

2006 INCOME TAX RETURN



VERMONT

RESIDENT • NONRESIDENT • PART-YEAR RESIDENT



FAST

SAFE

EASY

DID YOU KNOW . . .

You can file your VT income tax returns on-line using software from the major tax preparation companies. Some charges may apply. Some taxpayers may be eligible to file free. 🍷

Over 40% of all taxpayers filed their income tax returns electronically last year. 🍷

These taxpayers received confirmation their returns were filed, received their refunds in 5 business days or less, and could choose to deposit the refund directly into their bank accounts. 🍷

FOR MORE INFORMATION ON ELECTRONIC FILING

Go to the VT Department of Taxes website at www.state.vt.us/tax

OR

Talk to your tax preparer and ask him or her to file your return electronically.

CHANGES FOR 2006

NEW FORM HS-122 combines the Declaration of Vermont Homestead and the Property Tax Adjustment Claim and replaces old Forms HS-131, HS-138, and HS-139.

NEW DUE DATE FOR RENTER REBATE CLAIM AND PROPERTY TAX ADJUSTMENT CLAIM is the same due date for the income tax return. Claims may be made up to September 4, 2007; however, late filing penalties apply to property tax adjustment claims.

PROPERTY TAX ADJUSTMENT goes directly to the municipality as a credit towards the 2007/2008 property tax bill. Homeowners receive a property tax bill for the balance. Adjustment credits go to the municipality on July 1st for claims filed by April 17th. Claims made between April 18th and September 4th are sent to the municipality September 15th.

MAXIMUM 2007 PROPERTY TAX ADJUSTMENT is \$10,000.

HOUSEHOLD INCOME CHANGES: Include amount over \$6,500 of cash or cash equivalents received as a *gift* by members in the household; exclude the first \$6,500 of income by a claimant's **disabled adult child** who qualifies as the claimant's dependent; exclude **difficulty of care payments** for 2006 household income. **Maximum 2006 household income** for property tax adjustment increases to \$90,000.

RENTERS AND HOMEOWNERS WITH LESS THAN \$10,000 HOUSEHOLD INCOME The percentage of income used to calculate the renter rebate or additional property adjustment is now 2%.

PROPERTY TAX ADJUSTMENT CALCULATION uses 2006 household income and the property taxes on the 2006/2007 property tax bill. The adjustment includes school property tax and, if eligible, municipal property tax.

PROPERTY TAX ADJUSTMENT ELIGIBILITY requires the homeowner own and occupy the property as his or her principal residence on April 1, 2007.

USING AN INCOME TAX REFUND TO PAY PROPERTY TAXES Taxpayers may designate all or a part of their income tax refund to pay their property taxes. See instructions for Form IN-111, Section 8, Line 33b.

ANGEL VENTURE CAPITAL becomes a tax credit instead of a deferral of tax on the capital gain. See instructions for Form IN-119.

AMENDED VT INCOME TAX RETURN Taxpayers now have 60 days from notice of an IRS change or filing an amended Federal return to file an amended VT income tax return.

APRIL 17, 2007 DUE DATE for the Income Tax Return, Income Tax Extension Request, Renter Rebate Claim, Declaration of Vermont Homestead and Property Tax Assistance Claim. April 15th falls on a Sunday in 2007. Federal returns for VT taxpayers are processed at the IRS center in Andover, MA that observes Patriot's Day on Monday, April 16th. This extends the VT filing due date to April 17th.

PLANNING FOR 2007 TAX YEAR

VT HIGHER EDUCATION INVESTMENT CREDIT Up to \$2,500 of contributions per beneficiary made in 2007 will be available for the tax credit and the credit increases to 10% of the allowable contribution.

2007 HOUSEHOLD INCOME will include difficulty of care payments and flexible family funding payments above \$6,500.



Message from the Commissioner:

Dear Fellow Taxpayer:

There is wisdom in the saying, "You can't see the forest for the trees." It is important that we don't let our day-to-day routines cloud our view of long term trends. During tax season, while we're all busy collecting records and filling out forms or scrutinizing computer screens to properly file our current tax returns, we might not think to take a few steps back to see how our incomes have changed over time.

So, over the past few months we did just that. We took a look at how the incomes of Vermont residents changed from 1992 to 2004. For each year during this period, we divided all income tax returns into 5 groups after ranking them from lowest to highest based on the amount of their income. The five groups were those with incomes in the lowest 20%, those between 20% and 40%, those between 40% and 60%, those between 60% and 80% and those above 80%. Here's what we found:

<u>Income Group</u>	<u>1992 Median Income Value</u>	<u>2004 Median Income Value</u>	<u>Annual Rate of Change</u>
20% or Below	\$ 3,540	\$5,110	3.1%
20% to 40%	\$11,518	\$16,530	3.1%
40% to 60%	\$20,493	\$29,862	3.2%
60% to 80%	\$34,254	\$50,712	3.3%
80% to 100%	\$59,883	\$92,234	3.7%

As with most statistics, more interesting questions are often raised than are answered. However, from the above, two fundamental trends are clear.

We live in an economic environment where our incomes are growing, on average, three to nearly four percent per year. The numbers tell a story for each group, but the groups are not static. Each group is a collection of individuals, some of whom rise or fall into another income group as their financial situation changes over time. However, the overall modest growth trend is unmistakable, and the implications for individuals and families facing increased pressures on household budgets must be recognized as we consider tax policy.

The other obvious trend is that growth is not consistent across income groups. Those in the top income group are doing modestly better than their fellow Vermonters, even though there is volatility from year to year within this group. Our analysis indicates that because capital gains are a higher percentage of income for the top group, their incomes fluctuate more widely from year to year as the investment markets go up and down. Evidence of slower income growth for those in the lower and middle income groups is a reminder that growing our economy for all Vermont's citizens is important to ensure financial security for all.

Once again, I want to thank you for your contributions to Vermont's economy and for the resources you provide state government to support important public services. We here at the Tax Department extend to you our best wishes for a healthy and rewarding 2007.

Tom Pelham
Commissioner of Taxes

TAXPAYER ASSISTANCE

We're Here To Answer Your Questions



VISIT our web site at www.state.vt.us/tax for:

- E-File - how to file electronically
- On-line filing of Form HS-122
- Tax return preparation assistance locations and times
- Department contact information
- 2007 Property Tax Adjustment worksheet
- VT tax forms (**NOTE:** Using downloaded forms will delay processing)
- Updated tax information
- Filing checklist for recommended order to complete VT forms.
- Technical Bulletins



CALL **1-866-828-2865** (toll-free in VT)
1-802-828-2865 (local or out-of-state)

ANY TIME to:

- Order tax forms
- Get the amount of your 2006 Education Property Tax payment
- Track processing status of your 2006 returns
- Verify amount of 2006 estimated payments on record
- Learn the status of your 2007 Declaration of Homestead

FROM 7:45 a.m. to 4:30 p.m. to speak with a Department representative

ELECTRONIC FILING!

Electronic filing allows you to receive your refund in as little as 5 business days and you can choose to deposit the refund directly into your bank account. If you owe tax, you can make or schedule a payment online. If you file your return yourself, filing online is available and you may qualify for free filing. Or, ask your tax preparer to file your return electronically. See our website at www.state.vt.us/tax

E-Filing - Fast ~ Easy ~ Secure



MAILING A PAPER-FILED RETURN

- Sign all returns as required.
- Enclose all required supporting documents.
- Staple W-2s, 1099s, returns, supporting documents to the lower left front of the first form. Please use only one staple.
- Affix appropriate postage to envelope. **NOTE:** More than five pieces of paper may require extra postage. Ask your post office to weigh the envelope to be sure it is not returned to you for postage due.
- No pre-addressed, color-printed envelope? Mail to:

TAX DUE RETURNS

VT Department of Taxes

PO Box 1779

Montpelier, VT 05601-1779

(see payment options on page 4)

REFUND & NO TAX DUE RETURNS

VT Department of Taxes

PO Box 1881

Montpelier, VT 05601-1881

GENERAL INCOME TAX INFORMATION

THE LABEL

Use the mailing label on this booklet to speed processing and to prevent errors that may delay your refund check. The 9-digit number printed above your name is your VT tax ID number. You must print your social security number(s) in the space provided on each form. The forms cannot be processed without your social security number. Forms HS-122 and PR-141 also have a "place label here" screening because they can be filed without an income tax return. If you are filing an income tax return with one of these forms, **place the label on the income tax return and then print your social security number, name, and address on the other return.**

Corrections to the label: Place the label on the form and print your Social Security Number on the form. Cross out the incorrect information and print the correct information on the label in blue or black ink. Add missing information such as apartment number, spouse name, Jr. or Sr. suffix. Remember to print your correct information on all other returns being filed. **NOTE:** If the label shows both spouses' names and you are filing separately, you cannot use the label. You will need to print your information on all returns being filed.

Didn't receive a label? You will need to print your information on all returns being filed.

REQUIREMENT TO FILE A 2006 VT INCOME TAX RETURN

A 2006 VT income tax return must be filed by a Full-Year or Part-Year VT resident or a Nonresident if:

- You are required to file a 2006 Federal income tax return, and
- You earned or received \$100 or more in VT income, or
- You earned gross income of \$1,000+ from sources on page 5.

USE WHOLE DOLLARS

Round entries to the nearest whole dollar. The cents entry boxes are preprinted with zeros. To round: 1 cent to 49 cents, enter the existing dollar amount (*Example:* enter \$97.49 as \$97). For 50 cents to 99 cents, enter the next higher dollar amount (*Example:* \$97.50 as \$98).

REQUESTS FOR ADDITIONAL INFORMATION

You may be asked to supply additional information to clarify items on your VT return. Such a request does not necessarily mean that you filed improperly or that your return has been selected for an audit. These requests are a routine part of processing returns.

INCOMPLETE RETURNS

If necessary information is missing, the return may be processed but the credit, adjustment, or benefit denied. This may result in a reduced refund or a bill. You will have an opportunity to supply the information. In some instances, incomplete forms may be returned to you.

TIMELY FILING

A return mailed through the U.S. Post Office is considered timely if received at the Department within 3 business days of the due date. Electronic filing or bringing the return to the Department in person requires the return be received by the Department on or before the due date to be timely.

INCOME TAX DUE DATE

On or before April 17, 2007. See below for extension information.

EXTENSION OF TIME TO FILE YOUR VT INCOME TAX RETURN

File VT Form IN-151 on or before April 17, 2007 to receive an automatic six-month extension of time to file. **NOTE:** An extension only allows more time to file the income tax return. It does not extend the due date for tax payment. Interest and penalty accrue on tax due from April 18 to the receipt of payment. **The extension to file an income tax return does not apply to Forms HS-122 or PR-141.**

LATE INCOME TAX RETURNS

Returns without an extension of time may be filed up to 60 days after April 17, 2007 without a late file penalty charge. Returns without an extension filed on the 61st day after April 17, 2007 or later will be charged a \$50 late file penalty. Returns with an extension filed on or before the extended due date are not charged a late file penalty. However, returns with an extension filed one or more days after the extended due date are charged a \$50 late file penalty. **NOTE:** The late file penalty applies even if the return results in a refund or no tax due. If any tax is due, late payment penalty and interest charges apply.

TAX DUE

Tax due on income tax returns filed on or before April 17, 2007 must be paid by April 17 to avoid interest and late pay penalty charges. See *Payment Options*. If the tax due is \$500 or more, see *Estimated Income Tax Payments* section.

INTEREST AND LATE PAY PENALTY

Tax paid after April 17, 2007 accrues interest and late pay penalty charges on the unpaid tax amount from April 17, 2007 until the date of payment. Interest is 0.7% per month. Penalty is 1% per month, up to 25% of the unpaid tax.

ESTIMATED INCOME TAX PAYMENTS

Who Must Make Payments:

Estimated income tax payments apply to every individual (except farmers and fishermen as defined by the laws of the United States) when the income tax exceeds the withholding and tax credits. Estimated payments are generally necessary on income with no withholding or insufficient withholding.

NOTE: Making estimated payments is particularly important for recipients of income without withholding, VT residents working in another state, or non-VT residents working in VT.

Amount of Estimated Payments: If the taxes withheld from your wages are less than your income tax (reduced by any allowable credits), you may need to make estimated tax payments in four equal installments. Estimated

payments (together with withholding and credits) must equal 100% of last year's tax or 90% of this year's tax, or you will be billed interest and penalty on the difference between the payment that should have been made each quarter and the payment actually made. NOTE: No interest and penalty will be assessed if your income tax from Line 26 of the VT income tax form, less withholding and credits, is less than \$500 for the taxable year. *Examples:* (1) Your tax last year was \$800. This year it is \$1200. You have no withholding, but make four timely estimated payments of \$150 each. The total estimated payments (\$600) and withholding (\$0) do not equal either last year's tax or 90% of this year's tax and this year's tax (Line 26 less withholding and credits), is not less than \$500. You owe interest and penalty on the underpayments. (2) Your tax last year was \$800. This year it is \$400. You had withholding of \$100, but made no estimated payments. Your total withholding (\$100) and estimated payments (\$0) do not equal either last year's tax or 90% of this year's tax. However, your tax (Line 26 less withholding and credits) is less than \$500 so no interest or penalty will be assessed. (3) Your tax last year was \$800. This year it is \$1500. You have withholding of \$400 and make four timely estimated payments of \$100 each. Your total withholding and estimated payments equal \$800, which is 100% of last year's tax. No interest or penalty will be assessed. (4) Your tax last year was \$800. This year it is \$600. You had withholding of \$110, but made no estimated payments. The total of your withholding (\$110) does not equal either last year's tax or 90% of this year's tax. However, your tax (Line 26), less withholding and credits, is less than \$500 (\$600 - \$110). No interest or penalty will be assessed. (5) Your tax last year was \$800. This year it is \$1000. You had withholding of \$300, but made no estimated payments. You owe interest and penalty on \$500 - the difference between \$300 and 100% of last year's tax.

Penalty & Interest Charges: The underpayment in each quarter is assessed from the estimated payment due date to the date the tax is paid:

- Interest of 0.7% per month.
- Penalty of 1% per month.

Calculating the Charges: Use VT Worksheet IN-152 to calculate the amount. Enter the result on Form IN-111, Section 9, Line 36, and include the amount with your tax payment. Payment at the time of filing may reduce the charges as they accrue up to the time of payment. If you have an overpayment but owe underpayment charges, the charges are subtracted from the overpayment. **NOTE:** If you annualize for Federal estimated tax payments, use VT Worksheet IN-152A.

Exceptions to Charges: (1) Taxpayers with occupations as farmers or fishermen are not required to make estimated payments. If you are billed, contact the Department to have the bill adjusted. (2) Taxpayers using the annualizing method for Federal estimated payments should use IN-152A to calculate applicable interest and penalty and send a copy of the Federal Form 2210 with supporting pages to the Department

Next Year: If you owed more than \$500 tax or you made estimated payments, the Department automatically sends you VT Form IN-114 voucher booklet for 2007 tax year. Estimated payments are due April 15, June 15, and September 15, 2007 and January 15, 2008. To assure you do not owe more than \$500 tax next year, you may wish to adjust your withholding, or make estimated payments, or a combination of both.

OFFSETS OF YOUR REFUND

An offset means your income tax refund has been used to pay an unpaid debt. VT law allows the VT Department of Taxes and other government agencies to make a claim against your income tax refund. Other agencies include Internal Revenue Service, Office of Child Support, Department of Corrections, Vermont court fines, tickets and fees, student loan agencies, and Vermont State Colleges. You will receive notification if your refund is offset.

INJURED SPOUSE CLAIMS

Does your spouse or civil union partner owe money to a VT state or Federal agency and you file a joint tax return? The entire income refund, renter rebate, or property tax adjustment may be used to pay the bill. If your spouse is responsible for the bill, and you are not, you need to file an "injured spouse" claim for your portion.

Your portion of the income tax refund or renter rebate will be based on the proportion of your income to total income.

Your portion of the property tax adjustment will be based on your ownership percentage.

To make an "injured spouse" claim, send in an envelope separate from your return (1) the request letter; (2) copy of Federal Form 8379 (if you filed one with the IRS); (3) if self-employed, copy of Federal income tax return with Schedules C and SE to: VT Department of Taxes, ATTN: Injured Spouse Unit, PO Box 1645, Montpelier VT 05601-1645. Electronic filers also send copies of statement of income such as W-2, 1099, etc.

→ You will receive a notice from the Department if the income tax refund, renter rebate, or property tax adjustment is offset. You have 30 days from the date on the notice to submit the injured spouse claim to the Department.

PAYMENT OPTIONS

ACH Debit for Electronic Filers: You can pay your tax at the same time you electronically file your income tax return. If you file before April 17, you can schedule an April 17 payment date.

By Credit Card: Go to www.state.vt.us/tax to use VTPay. A convenience fee applies to payments over \$200.

By Check - Make checks payable to Vermont Department of Taxes

- Check sent with Return: Staple the check to the IN-111 with the W-2s and 1099s to the lower left front of the return.
- Check sent separate from Return: Complete Form IN-116, Payment Voucher. Send voucher and check to the address for tax due returns on page 3.

FINANCIAL DIFFICULTIES

If you cannot pay your entire VT income tax liability with the return, file the return on time and pay as much as you can. Then immediately write to the Department to apply for a payment plan. Do not include this request with your return. Send the request to: VT Department of Taxes, ATTN: Compliance, PO Box 429, Montpelier, VT 05601-0429.

You may be asked for financial information to determine the appropriate installment payments. Without a payment plan, unpaid income tax results in collection action that may include placement with a commercial collection agency, liens on your property, legal action, or loss or suspension of professional license.

NET OPERATING LOSSES

No VT refund is available for a carryback. The VT carryback or carryforward election for a net operating loss must be the same as elected for Federal purposes.

CLAIMING A VT REFUND

You must file a VT income tax return to receive a refund of VT withholding or estimated payments. You have up to 3 years from the due date of that tax year's return. *Example:* You did not file a return for tax year 2003 and now find that you are due a refund. You file the 2003 return on August 10, 2007. Tax year 2003 return was due April 15, 2004. The last time you could file and get a refund for the 2003 return was April 15, 2007. This filing is beyond the three years and no refund is available.

NOTE: The IN-152 and IN-152A worksheets are available on our web site at www.state.vt.us/tax and does the math for you.

AMENDING OR CORRECTING VT INCOME TAX RETURN INFORMATION

You are required by VT law to file an amended VT return within 60 days of knowledge of the change to VT income, or 60 days from receipt of your notice of change by IRS or filing an amended return with the IRS. A late file penalty will be assessed if the amended VT return is not filed within the 60 day.

- **Change to VT income** An amended return is due even if the change is not from an adjustment to your Federal income tax return. For example, a nonresident or part-year resident may discover the amount of income taxable to VT is different from the amount originally reported.

- **Changes to Federal tax information** Filing an amended VT return is required within 60 days of notification by Internal Revenue Service. If the IRS adjusted your Federal taxable income, capital gains amount, earned income tax credit, the Federal tax credits passed through to VT tax, or any other change that affects your VT tax, you must file an amended VT income tax return. Attach a copy of all Federal forms showing changes to the VT amended return. The IRS and VT Department of Taxes routinely share information. Differences in the information on file with the IRS and the VT Department of Taxes, other than those allowed by VT law, are identified and may be audited.

- **Filing an amended Federal tax return** Filing an amended VT return is required within 60 days of filing an amended return with the Internal Revenue Service if VT income is affected.

FORM FOR AMENDING VT INCOME TAX RETURN:

Check the Amended box on Form IN-111, Section 1 for the applicable tax year. Enter the correct figures as if this were the original filing. Below Section 9, use the amended box to enter the amount originally refunded or paid to arrive at the amount of tax due or amount of refund.

VT INCOME TAX DEFINITIONS

Adjusted Gross Income or AGI means adjusted gross income from Federal income tax return filed or from the recomputed Federal income tax return.

Adjusted VT Income Tax means the VT tax calculated on VT Taxable Income as adjusted by certain additions, subtractions, and provisions for exempted income. The additions are 24% of the following Federal tax on Qualified Retirement Plans including IRA, MSA and other tax favored accounts; Recapture of Federal Investment Tax Credit; and Federal tax on qualified lump-sum distributions from Federal Form 4972; plus any Vermont tax credit recapture. Subtractions are 24% of the following Federal tax credits for Child and Dependent Care Expenses (unless qualified for Low-Income Child & Dependent Care Credit); Credit for Elderly or Disabled; Investment Tax Credit; and VT Farm Income Averaging Credit. The VT Income Tax can be adjusted for the percentage for VT exempt income and/or VT to non-VT income.

Domicile is the place where you have your permanent home. Establishing domicile depends on factors such as the location of residences owned or rented, the amount of time spent at the residences, the location of items considered of sentimental or financial value, how and where one's living is earned, an investment in a business or profession in this state, place of voter registration, state issuing driver's license and automobile registration, and the residence of the taxpayer's immediate family. No one factor is conclusive.

You can have only one domicile. Your domicile does not change unless you move to a new location with the intent to make it your permanent home. If you move to a new location but only intend to stay a limited time, your domicile does not change. For more information, see Department Regulation 1.5811.

Nonresident means an individual who is neither domiciled in VT nor maintained a permanent place of abode in VT where the individual was present for more than 183 days of the taxable year.

Part-Year Resident means an individual who meets the criteria for Residency during a portion of the taxable year.

Recomputed Federal Income Tax Return means a Federal income tax return prepared for VT purposes only that uses a different filing status for VT and prepared using the IRS rules for the VT only filing status. The recomputed return provides the amounts for entries on the VT return that require Federal line information. See Filing Status instructions for information when a recomputed Federal income tax return is applicable.

