

**Vermont Department of Taxes
TECHNICAL BULLETIN**

TAX: SALES
SUBJECT: Tax on Tracked Vehicles
REFERENCE: 32 V.S.A. § 9741 (38)

TB-52
ISSUED: July 1, 2008 (as TB 43)
REVISED: July 1, 2010 (as TB 52)
REVISED: May 25, 2012
REVISED: June 10, 2014

Subsection 9741(38) of Title 32, Vermont Statutes Annotated limits the sales and use tax imposed on the purchase of tracked vehicles. The law further provides that the maximum tax will be adjusted as of July 1 of each even numbered year by the cumulative inflation index for the prior two calendar years under the Consumer Price Index for urban consumers - all items and rounded to the nearest ten dollars.

The maximum tax for sales occurring between July 1, 2014 and June 30, 2016 is \$1,300.00 after adjusting for 2012 and 2013 inflation.

The cap is computed as follows:

Unrounded cap for July 1, 2012 to June 30, 2014	\$1,261.38
CPI Urban all items December 2011-December 2013	¹ <u>X1.03269</u>
Unrounded cap July 1, 2014	\$1,302.61
Maximum tax July 1, 2014 through June 30, 2016	\$1,300.00

If the sale of a tracked vehicle takes place in a municipality where the local option sales tax is collected, the additional 1% tax is also due on the sale of tracked vehicles for the first \$21,667 of the price of the vehicle. In cases where the sale price of a tracked vehicle is greater than \$21,667, the local option tax is capped at \$217. In such cases, the total sales tax collected is \$1,517 (\$1,300 cap as calculated above and the additional local option tax of \$217.)

There is no change in the sales and use tax filing requirements of vendors of tracked vehicles. For sales tax reporting purposes, the total sales price of the vehicle will be reported on the vendor's sales tax return as gross sales (Line 1) with the balance of any such sale that exceeds \$21,667 shown as nontaxable sales on Line 2.

Example for the sale of a tracked vehicle:

INVOICE		SALES TAX REPORTING CALCULATION	
Selling price	\$78,000	Gross sales	\$78,000
Sales tax due	<u>\$1,300</u>	Exempt sales	\$56,333
Total due	\$79,300	Taxable sales	\$21,667
INVOICE (Local Option jurisdiction)		Tax at 6%	\$1,300
Selling price	\$78,000	Local Option Tax (Line 4c, if applicable)	\$217
Sales tax due	<u>\$1,517</u>		
Total Due	\$79,517		

Approved: _____

Mary N. Peterson
Commissioner of Taxes

Date: _____