FREE REFERENCE

Vermont business taxes, explained for 2026

Small businesses in Vermont register with the state revenue agency for income tax withholding and sales tax, and with the Vermont Department of Labor for unemployment tax. Vermont has income tax rates from 3.35% to 8.75%, a 6% state sales tax and a $15,400 unemployment wage base for 2026.

QUICK FACTS

- **Income tax.** Income tax rates from 3.35% to 8.75% for 2026
- **Sales tax.** 6% state rate, about 6.43% combined with local
- **Unemployment.** Employers pay Vermont unemployment tax on the first $15,400 of each worker's 2026 wages

What taxes does a small business pay in Vermont?

Most Vermont businesses deal with four: federal and state payroll taxes once they hire, sales tax if they sell taxable items, income tax on profit, and the state's annual report or franchise filing for an LLC or corporation, filed with the Secretary of State.

How do I register for payroll taxes in Vermont?

Before your first payroll in Vermont:

1. Get a federal EIN and enroll in EFTPS for federal deposits.
2. Open a Vermont withholding account with the Vermont revenue agency, so you can withhold and pay state income tax.
3. Register for unemployment insurance with the Vermont Department of Labor. For 2026, the tax applies to the first $15,400 of each employee's wages, at a rate the state sets for new employers and then adjusts to your history.
4. Report each new hire to Vermont's new hire registry, usually within 20 days.

Our state payroll registration guide explains each step, and our payroll service handles it for you.

General information, not tax advice for your situation.

Do I need a Vermont sales tax permit?

If you sell taxable goods or services in Vermont, yes. Register with the Vermont revenue agency before your first taxable sale. Out-of-state sellers need one once they pass Vermont's economic nexus threshold.

SALES TAX IN VERMONT, MIDYEAR 2026	RATE
State rate	6%
Average local rate	0.43%
Average combined rate	6.43%
Highest local rate	1%

The state sets how often you file. Our sales tax permit guide covers what to have ready, and the sales tax calculator adds tax to a price.

How does Vermont tax business owners?

Profit from a sole proprietorship, LLC, partnership or S-Corp passes through to the owners, who pay Vermont income tax on it at the personal rates: income tax rates from 3.35% to 8.75%. Vermont allows a standard deduction of $7,650 single and $15,300 joint, a personal exemption of $5,300 single and $10,600 joint and $5,300 for each dependent.

Estimate yours with the Vermont income tax calculator.

Where are Vermont's tax forms and refund status?

- Vermont tax forms
- Vermont revenue agency
- Vermont refund status
- Vermont Department of Labor

Every state's links are on our state tax forms page.

Which calculators work for Vermont?

- Vermont paycheck calculator: take-home pay after every deduction
- Vermont income tax calculator: your 2026 state income tax
- Payroll cost calculator: what a hire costs you, with Vermont unemployment

Common questions

Do I need a sales tax permit in Vermont?

Yes, if you sell taxable goods or services there. Register with the Vermont revenue agency before your first taxable sale.

What is the Vermont unemployment wage base for 2026?
$15,400. Employers pay Vermont unemployment tax on that much of each employee's wages, at a rate the state assigns.

Does Vermont have a state income tax?
Yes. Vermont has income tax rates from 3.35% to 8.75% for 2026.

Who runs payroll taxes in Vermont?
The Vermont revenue agency handles income tax withholding, and the Vermont Department of Labor handles unemployment tax.

Want payroll handled?

We set it up, run it and file the returns. Book a free 30-minute call at eminenttax.com/contact or call (972) 347-4590.

eminenttax.com