Resident means an individual who meets the criteria for Residency.

Residency means, for purposes of income tax, an individual who in that portion of the taxable year (1) is domiciled in VT; or (2) maintains a permanent place of abode and is present in VT for more than a combined total of 183 days of the taxable year.

Taxable Year means the calendar year. Call the Department if you are a fiscal year filer.

VT Income of Residents means the Adjusted Gross Income of a Resident less the following:

- Income exempted from state taxation under the laws of the United States
- Certain military pay (see page 44)
- Payment by the State of VT to a family for the support of an eligible person with a developmental disability when included in Federal adjusted gross income (see page 44)
- Wages received under Federal incentive work programs if wages are part of Federal adjusted gross income under Section 280C of the Internal Revenue Code (see page 44)
- Railroad Retirement Income Tier I and Tier II (see page 44)
- Expenditures or expenses incurred on VT property to meet the Americans with Disabilities Act (see page 44)

VT Income of Nonresidents means the sum of the following items to the extent the items are required to be included in Federal adjusted gross income:

- Rents and royalties from ownership of property located in VT
- Gains from the sale or exchange of VT property, including the sale of timber or timber rights
- Wages, salaries, commissions, or other income received for services performed in VT. Excluded from VT tax are certain military pay (see page 44) and income received for a dramatic performance in a commercial film to the extent such income would be excluded from personal income tax in the state of residence
- Income from every business, trade, profession, or occupation conducted in VT, including money received (1) under an agreement not to compete with a business operation in VT, (2) for goodwill associated with the sale of a VT business, or (3) for contractual services associated with the sale of a VT business unless it is shown that the compensation for services does not constitute income from the sale of the business
- VT income previously deferred under a nonqualified deferred compensation plan and income derived from such previously deferred income
- Lottery winnings from ticket(s) purchased in VT for VT Lottery, Tri-State Lottery, or PowerBall

Not included in VT income for a nonresident is income from activities necessary to create or maintain a worldwide web page or Internet site. For more information, go to www.state.vt.us/tax

VT Income of Part-Year Residents means any income described in VT Income of Nonresidents and all items earned or received during the period of VT residency described in VT Income of Residents.

VT Taxable Income means Federal taxable income with the addition of interest, dividends or other distributions from non-VT state and local obligations to the extent this income is excluded from Federal adjusted gross income, and the capital gain deferral in a previous year for investment in a qualified business upon disposition of the taxpayer's interest in the business; and to the extent such income is included in Federal adjusted gross income, a reduction for interest income from U.S. government obligations, and 40% of adjusted net capital gains.



INCOME FORM INSTRUCTIONS

FORM IN-111 VT INCOME TAX RETURN

Please do not make any marks in boxes or on lines that you intend to leave blank.

Section 1 Taxpayer Information **REQUIRED entries.** If you have a label, place on the income tax return in the "Place Label Here" space and enter Social Security Number(s). Otherwise, print your name(s), address and social security number(s) on the return.

Amended Return Check here **ONLY** if you are filing an **AMENDED 2006** income tax return. See **AMENDING AND CORRECTING VT RETURN INFORMATION** on page 5.

Deceased Taxpayer Check the applicable box if the taxpayer or spouse/civil union partner died during 2006. **Administrator or Executor:** Use Form IN-111 to report the decedent's income from the beginning of 2006 to the time of death. To claim an income tax refund on behalf of the deceased, attach one of the following documents to Form IN-111: the court certificate showing your appointment as administrator or executor (this is not needed if you are a surviving spouse); a completed VT Form 176 (Statement of Claimant to Refund Due on Behalf of Deceased Taxpayer), or a copy of completed Federal Form 1310. Form FI-161, VT Fiduciary Return of Income, should be filed to report the income of an estate or trust. Call (802) 828-2548 for information.

Use the School District Code and town of your legal residence. This may be different from your mailing address.

Line 1 VT School District Code: REQUIRED entry. See page 11 of this booklet for school district codes.

VT Residents: Use the 3-digit school district code for your residence on December 31, 2006.

Nonresidents: Enter 999 as your school district code.

Line 2 City/Town of Legal Residence REQUIRED entry. Enter your legal residence as of December 31, 2006. If you live where there is both a city and town with the same name, specify city or town. For

example: Rutland City or Rutland Town.

Section 2 Tax Filing Information

Filing Status REQUIRED entry. Check your VT filing status box. The VT filing status is generally your Federal filing status. **Exceptions (a recomputed Federal return will be required):**

- **CIVIL UNION** (available to same sex couples holding a valid civil union or marriage license): **Recomputed Federal income tax return required.** File using either Civil Union Filing Jointly or Civil Union Filing Separately. Because VT and IRS routinely share information, using the civil union status alerts the Department to expect differences between the IRS filing and VT filing. Complete another Federal return as if you filed Married Filing Jointly or Married Filing Separately with the Internal Revenue Service. Prepare the recomputed Federal return with the exemptions, deductions and rules allowed by the IRS for the Married Filing Jointly or Married Filing Separately. Mark this return as "**Recomputed for VT purposes.**" A copy of the recomputed return and a copy of the Federal

return actually filed with the IRS must accompany the Vermont return. Use the recomputed Federal return information where Federal information is required on the VT forms. If filing as Civil Union Filing Separately, enter the other person's name and social security number in the space provided in Section 2 at Line 7. If a non-VT resident civil union partner or same sex spouse has no VT income, you can elect to file Civil Union Filing Separately.

- **NON-VT RESIDENT SPOUSE WITH NO VT INCOME: Recomputed Federal income tax return required.** If a spouse is a nonresident of VT and has no VT income, you can file for VT income tax purposes as Married Filing Separately even though you filed jointly with the Internal Revenue Service. Complete another Federal income tax return as if you filed Married Filing Separately. Prepare the recomputed Federal return with the exemptions, deductions, and rules allowed for Married Filing Separately. Mark this return as "**Recomputed for VT purposes.**" A copy of the recomputed return and a copy of the Federal return actually filed with the IRS must accompany the Vermont return. Use the recomputed Federal return information where Federal information is requested on the VT forms. Enter your spouse's name and social security number in the space provided in Section 2 at Line 7.

Line 9 Exemptions Enter the number of exemptions claimed on your Federal return or your Recomputed Federal return.

NOTE: Federal Forms 1040EZ and 1040NR-EZ only, enter zero if you are claimed as another taxpayer's dependent in 2006. Enter 1 if you are Single. Enter 2 if you are Married Filing Jointly or Civil Union Filing Jointly

Line 10 Adjusted Gross Income Enter the amount from your Federal return. If applicable, use adjusted gross income from Recomputed Federal return.

Section 3 Taxable Income

Line 11 Federal Taxable Income Enter the amount from your Federal return. If applicable, use the taxable income from Recomputed Federal return.

Bonus Depreciation taken at the Federal level for S Corporation, LLC, LLP, or Partnership passes through to the individual taxpayer.

Additions to Federal Taxable Income

Line 12 Income from Non-VT State and Local Obligations are taxed in VT. Complete Form IN-112, VT Schedule A, Part I to calculate this amount. For nonresident taxpayers, use Line 15 on Form IN-113 to adjust for non-VT state and local obligations.

NOTE: If Federal Taxable Income is zero and you have an entry on Line 12 for non-VT state and local obligations, calculate the Federal taxable income as the loss amount. For **Federal Form 1040**, subtract Line 42 from Line 41. For **Federal Form 1040A**, subtract Line 26 from Line 25. For **Federal Form 1040NR**, contact the Department for line reference numbers. Enter result on Line 11. Check the box to the left of the entry box to show a loss amount.

Line 13 Federal Taxable Income with Additions Add Lines 11 and 12 and enter result. To show loss amount, check the box to the left of the entry box.

Subtractions from Federal Taxable Income

Line 14a Interest Income from U.S. Obligations Interest income from U.S. government obligations (such as U.S. Treasury Bonds, Bills, and Notes) is exempt from VT tax under the laws of the United States. Enter the amount of interest income from U.S. Obligations on this line to reduce your VT taxable income.

DO NOT recompute your Federal return for exempt U.S. Obligation income. This is now part of your VT taxable income calculation.

Interest income is exempt when received directly from the U.S. Treasury or from a trust, partnership, or mutual fund that invests in direct obligations of the U.S. government.

➔ Income from the sale of U.S. government obligations is taxable in VT. Income from repurchase agreements, securities of FNMA or GNMA or other investments that are not direct obligations of the U.S. government are also taxable. See Technical Bulletin 24 for more information.

Supporting Documentation Required: If you received over \$2,000 in U.S. government interest income, attach Federal Schedule B or other listing with amount and description. Summary information from a K-1, or just a statement "U.S. government securities" without further identification is not acceptable.

For \$2,000 or less in U.S. government interest, no attachments are required. However, you should obtain acceptable statements for your tax records in the event the Department requests such documentation.

Line 14b Capital Gains Deduction from VT Taxable Income from Long-Term Capital Gains

If you used the Federal Qualified Dividends and Capital Gain Tax Worksheet to calculate your federal tax liability, enter the amount from Federal Form 1040, Line 13 or Federal Form 1040A, Line 10. If you filed Federal Schedule D, complete the VT Capital Gains Worksheet on Form IN-112. This line entry cannot be less than zero.

Qualified Dividends reported for Federal purposes are not eligible for capital gains treatment for VT tax purposes.

Line 14c VT Capital Gains Deduction Multiply the entry on Line 14b by 40% and enter result here. This line entry cannot be less than zero.

Line 14d Total Subtractions Add Lines 14a and 14c and enter result.

Line 15 VT Taxable Income Subtract Line 14d from Line 13 and enter amount. If Line 14d is larger than Line 13, enter zero. **EXCEPTION:** If you have an entry on Line 12, Non-VT State and Local Obligations, subtract Line 14d from Line 13, check the box to the left of the entry to show a loss, and enter that amount.

Section 4 VT Income Tax

Line 16 VT Income Tax from Tax Table or Tax Rate Schedule Using the VT Taxable Income amount from Line 15, calculate your VT tax using the applicable table or schedule and enter result.

- If Line 15 amount is less than \$75,000 - Use VT Tax Tables.
- If Line 15 amount is \$75,000 or more - Use VT Rate Schedules.

Line 17 Additions to VT Income Tax Complete VT Form IN-112, VT Schedule A, Part II. Additions to VT Income Tax are:

- recapture of a Vermont tax credit; or
- additional Federal tax on the following:
 - Qualified Retirement Plans including IRA & MSA
 - Recapture of Federal Investment Tax Credit
 - Federal Form 4972 Line 7 or 30

Line 18 VT Income Tax with Additions Add Lines 16 and 17 and enter result.

Line 19 Subtractions from VT Income Tax Complete VT Form IN-112, VT Schedule A, Part II if you filed Federally for:

- Credit for Child and Dependent Care Expenses
- Credit for the Elderly or the Disabled
- Investment Tax Credit (as defined in IRC Section 46)
- Farm Income Averaging Credit

Line 20 VT Income Tax Subtract Line 19 from Line 18 and enter result. If Line 19 is more than Line 18, enter zero.

Line 21 Income Tax Adjustment Enter 100.00% or percent from Form IN-113, Line 40. ➔ Entry of less than 100.00% requires filing Form IN-113.

Examples of income adjustment less than 100.00%:

- You were a nonresident or part-year resident in 2006.
- You received exempt income as defined under VT Income of Residents on page 5.
- You claimed wages or expenses required to be added back to AGI under IRC Sections 280C or 44.

Line 22 Adjusted VT Income Tax Multiply Line 20 by the percentage on Line 21. If Line 21 is 100.00%, Line 22 will be the same as Line 20.

Section 5 Credits and Use Tax

Line 23 Credit for Income Tax Paid To Other State or Canadian Province (FOR FULL-YEAR AND PART-YEAR RESIDENTS) Complete Form IN-112, VT Schedule B and enter result from Line 6. For more than one state or Canadian province, see IN-112, VT Schedule B instructions.

Line 24 VT Tax Credits Complete Form IN-119 and enter amount.

Line 25 Total VT Credits Add Lines 23 and 24 and enter result.

Line 26 VT Income Tax After Credits Subtract Line 25 from Line 22. If Line 25 is more than Line 22, enter zero.

Line 27 Use Tax (FOR FULL-YEAR AND PART-YEAR RESIDENTS) Use this line to report Use Tax except as noted below. Use Tax applies to purchases on which sales tax has not been charged, but are subject to sales tax. This includes purchases from a mail-order house or catalog, over the Internet, from an out-of-state retailer, or from any retailer who did not charge sales tax. No Use Tax is due on purchases of food, clothing articles costing \$110 or less, prescriptions, or newspapers. Tax applies to most other products including, but not limited to, magazine subscriptions, computers, furniture, jewelry, audio, video and electronic equipment. *Example:* In July 2006, you paid \$100 for books purchased from a mail-order company that ships the books to your VT home. The company charges no sales tax. You owe \$6 Use Tax (\$100 x 6%).

You may use the Use Tax Reporting Table if you do not have receipts to calculate the actual Use Tax. The option to use the reporting table applies only to items costing less than \$1,000. **NOTE:** For each item costing more than \$1,000, you must calculate the use tax and, if also using the reporting table, add that amount to the tax from the table.

Because proof of tax payment is required to register a boat or snowmobile, use Form SU-452. Form SU-452 is available on the Department web site or by calling (802) 828-2515. For more information or assistance, call the Department at (802) 828-2551.

If you have no use tax to report, leave blank or enter zero.

USE TAX REPORTING TABLE					
Adjusted Gross Income From IN-111, Line 10 is:					
At Least	Up To	Use Tax	At Least	Up To	Use Tax
\$10,000	\$12,999	\$ 4.00	\$38,000	\$39,999	\$15.00
13,000	14,999	5.00	40,000	42,999	16.00
15,000	17,999	6.00	43,000	44,999	17.00
18,000	19,999	7.00	45,000	47,999	18.00
20,000	22,999	8.00	48,000	49,999	19.00
23,000	24,999	9.00	50,000	52,999	20.00
25,000	27,999	10.00	53,000	54,999	21.00
28,000	29,999	11.00	55,000	57,999	22.00
30,000	32,999	12.00	58,000	59,999	23.00
33,000	34,999	13.00	60,000	62,999	24.00
35,000	37,999	14.00	63,000 and more - Multiply IN-111 Line 10 by .0004		

➔ If you use the Use Tax Reporting Table, the Department will not assess additional Use Tax unless items costing \$1,000 or more each are unreported.

➔ Use Tax on items purchased for a business must be reported on Forms SU-451 or SU-452 instead of this form. You cannot use the optional Use Tax Reporting Table.

Line 28 Total VT Taxes Add Lines 26 and 27 and enter result.

Section 6 Voluntary Contributions

Enter the amount on the line(s) for the fund(s) to which you wish to contribute. Your refund will be reduced, or your payment increased, by this amount.

➔ Your refund or payment must cover all contribution amounts or no contribution is made. *Example:* Your return calculations show a \$60 refund and you make a \$30 contribution - \$10 to each fund. Upon processing, the Department discovers a math error and your refund is now \$25. The refund is less than the \$30 contribution. The filer receives the \$25 as an income tax refund and no contributions are made.

Line 29a VT Nongame Wildlife Fund Contribution

The Nongame Wildlife Fund was created to preserve VT's natural wildlife heritage for ourselves and our culture. Many species benefit from your gift, including loons, songbirds, frogs, turtles, bald eagles, butterflies, and peregrine falcons.

This is a convenient way to select wildlife for charitable giving. This gift is deductible on next year's Federal tax return as a charitable contribution. Thank you for caring and giving a "voice" to many of VT's rarest creatures.

To receive a loon decal and annual newsletter featuring projects sponsored by the Nongame Wildlife Fund, contact: Nongame and Natural Heritage Program, VT Fish & Wildlife Department, 103 South Main Street, Waterbury, VT 05671-0501 or call (802) 241-3700.

Line 29b Children's Trust Fund (VCTF) Contribution

This fund aims to improve the lives of children and youths by sponsoring programs such as parenting education classes, youth leadership programs, out-of-school time activities, mentoring programs and literacy projects which work to prevent juvenile delinquency, child abuse, and other problems families face. Funds for the programs are given to VT community organizations. The programs are voluntary and open to the general public. All donations are tax-deductible. Information on the organization's income and expenses is available on their web site in their newsletter financial update section.

To learn more, go to the VCTF web site at www.vtchildrenstrust.org or write to VCTF, 53 Timber Lane, South Burlington, VT 05403; or call (888) 475-5437.


Line 29c VT Campaign Fund Contribution

This fund makes finance grants to the campaigns of governor and lieutenant governor candidates. The VT Secretary of State office administers the revenues for the fund that come from your contributions, a portion of the fees for corporate and annual reports, and any penalties or fines for violations of campaign finance laws. For more information, go to their web site at www.sec.state.vt.us or write to Secretary of State, 109 State Street, Montpelier, VT 05609-1103 or call (802) 828-2363.

Section 7 Payments and Credits

Line 31a VT Income Tax Withheld

Enter the amount of VT income tax withheld. Attach the state copy of your W-2, Form 1099 or other payment statements to verify the amount. Failure to attach the payment statement(s) will delay processing your return and you will not receive credit for the withholding against your VT tax. Nonresidents receiving income from a business entity, see Line 31f.

 To get credit for your VT withholding, you must enter the amount on Line 31a.

Line 31b 2006 Estimated Tax or Extension Payments Enter the amount of 2006 VT estimated income taxes you paid and/or the amount paid with VT Form IN-151, Extension of Time to File, for the 2006 return. Remember to include any refund credited towards 2006 taxes from your 2005 VT income tax return. Call (866) 828-2865 (toll-free in VT) or

(802) 828-2865 (local or out-of-state) to find out the amount of 2006 tax payments the Department has on record.

Line 31c VT Earned Income Tax Credit (FOR FULL-YEAR AND PART-YEAR VT RESIDENTS) Enter the amount from Form IN-112, VT Schedule C. Attach a complete Form IN-112 to this form.

Line 31d Renter Rebate (FOR FULL-YEAR VT RESIDENTS ONLY) If you are filing the Renter Rebate Claim with the income tax return, enter the renter rebate amount from Form PR-141, Line 9.

Line 31e VT Real Estate Withholding (NONRESIDENTS ONLY) If you sold real estate in VT during 2006 and the buyer withheld VT income tax from the sales price, enter the amount withheld shown on Form RW-171, VT Withholding Tax Return for Transfer of Real Property, Schedule A, Line 12. Include a copy of the first two pages of your Federal income tax return and any Federal schedule that documents the income or loss from the VT sale.

For installment sales: You must report the balance of your gain to VT on future returns or elect to pay VT 6% tax on the entire gain in the year of the sale. If you choose the 6% tax, include a letter with the return asking for the "6% Tax Elect Out for VT Purposes", attach a copy of Federal Form 6252, and do not include the gain from the sale on Form IN-113, Line 7. Call (802) 828-2776 if you need assistance completing this portion of the VT return.

Line 31f Business Entity Payments for Nonresident Partner, Member, or Shareholder (NONRESIDENTS ONLY) Enter the estimated income tax payments made on your behalf by a partnership, limited liability company, or S corporation toward your 2006 VT income tax. If you need to check with the entity on these payments, mention that the entity makes these payments on VT Form WH-435. If the payments exceed your VT income tax liability, you may be entitled to a refund. Title 32 V.S.A. §§5914 and 5920 allow the entity, at its option, to recover any excess payment from you. Call (802) 828-5723 if you need information on WH-435 payments. See Technical Bulletins 5 & 6.

Line 31g Low Income Child & Dependent Care Credit (FULL YEAR VT RESIDENTS ONLY) Eligible taxpayers receive 50% of the Federal Child and Dependent Care Credit as a VT income tax credit instead of the 24% credit from Form IN-112. Taxpayers must meet the following requirements:

- Income of
 - less than \$30,000 Federal Adjusted Gross Income for taxpayers filing as Single, Head of Household or Married Filing Separately; Civil Union Filing Separately, or
 - less than \$40,000 Federal Adjusted Gross Income for taxpayers Married Filing Jointly, Civil Union Filing Jointly or Qualified Widow(er)

and

- Care was provided by a home or facility accredited by the VT Agency of Human Services. Include a copy of your Federal Form 2441. To determine if your care provider is accredited, go to "Low income child and dependent care" on the drop down menu in the Individual section of the Department's web site at www.state.vt.us/tax or call (800) 540-7942.

➔ If your Federal tax credit is based on care provided by accredited and non-accredited providers, complete the Low Income Child & Dependent Care Worksheet on Form IN-112 to determine if using the Low Income credit or 24% of the total Federal tax credit is more beneficial to you. Only one of the credits can be taken.


Line 31h Total Payments and Credits Add Lines 31a through 31g and enter result.

Section 8 Refund

Line 32 Overpayment If Line 30 is less than Line 31h, you have a refund. Subtract Line 30 from Line 31h and enter result here. This is the

amount your payments and credits exceed your income tax, use tax liability and voluntary contribution entries.

Line 33a Credit to 2007 Estimated Tax Payment Enter the amount of refund from Line 32 you want credited toward your 2007 income tax. Your income refund will be reduced by this amount.

 The Renter Rebate from Line 31d can only be refunded or used to pay 2006 VT tax. It cannot be applied to 2007 income taxes.

NEW
Line 33b Credit to 2007 Homestead Property Tax Bill If you filed a 2007 Declaration of Vermont Homestead on Form HS-122 and you filed the 2006 income tax return on or before September 1, 2007, you may elect to use all or part of your refund to pay your homestead property tax bill. Your income refund will be reduced by this amount. The refund amount sent to your municipality will include an additional 1%.

