

FORM BR-400 Instructions
Application for Business Tax Account

Line-by-Line Instructions

PART 1 APPLICANT INFORMATION

- Line 1** **Business Type** Check the box for the type of business ownership.
- Sole Proprietor* is a business owned by an individual, a married couple, or civil union members. Married couples or civil union members must make a federal election to be treated as sole proprietors; the default status is a partnership.
- LLC* or *Limited Liability Company* is a business organization form containing the elements of both a corporation and a partnership. This category includes Single Member LLCs as well as L3C (Low-Profit Limited Liability Company).
- Single Member LLC* is a Limited Liability Company which has one member and files taxes as a sole proprietorship, using federal Form 1040, Schedule C, Profit or Loss from Business.
- Partnership* includes all partnership forms. There is no separate category for general or limited partnerships.
- S-Corporation* is a business corporation taxed under Subchapter S of the Internal Revenue Code.
- C-Corporation* is a standard business corporation taxed under Subchapter C of the Internal Revenue Code.
- Federal Government* includes agencies, municipalities, and public corporations from states, territories, or provinces other than Vermont.
- Vermont State Government* includes Vermont state agencies, municipalities, school districts, and public corporations.
- 501(c)(3)* organizations are designated as tax-exempt under the Internal Revenue Code. You must include a copy of your designation from the IRS. If you have not received the designation yet, include a copy of the organization's articles of association and bylaws.
- Line 3** **Federal Employee Identification Number (FEIN)** Employers, regardless of ownership type, must have a federal employer identification number. Apply for an FEIN at www.irs.gov.
- Line 4** **Social Security Number** This applies to a sole proprietorship only. For married couples or civil union member owners, use Schedule BR-400A, Business Principals with Fiscal Responsibility, to provide the other individual's name and Social Security Number.
- Line 6** **NAICS** The North American Industry Classification System is the standard used by federal statistics agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. Visit www.census.gov/eos/www/naics to find your NAICS code.
- Line 14** **Date authorized to do business in Vermont** This is the date you were authorized to begin business by the Vermont Secretary of State's office.

PART 2 APPLICANT QUESTIONS

Question 1 Examples of purchases subject to the Vermont Sales and Use Tax include, but are not limited to items sold at retail other than for resale; computers, printers, monitors, and other computer peripherals and supplies; prewritten computer software; streaming and digital downloads of movies and music; cameras and photographic equipment and supplies; sporting goods; audio and audio-visual equipment; books, music, and magazine subscriptions; airplanes; boats; tractors; and snowmobiles.

Examples of items that are not subject to the Vermont Sales and Use Tax are food, clothing, prescription drugs, medical supplies, and most services.

Business Use Tax is due when a business purchases taxable goods or services, including the purchase or lease of assets, consumable goods, and promotional items, for use in Vermont without paying the required Vermont Sales Tax.

Question 2 A **prepared meal** is anything ready to eat on or off premises and includes almost all heated food and beverages.

A **hotel** is an establishment that holds itself out to the public by offering sleeping accommodations for a consideration and includes homes that are rented for 15 or more days per year.

Question 3 All businesses who pay wages to employees who work in Vermont (whether or not they live in Vermont) **which are subject to federal withholding are required to withhold and remit Vermont income tax.**

Question 5 Is your business a **wholesale dealer** of cigarettes and/or roll-your-own tobacco?

A **wholesale dealer** is a person who imports or causes to be imported into the state any cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco, or other tobacco product for sale or who sells or furnishes any of these products to other wholesale dealers or retail dealers for the purpose of resale, but not directly to consumers.

Roll-Your-Own Tobacco is any tobacco which, because of its appearance, type, packaging, or labeling, is suitable for use and likely to be offered to, or purchased by, consumers as tobacco for making cigarettes.

Please contact the Vermont Department of Liquor Control at (802) 828-2345 for information pertaining to the licensing requirements for retail tobacco sellers.

Question 6 Is your business a **wholesale dealer** of tobacco products **other than cigarettes**?

