

Vermont Use Tax for Individual Taxpayers

This fact sheet provides information on the Vermont Use Tax for individual taxpayers, including how to calculate, file, and pay the right amount of tax. It is important for you to have a good understanding of use tax because you are responsible for paying any use tax you owe each year when you file your Vermont personal income tax return.

What is the Vermont Use Tax?

When a seller does not charge the buyer Vermont Sales Tax on an item taxable in Vermont, the buyer must pay Vermont Use Tax. Taxable items sold online, by mail-order, phone, or bought out-of-state and used in Vermont generally qualify.

Use tax helps ensure that Vermont's "brick and mortar" retailers and those selling on other platforms such as the Internet operate on a level playing field. Use tax has the same rate of 6%, rules, and exemptions as sales tax.

Vermont Sales and Use Tax is "destination-based." This means one of the following must happen for the purchased item to be subject to sales and use tax:

- The buyer takes possession of the item in Vermont.
- The buyer has the item delivered or shipped to Vermont.
- The buyer purchases the item outside of Vermont and then brings it into Vermont to use.

Note: Use tax does not apply to local option tax.

Filing and Paying Use Tax

File and Pay on Paper During Tax Season

You can easily report and pay any use tax owed when you file [Form IN-111, Vermont Income Tax Return](#) (<https://tax.vermont.gov/individuals/use-tax>), by completing Line 21 on the return. Otherwise, you must check the box to "certify" that you owe no use tax.

File and Pay Electronically Any Time

You also have the option to e-file and pay your use tax online through [myVTax \(https://myvtax.vermont.gov\)](https://myvtax.vermont.gov) at any time.

Calculating Use Tax

If you keep accurate records of your purchases, you may 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.

Use Tax Reporting Table for 2023

Adjusted Gross Income (AGI)	Use Tax Is:	Adjusted Gross Income (AGI)	Use Tax Is:
Up to \$20,000	\$0	\$60,001-\$70,000	\$30
\$20,001-\$30,000	\$10	\$70,001-\$80,000	\$35
\$30,001-\$40,000	\$15	\$80,001-\$90,000	\$40
\$40,001-\$50,000	\$20	\$90,001-\$100,000	\$45
\$50,001-\$60,000	\$25	-	-

For those with adjusted gross incomes of \$100,001 and more, the use tax is 0.05% (.0005) of AGI or \$150, whichever is less.

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 the total use tax owed.

Examples to Calculate Use Tax

You may use the Use Tax Worksheet below to help you calculate the tax you owe. Please review the examples that follow for further guidance. If you have questions about these examples or situations not given below, please contact us at tax.individualincome@vermont.gov or call (802) 828-2865 or (866) 828-2865 toll-free in Vermont.

Example 1

You keep good records: Because you keep good records of your purchases, you know exactly which taxable items were not taxed when you bought them. On Line 2a, enter the total amount of all purchases (including shipping or delivery charges) of items costing under \$1,000 that were not taxed. Multiply Line 2a by the 6% use tax, and enter the result on Line 2b. Items that cost \$1,000 or more each are calculated separately, and the total is entered on Lines 3a and 3b.

Example 2

You don't keep records: Because you did not keep a record of your purchases, you have no idea how much use tax you owe. You must estimate your use tax by finding your federal adjusted gross income (AGI) on the Estimated Use Tax Table on the Use Tax Worksheet. For example, if your AGI is \$35,000, your use tax is \$15, according to the table. Enter \$15 on Line 1a. Items that cost \$1,000 or more each are calculated separately, and the total is entered on Lines 3a and 3b.

Example 3

You paid tax in another state: Because you keep good records of your purchases, you know which items were taxed at a lower rate in another state. Enter the amount of tax you paid to another state for the purchases from Lines 2a and 3a. Enter the result on Line 3d. Subtract Line 3d from Line 3c, and enter the result on Line 3e. This is the use tax you must file and pay on the IN-111.

Use Tax Worksheet

USE TAX WORKSHEET

Did you buy taxable items without paying Vermont Sales Tax? This includes orders over the internet, by mail, or by phone on which you did not pay Vermont Sales Tax. This also includes out-of-state purchases on which you paid tax at a rate **less than 6%**, including purchases of liquor to be consumed in Vermont.

- Yes, but I did not keep accurate records.** Go to Part 1.
- Yes, and I kept accurate records.** Go to Part 2.
- No.** Skip to Part 4.

Parts 1 through 3 relate only to the types of purchases described above, where you were not charged at least 6% Sales Tax.

Part 1 If you did not keep accurate records

- 1a.** Enter the amount of use tax from the Estimated Use Tax Table below that corresponds to your Adjusted Gross Income from Form IN-111, Line 1 **1a.** _____
- 1b.** Did you make purchase(s) of \$1,000 or more per item?
 Yes. Go to Part 3.
 No. Enter Line 1a amount onto Form IN-111, Line 21 and skip the remainder of this worksheet.

Estimated Use Tax Table

Adjusted Gross Income	Use Tax is:	Adjusted Gross Income	Use Tax is:	Adjusted Gross Income	Use Tax is:
Up to \$20,000	.....\$0	\$40,001 - \$50,000	.....\$20	\$80,001 - \$90,000	.....\$40
\$20,001 - \$30,000	.....\$10	\$50,001 - \$60,000	.....\$25	\$90,001 - \$100,000	.....\$45
\$30,001 - \$40,000	.....\$15	\$60,001 - \$70,000	.....\$30	\$100,001 and over	.. 0.05% (0.0005) of AGI
		\$70,001 - \$80,000	.....\$35		or \$150, whichever is less.

Part 2 If you did keep accurate records

- 2a.** Enter the total amount of all purchases of items **under \$1,000** each **2a.** _____
- 2b.** Multiply Line 2a by 6% (0.06). Enter the amount here. **2b.** _____

Part 3 Total Use Tax due

- 3a.** Enter the total amount of all purchases of items **\$1,000 or more** per item. **3a.** _____
- 3b.** Multiply Line 3a by 6% (0.06). Enter the amount here. **3b.** _____
- 3c.** Add Line 3b to either Line 1a or Line 2b (the line with a value entered). **3c.** _____
- 3d.** Enter the amount of sales tax paid to another state for the purchases on Lines 2a and 3a, if any. **3d.** _____
- 3e.** Line 3c minus Line 3d. Enter here and on Form IN-111, Line 21. **3e.** _____

Part 4 Certification of No Use Tax Due

You do not owe use tax if: **1)** you did not make any taxable purchases by internet, mail-order, over the phone, or out of state, or **2)** you made purchases using any of these methods but paid at least 6% sales tax at the time of purchase on all of them.

If one of the situations above is true, check the box next to Line 21 and enter -0- on that line. The failure to pay use tax may result in the assessment of penalties of up to 100% of the unreported tax and interest.