Line 34 Refund Amount Subtract Lines 33a and 33b from Line 32 and enter the result. This is the amount of your refund.

Section 9 Amount You Owe

Line 35 If Line 30 is more than Line 31h, this is the amount you owe. Subtract Line 31h from Line 30 and enter result.

Line 36 Interest and Penalty on Underpayment of or Failure to Make Estimated Tax Payments Paying charges at the time of filing may reduce the amount of charges that would be billed later. Use Worksheet IN-152 or IN-152A, available on our website, to calculate the charges. The paper worksheets can be obtained by calling 802-828-2515. If you have a refund, the interest and penalty will be deducted. See page 3 for more information and examples.

NEW
Worksheet IN-152A calculates penalty and interest for taxpayers who annualize.

Line 37 Total Add Lines 35 and 36. Enter amount. This is the amount you owe. See *Payment Options* on page 4. If you are unable to pay all your taxes and want to request a payment plan, see page 4.

Section 10 Signature

Signature **REQUIRED entry.** Sign the return in the space provided. If filing this form jointly, both filers must sign.

Date Write the date on which the form was signed.

Occupation Enter your occupation. If filing jointly, enter both filers' occupations.

Age Check this box at the applicable signature line if age 65 or older on December 31, 2006.

Disclosure Authorization If you wish to give the Department authorization to discuss your 2006 VT income tax return with your tax preparer, check this box and include the preparer's name.

Preparer If you employed a paid preparer, he/she must sign the form. The preparer must enter his/her social security number or PTIN and, if the preparer is employed by a business, the EIN of the business. If someone other than the filer(s) prepared the return without charging a fee, that signature is optional.

FORM IN-112 VT TAX ADJUSTMENTS and CREDITS

Print your name and social security number on this form. Use blue or black ink to make all entries.

VT Schedule A Adjustments to Income or VT Tax

INTEREST, DIVIDEND AND OTHER DISTRIBUTION INCOME FROM NON-VT STATE AND LOCAL OBLIGATIONS ARE TAXABLE IN VT. A VT obligation is one from the State of VT or VT municipality.

Part I Income from State and Local Obligations

Line 1 Enter the total interest, dividend and distribution income received from all state and local obligations exempted from Federal tax.

Line 2 Enter the interest, dividend and distribution income from VT obligations. This may have been paid directly to you or through a mutual fund or other legal entity that invests in VT state and local obligations. If you receive this income from a mutual fund that has only a portion of its assets invested in VT state and local obligations, enter only the VT obligation amount.

Line 3 Subtract Line 2 from Line 1. Enter result and enter on Form IN-111, Section 3, Line 12. This is the amount of interest, dividend and distribution income from state and local obligations that must be included in VT Taxable Income. **→** If Line 2 is more than Line 1 on Form IN-112, enter 0 and also on Form IN-111, Section 3, Line 12.

Part II Adjustments to VT Income Tax

If you file Federal Form 1040NR, contact the Department for line references.

Additions to VT Tax

Line 4 Tax on Qualified Plans and tax favored accounts. Enter the amount from Federal Form 1040, Line 60.

Line 5 Recapture of Federal Investment Tax Credit from Federal Form 4255.

Line 6 Tax on lump sum distributions from Federal Form 4972, Line 7 or 30.

Line 7 Add Lines 4 through 6 and enter result.


Line 8 Multiply Line 7 by 24% and enter result.

Line 9 Recapture for Vermont tax credit(s). Contact the Department at 1-866-828-2865 (toll-free in VT) or (802) 828-2865 (local or out-of-state) for information on calculating the recapture amount.

Line 10 Add Line 8 and Line 9 and enter result. Also enter on Form IN-111, Section 4, Line 17.

Subtractions from VT Tax

Line 11 Credit for Child and Dependent Care Expenses from Federal Form 1040, Line 48; 1040A, Line 29. Do not use this line if you qualify for the Low Income Child and Dependent Care Credit on Form IN-111, Section 7, Line 31g unless your Federal tax credit is based on care provided by accredited and non-accredited providers. Complete the Low Income Child & Dependent Care Worksheet on this form to determine if using the Low Income credit or 24% of the total Federal tax credit is more beneficial to you. Only one of the credits can be taken.

 **NOTE:** This is NOT the Federal child tax credit.

Line 12 Credit for the Elderly or the Disabled from Federal Form 1040, Line 49 or 1040A, Line 30.

Line 13 Investment Tax Credit as defined by IRS Section 46 and claimed on Federal Form 3468.

Line 14 VT Farm Income Averaging Credit This credit is available for farmers ONLY if Federal tax was calculated using Federal Schedule J. Complete the Form IN-112 worksheet.

Line 15 Add Lines 11 through 14 and enter result.

Line 16 Multiply Line 15 by 24% and enter result. Also enter on Form IN-111, Section 4, Line 19.

VT Schedule B Credit for Income Tax Paid to Other State or Canadian Province (FOR FULL-YEAR AND PART-YEAR VT RESIDENTS ONLY)

Part-Year Residents - Go to our web site at www.state.vt.us/tax or contact the Department for information on how to file for income earned in another state while a VT resident.

Supporting Documents Required: Copy of 2006 tax return filed in the other state(s). For Canadian Province(s), a copy of 2006 provincial tax return filed, copy of Federal Form 1116 (Foreign Tax Credit), and if filed, Revenue Canada income tax return. ➔ Convert amounts on Canadian returns to U.S. dollars.

A credit may be allowed against VT 2006 income tax on income tax paid in this tax year to another state or Canadian province on income taxed by both VT and the other taxing jurisdiction. The credit does not include city or county taxes. Credit for Canadian provincial income tax excludes the portion used as a foreign tax credit on Federal Form 1040.

More Than One State or Province?

- Complete a VT Schedule B for each state or province. Do not complete an IN 112 that combines the income and credit of all states or provinces.
- Enter the adjusted gross income taxed by the other state or province
- Add Line 6 from each VT Schedule B to get the tax credit entry on Form IN-111, Section 5, Line 23.
- Attach all VT Schedules B and a copy of each state or provincial income tax return to your VT income tax return.

Line 1a Enter your adjusted gross income from sources outside VT in 2006. Include only income that is taxed by VT and also taxed by another state or Canadian province.

Line 1b Enter 40% of long-term capital gain reported to this state or Canadian province in 2006.

Line 1c Subtract Line 1b from Line 1a and enter result.

Line 2a Enter the adjusted gross income from VT Form IN-111, Line 10.

Line 2b Enter Capital Gains exclusion from VT Form IN-111, Line 14c.

Line 2c Subtract Line 2b from Line 2a and enter result.

Line 3 Enter the VT Income Tax from Form IN-111, Section 4, Line 20.

Line 4 Divide Line 1c by Line 2c; then multiply the answer by Line 3, and enter result. This is the amount of VT tax that would have been due on the income taxed in another state or Canadian province.

Line 5 Enter the amount of 2006 tax year income tax paid to the other state or Canadian province on the income reported on Line 1c of this schedule. ➔ County and city taxes cannot be included. Use only the tax paid; withholding is not the income tax liability.

Line 6 Enter the lesser of Line 4 or Line 5. This is the allowable tax credit. Enter this amount on Form IN-111, Section 5, Line 23.

VT Schedule C VT Earned Income Tax Credit (FOR FULL-YEAR AND PART-YEAR VT RESIDENTS ONLY)

Taxpayers Not Eligible for credit:

- Nonresidents of VT
- Those with filing status of Married Filing Separately or Civil Union Filing Separately.

Supporting Documents Required: Evidence of earned income such as W-2 or self-employment schedule(s). Part-Year Residents must also file Form IN-113.

Complete the Federal earned income tax credit worksheet before doing the VT schedule. A taxpayer must be allowed the Federal earned income tax credit to be eligible for the VT earned income tax credit. Vermont uses the Federal earned income tax credit definitions and rules.

➔ Eligibility questions A and B must be answered. The claim will be disallowed if the questions are not answered.

For Line 1 or Line 7: Use entry from Federal Form 1040, Line 66a; or Form 1040A, Line 40a; or Form 1040EZ, Line 8a.

Full-Year Residents Only

Line 1 Enter the amount of your Federal earned income tax credit.

Line 2 Multiply Line 1 by 32%. Enter the result and also enter on Form IN-111, Section 7, Line 31c. This is the VT earned income tax credit.

Part-Year Residents Only

Line 3 Enter the amount of wages, salaries, tips, etc. from Form IN-113, Schedule I, Line 1, Columns A and B respectively.

Line 4 Other earned income includes income from a business, partnership, or farm. Add the amounts on Form IN-113, Schedule I, Lines 6, 10, and 12, Columns A and B respectively.

Line 5, Column A Add Lines 3 and 4 in Column A and enter result.

Line 5, Column B Add Lines 3 and 4 in Column B and enter result.

Line 6 Divide Line 5, Column B by Line 5, Column A. Enter the result as a percentage carried out to two decimal places. This is the percentage of 2006 income earned in VT that is eligible for the VT earned income tax credit.

Example $\frac{\$1,200 \text{ (Line 5, Column B)}}{\$3,300 \text{ (Line 5, Column A)}} = .3636 \text{ or } 36.36\%$

NOTE: Adjustment can never be more than 100.00%.

Line 7 Enter the amount of your Federal earned income tax credit.

Line 8 Multiply Line 7 by 32% and enter result.

Line 9 Multiply Line 8 by Line 6. Enter the result and also enter on Form IN-111, Section 7, Line 31c. This is your VT earned income tax credit.

VT WORKSHEETS

Capital Gains Worksheet Complete this worksheet if you have qualified dividends taxed at capital gains rate for Federal tax.

Low Income Child & Dependent Care Worksheet Complete this worksheet if your child and dependent care Federal credit is based on amounts paid to accredited and non-accredited care providers.

VT Farm Income Averaging Worksheet Complete this worksheet if you are a farmer and calculated your Federal income tax using Federal Schedule J.

FORM IN-113 INCOME ADJUSTMENT SCHEDULES

Supporting Documents Required: Copies of pages 1 and 2 of Federal income tax return and any Federal schedules reporting VT income or loss.

➔ If you recomputed the Federal return for VT purposes only, use the recomputed amounts.

➔ For Married Filing Separately or Civil Union Filing Separately, all income of the individual filing must be included in Column A – not just VT income. The adjustment schedule will exclude the non-VT income.

Residents: Use Schedule II to adjust for income exempt from VT income tax

Part-Year Residents and Nonresidents: Complete both Schedules I and II. A Part-Year Resident may, in some cases, be able to adjust VT income by both the VT percentage of income and credit for income tax paid to another state. The income tax paid to the other state must be for income earned in VT while a VT resident. Go to our web site at www.state.vt.us/tax or contact the Department for information on how to file for income earned in another state while a VT resident. See page 5 for a definition of nonresident and part-year VT income.

Schedule I (For Nonresident or Part-Year VT Resident)

Lines 1 - 15, Column A Enter the income for these categories of adjusted gross income as shown on your Federal income tax return.

NOTE: For Line 3A - Use amount from 1040, Line 9a or 1040A, Line 9a.

Instructions continued on page 44

VT SCHOOL DISTRICT CODES

Homeowners: For Form IN-111, find the school district code where you owned and resided on December 31, 2006. For Form HS-122, find the school district code where you own and reside as of April 1, 2007.

Renters: Find the school district code for the town where your landlord paid school property tax for the place you lived on December 31, 2006. If you are not sure, check with your landlord or local school officials. Enter the 3-digit code on Form IN-111 (if required to file) and on Form PR-141.

Nonresidents: Enter **999** for the school district code.

Definitions

HIP is the percentage of your household income used to calculate the portion of the homestead school property tax you pay. The State percentage is 1.80%.

Anything above 1.80% reflects spending above the State per-student amount authorized by your town or school district.

HEV is the amount of school property tax for your town on \$15,000.

\$200K Homestead is the amount of school property tax for your town on a \$200,000 homestead.

VT SCHOOL CODE	SCHOOL DISTRICT NAME	HIP HOUSEHOLD INCOME %	HEV EXEMPTION VALUE	HOMESTEAD SCHOOL TAX ON \$200K
001	ADDISON	2.72%	\$215	\$2,871
002	ALBANY	2.47%	\$196	\$2,608
003	ALBURG	2.46%	\$194	\$2,592
004	ANDOVER	2.61%	\$206	\$2,750
005	ARLINGTON	2.88%	\$228	\$3,037
006	ATHENS	2.52%	\$199	\$2,658
255	AVERILL	1.80%	\$143	\$1,900
256	AVERY'S GORE	1.80%	\$143	\$1,900
007	BAKERSFIELD	2.54%	\$201	\$2,679
008	BALTIMORE	2.66%	\$211	\$2,809
009	BARNARD	2.69%	\$213	\$2,844
010	BARNET	2.73%	\$216	\$2,883
011	BARRE CITY	2.00%	\$159	\$2,116
012	BARRE TOWN	2.09%	\$165	\$2,205
013	BARTON	2.60%	\$206	\$2,748
014	BELVIDERE	3.00%	\$238	\$3,169
015	BENNINGTON	2.42%	\$192	\$2,559
016	BENSON	2.32%	\$184	\$2,447
017	BERKSHIRE	2.28%	\$180	\$2,404
018	BERLIN	2.63%	\$208	\$2,773
019	BETHEL	2.88%	\$228	\$3,045
020	BLOOMFIELD	1.80%	\$143	\$1,900
021	BOLTON	2.70%	\$214	\$2,848
022	BRADFORD	2.66%	\$211	\$2,812
023	BRAINTREE	2.77%	\$220	\$2,927
024	BRANDON	2.71%	\$215	\$2,865
025	BRATTLEBORO	3.13%	\$248	\$3,305
026	BRIDGEWATER	2.54%	\$201	\$2,684
027	BRIDPORT	2.84%	\$225	\$2,996
028	BRIGHTON	2.11%	\$167	\$2,231
029	BRISTOL	2.70%	\$213	\$2,845
030	BROOKFIELD	2.77%	\$219	\$2,922
031	BROOKLINE	2.60%	\$206	\$2,746
032	BROWNINGTON	2.52%	\$199	\$2,658
033	BRUNSWICK	1.80%	\$143	\$1,900
252	BUEL'S GORE	1.80%	\$143	\$1,900
034	BURKE	2.42%	\$192	\$2,555
035	BURLINGTON	2.08%	\$165	\$2,193
036	CABOT	2.86%	\$227	\$3,024
037	CALAIS	2.77%	\$219	\$2,925
038	CAMBRIDGE	3.06%	\$242	\$3,226
039	CANAAN	2.28%	\$181	\$2,409
040	CASTLETON	2.47%	\$195	\$2,603
041	CAVENDISH	2.82%	\$224	\$2,980
042	CHARLESTON	2.38%	\$188	\$2,510
043	CHARLOTTE	2.91%	\$230	\$3,072
044	CHELSEA	2.59%	\$205	\$2,732
045	CHESTER	2.59%	\$205	\$2,731
046	CHITTENDEN	2.52%	\$200	\$2,664
047	CLARENDON	2.97%	\$235	\$3,136
048	COLCHESTER	2.26%	\$179	\$2,387
049	CONCORD	2.51%	\$198	\$2,644
050	CORINTH	2.57%	\$203	\$2,709
051	CORNWALL	2.99%	\$236	\$3,153
052	COVENTRY	2.22%	\$176	\$2,341
053	CRAFTSBURY	2.86%	\$227	\$3,022
054	DANBY	2.56%*	\$203*	\$2,706*
055	DANVILLE	2.44%	\$194	\$2,580
056	DERBY	2.27%	\$180	\$2,398

VT SCHOOL CODE	SCHOOL DISTRICT NAME	HIP HOUSEHOLD INCOME %	HEV EXEMPTION VALUE	HOMESTEAD SCHOOL TAX ON \$200K
057	DORSET	2.91%	\$230	\$3,069
058	DOVER	2.46%	\$194	\$2,592
059	DUMMERSTON	3.60%	\$285	\$3,797
060	DUXBURY	2.54%	\$201	\$2,683
061	EAST HAVEN	2.55%	\$202	\$2,689
062	EAST MONTPELIER	2.74%	\$217	\$2,894
063	EDEN	3.07%	\$243	\$3,238
064	ELMORE	1.87%	\$148	\$1,976
065	ENOSBURG	2.65%	\$209	\$2,793
066	ESSEX JUNCTION	2.93%	\$232	\$3,092
067	ESSEX TOWN	2.84%	\$225	\$2,995
070	FAIR HAVEN	2.61%	\$207	\$2,758
068	FAIRFAX	2.38%	\$188	\$2,510
069	FAIRFIELD	2.34%	\$185	\$2,471
071	FAIRLEE	2.63%	\$208	\$2,779
072	FAYSTON	2.85%	\$225	\$3,003
257	FERDINAND	1.80%	\$143	\$1,900
073	FERRISBURGH	2.73%	\$216	\$2,880
074	FLETCHER	2.56%	\$203	\$2,703
075	FRANKLIN	2.20%	\$174	\$2,322
076	GEORGIA	2.40%	\$190	\$2,533
258	GLASTENBURY	1.80%	\$143	\$1,900
077	GLOVER	2.88%	\$228	\$3,045
078	GOSHEN	2.83%	\$224	\$2,989
079	GRAFTON	2.87%	\$227	\$3,032
080	GRANBY	2.03%	\$161	\$2,146
081	GRAND ISLE	2.78%	\$220	\$2,929
082	GRANVILLE	2.22%	\$175	\$2,339
083	GREENSBORO	2.66%	\$210	\$2,803
084	GROTON	2.66%	\$210	\$2,804
085	GUILDHALL	1.80%	\$143	\$1,900
086	GUILFORD	2.99%	\$237	\$3,158
087	HALIFAX	2.53%	\$200	\$2,670
088	HANCOCK	2.27%	\$180	\$2,398
089	HARDWICK	2.72%	\$215	\$2,869
090	HARTFORD	2.39%	\$189	\$2,521
091	HARTLAND	2.83%	\$224	\$2,990
092	HIGHGATE	2.31%	\$183	\$2,444
093	HINESBURG	2.91%	\$230	\$3,071
094	HOLLAND	2.39%	\$189	\$2,519
095	HUBBARDTON	2.21%	\$175	\$2,335
096	HUNTINGTON	2.55%	\$202	\$2,688
097	HYDE PARK	2.72%	\$215	\$2,871
098	IRA	2.17%	\$172	\$2,289
099	IRASBURG	2.34%	\$185	\$2,467
100	ISLE LA MOTTE	2.95%	\$234	\$3,115
101	JAMAICA	2.73%	\$218	\$2,902
102	JAY	2.63%	\$208	\$2,775
103	JERICO	2.56%	\$203	\$2,703
253	JERICO ID	2.47%	\$196	\$2,608
104	JOHNSON	2.62%	\$207	\$2,762
185	KILLINGTON	3.17%	\$251	\$3,350
105	KIRBY	2.65%	\$210	\$2,795
106	LANDGROVE	2.52%	\$200	\$2,663
107	LEICESTER	2.56%	\$203	\$2,705
108	LEMINGTON	2.80%	\$222	\$2,953
259	LEWIS	1.80%	\$143	\$1,900
109	LINCOLN	2.72%	\$218	\$2,907
110	LONDONDERRY	2.91%	\$231	\$3,074

