

Vermont Economic Recovery Grants FAQs

What are the Vermont Economic Recovery Grants?

The Vermont Economic Recovery Grant was created by [Act 115](#). The Act appropriated \$70 million of funds from the Federal Coronavirus Relief Fund to issue grants to eligible Vermont businesses and nonprofits that have suffered severe financial harm from the COVID-19 public health emergency. Bill H.966 provides additional grant funding that will be available after it becomes law.

The Vermont Department of Taxes will issue \$50 million from the Act 115 appropriation to qualifying businesses who experienced a 75% or greater loss in sales, and \$26 million from the H.966 appropriation to qualifying businesses who experienced a 50% or greater loss in sales to taxpayers with Vermont Sales and Use and Meals and Rooms tax accounts. Because Act 115 passed first, it is expected that businesses with a 75% or greater loss in sales will receive their grants earlier than those experiencing a 50% or greater loss. The remaining funds will be issued by the Agency of Commerce and Community Development (ACCD), or other state agencies. Please visit their website at accd.vermont.gov/covid-19/economic-recovery-grants for more information on the additional grants.

Who is eligible for a grant from the Vermont Department of Taxes?

An eligible applicant is a business or nonprofit that:

- Is domiciled or has its primary place of business in Vermont.
- Has at least one non-owner employee in Vermont.
[Revised 8/3/2020 see press release:](#) Has at least one “W2 employee” in Vermont, which may include the owner for S corporations and C corporations.
- Is registered to collect and remit Vermont Meals and Rooms Tax or Sales and Use Tax with the Vermont Department of Taxes on a quarterly or monthly basis.
- Had more than \$10,000 but less than \$20,000,000 in combined total sales (including exempt sales) as reported on sales and use and meals and rooms tax returns in calendar year 2019.
- Has experienced, due to the COVID-19 public health emergency, a 50% or greater drop in combined total sales reported on meals and rooms tax and sales and use tax returns in any one-month period from March 1, 2020, to August 31, 2020, when compared to the same month in 2019.
- Is open for business at the time of application or is closed now due to the COVID-19 public health emergency but can certify to its intention to re-open when able.
- Has filed all required sales and use or meals and rooms tax returns through the May 31, 2020, period due on June 25, 2020.
- Is in good standing with the Vermont Department of Taxes (if you’re not sure what this means, check out our question on good standing later in this document).
- Has not received a Vermont Economic Recovery Grant from the Vermont Agency of Commerce and Community Development or Agency of Agriculture, Food and Markets.

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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Protect yourself! Be vigilant of scammers posing as the Department of Taxes to try to steal your information. No Department of Taxes staff will ask you for your bank information related to this application. If you have concerns about the identity of somebody who contacts you related to your application, hang up and call us at (802) 828-6611 to ensure you are talking to a Department employee.

What information do I need to apply?

- Your Federal Employer Identification Number (FEIN). Your FEIN is often used to file federal and state income taxes.
- The appropriate NAICS code for your company. The North American Industry Classification System (NAICS) is used by the United States, Canada, and Mexico to classify businesses by industry. If you don't know your NAICS code, the application provides a search feature based on industry keyword to find it.
- Amount and source information about any compensation you have already received from business interruption insurance, the Paycheck Protection Program (PPP), Economic Injury Disaster Loans (EIDL), or any other federal program for economic damages incurred as a result of COVID-19
- You need to have filed all necessary meals and rooms and sales and use tax returns for your business. The Department will use the information from the filings to verify your eligibility for a grant.
- Generally speaking, you will not need to provide any additional documents. Aside from your application information, all of the data being used to calculate your grant eligibility and award amount are derived from sales and use or meals and rooms tax returns you have filed with the Department.

If you have an unusual circumstance, such as a corporate merger or FEIN change between January 1, 2019, and the date of application, please attach documentation to help the Department understand those circumstances and evaluate all accounts which may impact your grant filing.

The Department has denied my business a grant. Can I get more information or appeal?

