

Sales/Use/Indirect:

Vermont: Guidance Addresses Taxation of Prewritten Software Accessed Remotely (SaaS), IaaS, and PaaS

FS- 1213, Vt. Dept. of Taxes (9/23). Administrative guidance issued by Vermont Department of Taxes (Department) explains that charges for remote access to prewritten software accessed solely through the internet or cloud platform (*i.e.*, Software as a Service or “SaaS”) are not taxable for Vermont sales tax purposes. Furthermore, the guidance explains that while Vermont generally imposes its sales tax on retail sales of tangible personal property – which includes prewritten computer software – prewritten software accessed remotely and *not* installed on a computer does *not* fall within the definition of tangible personal property. “Infrastructure as a Service” (IaaS) and “Platform as a Service” (PaaS) are also defined in the guidance and listed as generally nontaxable in Vermont.

URL: <https://tax.vermont.gov/sites/tax/files/documents/FS-1213.pdf>

The Department explains that prewritten software that is downloaded from the internet and installed on a computer, as well as software delivered by portable storage media, falls under the definition of taxable tangible personal property in Vermont. Other “specified digital products” also remain taxable in Vermont and include digital audiovisual works, digital audio works, digital books, and ringtones that are transferred electronically. Please contact us with any questions.

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