VT SCHOOL CODE	SCHOOL DISTRICT NAME	HIP HOUSEHOLD INCOME %	HEV EXEMPTION VALUE	HOMESTEAD SCHOOL TAX ON \$200K
111	LOWELL	2.09%	\$166	\$2,209
112	LUDLOW	2.79%	\$221	\$2,944
113	LUNENBURG	2.39%	\$189	\$2,521
114	LYNDON	2.45%	\$194	\$2,582
115	MAIDSTONE	2.87%	\$227	\$3,028
116	MANCHESTER	2.73%	\$216	\$2,883
117	MARLBORO	2.89%	\$229	\$3,049
118	MARSHFIELD	2.28%	\$180	\$2,402
119	MENDON	2.57%	\$204	\$2,714
120	MIDDLEBURY	3.05%	\$241	\$3,217
121	MIDDLESEX	2.80%	\$221	\$2,951
122	MIDDLETOWN SPRINGS	3.00%	\$237	\$3,162
123	MILTON	2.31%	\$183	\$2,437
124	MONKTON	2.80%	\$221	\$2,950
125	MONTGOMERY	2.24%	\$177	\$2,363
126	MONTPELIER	2.57%	\$204	\$2,717
127	MORETOWN	2.77%	\$219	\$2,923
128	MORGAN	2.29%	\$182	\$2,421
129	MORRISTOWN	2.21%	\$175	\$2,336
130	MOUNT HOLLY	2.81%	\$222	\$2,965
131	MOUNT TABOR	2.77%*	\$219*	\$2,920*
135	NEW HAVEN	2.72%	\$215	\$2,867
132	NEWARK	2.19%	\$173	\$2,313
133	NEWBURY	2.69%	\$213	\$2,836
134	NEWFANE	3.11%	\$246	\$3,285
136	NEWPORT CITY	2.45%	\$194	\$2,590
137	NEWPORT TOWN	2.38%	\$189	\$2,515
138	NORTH BENNINGTON ID	2.75%	\$218	\$2,900
140	NORTH HERO	2.88%	\$228	\$3,040
139	NORTHFIELD	2.67%	\$211	\$2,816
141	NORTON	1.92%	\$152	\$2,031
142	NORWICH	3.07%	\$243	\$3,244
143	ORANGE	2.40%	\$190	\$2,528
144	ORLEANS	2.85%	\$226	\$3,013
145	ORWELL	2.25%	\$179	\$2,380
146	PANTON	2.59%	\$205	\$2,738
147	PAWLET	2.45%	\$194	\$2,589
148	PEACHAM	2.61%	\$207	\$2,759
149	PERU	2.69%	\$213	\$2,843
150	PITTSFIELD	2.45%	\$194	\$2,581
151	PITTSFORD	2.82%	\$224	\$2,981
152	PLAINFIELD	2.28%	\$180	\$2,402
153	PLYMOUTH	2.87%	\$227	\$3,027
154	POMFRET	2.84%	\$225	\$2,994
155	POULTNEY	2.89%	\$228	\$3,046
156	POWNAI	2.32%	\$184	\$2,448
157	PROCTOR	3.08%	\$244	\$3,251
158	PUTNEY	2.97%	\$235	\$3,137
159	RANDOLPH	2.72%	\$216	\$2,874
160	READING	3.05%	\$242	\$3,222
161	READSBORO	1.80%	\$143	\$1,900
162	RICHFORD	2.33%	\$184	\$2,457
163	RICHMOND	2.48%	\$196	\$2,617
164	RIPTON	2.98%	\$236	\$3,143
165	ROCHESTER	2.97%	\$235	\$3,134
166	ROCKINGHAM	2.76%	\$219	\$2,914
167	ROXBURY	2.65%	\$210	\$2,795
168	ROYALTON	2.25%	\$179	\$2,386
169	RUPERT	2.44%	\$193	\$2,577
170	RUTLAND CITY	2.22%	\$176	\$2,346
171	RUTLAND TOWN	2.86%	\$227	\$3,022
172	RYEGATE	2.66%	\$210	\$2,804
173	SAINT ALBANS CITY	2.40%	\$190	\$2,530
174	SAINT ALBANS TOWN	2.40%	\$190	\$2,529
175	SAINT GEORGE	2.18%	\$173	\$2,302
176	SAINT JOHNSBURY	2.46%	\$195	\$2,599
177	SALISBURY	3.04%	\$241	\$3,208
178	SANDGATE	2.88%	\$228	\$3,040
179	SEARSBURG	1.80%	\$143	\$1,900
180	SHAFTSBURY	2.50%	\$198	\$2,642
254	SHAFTSBURY ID	2.75%	\$218	\$2,900
181	SHARON	2.54%	\$201	\$2,682

VT SCHOOL CODE	SCHOOL DISTRICT NAME	HIP HOUSEHOLD INCOME %	HEV EXEMPTION VALUE	HOMESTEAD SCHOOL TAX ON \$200K
182	SHEFFIELD	2.41%	\$191	\$2,544
183	SHELBURNE	2.78%	\$220	\$2,935
184	SHELDON	2.24%	\$177	\$2,365
186	SHOREHAM	3.03%	\$240	\$3,194
187	SHREWSBURY	2.44%	\$193	\$2,574
260	SOMERSET	1.80%	\$143	\$1,900
188	SOUTH BURLINGTON	2.70%	\$214	\$2,850
189	SOUTH HERO	2.58%	\$204	\$2,727
190	SPRINGFIELD	2.77%	\$219	\$2,924
191	STAMFORD	2.04%	\$162	\$2,155
192	STANNARD	2.84%	\$225	\$2,995
193	STARKSBORO	2.82%	\$223	\$2,972
194	STOCKBRIDGE	2.57%	\$203	\$2,710
195	STOWE	2.67%	\$211	\$2,815
196	STRAFFORD	2.63%	\$208	\$2,773
197	STRATTON	2.51%	\$199	\$2,653
198	SUDBURY	2.83%	\$224	\$2,991
199	SUNDERLAND	2.60%	\$205	\$2,740
200	SUTTON	2.50%	\$198	\$2,640
201	SWANTON	2.31%	\$183	\$2,437
202	THETFORD	2.99%	\$236	\$3,151
203	TINMOUTH	2.61%	\$207	\$2,756
204	TOPSHAM	2.57%	\$203	\$2,709
205	TOWNSHEND	2.98%	\$236	\$3,147
206	TROY	2.21%	\$175	\$2,329
207	TUNBRIDGE	2.22%	\$176	\$2,347
208	UNDERHILL ID	2.47%	\$196	\$2,608
209	UNDERHILL TOWN	2.47%	\$196	\$2,607
210	VERGENNES	2.54%	\$201	\$2,677
211	VERNON	2.88%	\$217	\$2,274
212	VERSHIRE	3.05%	\$241	\$3,219
213	VICTORY	2.59%	\$205	\$2,731
214	WAITSFIELD	2.62%	\$207	\$2,764
215	WALDEN	2.20%	\$175	\$2,327
216	WALLINGFORD	2.84%	\$225	\$3,003
217	WALTHAM	2.62%	\$208	\$2,769
218	WARDSBORO	2.70%	\$214	\$2,853
261	WARNER'S GRANT	1.80%	\$143	\$1,900
219	WARREN	2.64%	\$209	\$2,791
262	WARREN'S GORE	1.80%	\$143	\$1,900
220	WASHINGTON	2.22%	\$176	\$2,346
221	WATERBURY	2.49%	\$197	\$2,632
222	WATERFORD	2.72%	\$215	\$2,870
223	WATERVILLE	2.53%	\$201	\$2,675
224	WEATHERSFIELD	2.72%	\$215	\$2,867
225	WELLS	2.29%	\$181	\$2,413
226	WELLS RIVER	2.66%	\$210	\$2,804
227	WEST FAIRLEE	3.05%	\$241	\$3,219
230	WEST HAVEN	2.71%	\$215	\$2,860
234	WEST RUTLAND	2.53%	\$200	\$2,666
235	WEST WINDSOR	2.43%	\$192	\$2,563
228	WESTFIELD	2.38%	\$189	\$2,515
229	WESTFORD	2.64%	\$209	\$2,790
231	WESTMINSTER	2.99%	\$236	\$3,151
232	WESTMORE	1.92%	\$152	\$2,028
233	WESTON	2.25%	\$179	\$2,380
236	WEYBRIDGE	2.91%	\$231	\$3,076
237	WHEELOCK	2.41%	\$191	\$2,544
238	WHITING	2.63%	\$208	\$2,778
239	WHITINGHAM	3.33%	\$264	\$3,519
240	WILLIAMSTOWN	2.48%	\$196	\$2,614
241	WILLISTON	2.74%	\$217	\$2,890
242	WILMINGTON	3.07%	\$243	\$3,237
243	WINDHAM	2.62%	\$207	\$2,765
244	WINDSOR	2.69%	\$213	\$2,834
245	WINHALL	2.52%	\$200	\$2,661
246	WINDSOOKI	2.38%	\$189	\$2,517
247	WOLCOTT	2.32%	\$184	\$2,452
248	WOODBURY	2.65%	\$210	\$2,797
249	WOODFORD	2.02%	\$160	\$2,133
250	WOODSTOCK	2.85%	\$226	\$3,013
251	WORCESTER	2.76%	\$219	\$2,918

* Preliminary information from Department of Education as of November 2006.

Check our website at www.state.vt.us/tax or call the Department at (866) 828-2865 for final figures.



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2006 VERMONT Income Tax Return FORM IN-111

1 TAXPAYER INFORMATION

Taxpayer's Social Security Number

If filing jointly, Spouse or CU Partner Social Security Number

Taxpayer's Last Name

First Name Initial

Spouse or CU Partner Last Name

First Name Initial

Mailing Address (Number and Street/Road or PO Box)

City/Town

State Zip Code

1 VT School District Code

Check here if this is an AMENDED return
Check if taxpayer died during 2006
Check if Spouse or CU Partner died during 2006

2 City/Town of Legal Residence on 12/31/2006 State

2 TAX FILING INFORMATION

FILING STATUS

3 Single
4 Head of Household
5 Married Filing Jointly
6 CU Partner Filing Jointly

7a Married Filing Separately
7b CU Filing Separately

Enter Spouse or CU Partner full name
Enter Spouse or CU Partner Social Security Number

8 Qualifying Widow(er) with dependent children

9. EXEMPTIONS CLAIMED (From Federal Form 1040-Line 6d; 1040A-Line 6d; 1040EZ/1040NR-EZ-enter 0, 1, or 2) 9.

10. ADJUSTED GROSS INCOME (From Federal Form 1040-Line 37; 1040A-Line 21; 1040EZ-Line 4) 10. 00

3 TAXABLE INCOME

11. FEDERAL TAXABLE INCOME If the Federal amount is zero, see instructions on page 6. (From Federal Form 1040-Line 43; 1040A-Line 27; 1040EZ-Line 6) 11. 00

12. ADDITIONS TO FEDERAL TAXABLE INCOME

Income from Non-VT State and Local Obligations (from Form IN-112, VT Schedule A, Part I, Line 3) 12. 00

13. FEDERAL TAXABLE INCOME WITH ADDITIONS (Add Lines 11 and 12) 13. 00

14. SUBTRACTIONS FROM FEDERAL TAXABLE INCOME

14a. Interest Income from U.S. Obligations 14a. 00

14b. 00 x 40% 14c. 00

Capital Gains (from Form IN-112, Capital Gains Worksheet, Line M. Enter "0" if Line M is negative or a capital loss amount.)

14d. TOTAL SUBTRACTIONS (Add Lines 14a and 14c) 14d. 00

15. VT TAXABLE INCOME (Subtract Line 14d from Line 13) 15. 00

4 VT INCOME TAX

16. VT INCOME TAX FROM VT TAX TABLE OR TAX RATE SCHEDULE on Line 15 amount 16. 00

17. ADDITIONS TO VT INCOME TAX (from Form IN-112, VT Schedule A, Part II, Line 10) 17. 00

18. VT INCOME TAX WITH ADDITIONS (Add Lines 16 & 17) 18. 00

19. SUBTRACTIONS FROM VT INCOME TAX (from Form IN-112, VT Schedule A, Part II, Line 16) 19. 00

20. VT INCOME TAX (Subtract Line 19 from Line 18) If Line 19 is more than Line 18, enter zero 20. 00

21. INCOME ADJUSTMENT (from Form IN-113, Line 40 OR 100.00%) 21. %

22. ADJUSTED VT INCOME TAX (Multiply Line 20 by Line 21) 22. 00

Staple W-2/1099's here



* 0 6 1 1 1 1 2 9 9 *

5 CREDITS AND USE TAX

23. [] [] [] [] [] [] . 00 + 24. [] [] [] [] [] [] . 00 = 25. [] [] [] [] [] [] . 00
CREDIT FOR INCOME TAX PAID TO OTHER STATE OR PROVINCE (From Form IN-112, VT Schedule B, Line 6)
VT TAX CREDITS (From Form IN-119)
TOTAL VT CREDITS (Add Lines 23 and 24)
26. VT INCOME TAX AFTER CREDITS (Subtract Line 25 from Line 22, but not less than zero) 26. [] [] [] [] [] [] . 00
27. USE TAX (See page 7 for instructions and chart) 27. [] [] [] [] [] [] . 00
28. TOTAL VT TAXES (Add Lines 26 and 27) 28. [] [] [] [] [] [] . 00

6 VOLUNTARY CONTRIBUTIONS Nongame Wildlife Fund Children's Trust Fund Vermont Campaign Fund
29a. [] [] [] [] [] [] . 00 + 29b. [] [] [] [] [] [] . 00 + 29c. [] [] [] [] [] [] . 00 = 29d. [] [] [] [] [] [] . 00
30. TOTAL OF VT TAXES & CONTRIBUTIONS (Add Line 28 and Line 29d) 30. [] [] [] [] [] [] . 00

7 PAYMENTS AND CREDITS
31a. VT Tax Withheld (attach state copy of W-2, 1099, etc.) 31a. [] [] [] [] [] [] . 00
31b. 2006 Estimated Tax or Extension Payments 31b. [] [] [] [] [] [] . 00
31c. Earned Income Tax Credit (from Form IN-112, VT Schedule C) 31c. [] [] [] [] [] [] . 00
31d. Renter Rebate (from Form PR-141, Line 9) 31d. [] [] [] [] [] [] . 00
31e. VT Real Estate Withholding (See Instructions on page 8) 31e. [] [] [] [] [] [] . 00
31f. Business Entity Payments for Nonresident Partner, Member, or Shareholder (from VT Form WH-435) 31f. [] [] [] [] [] [] . 00
31g. Low Income Child & Dependent Care Credit (See Instructions on page 8) 31g. [] [] [] [] [] [] . 00
31h. TOTAL PAYMENTS AND CREDITS (Add Lines 31a through 31g) 31h. [] [] [] [] [] [] . 00

8 REFUND
32. OVERPAYMENT If Line 30 is less than Line 31h, subtract Line 30 from Line 31h 32. [] [] [] [] [] [] . 00
33a. REFUND TO BE CREDITED TO 2007 ESTIMATED TAX PAYMENT Amount on 31d cannot be credited to 2007 estimated tax payments. 33a. [] [] [] [] [] [] . 00
33b. REFUND TO BE CREDITED TO 2007 PROPERTY TAX BILL 33b. [] [] [] [] [] [] . 00
34. REFUND AMOUNT (Subtract Lines 33a and 33b from Line 32) 34. [] [] [] [] [] [] . 00

9 AMOUNT YOU OWE
35. If Line 30 is more than Line 31h, subtract Line 31h from Line 30. See page 9 for instructions on tax due. 35. [] [] [] [] [] [] . 00
36. [] [] [] [] [] [] . 00 Interest and Penalty on Underpayment of Estimated Tax (Worksheet IN-152 or 152A) 37. Add Lines 35 and 36. 37. [] [] [] [] [] [] . 00

For amended returns only Original refund received _____ Refund due now _____ Original payment _____ Amount due now _____

10 SIGN HERE Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete. Preparers cannot use return information for purposes other than preparing returns.

Signature Date Occupation Check if age 65 or older Telephone Number (optional)
Signature. If a joint return, BOTH must sign. Date Occupation

Check here if authorizing the VT Department of Taxes to discuss this return and attachments with your preparer.

Preparer's Use Only Preparer's signature Date Check if self-employed Preparer's SSN or PTIN
Firm's name (or yours if self-employed) and address EIN
Preparer's Telephone Number

**DUPLICATE OF PAGE 13
(IN-111, PAGE 1)**

**DUPLICATE OF PAGE 14
(IN-111, PAGE 2)**



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PRINT in BLUE or BLACK INK

ATTACH TO FORM IN-111

Taxpayer's Last Name	First Name	Initial
----------------------	------------	---------

Taxpayer's Social Security Number
 - -

VT SCHEDULE A. Adjustments to Income or VT Tax

PART I INCOME FROM STATE AND LOCAL OBLIGATIONS (See instructions on page 9)

1. Total interest and dividend income from all state and local obligations exempt from federal tax 1. , , . **00**

2. Interest and dividend income from Vermont state and local obligations included in Line 1 2. , , . **00**

3. **INCOME FROM NON-VT STATE AND LOCAL OBLIGATIONS TO BE ADDED TO VT TAXABLE INCOME** 3. , , . **00**
 Subtract Line 2 from Line 1, but not less than zero. ENTER ON IN-111, SECTION 3, LINE 12.

PART II ADJUSTMENTS TO VT INCOME TAX

ADDITIONS TO VT TAX:

4. Tax on Qualified Plans including IRA, MSA, & HSA (1040, Line 60) 4. , , . **00**

5. Recapture of Federal Investment Tax Credit 5. , , . **00**

6. Tax from Federal Form 4972-Line 7 or 30 ... 6. , , . **00**

7. Add Lines 4 through 6 7. , , . **00**

8. **ADDITIONS TO VT TAX** Multiply Line 7 by 24%. 8. , , . **00**

9. Recapture of VT Credits (See instructions) 9. , , . **00**

10. Add Lines 8 and 9. Enter on IN-111, Section 4, Line 17 10. , , . **00**

SUBTRACTIONS FROM VT TAX:

11. Credit for Child and Dependent Care Expenses (1040-Line 48; 1040A-Line 29) 11. , , . **00**

12. Credit for the Elderly or the Disabled (1040-Line 49; 1040A-Line 30) 12. , , . **00**

13. Investment Tax Credit 13. , , . **00**

14. VT Farm Income Averaging Credit (From worksheet on reverse side of this form) 14. , , . **00**

15. Add Lines 11 through 14. 15. , , . **00**

16. **SUBTRACTIONS FROM VT TAX** Multiply Line 15 by 24%. Enter on IN-111, Section 4, Line 19. 16. , , . **00**

VT SCHEDULE B. VT Credit for income tax paid to other state or Canadian province FOR RESIDENTS AND PART-YEAR RESIDENTS ONLY

You must complete a separate Schedule B for each credit claimed. See instructions on page 10.

1a. , , . **00** - 1b. , , . **00** = 1c. , , . **00**
 Adjusted Gross Income taxed in another state or Canadian province and also subject to Vermont tax Capital Gains Exclusion (40% of long-term capital gains reported to other state or province) AGI eligible for credit (Line 1a minus Line 1b)

2a. , , . **00** - 2b. , , . **00** = 2c. , , . **00**
 Adjusted Gross Income (From Form IN-111, Section 2, Line 10) Capital Gains Exclusion (From Form IN-111, Section 3, Line 14c) AGI eligible for credit (Line 2a minus Line 2b)

3. VT Income Tax (From Form IN-111, Section 4, Line 20) 3. , , . **00**

4. Computed tax credit (Divide Line 1c by Line 2c and multiply result by Line 3)
 Line 1c _____ X Line 3 _____
 Line 2c _____ 4. , , . **00**

5. Amount of Income TAX paid to other state or Canadian province on income on Line 1c (See instructions on page 10) 5. , , . **00**

6. **TOTAL OTHER STATES CREDIT:** Enter the lesser of Line 4 or Line 5 here and on Form IN-111, Section 5, Line 23 6. , , . **00**

Name of state or Canadian province
 (Use standard two-letter abbreviation)

COPIES OF NONRESIDENT RETURNS MUST BE ATTACHED

Schedule C and worksheets on back



* 0 6 1 1 2 1 2 9 9 *

VT SCHEDULE C. VT Earned Income Tax Credit

FOR RESIDENTS AND PART-YEAR RESIDENTS ONLY

FULL-YEAR AND PART-YEAR RESIDENTS MUST ANSWER BOTH QUESTIONS.

- A. Enter number of qualifying children
- B. Were you (or your spouse if filing a joint return) at least age 25 but under age 65 at the end of 2006? Yes No
If you answered "No" and do not have any qualifying children, you do not qualify for Earned Income Tax Credit.

NOTE: Returns with filing status of married filing separately or civil union filing separately do not qualify.

FULL-YEAR RESIDENTS COMPLETE LINES 1 and 2:

- 1. Earned income tax credit from Federal Form 1040-Line 66a; 1040A-Line 40a; or, 1040EZ-Line 8a 1. , . **00**
- 2. **VT EARNED INCOME TAX CREDIT** (Multiply Line 1 by 32%). Enter the result here and on Form IN-111, Section 7, Line 31c **→** 2. , . **00**

PART-YEAR RESIDENTS COMPLETE LINES 3-9:

Enter figures in Column A from your federal worksheet and VT Form IN-113.

For VT Portion \$, enter income earned while a VT resident as shown on Form IN-113, Column B, Lines 1, 6, 10, & 12.

A. Federal Amount \$

B. VT Portion \$

- 3. Wages, salaries, tips, etc. (from IN-113, Line 1) 3. , . **00**
- 4. Other earned income (from IN-113, Lines 6, 10, & 12) Check to indicate loss **←** 4. , . **00**
- 5. Total earned income (Add Lines 3 and 4) 5. , . **00**
- 6. Earned income tax credit adjustment (Divide Line 5B by Line 5A and enter here, but not more than 100%) 6. . %
- 7. Earned income tax credit from Federal Form 1040-Line 66a; 1040A-Line 40a; or, 1040EZ-Line 8a 7. , . **00**
- 8. Multiply Line 7 by 32% and enter the result here 8. , . **00**
- 9. **VT EARNED INCOME TAX CREDIT** (Multiply Line 8 by Line 6) Enter the result here and on Form IN-111, Section 7, Line 31c. **→** 9. , . **00**

WORKSHEETS

CAPITAL GAINS WORKSHEET

For Lines A - C, enter amounts from Federal Schedule D.

- A. Smaller of Line 15 or 16 **A.** _____
- B. Line 18 _____
- C. Line 19 _____
- D. Add Lines B and C. If negative, enter zero **D.** _____
- E. Subtract Line D from Line A **E.** _____

For Lines F, G, I, and J, enter amounts from Federal Form 4952. If you did not file Form 4952, enter amount from Line E above on Line M below.

- F. Line 4g _____
- G. Line 4e _____
- H. Multiply Line F by Line G **H.** _____
- I. Line 4b _____
- J. Line 4e _____
- K. Add Lines I and J **K.** _____
- L. Divide Line H by Line K **L.** _____
- M. Subtract Line L from Line E.
Entry cannot be less than zero.
Also enter on Form IN-111, Section 3, Line 14b . **M.** _____

LOW INCOME CHILD & DEPENDENT CARE WORKSHEET

- 1. Accredited care provider amount 1. _____
- 2. Total care amount 2. _____
- 3. Divide Line 1 by Line 2 3. _____

\$ _____ x _____ = \$ _____ x 50% = \$ _____
 Federal Credit Line 3 above Eligible Credit Low Income Credit
 (1040, Line 48; IN-111, Section 7,
 1040A, Line 29) Line 31g.