The reasons why your business does not qualify should be listed on the letter the Department sent to you. If you believe the Department's information is incorrect or you would like more information about why your application was denied, you should contact us immediately at tax.grants@vermont.gov or (802) 828-6611. Please know the Department does not have the legal authority to issue grants to businesses that do not meet the statutory requirements to qualify for a grant. Grant funds are being issued on a first-come, first-serve basis, so it is important to contact us as quickly as possible if you can provide additional information that may lead to qualifying for a grant.

Are there other COVID-19 grants available from other state agencies?

Yes. If you meet all of the qualifications for the Tax grant EXCEPT that you do not have a meals and rooms or sales and use tax account, you may be eligible for a grant administered by the Agency of Commerce and Community Development at accd.vermont.gov/covid-19/economic-recovery-grants. You cannot qualify for grants with multiple agencies, so if your business has a sales and use or meals and rooms tax account but also has sales or services performed in Vermont that are not reportable on sales and use or meals and rooms tax returns, please see the next question for more information.

This section is continued on the next page.

If your business was shipping or processing milk as of March 1, 2020, then you may be eligible for a grant administered by the Vermont Agency of Agriculture, Food and Markets. Please visit their website for additional information at agriculture.vermont.gov. You cannot qualify for grants with multiple agencies, so if your business was shipping or processing milk as of March 1, 2020, then we recommend you contact the Agency of Agriculture before proceeding with an application for a grant from the Department of Taxes.

For the most current information on all available programs statewide, check the ACCD's COVID-19 Recovery Resource Center on the ACCD website at accd.vermont.gov/covid-19.

What if I have a sales and use or meals and rooms tax account, but I have income from sales or services that aren't reported on a sales and use or meals and rooms tax return?

The Vermont Economic Recovery Grants program being administered by the Vermont Department of Taxes is designed to distribute aid quickly to traditional lodging, restaurant, bar, or main street retail operations. If you have a sales and use or meals and rooms tax account, but have sales or services in Vermont which are not reportable on sales and use or meals and rooms tax returns in 2019 (such as a brewery or winery might), then you will need to evaluate whether applying through the Vermont Department of Taxes or Agency of Commerce and Community Development makes the most sense for your business.

The grants issued by the Vermont Department of Taxes do not consider sources of business income outside of sales and use and meals and rooms tax returns. However, the grant calculation is capped at \$500,000 of combined total sales and the inclusion of additional business income will not impact your grant amount so long as your sales reported on Form SUT-451, Sales and Use Tax Return, and Form MRT-441, Meals and Rooms Tax Return, exceeded that amount in 2019.

If you reported less than \$500,000 of combined total sales on sales and use or meals and rooms tax returns in 2019 and have other business income, then you should carefully consider which program to apply to as you cannot qualify for grants from multiple agencies.

How do I apply for a grant with the Department of Taxes?

Applications are exclusively being accepted through myVTax, the Department's online filing site.

If you already have a myVTax account: We strongly recommend you log into your account and click "Apply for a Vermont Economic Recovery Grant" under the "I want to" section on your account landing page. Filing after logging in to your account will streamline the application by pre-filling much of your business information and will also allow you to request your grant be issued by a direct deposit to your bank account. You will also receive information about the results of your application faster. Read "How to Apply for the Vermont Economic Recovery Grants for Those Who Have a myVTax Account (Login)" at tax.vermont.gov/sites/tax/files/documents/GB-1284.pdf.

If you do not have a myVTax account: You may still apply without creating an account. From the myVTax homepage, click "Apply for a Vermont Economic Recovery Grant" on the bottom of the page. We are only able to issue grants by paper check to those without existing myVTax accounts. If you need help, you may reach out to us at tax.grants@vermont.gov or call (802) 828-6611. We apologize for any delays in responses or call wait times due to a high volume of applications and questions. Read "How to Apply for the Vermont Economic Recovery Grants for Those Who Do Not Have a myVTax Account (Non-Login)" at tax.vermont.gov/sites/tax/files/documents/GB-1283.pdf.

If you have an account and have forgotten your password? "Read How to Recover Your Username and Reset Your Password" at tax.vermont.gov/sites/tax/files/documents/GB-1282.pdf.

