

Hi, just a reminder that you're receiving this email because you have expressed an interest in Vermont Department of Taxes. Don't forget to add us to your address book so we'll be sure to land in your inbox!

You may [unsubscribe](#) if you no longer wish to receive our emails.



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November 2015

We are glad you're reading this issue of our VTax Connect e-newsletter. At this point, you have probably noticed that our website has been updated! You can find us at www.tax.vermont.gov. The old URL still works, but will redirect you to this site. We recommend saving this for all future visits. The new website has a fresh new look and feel, easier navigation, and lots of new content that will help inform our taxpayers.

Here are a few of the highlights:

- We have created new sections, including: the Tax Audit Guide, the Appeal Process, Collections, a Tax Learning Center, and more!
- Improved search function
- Our hours and location and an easy to use Contact Us page
- Updated resources for Municipal Officials
- A research and reports section that houses all of our important documents, forms, and technical bulletins.

This newsletter and website are just some of the ways the Department works to help you stay informed about changes to your clients' tax liabilities and our efforts to make filing and paying more convenient. If you have questions about a specific provision, please contact the Department or visit our (new!) [website](#).

Upcoming Changes

myVTax Launching Soon for

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VTBizFile Users

Any business tax quarterly or monthly filings due Oct. 26 were the last filings in VTBizFile. VTBizFile will be shut down on Nov. 5 as we move all accounts to myVTax.

Beginning on November 12, myVTax will be the new portal for filing and paying Vermont Sales and Use, Meals and Rooms, and Employer Withholding Taxes, as well as more tax types over the next few years. On November 12, you or your clients may access myVTax to setup an account. If you were a VTBizFile user, you will need to go to VTBizFile to obtain an access code. Taxpayers will need their access code in order to create their new myVTax login as we are *not* automatically converting users to the new filing site.



Call Center Not Available Nov. 9-11

The Department is in the midst of a transition to our new computer system, VTax. Part of the transition requires our systems to be down for two days while everything is being migrated into the new system. We will not be accepting incoming phone calls on November 9 and 10. During this time, you may contact us by email by visiting our website at www.tax.vermont.gov and clicking on "Contact Us."

Note: The practitioner-only telephone line will also be unavailable during this time.

We will be closed on November 11 observance of the Veterans Day holiday. We will resume our regular business hours on Thursday, November 12. We appreciate your patience during this transition to a more efficient and productive tax processing system.

E-filing Mandate Coming for Multi-Location Filers

The Commissioner of Taxes has [mandated](#) the electronic filing of multi-location filers of Vermont Sales and Use Tax and Meals and Rooms Tax beginning Jan.

Stay Connected



Looking for a Particular Form?

You can find many of our forms online on our [forms page](#).

Share VTax Connect with Your Colleagues

Would your colleagues and friends appreciate receiving our updates? It's easy to invite them by clicking on the link at the end of this email!

1, 2016. This mandate applies to business owners with multiple locations. Businesses that meet this criteria have been notified via mail. The director of the Division of Taxpayer Services will consider a written request for an exemption based on extraordinary circumstances.

What's New for Businesses

Sales Tax on Soft Drinks

As of July 1, soft drinks are subject to the Vermont Sales and Use Tax. These are defined as beverages that contain natural or artificial sweeteners but do not include beverages that contain milk, milk substitutes, or more than 50% vegetable or fruit juice. Refer to our [fact sheet](#) for more details and a non-inclusive list of many soft drink product types that are taxable. If you question whether or not a beverage is taxable, please contact the Vermont Department of Taxes at 802-828-2551, option 3.

Please note:

- Soft drinks sold as: part of a taxable meal (such as when bundled with a sandwich and chips); at a restaurant; or in vending machines, are subject to the Vermont Meals and Rooms Tax, not the sales tax.
- Applying the meals and rooms tax to soft drinks sold as part of a taxable meal or at a restaurant is not a result of recent legislation.

Meals Tax on Vending Machine Products

As of July 1, the Vermont Meals and Rooms Tax applies to food or beverage sold through a vending machine. Here are some important details about this tax:

- Sales tax does not apply to any transaction that is subject to meals tax. Vendors are required to charge meals tax for all vending machine food and beverage sales unless a transaction qualifies for one of the meals tax exemptions.
- Purchases made using 3SquaresVT/SNAP EBT cards are not taxable. Since not all vending machines are able to accept EBT cards, anyone who pays with cash, **even if the cash is an EBT benefit**, will pay the tax.

We are finalizing a fact sheet that goes into more detail. As soon as it is ready, we will post it on our website and distribute it to our email groups.

Sales Tax on Remotely Accessed

Prewritten Software Explained

Effective July 1, all charges for remotely accessed prewritten software are not subject to the Vermont Sales and Use Tax. Vermont has determined that charges for access over the cloud are more accurately characterized as transactions involving services or intangibles and are not considered charges for tangible personal property. Refer to our [fact sheet](#) for additional details.