You may wish to also calculate your VT tax credit using 24% of the full Federal credit and compare to the credit calculated on this worksheet to determine which credit is best for you. You cannot take both credits.

VT FARM INCOME AVERAGING WORKSHEET

- 1. Calculate and enter here Federal income tax using Federal Schedule D, Federal Schedule D Worksheet, or Federal tax rate schedules as if Schedule J was not used. 1. \$ _____
less
- 2. Enter Federal tax from Federal Schedule J Line 22 2. \$ _____
- 3. Subtract Line 2 from Line 1. This is your VT Farm Income Averaging Credit. Enter the result on VT Form IN-112, Part II, Line 14 3. \$ _____

**DUPLICATE OF PAGE 17
(IN-112, PAGE 1)**

**DUPLICATE OF PAGE 18
(IN-112, PAGE 2)**



* 0 6 1 1 3 1 1 9 9 *

Nonresidents and Part-Year Residents Must Complete Schedules I and II
Full-Year Residents with Adjustments Complete Schedule II only

PRINT in BLUE or BLACK INK

ATTACH TO FORM IN-111

Taxpayer's Last Name	First Name	Initial
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Taxpayer's Social Security Number

		-			-				
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SCHEDULE I. Enter figures as they appear on your federal return or recomputed federal return in Column A and list the VT portion in Column B. See instructions.

	A. Federal Amount \$	B. VT Portion \$
INCOME		
1. Wages, salaries, tips, etc. 1.	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	1. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00
2. Taxable interest 2.	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	2. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00
3. Ordinary dividends 3.	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	3. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00
4. Taxable refunds of state and local income taxes ... 4.	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	4. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00
5. Alimony received 5.	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	5. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00
6. Business income or loss <input type="checkbox"/> Check to indicate loss ← 6.	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	<input type="checkbox"/> Check to indicate loss ← 6. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00
7. Capital gain or loss <input type="checkbox"/> Check to indicate loss ← 7.	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	<input type="checkbox"/> Check to indicate loss ← 7. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00
8. Taxable IRA distributions 8.	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	8. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00
9. Taxable pensions and annuities 9.	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	9. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00
10. Partnerships/S Corporations, and LLCs <input type="checkbox"/> Check to indicate loss ← 10.	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	<input type="checkbox"/> Check to indicate loss ← 10. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00
11. Rents, royalties, estates, trusts, etc. <input type="checkbox"/> Check to indicate loss ← 11.	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	<input type="checkbox"/> Check to indicate loss ← 11. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00
12. Farm income or loss <input type="checkbox"/> Check to indicate loss ← 12.	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	<input type="checkbox"/> Check to indicate loss ← 12. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00
13. Unemployment compensation 13.	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	13. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00
14. Taxable social security 14.	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	14. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00
15. Other: Specify _____ <input type="checkbox"/> Check to indicate loss ← 15. (See instructions on page 44)	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	<input type="checkbox"/> Check to indicate loss ← 15. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00
16. TOTAL INCOME (Add Lines 1 - 15) <input type="checkbox"/> Check to indicate loss ← 16.	<input type="text"/> , <input type="text"/> , <input type="text"/> . 00	<input type="checkbox"/> Check to indicate loss ← 16. <input type="text"/> , <input type="text"/> , <input type="text"/> . 00

Be sure to put your name and Social Security number at the top of this page.
Attach copies of pages 1 and 2 of your federal tax return and these adjustment schedules to your Vermont return.



* 0 6 1 1 3 1 2 9 9 *

Carried forward from

	Line 16A				Line 16B			
	A. Federal Amount \$				B. VT Portion \$			
ADJUSTMENTS TO INCOME	17. IRA (1040-Line 32; or 1040A-Line 17); Keogh/SEP/SIMPLE (1040-Line 28):							
	Self _____							
	Spouse _____							
	18. Student Loan Interest (1040-Line 33; 1040A-Line 18)							
	19. Employee Deductions: Reservists, Performing Artists, Fee-basis Gov't Officials (1040, Line 24); Jury Duty Pay (1040, Line 34; 1040A, Line 19)							
	20. Self-Employment Deductions: Tax (1040, Line 27), and Health Insurance (1040, Line 29)							
	21. Health Savings Account (1040, Line 25) and Archer MSA (1040, Line 23)							
	22. Moving Expenses (1040, Line 26)							
	23. Penalty on Early Withdrawal of Savings (1040-Line 30; 1040A-Line 16)							
	24. Alimony Paid (1040, Line 31a)							
	25. Domestic Production Activities (1040, Line 35)							
	26. TOTAL ADJUSTMENTS (Add Lines 17 - 25)							
	27. Adjusted Gross Income (Subtract Line 26A from Line 16A)							
	28. VT Portion of AGI (Subtract Line 26B from Line 16B)							
	29. Non-VT Income (Subtract Line 28 from Line 27. Enter result here and on Schedule II, Line 31 below)							

Dates of VT residency in 2006: From _____ to _____

Name of state(s), Canadian province, or country during non-VT residency: _____

SCHEDULE II. Adjustment for VT Exempt Income

VT EXEMPT INCOME	30. Adjusted Gross Income If Schedule I completed, enter Line 27. Otherwise, enter Line 10 amount from IN-111 Section 2.							
	31. Non-Vermont Income (Enter amount from Line 29 above)							
	<i>(Part-Year Residents: For Lines 32-37, enter only income included in Line 28, Schedule I)</i>							
	32. Military pay. Number of months on active duty _____ (See instructions)							
	33. Federal Employment Opportunity income adjustment							
	34. Railroad Retirement income							
	35. VT State payments to a family for support of developmentally disabled person(s) (See instructions on page 44)							
	36. Americans with Disabilities Credit							
	37. Nonresident Commercial Film Income							
	38. Total (Add Lines 31-37)							
39. VT income (Subtract Line 38 from Line 30)								
40. INCOME ADJUSTMENT % (Divide Line 39 by Line 30) Enter here and on Form IN-111, Section 4, Line 21. See instructions							%	

**DUPLICATE OF PAGE 21
(IN-113, PAGE 1)**

**DUPLICATE OF PAGE 22
(IN-113, PAGE 2)**



* 0 6 1 1 9 1 1 9 9 *

PRINT in BLUE or BLACK INK

ATTACH TO FORM IN-111

Taxpayer's Last Name	First Name	Initial
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Taxpayer's Social Security Number

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Name of entity _____ FEIN:

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For credits earned through an S-Corporation, LLC, LLP, or Partnership, enter name and FEIN of the entity. If credits from more than one business entity, fill out a separate IN-119 for each entity.

	Eligible Contributions in 2006			Column C Total eligible credits		
1. VT Higher Education Investment (32 V.S.A. §5825a) 1.	<input type="text"/>	<input type="text"/>	<input type="text"/>	TIMES (x) .05	=	<input type="text"/>
2. Angel Venture Capital Credit (32 V.S.A. §5930v) 2.	<input type="text"/>	<input type="text"/>	<input type="text"/>	TIMES (x) .03	=	<input type="text"/>
	Column A	PLUS (+)	Column B	EQUALS (=)	Column C	
	Earned in 2006		Carryforward from previous years			
3. Commercial Film Production (32 V.S.A. §5826) 3.	<input type="text"/>	<input type="text"/>	NOT AVAILABLE	<input type="text"/>		<input type="text"/>
4. Affordable Housing (requires prior approval by VT Housing Authority) (32 V.S.A. §5930u) 4.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>
5. Charitable Housing (32 V.S.A. §5830c) 5.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>
6. Qualified Sale of Mobile Home Park (32 V.S.A. §5828) 6.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>
Lines 7 - 13 require prior approval (see instructions)						
7. Rehabilitation of Certified Historic Buildings (32 V.S.A. §5930n) . 7.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>
8. Older or Historic Buildings Rehabilitation (32 V.S.A. §5930p) . 8.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>
9. Commercial Building Code Improvements (32 V.S.A. §5930r) . 9.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>
10. Platform Lifts, Elevators, and Sprinkler Systems (32 V.S.A. §5930q) 10.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>
11. Historic Rehabilitation (32 V.S.A. §5930cc(a)) 11.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>
12. Facade Improvement (32 V.S.A. §5930cc(b)) 12.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>
13. Code Improvements (32 V.S.A. §5930cc(c)) 13.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>
14. Add Lines 1-13 in Column C. If no entries on Lines 15-25, also enter on VT Form IN-111, Line 24. 14.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>

ECONOMIC ADVANCEMENT TAX INCENTIVE CREDITS Requires prior approval from VT Economic Progress Council

15. Payroll Tax (32 V.S.A. §5930c) 15.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
16. Research & Development Tax (32 V.S.A. §5930d) 16.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
17. Capital Investment Tax (32 V.S.A. §5930g) 17.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18. Workforce Development Tax (32 V.S.A. §5930e) 18.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
19. Export Tax (32 V.S.A. §5930f) 19.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
20. High-Tech Business (32 V.S.A. §5930k) 20.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
21. Sustainable Technology R & D Tax (32 V.S.A. §5930w) 21.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
22. Sustainable Technology Export (32 V.S.A. §5930x) 22.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
23. Add Lines 15-22 in Column C. Go to Tax Calculation on back. 23.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>



* 0 6 1 1 9 1 2 9 9 *

- 24. Financial Services (go to Tax Calculation below) (32 V.S.A. §5922) 24. , , . . 00
- 25. Venture Seed Capital Fund (go to Tax Calculation below) (32 V.S.A. §5830b) 25. , , . . 00

Tax Credit Calculation Worksheet

- 26. Enter the amount of adjusted VT income tax from Form IN-111, Line 22. 26. , , . . 00
- 27. Enter the amount of credit for income tax paid to another state or province from IN-111, Line 23. 27. , , . . 00
- 28. Subtract Line 27 from Line 26. 28. , , . . 00
- 29. Enter amount from Line 14, Column C on front. 29. , , . . 00
- 30. Enter the smaller of Line 28 or Line 29. 30. , , . . 00
- 31. Subtract Line 30 from Line 28, **but not less than zero**. 31. , , . . 00
- 32. Multiply Line 31 by 75%. 32. , , . . 00
- 33. Enter amount from Line 24. 33. , , . . 00
- 34. Enter the smaller of Line 32 or Line 33. 34. , , . . 00
- 35. Subtract Line 34 from Line 31, **but not less than zero**. 35. , , . . 00
- 36. Multiply Line 35 by 50%. 36. , , . . 00
- 37. Enter amount from Line 25. 37. , , . . 00
- 38. Enter the smaller of Line 36 or Line 37. 38. , , . . 00
- 39. Subtract Line 38 from Line 35, **but not less than zero**. 39. , , . . 00

Complete Lines 40 - 45 if you claimed Economic Advancement Tax Incentive (EATI) Credit. Otherwise go to Line 46.

- 40. VT tax from VT Form IN-111, Line 22 40. , , . . 00
- 41. Percentage of Schedule K-1 income
 - 41a. Schedule K-1 income from entity with EATI credit(s). If EATI credits from more than one entity, see instructions. 41a. , , . . 00
 - 41b. Adjusted Gross Income Resident: From Form IN-111, Line 10; Nonresident: From Form IN-113, Line 39 41b. , , . . 00
 - 41c. Ratio of Schedule K-1 Income (divide Line 41a by Line 41b) (not greater than 100.00) 41c. .
- 42. VT Tax attributable to Schedule K-1 Income (multiply Line 40 by Line 41c) 42. , , . . 00
- 43. Statutory Credit Limitation (multiply Line 42 by 80%) 43. , , . . 00
- 44. Credits. Enter Line 23 from this form. 44. , , . . 00
- 45. Maximum allowable EATI (Enter the smaller of Line 43 or Line 44). If EATI credits from more than one entity, see instructions. 45. , , . . 00

- 46. Total credits. Enter the total of Lines 30, 34, 38, and 45. 46. , , . . 00
- 47. Total Allowable credits. Enter the smaller of Line 28 or Line 46. Also enter this amount on VT Form IN-111, Section 5, Line 24. 47. , , . . 00



* 0 7 1 2 2 1 1 9 9 *

DUE DATE: April 17, 2007

PRINT in BLUE or BLACK INK

1 2007 DECLARATION OF VERMONT HOMESTEAD MUST be completed by ALL VT residents who own and occupy a VT homestead on April 1, 2007.

VT Resident Social Security Number, Spouse or CU Partner Social Security Number, Claimant's Date of Birth, VT Resident Last Name, First Name, Spouse or CU Partner Last Name, First Name, Mailing Address, City/Town, State, Zip Code, VT School District Code

Location of Homestead, number, street / road name, 2 City/Town of Legal Residence on 04/01/2007, State

3. SPAN Number (REQUIRED) (From your 2006/2007 property tax bill)

7. Special Situations (See instructions for more information) Check if you are: 7a Grantor and sole beneficiary of a revocable trust owning the property. 7b Life estate holder of the property. 7c Homestead property crossing town boundaries. (File a declaration for each town.) 7d Residing in a dwelling owned by a related farmer.

4. Business Use of Dwelling 4. . 00 %
5. Rental Use of Dwelling 5. . 00 %

6. Business or Rental Use of Improvements or Other Buildings. Are improvements or other buildings located on your parcel, other than the dwelling, used for business or rented out? Yes No

2 PROPERTY TAX ADJUSTMENT CLAIM - For Household Income up to approx. \$106,000. Attach Form HI-144.

ALL eligibility questions must be answered. You must own and occupy the property as your housesite on April 1, 2007. Q1. Were you domiciled in (legal resident of) VT all of calendar year 2006? Q2. Were you claimed as a dependent in 2006 by another taxpayer? Q3. Do you anticipate selling your VT housesite on or before April 1, 2007?

8. Housesite Value, 9. Housesite Education Tax, 10. Housesite Municipal Tax, 11. Total Parcel Acres, 12. Ownership Interest, 13. Household Income, 14. Allocable Mobile Home Lot, 15. Municipal Tax Allocated from, 16. Education Tax Allocated from

The Department will calculate your adjustment and send it directly to the town identified in the SPAN above. The town will reduce your property tax bill by the adjustment amount. THERE IS A \$10,000 MAXIMUM LIMIT ON THE ADJUSTMENT AMOUNT. You may use the worksheet on page 43 to estimate your property tax adjustment.

3 Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete. Preparers cannot use return information for purposes other than preparing returns.

SIGN HERE Homeowner Signature Date If a joint return, Spouse or CU Partner must sign. Date Check here if authorizing the VT Department of Taxes to discuss this return and attachments with your preparer.

Preparer's signature Date Preparer's SSN or PTIN Preparer's EIN Preparer's Phone No. Firm's name and address

Instructions for Form HS-122

Homestead Declaration AND Property Tax Adjustment Claim

DUE DATE File Form HS-122 as early as possible but no later than **APRIL 17, 2007**. You may file HS-122 separately from your income tax. No extension of time to file is available. An extension of time to file an income tax return does not apply to this form.

TIMELY FILING A return mailed through the U.S. Post Office is considered timely if received at the Department within 3 business days of the due date. Electronic filing or bringing the return to the Department in person must be on or before the due date to be timely.

LATE FILED FORMS This form must be filed even if it is after the due date. Homeowners filing the form after April 17 but on or before September 4 can still declare a homestead and make a property tax adjustment claim. Homeowners filing the form after September 4 have their property taxed at the nonresidential rate and are ineligible to make a property tax adjustment claim. Late filing penalties apply to all forms filed after April 17. See page 46 for description of late filing penalties.

AMENDING FORM HS-122 See page 46.

SEE PAGE 47 OF THE BOOKLET FOR information on Homestead, Nonresidential Property, Selling the Property, and Special Situations and Ownership.

LINE-BY-LINE INSTRUCTIONS

Section 1 2007 Declaration of Vermont Homestead

The Declaration identifies property as a principal residence, or homestead, of a Vermont resident. Different school property tax rates apply to homestead and nonresidential properties.

You must file a declaration if you: 1) Expect to be a Vermont resident on April 1, 2007; and 2) Own and occupy the VT property as your principal home on April 1, 2007.

ALL RESIDENT VT HOMEOWNERS MUST FILE THE DECLARATION SECTION.

The declaration must be filed even if you do not claim or are not eligible to claim a property tax adjustment, or you do not have a requirement to file other returns. Only one eligible owner needs to file the Declaration. Individuals holding a life estate or living in the home they transferred to a revocable trust also need to file. See instructions for Line 7. See page 47 for **Deceased Homeowners**.

Enter your social security number, name, and address and, if applicable, for your spouse or civil union partner. Enter Claimant's date of birth. *Example:* Enter March 27, 1946 as 03 27 1946

Location: Enter the physical location of the homestead (street or road name). *Examples:* 123 Maple Street 276 Route 12A

Please do not enter post office box, "same", "see above", or town name here.

Line 1 VT School District Code: Enter the 3-digit school district code where you will pay school property tax and live on April 1, 2007. Most towns print this code on the property tax bill. A school district code chart is available on our web site at www.state.vt.us/tax or see page 11 of the income tax booklet. If your town is part of a school district and you are not sure of your school district code, check with your town clerk. ➔ Be sure to use the school district code and town where your housesite is located. This may be different from the town in your mailing address.

Line 2 Legal Residence: Enter the town or city name of legal residence. If you live where there is both a city and town with the same name, please specify city or town.

Examples: Rutland City or Rutland Town Barre City or Barre Town

Line 3 SPAN (School Property Account Number): This is a unique identification number assigned by the town. Enter the 11-digit number printed on your property tax bill, usually located in the Housesite information. Any property tax adjustment is credited to the SPAN so be sure to verify your SPAN.

➔ **Use whole numbers and round to the nearest percentage for Lines 4 and 5.**

Line 4 Business Use of Dwelling: See page 47 of booklet for further information.

Line 5 Rental Use of Dwelling: See page 47 of booklet for further information.

Line 6 Business or Rental Use of Improvements and Other Buildings on the Property: Check the applicable "Yes" or "No" box. Check the "Yes" box if any improvements or other buildings are rented out or used for business.

Lines 7a - 7d Special Situations: Check the box if one of these situations applies to you. Homes on farm property are defined in 32 V.S.A. §5401(7). See page 48 for information on trusts and life estates.

COMPLETE IF YOUR HOUSEHOLD INCOME IS \$106,000 OR LESS

SECTION 2 Property Tax Adjustment

➔ Complete Form HI-144 **FIRST**. **Supporting Documents Required:** Form HI-144, Household Income. If applicable, include the statement from your land trust, cooperative, or nonprofit mobile home park showing the property tax allocated to your lot or portion of property.

The property tax adjustment is paid directly to the town and credited towards your 2007/2008 property tax bill. The town issues you a property tax bill for the balance due.

NEW

↳ **Maximum property tax adjustment is \$10,000**

Eligibility Questions

ALL questions must be answered to process return.

Check the appropriate "Yes" or "No" box for Q1, Q2, and Q3 to determine your eligibility.

PROPERTY TAX ADJUSTMENT CALCULATION INFORMATION

Line 8 Housesite Value from the 2006/2007 property tax bill. The housesite value is the one set as of April 1, 2006. See **Special Situations** on page 48 for information on a home purchased in 2007 or new construction.

Line 9 Housesite Education Property Tax Enter the housesite education property tax shown on your 2006/2007 property tax bill.

Line 10 Housesite Municipal Property Tax Enter the housesite municipal property tax shown on your 2006/2007 property tax bill.

Line 11 Total Parcel Acres Enter the total number of acres shown on your 2006/2007 property tax bill. If you have more than 2 acres and are receiving an adjustment, you may receive a \$10 per acre payment, up to 5 acres, on land over the housesite 2 acres. Payment is made on whole acres only.

Line 12 Ownership Interest If you and the members of your household are the only owners, enter 100.00% on this line. If someone other than a member of the household is an owner, see **Ownership Situations** on page 47 for information on ownership interest and issues such as divorce or a duplex.

Line 13 Household Income Enter the amount on Form HI-144, Line t. If \$106,000 or more, you are not eligible.

Line 14 Allocable Mobile Home Lot Rent If your mobile home is located in a for-profit park, obtain a completed Form LC-142, Landlord Certificate.

Line 15 Municipal Property Tax Allocated from Land Trust, Cooperative, or Nonprofit Mobile Home Park Obtain a statement from your land trust, cooperative, or nonprofit mobile home park showing the municipal property tax allocable to your housesite. Enter that amount here and include the statement with this form.

Line 16 Education Property Tax Allocated from Land Trust, Cooperative, or Nonprofit Mobile Home Park Obtain a statement from your land trust, cooperative, or nonprofit mobile home park showing the education property tax allocable to your housesite. Enter that amount here and include the statement with this form.

You can calculate your property tax adjustment by completing the worksheet on page 43.

Section 3 Signature REQUIRED If a joint filing, both filers must sign.

Date Write the date on which the form was signed.

Disclosure Authorization To give the Department authorization to discuss your 2007 Declaration of VT Homestead and Property Tax Adjustment with your tax preparer, check this box and include the preparer's name.

Preparer If you employed a paid preparer, he/she signs the claim. The preparer enters his/her social security number or PTIN and, if employed by a business, the EIN of the business. If someone other than the filer(s) prepared the return without charging a fee, that preparer's signature is optional.

**DUPLICATE OF PAGE 27
(HS-122, PAGE 1)**

**DUPLICATE OF PAGE 28
(HS-122 Instructions)**



* 0 6 1 4 1 1 1 9 9 *

For the year Jan. 1-Dec. 31, 2006

2006 VERMONT Renter Rebate Claim FORM PR-141 FOR HOUSEHOLD INCOME OF \$47,000 OR LESS

Must Be Filed With: Form LC-142, Landlord's Certificate, and Form HI-144, Household Income

Claimant's Social Security Number Spouse or CU Partner Social Security Number Claimant's Date of Birth

Claimant's Last Name Spouse or CU Partner Last Name Mailing Address City/Town State Zip Code

Location of rental property number, street / road name (DO NOT use PO Box, "same", or Town name) 1 VT School District Code 2 City/Town of Legal Residence on 12/31/2006 State

ALL eligibility questions must be answered. You must have rented all 12 months in 2006. See instructions on page 47 for one exception.