How are the Department of Taxes grants calculated?

If you qualify for a grant, your grant will be the lesser of 10% of your combined total sales (including exempt sales) as reported on sales and use tax and meals and rooms tax returns in calendar year 2019, or \$50,000. If your business received insurance compensation for business interruption it will be subtracted from your eligible amount. Businesses with less than \$10,000 or more than \$20,000,000 in combined total sales in calendar 2019 are not eligible for this grant.

May I still apply for a Department of Taxes grant if I received a PPP loan, EIDL grant or loan, or other Federal grant or credit for COVID-19 damages?

Yes, but businesses that have a duplication of benefits may need to repay a portion of the grant later if it appears that the total grant proceeds from the Vermont Economic Recovery Grant plus any forgiven PPP loans, EIDL Advance grants, and other federal grants or credits exceed the aggregate amount of the business's losses in 2020.

On the grant application, the Department will collect information about amounts a business received in PPP loans, EIDL Advance grants, and any other federal grant or credit reimbursement for COVID-19 related damages or expenses. Federal guidelines indicate that businesses cannot receive a duplication of benefits for COVID-19 relief. On the application, the Department will require a business to certify that they will not use their Vermont Economic Recovery Grant to cover any expenses for which they have already received other reimbursement.

What happens if more eligible businesses apply than there are available funds for the Department of Taxes grants?

The Department will issue grants on a first-come, first-served basis until the available grant funds are exhausted. However, the Department can only consider an application complete if it has all the information needed to verify eligibility. For this reason, when you apply, it is critical to ensure 1) you have all of the required information to file, 2) the information you type into the application is accurate, and 3) you have all necessary tax filings submitted by the time the application is submitted. If your application requires the Department to request additional information from you to finalize processing, it will **not** reserve your place in line for funds.

What will happen if the Department of Taxes needs more information after submitting my application?

You must provide a daytime phone number and email address for your business on the application so that the Department may call you if we have questions about your application. It is important to provide accurate information and provide a contact who is easy to reach and readily available to answer questions about your business because of the urgent need to issue grants as quickly as possible. The Department will attempt to make two contacts to your business via phone or email to resolve any outstanding questions but will expect a response to any questions within two (2) business days. Any delay longer than two (2) business days may result in your grant being denied if we cannot confirm the information submitted.

What can businesses use the grant funds for?

The Vermont Economic Recovery Grants are being issued to help provide economic support to your business, which has been impacted by decreased customer demand due to the COVID-19 public health emergency. The funds may be used both to pay necessary expenditures that your business faces, **and** costs directly associated to your business's response to COVID-19.

Is there a time limit on when I can spend the grant?

Yes. Eligible businesses must certify that they will spend grant funds by December 30, 2020.

What does the “W2 employee” eligibility requirement mean?

Act 115 requires businesses to have at least one “W2 employee” to be eligible. The Department will consider any business who has had at least one part- or full-time W2 employee at any point between January 1, 2019, and the time of application to be eligible. This means if your business has at least one “W2 employee” in Vermont, which may include the owner for S corporations, and C corporations, you are eligible for the grant. If, however, you are a sole proprietor or partnership and do not have any other W2 employees, you will not be eligible for this grant.

What are the sales loss requirements for the Department of Taxes grant program?

Act 115 requires businesses to be able to demonstrate a 75% or greater loss in combined total sales (including exempt sales) reported on a sales and use or meals and rooms tax return for any one-month period from March 1, 2020, through the August 31, 2020, period compared to the same month in 2019. Bill H.966 provides additional grant funding for businesses who experienced a 50% or greater loss in combined total sales. When the application first launches in July, businesses demonstrating a loss of 50% or 75% or greater between March and June **through filing their sales and use and meals and rooms tax returns** will be able to apply. If funds are available through July and August, businesses will be able to use those months to demonstrate their losses.

To find the combined total sales, add together your total sales reported on Line 1 of Form SUT-451, Sales and Use Tax Return, and the sum of Lines 1a, 2a, and 3a on Form MRT-441, Meals and Rooms Tax Return.

