

Vermont Sales and Use Tax for Hotels and Motels

Hotels and motels owners and managers need to know when the Vermont Sales and Use Tax applies to their businesses so that they pay the right amount of tax. This overview provides general information about the tax and also explains specific situations when use tax must be paid on hotel and motel purchases that are consumed by or incorporated into a business.

How are Vermont Sales Tax and Use Tax related?

Purchases of tangible personal property used in Vermont are subject to 6% Vermont Sales Tax. If a seller does not charge sales tax, or charges at a rate less than 6%, then the buyer is required to pay the 6% tax, or the difference between the amount paid and 6%, directly to Vermont as use tax. Use tax payments are due on the same cycle as sales tax.

Sales and use tax work together to create fairness. For taxable items used in Vermont, the same tax is paid regardless of where the items were purchased. Use tax is the same rate and has the same exemptions as sales tax. For more general information, see the fact sheet "Vermont Sales and Use Tax for Businesses."

What is "Tangible Personal Property"?

Tangible personal property means personal property which may be seen, weighed, measured, felt, touched, or in any other manner perceived by the senses. 32 V.S.A § 9701(7)

When must businesses pay use tax?

Here are situations in which businesses must pay use tax when purchasing taxable property to be used in Vermont:

- Purchases made via the internet where sales tax was not collected at the time of purchase
- Purchases made in a state that does not have a sales tax or has a lower sales tax rate than Vermont's 6%
- Purchases of tangible personal property consumed by or incorporated into a business

What types of hotel and motel items are subject to Vermont Sales and Use Tax?

If sales tax was not paid at the time of purchase, hotels and motels must pay use tax on the items in this table.

Tangible personal property that becomes part of or permanently affixed to the real property, such as cabinets, dishwashers, ovens, ranges, and air conditioners
Tangible personal property used in renovations, remodeling, and repair of rooms, such as paint, wallpaper, drywall, and carpet/tile/flooring
Furniture and fixtures for use in the hotel's guest rooms, including beds, mattresses, dressers, night stands, headboards, chairs, televisions, telephones, radios, desks, and lamps
Sundry items including sheets, bath towels, soap, glasses, ice buckets, coffee makers, etc.
Machinery and equipment used in the offices or business center, such as computers, printers, credit card machines, cash registers, fax machines, and photocopiers
Kitchen equipment and supplies, including linens, kitchen towels, napkins, cutlery, silverware, glassware, serving utensils, table covers, straws, stirrers, paper products, etc.
Cleaning supplies
Cosmetics, toiletries, hygiene products, including toothbrushes, toothpaste, mouthwash, shampoo, soap, toilet paper, and skin lotions
Flowers for hotel common areas and other items used for decorating

Disclaimer: The information provided here is intended to be an overview only. Vermont tax statutes, regulations, Vermont Department of Taxes rulings, or court decisions supersede information presented here.

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What steps can I take to avoid underreporting use tax?

- Improve your understanding of Vermont's use tax requirements.
- Review your purchases of property and items that are subject to Vermont Sales and Use Tax.
 - Include regular operating supplies as well as renovations, improvement projects, and investments in durable goods.
 - Determine if your business paid sales tax at the time of these purchases and, if not, whether use tax was paid.
- If you identify an underpayment of tax greater than \$50, you may choose to file an amended return at myvtax.vermont.gov.
- Going forward, keep in mind these tax requirements on purchases of tangible personal property and pay the tax correctly.
- Be sure to report and pay tax for every scheduled payment due date of your business, *even if you owe no tax.*

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. Chapter 233 Sales and Use Tax

legislature.vermont.gov/statutes/chapter/32/233

Regulations

tax.vermont.gov/regulations

Technical Bulletins

tax.vermont.gov/bulletins

Fact Sheets

tax.vermont.gov/fact-sheets

Forms

tax.vermont.gov/forms

To learn more about Vermont business taxes, visit tax.vermont.gov, or contact us at tax.business@vermont.gov or (802) 828-2551.

