

## Renting Your Room with a View?

### **The Vermont Meals and Rooms Tax: What You Should Know about Short-Term Rentals**

Many Vermonters and others who own property in the state are renting rooms in their homes or other types of lodging to guests. In many cases, Vermont law requires property owners to collect Vermont Meals and Rooms Tax on their rentals and pay the tax to the Vermont Department of Taxes. If you are renting some form of lodging to guests, you should learn about the taxes you must file and pay.

To learn more about the Vermont Rooms and Meals Tax, please visit our website. We encourage you to read the fact sheet "Vermont Meals and Rooms Tax" and check out the Business Center. All are available online at [tax.vermont.gov](http://tax.vermont.gov).

#### **Should you collect the Meals and Rooms Tax?**

You may view your venture as small scale compared to a larger bed and breakfast, inn, or hotel. However, Vermont law requires you to collect, file, and pay tax, just like any other business operating in Vermont.

Vermont Meals and Rooms Tax applies to a rental when a private person, entity, institution, or organization:

- offers a room or other type of lodging to the public in exchange for rent, meaning payment of money or other forms of payment
- rents out the lodging for a **total of 15 or more days in any one calendar year**

**Note:** If you rent your room or other type of lodging to the same person for 30 or more consecutive days, the person is then considered to be a permanent resident, and different rules apply.

The following is a (noninclusive) list of types of lodging rented or owned by the host which fall under the law:

- House or room(s) in a house
- Cabin, cottage, condominium, ski lodge
- Barn, bunkhouse, tree house, camper, tent, yurt

#### **New requirements for operators of short-term rentals advertising through internet platforms**

Beginning July 1, 2018, operators of short-term rentals located in Vermont who advertise on an internet platform are required to post their Vermont Meals and Rooms Tax account numbers on any advertisements. If, however, the operator uses an internet platform such as Airbnb.com, which has an agreement with the Department of Taxes to collect and remit tax on behalf of its operators, then the operator may post the meals and rooms tax account number used by the platform. When using the platform's tax account number, there is no need to obtain a Vermont meals and rooms tax account.

For any rentals offered off of the platform, the operator must have a Vermont Meals and Rooms Tax account and post the number on any advertisements for the short-term rental.

Operators must post within the unit a phone number for the person responsible for the unit. In addition, the operator must post contact information for the Vermont Department of Taxes, the Department of Health, and the Department of Public Safety's Division of Fire Safety.

For more information, visit [tax.vermont.gov](http://tax.vermont.gov).

You are personally responsible for collecting and paying the tax to the Department of Taxes. If your rental falls within the provisions of the law, then you must charge your guests the 9% Vermont Meals and Rooms Tax. In addition, if you are providing meals to your guests and billing them separately, those meals are also subject to tax.

#### **Selling merchandise? Vermont Sales Tax Applies**

If you sell merchandise to your guests, such as your homemade candles or soap, you must collect and pay the 6% Vermont Sales Tax on these items. If you

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purchase items for your business and no sales tax is charged, such as purchases made online or in a state that does not have a sales tax, you must file and pay the applicable 6% Vermont Use Tax.

#### **Local option tax also may apply**

In addition to the state business taxes, you must collect and pay any local option tax. A Vermont town may choose to charge a local option tax on any one or all of the following: 1) meals and alcohol, 2) rooms, or 3) any items subject to sales tax. If your business is located in a town with a local option tax, you are responsible for collecting and paying any local option tax to the Department along with state business taxes.

Be sure to calculate local option tax as 1% of the total amount billed and add the result to the 9% meals tax. For more information, including a current listing of towns with local option taxes, visit the Department's website.

#### **What if you owe taxes?**

You are personally responsible for collecting and paying tax. If you are subject to tax and have not been collecting and paying it, you may be responsible for up to seven years of tax, interest, and penalty. Coming forward voluntarily through the Department's Voluntary Disclosure Program may reduce your exposure to three years of tax and interest. Call the Department's Audit Division at 802-828-2514 for more information.

#### **Vermont Business Tax Account and license**

Businesses must register for a Vermont Business Tax Account and license prior to collecting the tax. Registration is free. All businesses must display their licenses for customers at each location as authorization to collect tax on behalf of the State of Vermont. Register online for a business tax account at [myVTax.vermont.gov](http://myVTax.vermont.gov).

#### **Maintain good records**

We highly recommend that you maintain good records for your business, including dates of rental, names of tenants, the dollar amount charged for the rental, and tax charged and collected.

#### **Know tax law and regulations**

Business owners are expected to be familiar with state tax laws and regulations applicable to their businesses. For more information, please see the following:

#### **32 V.S.A. Chapters 225 and 233**

<http://legislature.vermont.gov/statutes/title/32>

#### **Regulations for Meals and Rooms Tax & Sales and Use Tax**

[tax.vermont.gov/regulations](http://tax.vermont.gov/regulations)

#### **Technical Bulletins on Meals and Rooms Tax**

[tax.vermont.gov/bulletins](http://tax.vermont.gov/bulletins)

#### **Fact Sheets**

[tax.vermont.gov/fact-sheets](http://tax.vermont.gov/fact-sheets)

#### **Other resources**

##### **Vermont Secretary of State's Office**

[www.sec.state.vt.us](http://www.sec.state.vt.us)

##### **Vermont Small Business Development Center**

[www.vtsbdc.org](http://www.vtsbdc.org)

To learn more about Vermont business taxes, visit [tax.vermont.gov](http://tax.vermont.gov). If you have questions, contact the Department's Business Tax Section at [tax.business@vermont.gov](mailto:tax.business@vermont.gov) or (802) 828-2551.