What does it mean to be in good standing with the Department of Taxes?

Good standing for your business means that all required tax returns are filed and that all taxes are paid, **or** if you owe any taxes that are past due, you are making payments in accordance with your payment plan for those taxes. For purposes of this grant, taxes owed for the February, March, April, or May 2020 tax periods for sales and use or meals and rooms tax will **not** disqualify you from receiving a grant. Any taxpayers who are otherwise not in good standing may be deemed ineligible for the grant.

If you have any unpaid taxes beyond February—May sales and use or meals and rooms tax for your business, you may call us at (802) 828-2518 to request a payment plan.

Are non-Vermont companies eligible for a grant?

Act 115 requires that eligible businesses have their domicile or primary place of business in Vermont. Generally, if your business is headquartered in Vermont, you will be eligible, and if your business is not headquartered in Vermont, you will not be eligible. If you are headquartered out of Vermont but believe your primary place of business is in Vermont, please email us at tax.grants@vermont.gov to discuss your individual case. If the business operates in more than one state, several factors are considered to determine the principal place of business. These factors include where the management of the business functions, where books and records are kept, and where the senior officers conduct the central business affairs.

I started a new business in 2020. Do I qualify for a grant?

No. Act 115 and Act 137 require that the Department be able to compare sales reported for any one-month period from March 1 to Aug. 30, 2019, with sales from the same month in 2020. Because a business started in 2020 was not in business in 2019, it would not meet grant requirements.

I purchased an existing business in Vermont in 2019. Does my new business qualify for a grant?

Your new Vermont business may qualify depending on several factors. We recommend contacting the Department to discuss the circumstances of your specific business by emailing us at tax.grants@vermont.gov or calling 802-828-6611. Answering the following questions may help you determine whether or not you qualify:

1. Does your business meet all eligibility requirements of the Vermont Economic Recovery Grants (For example, you are primarily located in Vermont and have non-owner employees, etc. See the FAQ “Who is eligible for a grant from the Vermont Department of Taxes.”)

YES. Continue to the next question.

NO. Stop—you do not qualify.

2. Can you answer “Yes” to all of the following questions:

- Is the business at the same location in Vermont?
- Is the business or service to the customer substantially the same?

YES. Continue to the next question.

NO. Stop—you do not qualify.

3. Do you have access to the business receipts from March 1 to Dec. 31, 2019?

YES. You may provide these receipts to meet the eligibility requirements when you apply for an Economic Recovery Grant. If approved, your grant will be calculated on the 2019 receipts of your new business.

NO. The Department needs you to provide the business receipts from 2019 as evidence of revenue to compare to 2020 revenue. Revenue information from both years is used to determine revenue loss for your business.

I purchased an existing business in Vermont in 2020. Does my new business qualify for a grant?

No. The Department calculates the grant amount based on 10% of total sales your business reported on Sales and Use Tax or Meals and Rooms Tax returns in calendar year 2019. Because your new business did not report any sales in 2019, you will not be eligible for a grant.

Are the grant funds taxable income?

Funds awarded from this grant may be considered taxable income. Recipients will receive a Form 1099-G, Certain Government Payments, in January 2021 from the Department of Taxes if the grant is taxable income.

Will information about my grant be released publicly?

Yes. Act 115 requires that the Department publish a report to the Vermont Legislature on or before August 15 that includes the amount and identity of individual grant recipients, and that information will be made publicly available.

Where may I find additional resources available for my business to help with the economic downturn from COVID-19?

The Vermont Agency of Commerce and Community Development has released a COVID-19 Recovery Resource Center available on their website at accd.vermont.gov/covid-19.

How can I get help if I still have questions?

If you have additional questions or need help completing your application, you may contact us at tax.grants@vermont.gov or (802) 828-6611. Our staff is available 7:45 a.m.—4:30 p.m. Monday—Friday. We apologize for any delays in responding or long call wait times due to high volume.

For all Coronavirus (COVID-19) updates as they relate to Vermont taxes, visit tax.vermont.gov/coronavirus.

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