A **wholesale dealer** is a person who imports or causes to be imported into the state any cigarettes, little cigars, roll-your-own tobacco, snuff, new smokeless tobacco, or other tobacco product for sale or who sells or furnishes any of these products to other wholesale dealers or retail dealers for the purpose of resale, but not directly to consumers.

Other tobacco products include any product manufactured from, derived from, or containing tobacco that is intended for human consumption by smoking, chewing, or in any other manner, including products sold as a tobacco substitute and including any liquids, whether nicotine based or not, or delivery devices sold separately for use with a tobacco substitute.

Please contact the Vermont Department of Liquor Control at (802) 828-2345 for information pertaining to the licensing requirements for retail tobacco sellers.

Question 9 Will your business be making retail sales of **aviation jet fuel** in the State of Vermont?

Retail sales of aviation jet fuel are subject to Vermont Sales and Use Tax. Businesses which sell aviation jet fuel at retail must register for a Vermont business account.

Question 12 Will your business deliver any of the following fuels to customers?

Vermont imposes a Fuel Gross Receipt Tax of 0.5% on the retail sales of the following fuels: heating oil, kerosene, and other dyed diesel fuels delivered to a business or residence; propane gas; natural gas; electricity; and coal.

All deliveries of heating oil, kerosene, and other dyed diesel fuels to customers' residential or business locations **are** subject to the fuel gross receipts tax. Fuels sold to the customer at a fuel dealer pump **are not** subject to the tax.

PART 3 PREVIOUS OWNERSHIP

32 V.S.A. § 3260 “Bulk sales” is the Vermont Statute which defines your legal obligations when buying or selling businesses. See legislature.vermont.gov/statutes/section/32/103/03260 for more information.

NOTE: Buying existing business assets requires notification to the Vermont Department of Taxes 10 days prior to the purchase. If notice is not given, you may become liable for the previous owner's outstanding business tax liability.

PART 4 COMPLIANCE CHECK

Check the appropriate “Yes” or “No” boxes to indicate whether any business principal has been involved with a compliance action by the Vermont Department of Taxes. **If “Yes” is checked, please include an explanation with the application.**

PART 5 CERTIFICATION

The owner or business officer responsible for collection and remitting taxes is required to certify that the information provided in this application is **true, correct, and complete.**

NOTE: *It is the responsibility of the taxpayer to periodically check for updates and changes to Vermont taxes. Sign up to receive email updates by visiting tax.vermont.gov/tax-forms-and-publications/news/subscribe*

Schedule BR-400A BUSINESS PRINCIPALS WITH FISCAL RESPONSIBILITY

You must include the title, Social Security Number, name, and address of all individuals who are responsible for the fiscal aspects of your business. These may be partners, shareholders, and/or officers such as the president, treasurer, comptroller, etc.

Schedule BR-400B ACCOUNT APPLICATION

MEALS AND ROOMS TAX

Any private person, entity, institution, or organization selling meals, serving alcohol, or renting rooms to the public must collect the Vermont Meals and Rooms Tax from their customers on their gross receipts and remit the tax. The rates for meals and rooms tax in Vermont are the following:

- 9.0% on sales of prepared food and restaurant meals
- 9.0% on sales of lodging and meeting rooms in hotels, motels, inns, etc.
- 10.0% on sales of alcoholic beverages served in restaurants
- 1.0% Local Option Tax on Meals, Rooms, and Alcohol may apply to select towns.

Go to <http://tax.vermont.gov/business-and-corp/sales-and-use-tax/local-option-tax> for more information.

The Vermont Meals and Rooms Tax regulations are available on our website at <http://tax.vermont.gov/research-and-reports/legal-library/regulations>.

Line 1 Start Date (or Expected Start Date)

This is the date your business began (or expects to begin) making sales of items subject to Vermont Meals and Rooms Tax. It may not necessarily be the date the business began. For out-of-state business, use the start date of your Vermont activity.