Remote Vendors May Need to Collect and Remit Vermont Sales Tax

More online retailers will be required to collect and remit Vermont sales tax on December 1, 2015 due to the state's "click through advertising" law. Those affected will be retailers who do not have a physical presence in Vermont, but that contract to advertise on websites of individuals or businesses located in Vermont.

In 2011, the Vermont legislature passed what is commonly referred to as a click through nexus law. This law states that a remote vendor will be presumed to have Vermont nexus for purposes of collecting sales tax if it has agreements with residents to refer customers that led to sales in excess of \$10,000 in the previous year. 32 V.S.A. § 9701(l).

As of October 2015, 16 states adopted similar laws, triggering the 15-state threshold for Vermont law. The Attorney General's office determined the law was effective as of Oct. 13, 2015.

Consistent with our prior guidance on this change, retailers with click through nexus will need to begin collecting and remitting tax on December 1. This requires businesses to obtain a Vermont business tax account and license to collect and remit Vermont sales tax. An online application will be available at www.myvtax.vermont.gov beginning on November 12.

Please view our [statement](#) for more information.

E-Filing Mandate for Tax Practitioners

As a reminder, the Commissioner of Taxes has mandated the electronic filing of Vermont Corporate Income, Business Income, and Fiduciary Income Taxes beginning with the 2015 tax year, effective Jan. 1, 2016. This mandate applies to tax practitioners who prepare more than 25 tax returns per year. The director of the Division of Taxpayer Services will consider a written request for an exemption based on extraordinary circumstances.

General Updates

Where's That Income Tax Refund?

Once you submit an income tax refund to the Department, you may wonder what happens behind the scenes to process it. There are a number of factors that can add days and even weeks to normal processing time. This [fact sheet](#) covers the most common factors and provides guidance on how to submit returns and refunds most effectively.

Do you File on Behalf of a Solar Plant Owner?

A [fact sheet and diagram](#) explaining the uniform capacity tax (UCT), as well as municipal and education taxes, on solar plants of every capacity, are available on our website. This includes situations where plants are net-metered, not connected to the grid, or provide power to more than one property.

Look for the Department at Educational Events

Staff from the Vermont Department of Taxes will be making presentations for tax professionals at the following events:

- Nov. 10 [Tax School, UVM Extension](#), Essex Junction
 - Nov. 16 [Vermont Brewers Association](#), Norwich
 - Nov. 17 [Tax School, UVM Extension](#), Killington
 - Dec. 3 [VT Tax Seminar](#), South Burlington
 - Dec. 8 [Vermont Tax Practitioners' Association](#), Montpelier
-

Important Reminders

\$9,000 Threshold Replaced for Semiweekly Filers

If a business remits withholding tax semiweekly for federal purposes, semiweekly withholding for Vermont is also required. Be sure you or your client notifies our Business Tax Section at 802-828-2551, option 3, if a business will be making this payment. We need to make changes within an account beforehand so that the

payments post correctly to the account.

Health Care Cost Now Required on W-2s

As of **July 1**, employers must provide the total cost of employer-sponsored health care coverage on box 12 of W-2s.

Local Option Tax: Now Effective in Additional Towns

The town of Woodstock has adopted a 1% local option meals, rooms, and alcohol tax which began on **July 1**.

The town of Colchester has adopted a 1% local option sales tax and a 1% local option meals, room, and alcohol tax. Both are effective **Oct. 1**.

Local option taxes are in addition to the state tax rates of 6% on taxable sales, 9% on meals and rooms, and 10% on alcoholic beverages. Find out more information about Vermont [local option taxes](#) and searching the [GeoSalesTax](#) rate finder.

Report Suspected Tax Fraud

If you suspect you or a client has become a victim of identity theft, do the following as soon as possible:

- Submit the IRS Identity Theft Affidavit, [Form 14039](#), to the IRS. Be sure to make copies for your records and to submit to the state if we request it.
- Report fraud to the Department by calling 802-828-2865 or 866-828-2865 (toll-free).

You may also help by circulating our [infographic](#) (black and white ink, print on colored paper) and posting the [color version](#) in your office.

Visit our [website](#) for more information on this subject.

Income Tax Changes for Tax Year 2015

The legislature passed a variety of income tax changes that begin in tax year 2015 (returns due on April 15, 2016) including the following:

- The state and local income tax deduction is eliminated. All state and local income taxes deducted from federal adjusted gross income will

be considered taxable income. Act 57, Sec. 64. 32 V.S.A. § 5811(21).

- All deductions, except for charitable and medical deductions, are limited to a cap of two and one-half times the standard deduction for state income tax purposes. Act 57, Sec. 64. 32 V.S.A. § 5811(21).
- If federal adjusted gross income is \$150,000 or greater, then the taxpayer will pay the greater of state income tax or three percent of federal adjusted gross income. Act. 57, Sec. 65 § 5822(a) (6).

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