- Q1. Were you domiciled (legal resident) in VT all of calendar year 2006?
Q2. Were you claimed as a dependent by another taxpayer in 2006?

REBATE CALCULATION

Before doing rebate calculation, complete Form HI-144, Household Income. YOU MUST ATTACH FORM HI-144 AND FORM LC-142 TO THIS FORM.

3. ALLOCABLE RENT (From Form LC-142, Line 16 or Line 23)
4. HOME USE
5. ALLOWABLE RENT FOR REBATE CLAIM (Multiply Line 3 by Line 4)
6. HOUSEHOLD INCOME (From Form HI-144, Line t)
7. MAXIMUM PERCENTAGE OF INCOME FOR RENT
8. MAXIMUM RENT FOR HOUSEHOLD INCOME (Multiply Line 6 by Line 7 and enter result here)
9. RENTER REBATE AMOUNT (Subtract Line 8 from Line 5 and enter result here.)

Table with 3 columns: Household Income ranges (\$0-9,999, \$10,000-24,999, \$25,000-47,000) and corresponding percentages (2.0%, 4.5%, 5.0%).

SIGN HERE Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete.

Your signature Date Telephone Number (optional) Spouse or CU Partner signature. If a joint return, BOTH must sign. Date

Check here if authorizing the VT Department of Taxes to discuss this return and attachments with your preparer.

Preparer's Use Only Preparer's signature Date Check if self-employed Preparer's SSN or PTIN Firm's name (or yours if self-employed) and address EIN Preparer's Telephone Number

Instructions for Form PR-141 Renter Rebate Claim

The Renter Rebate Program assists eligible renters and refunds rent exceeding a percentage of household income.

LANDLORD'S CERTIFICATE You need a Form LC-142, Landlord's Certificate, completed by your landlord. Landlords with more than 4 residential rental units must provide the completed certificate by January 31. Landlords with 4 or less residential rental units provide the certificate upon your request. Landlords complete the section on property taxes only upon request.

UNABLE TO GET A CERTIFICATE FROM YOUR LANDLORD? You may still file for the renter rebate. Complete a Landlord's Certificate and attach copies of your cancelled checks or rent receipts for rent paid. Also include a letter explaining why you did not get a Landlord's Certificate and include your landlord's name, address, and telephone number. To obtain a Landlord Certificate, contact the Department at (802) 828-2515, or e-mail taxforms@state.vt.us or fax to (802) 828-2701 and ask for Form LC-142.

RETURN DUE DATE: SEPTEMBER 4, 2007 No extension of time to file. **Returns filed after this date cannot be accepted**, regardless of the reason the claim could not be filed on time.

TIMELY FILING A return mailed through the U.S. Post Office is considered timely if received at the Department within 3 business days of the due date. Bringing the return to the Department in person must be on or before the due date to be timely.

REQUESTS FOR ADDITIONAL INFORMATION You may be asked to supply additional information to clarify items on your claim. Such a request does not necessarily mean that you filed improperly or that your claim has been selected for an audit. These requests are a routine part of processing claims.

MISSING INFORMATION OR INCOMPLETE FILING Claims with incomplete or missing information are not considered filed. The information must be provided by the September 4 filing deadline or our request date, whichever is later. Information received after that time cannot be accepted, the return is considered unfiled, and the claim is denied.

AMENDING or CHANGING RENTER REBATE INFORMATION Correcting household income for a timely filed rebate claim is the only change allowed. The change must be within three years of the filing due date. Use the applicable tax year Form HI-144 and complete with the correct income. Mark "AMENDED" on the HI-144 and send to the Department.

ELIGIBILITY FOR RENTER REBATE

You must meet ALL of the following eligibility requirements:

- You were a legal resident of VT for the entire calendar year 2006; and
 - You were not claimed in 2006 as a dependent of another taxpayer; and
 - Your household income in 2006 does not exceed \$47,000; and
 - You are the only person in the household making a renter rebate claim;
- and**
- You rented for all 12 months in 2006. See page 47 for the one exception.

NOTE: If your landlord charges below market rate rent for the unit because you are related to the landlord, you hold an ownership interest in the rental unit, or for some other reason, and the property tax on the rental unit will be the basis for the rebate, the allowable property tax may be adjusted to reflect the ratio of the rent to the fair market rent established by the Federal Housing and Urban Development Agency. Please see Technical Bulletin TB-28 available on the Department's website or call 1-866-828-2865 (toll-free in VT) or 802-828-2865 (local or out-of-state).

➔ **DECEASED RENTER:** You may not file a claim on behalf of a deceased person. The right to file a renter rebate claim is personal to the Claimant and does not survive the Claimant's death.

➔ **NURSING OR RESIDENTIAL CARE HOME:** Rebate claim is for the room charge only. Payment by Medicaid on behalf of the Claimant to the nursing home cannot be included. Services such as heat, electricity, personal services, medical services, etc., are deducted from the total. Generally, the room charge is 25% of the home's total charges to the person. For a percentage greater than 25%, the nursing home or residential care home must provide a breakout of costs.

NOTE: If the person residing in a nursing or residential care home owns a homestead with a sibling or spouse, the person can claim a renter rebate or the sibling or spouse in the homestead can apply for property tax adjustment. They cannot do both.

LINE-BY-LINE INSTRUCTIONS

➔ Complete Form HI-144 FIRST. If Line t is more than \$47,000, you are ineligible. **Supporting Documents Required:** Forms HI-144 and LC-142

Claimant's Date of Birth Enter your date of birth (you are the claimant). *Example:* March 31, 1946, enter as 03 31 1946.

Claimant Information **REQUIRED entries.** Enter your name, your spouse's or civil union partner (if applicable) name, mailing address and social security number(s). The Renter Rebate is issued to the name(s) and address on record. The Claimant is the leaseholder or the person responsible for the rent. **Only one claimant per household is allowed, but there can be joint claimants** (such as spouses or civil union partners).

Line 1 VT School District Code: REQUIRED entry. Go to the table on page 11 and select the three-digit school district code for the town where you lived on December 31, 2006.

Line 2 Legal Residence: REQUIRED entry. Enter your legal residence as of December 31, 2006. Your legal residence is where you live, and it may be different from your mailing address. If you live where there is both a city and town with the same name, please specify the one in which you reside. *For example:* St. Albans City or St. Albans Town.

Location of Rental Property: REQUIRED entry. Enter the physical location of the homestead (street or road name). *Examples:* 133 Main Street, Apt 2C; 425 Farm Road 210 US Rt 7N **Please do not enter post office box, "same", "see above," or the town name.**

Eligibility Questions **REQUIRED entries.**

Check the appropriate "Yes" or "No" box for Q1 and Q2 to determine your eligibility.

Rebate Calculation

Line 3 Allocable Rent Enter from the Landlord's Certificate, Form LC-142, the greater of Line 16 or Line 22. This will be either 21% of rent paid for the calendar year or the property tax allocable to your rental unit. **MORE THAN ONE LANDLORD CERTIFICATE:** The total months rented must equal 12. Add the greater of Line 16 or Line 22 from each certificate and enter on this line. File all LC-142s with your claim.

Line 4 Home Use If you use more than 25% of your rental unit's floor space for business purposes, the allowable rent amount is adjusted. The percentage of business use is generally the same percentage used on your Federal income tax return when there is more than 25% business use. To calculate business use, divide the square feet used for business by the total square feet in the rental unit. *Example:* You use an 11' x 12' room for an office and inventory storage. Your rental unit is 484 square feet (including the business use). Your business use is $11 \times 12 = 132 \text{ sf} / 484 = .27$ business use. Entry on Line 4 for home use is $73 (100\% - 27\%)$.

Line 5 Allowable Rent for Rebate Claim Multiply Line 3 by Line 4 and enter the result here. If Line 4 is 100.00%, then Line 5 will equal Line 3.

Line 6 Household Income Enter the amount from Form HI-144, Line t. If household income is more than \$47,000, you are not eligible. See page 49 for definitions of household income.

Line 7 Maximum Percentage of Income for Rent Use the chart to find your household income group and applicable percentage. Enter that percentage here.

Line 8 Maximum Allowable Rent for Household Income Multiply Line 6 by Line 7 and enter the result here. If Line 8 is more than or the same as Line 5, you are not eligible.

Line 9 Renter Rebate Amount Subtract Line 8 from Line 5. This is your 2006 renter rebate. ➔ If you are filing the renter rebate claim with your 2006 VT income tax return, also enter this amount on Form IN-111, Section 7, Line 31e. You will be issued one check combining any income refund or rebate due you.

Signature **REQUIRED** Sign the claim. If a joint filing, both filers must sign the claim.

Date Write the date on which the claim form was signed.

Disclosure Authorization If you wish to give the Department authorization to discuss your 2006 Renter Rebate Claim with your tax preparer, check this box and include the preparer's name.

Preparer If you employed a paid preparer, he/she must also sign the claim. The preparer must enter his/her social security number or PTIN and, if employed by a business, the EIN of the business. If someone other than the filer(s) prepared the return without charging a fee, then that preparer's signature is optional.

**DUPLICATE OF PAGE 31
(PR-141, PAGE 1)**

**DUPLICATE OF PAGE 32
(PR-141 Instructions)**



* 0 6 1 4 4 1 1 9 9 *

For the year Jan. 1–Dec. 31, 2006

PRINT in BLUE or BLACK INK

**This form must be attached to Renter Rebate Claim (Form PR-141) OR
Homestead Declaration AND Property Tax Adjustment Claim (Form HS-122)**

Read instructions before completing form.

Claimant's Last Name	First Name	Initial
Spouse or CU Partner Last Name	First Name	Initial

Claimant's Social Security Number
[] [] [] - [] [] - [] [] [] []

Spouse or CU Partner Social Security Number
[] [] [] - [] [] - [] [] [] []

List the names and Social Security Numbers of all other persons who had income and lived with you during 2006. Include their income in Column 3. Use a separate sheet of paper if needed.

1. _____ 2. _____

1. Claimant	2. Spouse/CU Partner	3. Other Persons
--------------------	-----------------------------	-------------------------

<p>a. Cash public assistance/welfare _____</p> <p>a. [] [] [] , [] [] [] . 00</p> <p>b. Social security/railroad retirement/veteran's benefits, taxable and nontaxable _____</p> <p>b. [] [] [] , [] [] [] . 00</p> <p>c. Unemployment compensation/worker's compensation _____</p> <p>c. [] [] [] , [] [] [] . 00</p> <p>d. Wages, salaries, tips, etc. (See instructions for reportable dependent's income.) _____</p> <p>d. [] [] [] , [] [] [] . 00</p> <p>e. Interest and dividends _____</p> <p>e. [] [] [] , [] [] [] . 00</p> <p>f. Interest on U.S., state, and municipal obligations, taxable and nontaxable _____</p> <p>f. [] [] [] , [] [] [] . 00</p> <p>g. Alimony, support money, child support _____</p> <p>g. [] [] [] , [] [] [] . 00</p> <p>h. Business income: If the amount is a loss, enter zero. See instructions for offsetting a loss. _____</p> <p>h. [] [] [] , [] [] [] . 00</p> <p>i. Capital gains, taxable and nontaxable. If the amount is a loss, enter zero. See instructions for offsetting a loss. _____</p> <p>i. [] [] [] , [] [] [] . 00</p> <p>j. Pensions, annuities, retirement fund distributions. See instructions. _____</p> <p>j. [] [] [] , [] [] [] . 00</p> <p>k. Rental income: If the amount is a loss, enter zero. See instructions for offsetting a loss. _____</p> <p>k. [] [] [] , [] [] [] . 00</p> <p>l. Farm/partnerships/S Corporations/LLCs Income: If the amount is a loss, enter zero. See instructions for offsetting a loss. _____</p> <p>l. [] [] [] , [] [] [] . 00</p> <p>m. Other income (See instructions for examples of other income). Please specify _____</p> <p>m. [] [] [] , [] [] [] . 00</p> <p>n. TOTAL INCOME: Add Lines a through m _____</p> <p>n. [] [] [] , [] [] [] . 00</p>	<p>a. _____</p> <p>a. [] [] [] , [] [] [] . 00</p> <p>b. _____</p> <p>b. [] [] [] , [] [] [] . 00</p> <p>c. _____</p> <p>c. [] [] [] , [] [] [] . 00</p> <p>d. _____</p> <p>d. [] [] [] , [] [] [] . 00</p> <p>e. _____</p> <p>e. [] [] [] , [] [] [] . 00</p> <p>f. _____</p> <p>f. [] [] [] , [] [] [] . 00</p> <p>g. _____</p> <p>g. [] [] [] , [] [] [] . 00</p> <p>h. _____</p> <p>h. [] [] [] , [] [] [] . 00</p> <p>i. _____</p> <p>i. [] [] [] , [] [] [] . 00</p> <p>j. _____</p> <p>j. [] [] [] , [] [] [] . 00</p> <p>k. _____</p> <p>k. [] [] [] , [] [] [] . 00</p> <p>l. _____</p> <p>l. [] [] [] , [] [] [] . 00</p> <p>m. _____</p> <p>m. [] [] [] , [] [] [] . 00</p> <p>n. _____</p> <p>n. [] [] [] , [] [] [] . 00</p>	<p>a. _____</p> <p>a. [] [] [] , [] [] [] . 00</p> <p>b. _____</p> <p>b. [] [] [] , [] [] [] . 00</p> <p>c. _____</p> <p>c. [] [] [] , [] [] [] . 00</p> <p>d. _____</p> <p>d. [] [] [] , [] [] [] . 00</p> <p>e. _____</p> <p>e. [] [] [] , [] [] [] . 00</p> <p>f. _____</p> <p>f. [] [] [] , [] [] [] . 00</p> <p>g. _____</p> <p>g. [] [] [] , [] [] [] . 00</p> <p>h. _____</p> <p>h. [] [] [] , [] [] [] . 00</p> <p>i. _____</p> <p>i. [] [] [] , [] [] [] . 00</p> <p>j. _____</p> <p>j. [] [] [] , [] [] [] . 00</p> <p>k. _____</p> <p>k. [] [] [] , [] [] [] . 00</p> <p>l. _____</p> <p>l. [] [] [] , [] [] [] . 00</p> <p>m. _____</p> <p>m. [] [] [] , [] [] [] . 00</p> <p>n. _____</p> <p>n. [] [] [] , [] [] [] . 00</p>
---	---	---



* 0 6 1 4 4 1 2 9 9 *

1. Claimant

2. Spouse/CU Partner

3. Other Persons

\$ _____

1. Claimant
(Amount from Line n, Column 1)

\$ _____

2. Spouse/CU Partner
(Amount from Line n, Column 2)

\$ _____

3. Other Persons
(Amount from Line n, Column 3)

o. Social security and Medicare tax withheld on wages included above and/or self-employment tax paid, less any amount deducted from Federal Form 1040-Line 27. Attach W-2 forms and/or Federal Schedule SE if not included with income tax filing. _____

o. [][] , [][] . 00

o. [][] , [][] . 00

o. [][] , [][] . 00

p. Child support paid. You must attach proof of payment. See instructions.
Support paid to _____

p. [][] , [][] . 00

p. [][] , [][] . 00

p. [][] , [][] . 00

SSN → [][] - [][] - [][][][]

q. Adjustments to income from Federal Form 1040-Line 36 or 1040A-Line 20 _____

q. [][] , [][] . 00

q. [][] , [][] . 00

q. [][] , [][] . 00

r. TOTAL ADJUSTMENTS Add Lines o, p, and q. _____

r. [][] , [][] . 00

r. [][] , [][] . 00

r. [][] , [][] . 00

s. ADJUSTED INCOMES OF HOUSEHOLD MEMBERS Subtract Line r from Line n. _____

s. [][] , [][] . 00

s. [][] , [][] . 00

s. [][] , [][] . 00

t. TOTAL HOUSEHOLD INCOME Add the totals of Columns 1, 2, and 3 Line s. _____

TOTAL → t. [][] , [][] . 00

RENTERS:

If total Household Income is \$47,000 or less, enter Line t on Form PR-141, Line 6. Claims can be filed up to September 4, 2007.
If more than \$47,000, you do not qualify for a renter rebate.

HOMEOWNERS:

NEW this year, homeowners file only one form (Form HS-122) for Declaration of Vermont Homestead and the Property Tax Adjustment Claim.

All Homeowners MUST complete Form HS-122, Sections 1 and 3, if they owned and occupied the property as their principal home on April 1, 2007. If you are only declaring a Vermont homestead, you can skip Section 2.

Homeowners with household incomes up to \$106,000 on Line t of this form should complete all sections of Form HS-122. You may be eligible for a property tax adjustment.

Form HS-122 Due Date - April 17, 2007. Homeowners filing a late HS-122 **by September 4, 2007** can still declare property as a homestead for the education property tax rate and apply for property tax adjustment. However, the following late filing penalties apply: (1) The town bills and collects a penalty of 1% of correct education tax; and (2) If you are eligible for a property tax adjustment, the amount of the adjustment is reduced by \$15. Homeowners filing after September 4, 2007 will be taxed at the nonresidential education property tax rate for 2007, will be ineligible for property tax adjustment in 2007, and the 1% penalty will apply.

CHANGE IN PAYMENT OF PROPERTY TAX ADJUSTMENT:

The 2007 property tax adjustment amount goes directly to your town as a credit towards your 2007/2008 property tax bill. Beginning July 2007, the Vermont Department of Taxes will send notification to homeowners of the amount credited to their property tax bill.

**DUPLICATE OF PAGE 35
(HI-144, PAGE 1)**

**DUPLICATE OF PAGE 36
(HI-144, PAGE 1)**

Pharmacy Programs Application

VPharm, VHAP-Pharmacy, VScript, VScript Expanded, and Healthy Vermonters Programs

This application is for programs that help Vermonters pay for prescription drugs. People who have a disability or are age 65 or older may be eligible for one of these programs depending on income. The Healthy Vermonters program also helps others with moderate incomes. **VHAP-Pharmacy, VScript and VScript Expanded** are for people who do not get Medicare. **VPharm** is for people who do get Medicare. **Please answer each question below for the people applying for coverage.**

Program	VHAP-Pharmacy/VPharm-1	VScript/VPharm-2	VScript Expanded/VPharm-3	Healthy Vermonters
Maximum income*	\$ 1,269 per month	\$ 1,481 per month	\$ 1,904 per month	\$ 3,384 per month
WITHOUT Medicare you receive	Prescription drugs	Long-term prescription drugs and discount on short-term prescription drugs		Discount on prescription drugs
WITH Medicare you receive	Prescription drugs not covered by Medicare	Long-term prescription drugs and a discount on short-term prescription drugs not covered by Medicare		Discount on prescription drugs not covered by Medicare
You pay per person	\$15 per month	\$20 per month	\$42 per month	Discounted price for each prescription

* Maximum income shown is for one-person household. Maximum income increases with each additional household member.

Name _____ Social security no. _____
Last First Middle initial

Mailing address _____
Number Street PO Box or RD City or Town State Zip code

Marital status Single Married Civil union Separated Divorced Widowed Sex M F

Spouse or CU partner _____ Social security no. _____
Last First Middle initial

Is this person also applying? Yes No

Are any of your children or stepchildren who are under age 21 living with you? Yes - ages of children _____ No

QUESTIONS	APPLICANT	SPOUSE OR CIVIL UNION PARTNER
1. What is your date of birth?		
2. Are you a U.S. citizen? If no, include proof of legal residence.	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Do you receive Medicare?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
3a. Medicare claim number		
3b. Part A (hospital coverage)	Begin date Premium	Begin date Premium
3c. Part B (medical coverage)	Begin date Premium	Begin date Premium
3d. Part C (managed care)	Begin date Premium	Begin date Premium
3e. Part D (drug coverage)	Begin date Premium	Begin date Premium
4. Have you chosen a Part D Prescription Drug Plan?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a. Plan name		
4b. Contract ID #		
4c. Plan ID #		
4d. Plan start date		
5. Have you applied for "extra help" for Part D through Social Security?	<input type="checkbox"/> Yes, granted <input type="checkbox"/> Yes, denied <input type="checkbox"/> No	<input type="checkbox"/> Yes, granted <input type="checkbox"/> Yes, denied <input type="checkbox"/> No
5a. If granted, begin date		
5b. If denied, what reason did Social Security give you?	<input type="checkbox"/> Over income <input type="checkbox"/> Over resource <input type="checkbox"/> Failed to cooperate <input type="checkbox"/> Other; explain:	<input type="checkbox"/> Over income <input type="checkbox"/> Over resource <input type="checkbox"/> Failed to cooperate <input type="checkbox"/> Other; explain:
6. If you did not apply, what was your reason?	<input type="checkbox"/> Over income <input type="checkbox"/> Over resource <input type="checkbox"/> Other; explain:	<input type="checkbox"/> Over income <input type="checkbox"/> Over resource <input type="checkbox"/> Other; explain:

Please complete the other side and sign this application 

QUESTIONS	APPLICANT		SPOUSE OR CIVIL UNION PARTNER	
7. Do you have private insurance that covers prescription drugs? (Do not include discount programs)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7a. Name of insurance company				
7b. Address				
7c. Policy number				
7d. Does this drug coverage have an annual limit?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Please list all current gross income (before taxes, Medicare, and other deductions) for yourself and your spouse or civil union partner, if he or she lives with you. Please answer all questions.