Line 3 Business Operation

Year-Round - This business is open all year.

Occasional - The business makes sales in Vermont and **does not** have a permanent physical location.
Example: out-of-state vendors selling prepared food at a fair in Vermont.

Seasonal - The business is only open during certain months of the year. Please indicate the months of operation.

NOTE: All taxpayers who have multiple locations for which meals and rooms tax is paid, or whose total meals and rooms tax remittance for the year will exceed \$100,000.00, are mandated by the Commissioner of Taxes to file their meals and room tax returns electronically using www.myvtax.vermont.gov.

Multiple Locations

If you have more than one business location in Vermont, you are required to have a license for each location. You must complete a separate Schedule BR-400B for each of the different accounts.

SALES AND USE TAX

A sales tax of 6.0% is imposed on retail sales of tangible personal property unless exempted by law. Retail sales include goods that you sell at your place of business as well as other locations in Vermont. A seller must collect sales tax at the time and place of the sale. Sales tax is destination-based, meaning the tax is applied based on the location where the buyer takes possession of the item or where it is delivered.

Use tax is paid by the purchaser of an item when the purchase is made from a vendor that is not registered by the state of Vermont to collect sales tax. Sales tax and use tax work together to create the same tax result whether a vendor collects sales tax or not. Therefore, use tax has the same rate, rules, and exemptions as sales tax.

Businesses are responsible for collecting sales tax from their customers and then filing and remitting the tax to the state. Sales tax is reported using the accrual basis, requiring that sales tax is charged at the time of the sale and remitted even if full payment for the sale has not been received by the seller.

A 1.0% Local Option Tax on Sales and Use may apply to select towns.

Go to <http://tax.vermont.gov/business-and-corp/sales-and-use-tax/local-option-tax> for more information.

The Vermont Sales and Use Tax regulations are available on our website at:

<http://tax.vermont.gov/research-and-reports/legal-library/regulations>

Line 1 Start Date (or Expected Start Date)

This is the date your business began (or expects to begin) making sales of items subject to Vermont Sales and Use Tax. It may not necessarily be the date the business began. For out-of-state businesses, use the start date of your Vermont activity

Line 3 Business Operation

Year-Round - This business is open all year.

Occasional - The business makes sales in Vermont and **does not** have a permanent physical location.

Example: out-of-state vendors selling at a craft fair in Vermont.

Seasonal - The business is only open during certain months of the year. Please indicate the months of operation.

NOTE: All taxpayers who have multiple locations for which sales and use tax is paid, or whose total sales and use tax remittance for the year will exceed \$100,000.00, are mandated by the Commissioner of Taxes to file their sales and use tax returns electronically using www.mytax.vermont.gov.

Multiple Locations

If you have more than one business location in Vermont, you are required to have a license for each location. You must complete a separate Schedule BR-400B for each of the different accounts.

WITHHOLDING TAX

Wages, pensions, annuities, and other payments are generally subject to Vermont Income Tax withholding if the payments are subject to federal tax withholding *and* the payments are made to:

1. A Vermont resident or
2. A nonresident of Vermont for services performed in Vermont.

Line 4 Start Date (or Expected Start Date)

This is the date your business began (or expects to begin) paying wages subject to Vermont Withholding Tax. It may not necessarily be the date the business began. For out-of-state business, use the start date of your Vermont activity.

Line 6 Business Operation

Year-Round - This business is open all year.

NOTE: All semi-weekly filers are mandated by the Commissioner of Taxes to file their withholding tax returns electronically. Any taxpayer may file and pay their withholding tax electronically using www.myvtax.vermont.gov.

Line 7 Name of Payroll/Filing Service used

If you have a payroll filing service, enter the name of the service.

Multiple Locations

An employer may report withholding for all Vermont locations on one account. However, an employer may elect to have a Business Tax Account for each location. An employer may also elect to have a separate withholding account for W-2 wages and 1099 income tax withholding. You must complete a separate Schedule BR-400B for each of the different accounts.