Vermont

#42

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
42 ▼ 1	40 ▼ 1	40 ▲ 2	29 –	50 ▼ 1	12 –

Vermont levies all major categories of taxation with comparatively high rates and an overall uncompetitive tax structure. As a result, the tax code makes the state both nationally and regionally uncompetitive, particularly compared to neighboring low-tax New Hampshire.

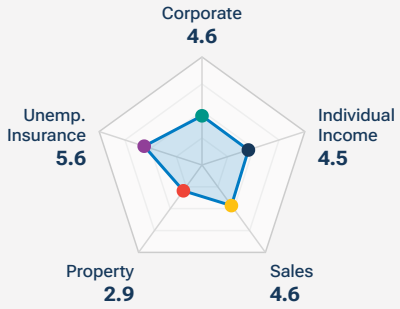
Vermont levies an individual income tax with multiple brackets, including a top marginal rate of 8.75 percent; the tax also includes a marriage penalty for joint filers. The Green Mountain State levies a tax at a flat rate of 16 percent on estates worth more than $5 million.

Property taxpayers in the state are subject to some of the highest effective rates of taxation as a percentage of personal income. Further, property tax collections per capita in the state are among the highest in the country ($3,465). The state's sales tax base is unnecessarily narrow and exempts many personal goods and services while also subjecting several business inputs to the tax, which causes tax pyramiding and ultimately increases the costs borne by consumers.

Vermont's corporate income tax features three brackets, with thresholds that are not indexed for inflation, and a top marginal rate of 8.5 percent. Net operating loss carryforwards are limited to 10 years, with no corresponding carryback allowance, and Vermont is among the minority of states that tax net CFC tested income (NCTI).

Component scores

out of 10



Vermont and its neighbors

Overall rank, 2027 Index, with change from 2026

New Hampshire	#6	–
Vermont	**#42**	▼ 1
Massachusetts	#45	▼ 1
New York	#50	–