TYPE OF INCOME	APPLICANT			SPOUSE OR CIVIL UNION PARTNER		
	AMOUNT (before deductions)	HOW OFTEN? (Mo./Yr.)		AMOUNT (before deductions)	HOW OFTEN? (Mo./Yr.)	
Social security retirement	\$	per	<input type="checkbox"/> None	\$	per	<input type="checkbox"/> None
Social security disability	\$	per	<input type="checkbox"/> None	\$	per	<input type="checkbox"/> None
SSI	\$	per	<input type="checkbox"/> None	\$	per	<input type="checkbox"/> None
Railroad retirement	\$	per	<input type="checkbox"/> None	\$	per	<input type="checkbox"/> None
Veteran's benefits	\$	per	<input type="checkbox"/> None	\$	per	<input type="checkbox"/> None
Pensions or annuities	\$	per	<input type="checkbox"/> None	\$	per	<input type="checkbox"/> None
Interest or dividends	\$	per	<input type="checkbox"/> None	\$	per	<input type="checkbox"/> None
Self-employment, including rental <i>(If yes, please send copy of most recent federal income tax return including all schedules.)</i>	\$	per	<input type="checkbox"/> None	\$	per	<input type="checkbox"/> None
Wages in last 30 days	\$		<input type="checkbox"/> None	\$		<input type="checkbox"/> None
	Employer	Hrs. per wk.	Hourly wage	Employer	Hrs. per wk.	Hourly wage
Other income in last 30 days <i>(Such as unemployment, worker's compensation, or alimony)</i> <i>Please describe</i> _____	\$		<input type="checkbox"/> None	\$		<input type="checkbox"/> None
Do you pay for day care for a child or an incapacitated adult?	\$	per month	<input type="checkbox"/> No	\$	per month	<input type="checkbox"/> No
Do you pay child support or alimony?	\$	per month	<input type="checkbox"/> No	\$	per month	<input type="checkbox"/> No

Please read the following rights and responsibilities and sign below:

The information I have provided is correct to the best of my knowledge. I understand this information may be verified. I understand that I must report all changes, such as changes in income, insurance, address, and household size. I understand the information I have given is private and cannot be seen by the public.

I understand that federal regulation requires that I provide my social security number and that it may be used to check my statements with other agencies, such as the Social Security Administration and the Internal Revenue Service, and for quality control reviews. This requirement may be waived for members of a religious organization that objects to furnishing a social security number.

I understand that intentionally making a false or misleading statement, or concealing or withholding facts, may result in paying the Department, in

cash, the value of the prescription discounts I received and may subject me to civil or criminal prosecution.

I understand that I have the right to treatment that is fair and does not discriminate. I may not be treated differently because of race, color, national origin, marital status, sex, sexual orientation, age, religion, political beliefs, place of birth, or because of physical, mental, or emotional conditions. If I have a complaint about being treated differently, I may contact the Office for Civil Rights, Health and Human Services, Room 506-F, 200 Independence Avenue, S.W., Washington D.C. 20201. If I believe I have been discriminated against because of a disability, I may contact: Deputy Commissioner, Department for Children and Families, Economic Services Division, 103 South Main Street, Waterbury, VT 05671-1201.

I have reviewed the statements above about my rights and responsibilities and I understand them.

Printed name of applicant	Signature of applicant	Date	Telephone number
Signature of person witnessing or helping to fill out this form			Date

After signing this form, please mail it to: Vermont Department of Taxes, 133 State Street, Montpelier, VT 05633-1401

If you have questions or for current income levels, call Health Access Member Services at 1-800-250-8427.

To use telephone service for people with hearing disabilities, call 1-888-834-7898.



You may be eligible for a credit of at least \$13.50 toward payment of your monthly Vermont basic telephone charge. To apply, return this form by June 15, 2007. **You must reapply for the credit each year.**

If you will be 65 or OLDER by June 15, 2007.
 Complete this checklist to see if you are eligible:

Are you a Vermont resident? Yes No

Will you be at least 65 by June 15, 2007? Yes No

Was your 2006 household income for you and your spouse less than \$23,100 (from Income section below, Line p.)? Yes No

If you answer "Yes" to all questions, you are eligible.

OR

If you will be UNDER 65 on June 15, 2007.
 Complete this checklist to see if you are eligible:

Are you a Vermont resident? Yes No

Will you be younger than 65 on June 15, 2007? Yes No

Was your 2006 household income for you and your spouse less than \$19,800 (from Income section below, Line p.)? Yes No

If you answer "Yes" to all questions, you are eligible.

The following section must be filled out completely or your application will be returned and benefits will be delayed.

Your Name _____ Telephone Number _____ Customer Code * (Verizon Customers) _____

Spouse or CU Partner Name _____ [] [] [] - [] [] [] [] [] [] [] []

Name on phone bill _____ Name of your telephone company _____

Street, P.O. Box or RD _____ City _____ State _____ Zip Code _____

Social Security Number			Birthdate			Sex
Yours	Month	Day	Year	F/M		
[] [] [] - [] [] - [] [] [] [] [] []	[] []	[] []	[] [] [] []	<input type="checkbox"/>		
Spouse or CU Partner	[] []	[] []	[] [] [] []	<input type="checkbox"/>		

INCOME (Total, You and Spouse or CU Partner combined)

- a. Cash public assistance/welfare a. _____
- b. Social Security/railroad retirement/veteran's benefits, **taxable and nontaxable** b. _____
- c. Unemployment compensation/worker's compensation c. _____
- d. Wages, salaries, tips, etc. d. _____
- e. Interest and dividends e. _____
- f. Interest on U.S., state and municipal obligations, **taxable and nontaxable** f. _____
- g. Alimony, support money/child support g. _____
- h. Business income: **If you have a loss, enter -0-** h. _____
- i. Capital gains, taxable and nontaxable. **If you have a loss, enter -0-** i. _____
- j. Pensions and annuities, **taxable and nontaxable** j. _____
- k. Rental income: **If you have a loss, enter -0-** k. _____
- l. Farm/partnership/Subchapter S income: **If you have a loss, enter -0-** l. _____
- m. Other income. Please specify _____ m. _____
- n. SUBTOTAL: Add lines a through m. n. _____
- o. LESS adjustments to income from Federal Form 1040, Line 36 or 1040A, Line 20. o. _____
- p. **TOTAL INCOME:** Subtract Line o from Line n and enter the result here. p. _____

NR OFFICIAL USE ONLY

I declare under penalties of perjury this application is true, correct, and complete to the best of my knowledge. If prepared by a person other than the applicant, this declaration further provides that under 32 V.S.A. §5901 this information has not been and will not be used for any other purpose, or made available to any other person other than for the preparation of this application unless a separate valid consent form is signed by the applicant and retained by the preparer. I authorize the Vermont Department of Taxes to disclose this information and other information necessary to process the Lifeline Credit to the Secretary of Human Services.

Subscriber's signature _____	Date _____	Signature of preparer if other than taxpayer _____	Date _____
Spouse or Civil Union Partner signature (if filing jointly) _____	Date _____	Address of preparer _____	

* See back for help finding your Verizon Customer Code.

Instructions for Lifeline Telephone Service Credit

What is the Lifeline Telephone Credit?

The Lifeline program provides a credit of at least \$13.50 on the monthly telephone bills of income-eligible Vermont residents.

Who is eligible for the Lifeline Telephone Credit?

Two groups of Vermont residents with telephone service are eligible for the credit. You are eligible if you reside in Vermont, have phone service, and

- you will be 65 or older by June 15, 2007 and your household income is less than \$23,100;

OR

- you are under 65 and your household income is less than \$19,800

You need to submit an application for Lifeline credit each year.

What income must be included?

You must include your Adjusted Gross Income (Federal Form 1040, Line 37; or 1040A, Line 21; or 1040EZ, Line 4). This is before deduction of any loss from a trade or business, partnership, small business corporation, rental property or capital loss. This is added to all other taxable and non-taxable income such as alimony, support money, cash public assistance and relief, cost of living allowance, serviceman's dependent allowances, gross amount of pensions and annuities, railroad retirement benefits, Social Security payment, veteran's benefit act payments, nontaxable interest received from Federal or state instrumentality, unemployment and worker's compensation, gross amount of "lost time" insurance and total capital gains. It does not include gifts from nongovernmental sources, food stamps, relief in kind supplied by a government agency, or payments made by the State for foster care or care of a developmentally disabled person.

When and how do you apply?

All eligible telephone subscribers should mail the completed application on or before June 15, 2007 to:

**Vermont Department of Taxes
133 State Street
Montpelier, VT 05633-1401**

Applications submitted after June 15, 2007 will not be considered for the credit this year. However, this deadline may be waived by the Agency of Human Services if the application was delayed for good cause, such as sickness or disability.

The application may be submitted with your Vermont tax forms. If you are not required to file, you may send just this application to the Vermont Department of Taxes.

The Vermont Agency of Human Services processes your application. Your telephone company will receive notice of your eligibility and apply the credit to the telephone account of the name, telephone number and customer code you write on this application. It is very important the information on the application matches the information with your telephone company. **Before mailing your application, check your telephone bill for the spelling of your name, your telephone number, and the customer code that follows your telephone number.** If it is convenient, attach a copy of your telephone bill to this application.

Where do I find my Verizon Customer Code?

If you are a Verizon customer, your Customer Code is the three digits after your telephone number on your bill. Your phone number, plus these three digits, is your Verizon account number.

When will the Lifeline Credit begin?

If this is the first time you applied for the Lifeline credit, it may take up to three (3) months for the credit to appear on your telephone bill.

Do all telephone companies participate in Lifeline?

No. Only the following companies must offer Lifeline: Franklin Telephone; Fairpoint/Northland Telephone; Shoreham Telephone; TDS (Ludlow, Northfield, and Perkinsville); Topsham Telephone; Unice; Verizon; Vermont Telephone; and Waitsfield/Champlain Valley Telecom. Other companies may offer a Lifeline discount but are not required to do so and do not get reimbursed for their Lifeline costs.

How can I get answers to my questions about Lifeline?

For more information about the application or the credit

- Seniors call the Senior HelpLine at 1-800-642-5119 to reach your local area agency on aging;
- Under 65 call the AHS Economic Services Division (formerly PATH) at 1-800-287-0589.

Persons who receive Reach Up, Food Stamps, Medicaid, or Fuel Assistance benefits may be eligible to apply year-round for Lifeline through the AHS Economic Services Division. To apply, contact your Economic Services Division district office.

A Change for Some Verizon Customers

Verizon now offers a Lifeline discount on its service packages in addition to its low use and standard measured service. If you were previously denied the Lifeline discount in connection with a Verizon package, you should reapply for Lifeline in 2007.

YOU MUST REAPPLY FOR LIFELINE EACH YEAR.

PROPERTY TAX ADJUSTMENT WORKSHEET

YOU MAY USE THIS WORKSHEET TO ESTIMATE YOUR PROPERTY TAX ADJUSTMENT. PLEASE NOTE THAT IF YOU DESIGNATE ANY OF YOUR INCOME TAX REFUND TO PAY YOUR PROPERTY TAX, OR IF YOU OWE A DEBT TO THE STATE OR FEDERAL GOVERNMENT, THE ADJUSTMENT AMOUNT SENT TO YOUR TOWN WILL DIFFER FROM THE AMOUNT CALCULATED ON THIS FORM. THE DEPARTMENT WILL NOTIFY YOU AFTER JUNE 30TH OF THE ADJUSTMENT AMOUNT SENT TO THE TOWN.

UNLESS OTHERWISE SPECIFIED, LINE REFERENCES ARE TO THIS WORKSHEET.

HIP (from chart on page 11) **HIP.** _____

HEV (from chart on page 11) **HEV.** _____

200K Homestead School Tax (from chart on page 11) **200K.** _____

EDUCATION PROPERTY TAX ADJUSTMENT CALCULATION (Adjustments phase out at approximately \$106,000 household income)

A. Housesite Education Tax **A.** _____
 If Household Income (Form HS-122, Line 13) is *less than \$90,000*, enter total of amounts from Form HS-122, Lines 9 and 16.
 If Household Income (Form HS-122, Line 13) is *\$90,000 or more*, enter *lesser of* the total of amounts from Form HS-122, Lines 9 and 16 **OR** \$200,000 value (200K) above.

B. Adjustment of Housesite Education Tax for Ownership (Multiply Line A by Form HS-122, Line 12) **B.** _____

C. Income-sensitized Housesite Education Tax (Multiply Form HS-122, Line 13 by HIP above) **C.** _____

D. Housesite Education Tax Adjustment (Subtract Line C from Line B).
 If Line C is more than Line B, enter "0" **D.** _____

E. Acreage Adjustment **E.** _____
 If Household Income (Form HS-122, Line 13) is *\$90,000 or more*, enter zero.
 If Line D is *more than zero AND* Household Income is *less than \$90,000*, multiply up to 5 **additional acres** not included in housesite by \$10.

F. Education Property Tax Adjustment amount (Add Lines D and E, but not more than \$10,000) **F.** _____

ADDITIONAL ADJUSTMENT FOR CLAIMANTS WITH HOUSEHOLD INCOME OF \$47,000 OR LESS

G. Value Method and Ownership Adjustment (Multiply HEV above by Form HS-122, Line 12) **G.** _____

H. Subtract Line G from Line B **H.** _____

I. Housesite Education Tax Adjustment (Subtract the *lesser of* Line C or H from Line B) **I.** _____

J. Education and Municipal Housesite Tax (Add Form HS-122, Lines 9, 10, 15, and 16) **J.** _____

K. Ownership adjustment (Multiply Line J by Form HS-122, Line 12). **K.** _____

L. Plus property tax allocable from mobile home lot rent (Add amounts from Line K and Form HS-122, Line 14). **L.** _____

M. Maximum property tax for income (Multiply Form HS-122, Line 13 by percentage from chart below that corresponds to your income level) **M.** _____

If Household Income is:	\$0 - 9,999	\$10,000 - 24,999	\$25,000 - 47,000
Use this %:	2.0%	4.5%	5.0%

N. Property Tax Exceeding Household Income Percentage (Subtract Line M from Line L) **N.** _____

O. Enter the larger of Line I or Line N **O.** _____

P. Acreage Adjustment **P.** _____
 If Line N is *more than zero*, multiply up to 5 **additional acres** not included in housesite by \$10.

R. Property Tax Adjustment to be credited towards your 2007/2008 property tax bill.
 Add Lines O and P, but not more than \$10,000 **R.** _____

For Line 15A - Use amounts from Lines 14 and 21 of Federal Form 1040. Nonresidents also use this line to adjust for non-VT state and local obligations.

Examples of other income: gambling winnings including lotteries, raffles or lump-sum payment from sale of right to receive future lottery annuity; jury duty fees; reimbursement this year for items itemized last year such as medical expenses, interest; income from rental of personal property; taxable distributions from Coverdell ESA or Qualified Tuition Plan, medical savings account or Archer MSA.

Lines 1 - 15, Column B Enter the VT portion of your Federal adjusted gross income that is included in adjusted gross income on your Federal income tax return. See page 5 for definition of VT income.

NOTE: For Line 3B - Use the amount of ordinary dividends received while a VT resident.

For Line 15B - Use the amount of other income received while a VT resident.

Line 17, Column A Enter the Federal adjustment for IRA deduction from Form 1040, Line 32 or 1040A, Line 17 and Keogh, SEP, or SIMPLE deduction from Form 1040 Line 28.

Line 17, Column B Enter the VT portion. This is determined by using the percentage of VT earned income to the amount of earned income reported on the Federal return. *Example:* Charles moves to VT in July. His total Federal wages are \$20,000. Charles is a VT resident for six months. He earned \$10,000 in VT. The VT portion is 50% as he earned 50% of his income in VT. Charles has an IRA deduction of \$1,000. The amount to enter in this column is 50% of \$1,000 or \$500. For a joint return, use the same allocation method, but do a separate calculation for each spouse.

Line 18, Column A Enter the amount for Student Loan Interest entered on Form 1040, Line 33 or Form 1040A, Line 18.

Line 18, Column B Enter the portion of the Student Loan Interest paid while a VT resident.

Employee Deductions

Line 19, Column A Enter the amount of expenses for reservists, performing artists or fee-basis government officials from 1040, Line 24, and jury duty pay you gave to your employer from Form 1040, Line 34 or 1040A, Line 19.

Line 19, Column B Enter the portion of the Employee Deductions paid or incurred while a VT resident.

Self-Employment Deductions

Line 20, Column A Enter the combined amounts of self-employment tax from 1040, Line 27, self-employed health insurance from 1040, Line 29.

Line 20, Column B Enter the VT portion of these self-employment deductions. Entries are based on where tax or insurance was imposed.

Line 21, Column A Enter the amounts for Health Savings Account from 1040, Line 25, and Archer Medical Savings Account from Form 1040, Line 23.

Line 21, Column B Enter the VT portion paid while a VT resident.

Line 22, Column A Enter the amount for moving expenses from 1040, Line 26.

Line 22, Column B The VT portion for moving expenses are expenses incurred for a move into VT.

Line 23, Column A Enter the amount for penalty on early withdrawal of savings from 1040, Line 30 or 1040A, Line 16.

Line 23, Column B The VT portion of penalty on early withdrawal of savings is the penalty imposed during VT residency.

Line 24, Column A Enter the amount for Alimony from 1040, Line 31a.

Line 24, Column B The VT portion is the alimony paid during VT residency.

Line 25, Column A Enter the amount for Domestic Production Activities from 1040, Line 35.

Line 25, Column B If you used the Domestic Production Activities deduction, go to www.state.vt.us/tax or contact the Department for instructions on calculating the VT portion.

Dates of VT Residency in 2006 Enter the dates you lived in VT in 2006.

Name of State(s) During Non-VT Residency Write the names of the other states, Canadian provinces, or countries where you were a resident in 2006.

SCHEDULE II Adjustment for VT Exempt Income

Line 30 If Schedule I completed, enter Line 27 amount. Otherwise, enter Adjusted Gross Income from VT Form IN-111, Section 2, Line 10.

Line 31 Part-Year Residents and Nonresidents: Enter the amount from Schedule I, Line 29. Full-Year Residents: Enter 0.

Line 32 Enter the amount of VT exempt military pay received in 2006 that is included in your Federal adjusted gross income. Exempt military pay is:

I. Wages earned from the armed services for full-time active duty outside of VT. **Supporting Documents Required:** Copy of active duty orders.

II. Up to \$2,000 for National Guard or U.S. Reserve training pay earned in VT if your adjusted gross income for tax year 2006 is less than \$50,000. **Supporting Documents Required:** Copy of DFAS form for months ending September 30, 2006, and December 31, 2006, or certification statement from unit that all training was completed during the calendar year.

III. Student loan repayment can be taken only if the amount is included in your adjusted gross income. Enter the repayment benefit made under 10 U.S.C. Chapters 109 and 1609 for 2006 year. **Supporting Documents Required:** Certification statement from armed services showing your name, address, social security number, amount of student loan repayment, and payment date.

➔ Deployed members of the National Guard or U.S. Reserve may be eligible for both full-time military pay as well as the monthly training exemptions.

➔ Persons assigned by their employer to work on a military project are not members of the armed services.

Line 33 Federal Employment Opportunity Enter the amount of wages or expenses required to be added back to Federal AGI under IRC Sections 280C or 44.

Line 34 Enter the amount you received in 2006 for Regular Railroad Retirement Benefits (Tier 1) and Supplemental Railroad Annuity Payments (Tier 2). This income is taxable at the Federal level, but exempt from VT income tax. If you receive social security that includes Tier 1 or Tier 2 benefits, enter only the portion included in your Federal adjusted gross income. **Supporting Documents Required:** Copy of 1099, 1099RB, WP-4 or any other document you received showing payment of these benefits.

Line 35 Enter the amount paid by the State of VT to a family for the support of an eligible person with a developmental disability, as defined in 18 V.S.A. §8722(2). This is not difficulty of care payments. This exclusion does not apply to caretakers or contractors hired by the family or guardian of the person with a developmental disability, even if the payment comes directly from the State. ➔ This amount may be excluded only if the payment is included in your adjusted gross income.

Line 36 Enter the amount or the portion eligible for VT business expenses made to comply with the Americans with Disabilities Act under Internal

Revenue Code §44. Supporting Documents Required: Copy of Federal form.

Line 37 (For Nonresidents Only) Enter the amount of VT income earned for a dramatic performance in a commercial film production that is excluded from income tax in your state of legal residence.

Line 38 Add Lines 31 through 37 and enter result. This is the total amount of income not subject to VT income tax. ➔ No entry is needed on this line if you did not have entries on Lines 31 - 37.

Line 39 Subtract Line 38 from Line 30. This is the VT income subject to tax.

Line 40 Divide Line 39 by Line 30. Enter result and also on Form IN-111, Section 4, Line 21.

➔ Carry out to two decimal places.

$$\text{Example: } \frac{\text{Line 39 } \$ 4,000}{\text{Line 30 } \$18,000} = .2222 \times 100 = 22.22\%$$

NOTE: If Line 39 (VT income) equals or exceeds Line 30 (adjusted gross income), enter 100.00% and also on Form IN-111, Section 4, Line 21.

If Line 30, 31, 38, or 39 is negative, go to the Department web site at www.state.vt.us/tax or call (866) 828-2865 (toll-free in VT) or (802) 828-2865 for instructions.

FORM IN-119 VT TAX CREDITS

This form allows you to compute all non-refundable tax credits. A non-refundable tax credit means that the credit can only be taken against a tax liability and cannot exceed the tax due.

