed the item in Vermont, you owe use tax on the purchase price plus delivery charge because you received the item in Vermont.

**Example 4—Calculating Vermont Use Tax:** As you work through your Vermont income tax return, you realize that you owe use tax on purchases you've made during the tax year, but you have not kept good records and have no idea exactly how much use tax you owe.

**Purchases less than \$1,000:** You purchased several individual items subject to sales tax in Vermont over the internet where no sales tax was charged and also a few items in New Hampshire, a state which does not charge sales tax. Each of these individual items, including shipping charges where applicable, cost less than \$1,000. Because you are not sure of the cost of each item purchased, you cannot determine the exact amount of use tax and must use the Use Tax Reporting Table to estimate the tax. The table estimates the tax based on your adjusted gross income and not the total amount of your purchases. This example will suppose that your adjusted gross income is \$42,500, and so you determine that according to the table, you owe use tax of \$80.

**Purchases of \$1,000 or more:** You also purchased a large appliance for \$1,200, plus a delivery charge of \$50, in New Hampshire and was not charged sales tax. The total for this purchase was \$1,250. For purchases of \$1,000 or more, you must calculate exact use tax by multiplying the total cost of \$1,250 by 6% or .06, which is \$75.

**Totaling the cost:** To determine total use tax owed, add the tax from the Use Tax Reporting Table for your individual items that cost less than \$1,000 to the tax you've calculated on your item that costs \$1,000 or more. Use tax for this example is  $\$80 + \$75 = \$155$ , which you must then file and pay on your Vermont income tax return.

## Contact Us

For questions about the Vermont Use Tax, please call (802) 828-2865 or (866) 828-2865 (toll-free in Vermont).