Credits claimed on Lines 7 - 13 require prior approval from VT Division for Historical Preservation.

Credits claimed on Lines 15 - 22 require prior approval from VT Economic Progress Council (VEPC)

Line 1 VT Higher Education Investment Plan (VHEIP)

Supporting Document Required: Statement or certificate from VT Student Assistance Corporation or administrator of the investment plan.

You may be eligible for a tax credit on contributions made during calendar year 2006 to the VT Student Assistance Corporation higher education investment plan. The tax credit equals 5% of the first \$2,000 of contributions per beneficiary. For jointly filed returns, each spouse can contribute to a beneficiary's account and each spouse may claim the credit for his or her contributions. Contributions made by another person that is not listed as the account owner (except spouses filing jointly) are not eligible for the credit.

Example: Canute and Olga, husband and wife, file a joint income tax return. Canute opens a VHEIP account for Junior, a grandchild, with a \$2,000 contribution in 2006. Canute also opens a VHEIP account for Sissy, a grandchild, with a \$1,000 in 2006. Olga contributes \$1,000 to Junior's account and contributes \$3,000 to Sissy's account. Canute's contributions provide a tax credit is \$150 (5% of \$2,000 + 5% of \$1,000). Olga's tax credit is \$150 (5% of \$1,000 + 5% of \$2,000 max). The tax credit available to the joint return is \$300. The contributions may come from the spouse's joint bank account or their individual accounts.

Example: Ollie and Lena, husband and wife, file married separately income tax returns. Ollie opens a VHEIP account for Olaf, his son, with a \$2,000 contribution in 2006. Ollie also opens a VHEIP account for Freida, his daughter, with a \$1,000 in 2006. Lena contributes \$1,000 to Olaf's account and \$3,000 to Freida's account. Ollie's tax credit is \$150 (5% of \$2,000 +

5% of \$1,000). Since Lena is not a named account holder, she cannot claim a credit.

Example: Briget opens an account for Arkin, her son. She contributes \$2,000 to the account in 2006. Uncle Jim also makes a \$1,000 contribution to Arkin's account. Briget's contribution provides a \$100 tax credit for her. Since Uncle Jim is not the owner of the account, he cannot claim a credit. If Uncle Jim opened an account for his nephew, he could claim the tax credit for the contribution.

For more information on the VT Higher Education Investment plan, go to the VSAC website at www.vsac.org or call 1-800-637-5860 Monday through Friday, 8 a.m. to 8 p.m.

Line 2 Angel Venture Capital Credit A taxpayer may earn a tax credit by investing a capital gain in an eligible venture capital business. The tax credit is equal to 3% of the capital gain income invested. For more information, go to Tax Credits topic on our web site at www.state.vt.us/tax in the Individual section.

For taxpayers who receive the tax credit through S corporations, LLCs, LLPs, or partnerships, enter the name of the entity and its FEIN at the top of Form IN-119.

TAX CREDITS FROM MORE THAN ONE ENTITY? For the Economic Advancement Tax Incentive credits, you must complete a separate Form IN-119 for each entity from which you have received a K-1. Fill out the identifying information at the top of the form and complete lines 15-23 and 40-45 of the worksheet for each entity receiving an EATI credit.

For Line 41b - Residents - use adjusted gross income from Form IN-111, Line 10. **Nonresidents** - use Form IN-113, Line 39 amount. Divide the Schedule K-1 income by the VT income to calculate the ratio of K-1 income.

To arrive at the credit for entry on Form IN-111, Section 5, Line 24, add together the amount on Line 45 for all entities and complete lines 46 & 47.

See tax credit information at www.state.vt.us/tax showing requirements, supporting documents and contact information.

Credits claimed on Lines 7 - 13 require prior approval from VT Division for Historical Preservation.

Credits claimed on Lines 15 - 22 require prior approval from VT Economic Progress Council (VEPC)



SCHOOL PROPERTY TAX RATES AND PROPERTY TAX ADJUSTMENT (FOR FULL-YEAR VT RESIDENTS ONLY)

The State of Vermont funds public education through a statewide property tax that assesses separate school property tax rates on properties declared as a homestead and properties undeclared or with nonresidential use. Vermont limits the property taxes of owners of homesteads through the property tax adjustment. Homeowners meeting the eligibility requirements pay a percentage of their household income for property taxes.

GENERAL INFORMATION

School Property Tax Rates Vermont towns classify property on their grand lists as either homestead or nonresidential with a separate school property tax rate for each. Homestead property is owned and occupied by a Vermont resident as his or her principal home, and declared as a homestead with the Vermont Department of Taxes. Nonresidential is: (1) property used for commercial purposes, or as a camp, second home or summer cottage, (2) property not declared as a homestead, or (3) property not used as a homestead on April 1. Only properties declared as

a homestead on Form HS-122 and filed by September 4, 2007 are taxed at the homestead school property tax rate.

All Vermont resident homeowners who own and occupy property as their principal home on April 1, 2007 must declare the property as a homestead each year by filing Form HS-122 with the Vermont Department of Taxes.

Property Tax Adjustment The property tax adjustment assures that a Vermont resident will not pay more than the established percentage of their household income for property taxes. The State will pay the property tax adjustment directly to the town and the town will issue the homeowner a property tax bill for the balance due. The property tax adjustment calculation uses 2006 household income and 2006 property taxes.

FORM HS-122 - The Declaration of Vermont Homestead and Property Tax Adjustment Claim are now combined in one form.

WHO NEEDS TO FILE HS-122 (1) All homeowners who own and occupy a VT property as their principal residence on April 1, 2007 must file Form HS-122 to declare the property as a homestead. The declaration portion of HS-122 must be filed even if a homeowner does not claim, or is not eligible to claim, a property tax adjustment. Individuals holding a life estate or living in the home they transferred to a revocable trust also need to file. (2) Vermont resident homeowners with household incomes up to \$106,000 may file a claim for property tax adjustment on Form HS-122 if they were Vermont residents all of 2006 and declared the property as a homestead by the due date.

DECLARATION OF VERMONT HOMESTEAD SECTION OF HS-122 Declaring the property as a homestead means the homestead school property tax rate applies. Property tax adjustment will be paid only for properties declared as homestead property.

PROPERTY TAX ADJUSTMENT CLAIM SECTION OF HS-122 First, complete Form HI-144, Household Income, to determine your eligibility for property tax adjustment. If you do not exceed the household income limit, also complete the claim section of HS-122. The property tax adjustment goes directly to the municipality as a credit towards your 2007/2008 property tax bill. The municipality will issue you a property tax bill for the balance due. The maximum property tax adjustment allowed is \$10,000. You will receive notification of the amount sent to the municipality. You can use the worksheet on our website www.state.vt.us/tax or on page 43 of the income tax booklet to calculate the property tax adjustment amount.

TIMELY FILING Form HS-122 is due April 17, 2007. No extension of time is available. A return mailed through the US Post Office will be considered timely if it is received by the Department within 3 business days of the due date. If you file electronically or bring the return to the Department in person, the Department must receive the return on or before the due date to be timely.

Form HS-122 filed on or before April 17, 2007

- The property will be classified as a homestead on the town grand list
- The property will be taxed at homestead school property tax rate
- For eligible homeowners, the property tax adjustment will be sent to town on July 1, 2007
- The homeowner will receive a property tax bill for the balance due

LATE FILING An HS-122 filed after April 17, 2007 is late.

Form HS-122 filed between April 17, 2007 and September 4, 2007

- The property will be classified as a homestead on the town grand list
- The property will be taxed at homestead school property tax rate
- Late filing penalties will be charged

- For eligible homeowners, the property tax adjustment will be sent to town on September 15, 2007
- Depending on when the town sends property tax bills, the homeowner may receive a property tax bill without adjustment and a second property tax bill after September 15

Form HS-122 filed after September 4, 2007

- The property will remain classified as nonresidential on the town grand list
- The property will be taxed at the higher school property tax rate
- No property tax adjustment claim may be made
- Late filing penalties will be charged

NOTE: All VT resident homeowners must file the Declaration of Vermont Homestead even if late.

Late Filing Penalties

Form HS-122 filed between April 17, 2007 and September 4, 2007

- 1% of the correct school property tax will be billed and collected by the town
- A \$15 reduction in the property tax adjustment amount

Filing Form HS-122 after September 4, 2007

- 1% of the correct school property tax will be billed and collected by the town

The late filing penalty may be appealed to the town for hardship. Hardship is defined as full-time active military duty outside of VT; serious illness or disability of the homestead owner; or serious illness, disability or death of an immediate family member of the homestead owner.

REQUESTS FOR ADDITIONAL INFORMATION

You may be asked to supply additional information on your Form HS-122. Such a request does not necessarily mean that you filed improperly. These requests are a routine part of processing returns.

MISSING INFORMATION OR INCOMPLETE FILING

Returns with incomplete or missing information are not considered filed. You will be given an opportunity to complete the return. The information must be provided by September 4, 2007 or our request date, whichever is later. Information received after that time cannot be accepted and the return will be considered unfiled. Your home may be taxed at the nonresidential rate and no property tax adjustment will be available.

AMENDING or CHANGING PROPERTY TAX PROGRAM RETURNS

Correcting household income reported on Form HI-144 attached to a timely filed property tax program return is the only change allowed after the due date. The change must be made within three years of the filing due date. A timely filed HS-122 means it was filed on or before April 17.

Use the applicable tax year Form HI-144 and complete with the correct income. Mark "**AMENDED**" on the HI-144 and send to the Department.

Corrections to the 2007 property tax adjustment claim may be made up to September 4, 2007.

DEFINITIONS FOR PROPERTY TAX ADJUSTMENT CLAIM

Allocable Mobile Home Lot Rent means rent for a lot in a for-profit mobile home park as calculated on Form LC-142, Landlord Certificate.

Allowable Property Tax means the property tax on the portion of the housesite you own and occupy as a home. If the housesite is jointly owned, see *Ownership Situations*.

Claimant means a person who owns and occupies the housesite as his or her principal dwelling and meets the eligibility requirements for a property tax adjustment. Only one claimant per household is allowed. There can be joint claimants if both claimants own and occupy the housesite as his or her principal dwelling. See definition of *Joint Claimants*.

Cooperative means a housing corporation organized under 11 V.S.A. Chapter 14.

Domiciled means, for purposes of declaring a VT homestead, that VT is your home state, and you own and occupy the property as your principal residence on April 1, 2007. For purposes of a property tax adjustment claim, the homeowner must also have been domiciled in VT all of 2006. For factors considered when determining domicile, see VT Department of Taxes Regulation 1.5811.

Education Tax Allocated from Land Trust, Co-Op or Nonprofit Mobile Home Park means the education property tax on the portion of land owned by one of these entities that is part of your housesite.

Homestead means your principal dwelling and improvements and all contiguous land. (**NOTE:** A separate parcel contiguous to your homestead requires a separate declaration for each parcel.)

Household and Household Income See page 49.

Housesite means the portion of the homestead that is the principal dwelling owned and occupied by the Claimant as his/her primary home plus improvements and up to two acres of land.

Joint Claimants means claimants who jointly own and occupy the homestead as their principal dwelling.

Land Trust means a nonprofit corporation or community land trust exempt under Section 501(c)(3) of the Internal Revenue Code. The corporation's purpose must be the creation or retention of affordable housing for lower income Vermonters and its bylaws must require that such housing be maintained as affordable housing for lower income Vermonters on a perpetual basis.

Legal Separation means an order that discusses the financial obligations and disposition of assets of the parties that is issued by a court that may grant an absolute divorce or civil union dissolution. A preliminary order in a divorce case or civil union dissolution may also be accepted as evidence of legal separation

Municipal Tax Allocated from Land Trust, Co-Op or Nonprofit Mobile Home Park means the municipal property tax on the portion of land owned by one of these entities that is used as part of your housesite.

Nonprofit Mobile Home Park means a corporation exempt under Section 501(c)(3) of the Internal Revenue Code, or its wholly owned subsidiary which has as its purpose the preservation of housing for low income families; or a housing cooperative organized under 11 V.S.A. Chapter 14.

Nonresidential Property means all property not properly declared as a homestead, and property used for commercial, rental, business, or vacation purposes such as a camp or second home.

Spouse means the husband, wife, or civil union partner of the *Claimant*.

SPECIAL SITUATIONS

Deceased Homeowner An estate may file a Declaration of Vermont homestead on behalf of a deceased homeowner if the property was the decedent's homestead at the time of death, and from the date of death through the next April 1 the property is held by the estate of the decedent and not rented.

An estate cannot file for the property tax adjustment on behalf of a deceased Claimant. The right to a property tax adjustment credit does not survive the Claimant. If a Claimant dies prior to April 1 after filing a timely claim for property tax adjustment, the estate must notify the Department to withdraw the claim and repay any adjustment issued. If a Claimant dies on or after April 1 after filing a timely claim for property tax adjustment, the commissioner may pay the adjustment to the town on behalf of another member of the household with ownership interest.

A surviving spouse or civil union partner who owns and lives in the homestead and meets the eligibility requirements can become the

Claimant. Please call the Department or go to the web site for more information.

Delinquent Property Tax You may apply for property tax adjustment even if you have unpaid property taxes. The 2007 property tax adjustment applies first to the current year property tax. The municipality may use any remaining adjustment towards penalties, interest, or prior year property taxes.

Homestead and Nonresidential Property Use A property may be classified as both homestead and nonresidential. When a portion of the property is a homestead and a portion is used for business purposes or rented out, the following rules apply:

Business Use: If 25% or less of the dwelling is used for business purposes, the entire property will be taxed at the homestead school property tax rate. Enter 00.00% for business use in the Declaration of Vermont Homestead portion of HS-122. If more than 25% of the dwelling is used for business purposes, your property tax bill will show both a homestead and nonresidential school property tax rate. Generally, the business use percentage is the same as reported on your Federal income tax return. Enter the percentage on the Declaration of Vermont Homestead portion of HS-122. Examples for calculating nonresidential use are: (a) 1,800 square foot dwelling with 635 square feet used as a home office and inventory storage. 35.28% is business use (635/1,800). Enter 35 to round to whole percentage. This part is taxed at the nonresidential rate. (b) 1,200 square foot dwelling with 250 square feet used as a home office. 20.83% business use (250/1,200) rounded to 21%. Because this is less than 25%, enter 00.

Rental Use: The portion of your dwelling that you rent to another person is nonresidential and is taxed at the nonresidential tax rate. All rental use must be reported and the 25% allowance does not apply to rentals. Your property tax bill will show both a homestead and nonresidential school property tax rate. The rental use percentage is generally the same as reported on your Federal income tax return. Enter the percentage on the Declaration of Vermont Homestead portion of HS-122. Examples for calculating nonresidential rental use are: 1,800 square foot dwelling with 365 square feet rented. You have 20.27% rental use (365/1,800). Enter 20 to round to whole percentage. Eighty percent of your dwelling will be taxed at the homestead rate and twenty percent at the nonresidential rate.

Nursing Home or Residential Care for Other Owner If the claimant is age 62 or older and the other owner of the housesite is the claimant's sibling or spouse who has moved indefinitely from the housesite to a nursing home or a residential care facility, the claimant treats his or her claim as if he or she is the only owner, provided the sibling or spouse does not make a claim for the same housesite or does not file for a renter rebate.

Renting at the End of the Year If you owned a VT homestead in 2006, sold the homestead before April 1, 2006, and rented on December 31, 2006, you may be eligible for a renter rebate for rent paid in 2006. **NOTE:** This is the only situation where a renter rebate can be for less than 12 months.

OWNERSHIP SITUATIONS

Age 62 or Older in 2006 If the Claimant shares ownership of the housesite with his or her descendant(s), the full housesite value and property tax are claimed, even if the other owners (descendants) are not members of the household. A letter of explanation may be requested.

Divorced or Legally Separated Joint Owners If you are divorced or legally separated from your spouse, the name of your former spouse or spouse from whom you are separated remains on the deed, and you are awarded possession of the home, you can claim the percentage of the housesite property tax for which you are responsible under the final divorce decree or court order. If the divorce decree or court order does not specify responsibility for the property taxes, the person residing in the

home declares the property as his or her homestead and is allowed 50% ownership of the housesite. The person not living in the home cannot make a property tax adjustment claim. *Examples:* (1) Dan and Lynn are divorced/legally separated but both names stay on the deed. Lynn is given possession of the home and 100% responsibility for the property taxes. Lynn declares the property as her homestead and the property is taxed at the homestead school property tax rate. She uses the housesite value and housesite property taxes from the property tax bill and enters 100% ownership interest on Form HS-122, Line 12. (2) Ethan and Myrna are divorced/legally separated but both names stay on the deed. Myrna has possession of the home and Ethan has 100% responsibility for the property taxes. Myrna declares the property as her homestead and the property is taxed at the homestead school property tax rate. She cannot claim property tax adjustment as she is not responsible for the property taxes. Ethan cannot claim property tax adjustment as he does not live in the home. (3) James and Elizabeth are divorced/legally separated but both names stay on the deed. Elizabeth lives in the home, but the divorce decree/court order does not say who is responsible for the property taxes. Elizabeth declares the property as her homestead and the property is taxed at the homestead school property tax rate. She uses the housesite value and housesite property taxes from the property tax bill and enters 50% ownership interest on Form HS-122, Line 12. James cannot claim property tax adjustment as he does not live in the home. These rules also apply to ex-Civil Union partners upon dissolution.

You may be asked for a copy of the portions of the court document showing the court, date filed, signature page, and the housesite-related provisions.

Duplex Housing BOTH OWNERS OCCUPY THE BUILDING AS THEIR PRINCIPAL DWELLING, the eligible housesite property tax is the tax on the portion owned by each Claimant. If the town issues a property tax bill to each Claimant for only his or her portion of the housesite, use the housesite value and property tax information on the bill. If the property tax bill is for the total property, the Claimant uses the housesite value and property taxes pro rated for his or her ownership interest. *Examples:* (1) Jack and Jill own a duplex and each occupy half as their principal dwelling. The town sends them each a property tax bill for their respective units. Jack and Jill each declare the property as their homestead and the property is taxed at the homestead school property tax rate. They use the housesite value and housesite property taxes from their property tax bill and enter 100% ownership on Form HS-122, Line 12. (2) Sally and Sara own a duplex home and each occupies their half as their principal dwelling. The town sends one property tax bill. Either Sally or Sara declares the property as a homestead and the property is taxed at the homestead school property tax rate. They use half of the housesite value and housesite property tax and enter 100% ownership interest on Form HS-122, Line 12.

ONE OWNER DOES NOT OCCUPY HIS OR HER PART OF THE BUILDING AS HIS OR HER PRINCIPAL DWELLING, the owner occupying the building as his or her principal dwelling pro rates his or her ownership interest by the other owner's interest. *Examples:* (1) Tom and Jerry own a duplex. Tom lives in the duplex but Jerry moved out and now rents his portion. The town issues a property tax bill to each owner. Tom declares the property as his homestead and his portion of the property is taxed at the homestead school property tax rate. Since Jerry holds a half ownership interest in Tom's property, Tom uses the housesite value and housesite property tax from his property tax bill and enters 50% ownership on Form HS-122, Line 12. (2) Jane and her brother Dick own a duplex. Dick occupies his portion of the property as his principal dwelling. Jane rents her side of the duplex to others. The town issues one property tax bill for the property. Dick declares his portion of the property as a homestead and enters 50% rental use on HS-122, Line 5. He uses the housesite value and housesite property tax from the property bill and enters 50% ownership interest to adjust for Jane's 50% ownership in his property.

Life Estate A person occupying the property as his or her principal residence through a life estate is the person who declares the property as the homestead. Check Line 7b of Form HS-122. The life estate must be granted through a legal document. The legal document does not have to be attached to the HS-122 form but must be available for review upon Department request.

Shared Ownership of the Housesite When a housesite is owned by someone other than the Claimant and member(s) of the household, the eligible property tax or housesite value is the percentage owned by the household members. *Examples:* (1) James, Grace and Lucinda jointly own a home and all live in the home. Lucinda is the Claimant. She declares the property as a homestead. She uses the housesite value and housesite property tax from the property tax bill and enters 100% ownership interest on Form HS-122, Line 12 as all owners live in the home; (2) Tim and Dan own a home. Tim lives in the home. Dan does not. Tim is the Claimant. He declares the property as his homestead and it is taxed at the homestead school property tax rate. He uses the housesite value and housesite property tax from the property tax bill and enters 50% ownership interest on Form HS-122, Line 12 to adjust for ownership interest of Dan who does not live in the household.

Trust Ownership A dwelling owned by a trust is not a homestead unless it is the principal residence of the grantor and sole beneficiary of the trust, and the trust is revocable or become irrevocable solely by reason of the grantor's death. The term "sole beneficiary" is satisfied if a husband and wife or civil union partners together are the only beneficiaries of the trust. Check Box 7a of Form HS-122 if trust ownership meets this definition. The trust document does not have to be attached to the HS-122 form but must be available for review upon Department request.

BUYING AND SELLING PROPERTY

➔ **Buying after April 1, 2006** If the property is declared as a homestead as of April 1, 2006, use the property tax bill issued to the previous owner. If the property is not declared as a homestead as of April 1, 2006 but you will declare it as your homestead on April 1, 2007, request the town clerk to provide the housesite value and property taxes information for the property as if it were a homestead on April 1, 2006.

➔ **Buying before April 1, 2007** If you buy the property that you will use as your principal residence, you must declare the property as a homestead for the 2007 calendar year.

➔ **Selling the Property Before April 1, 2007** If you file Form HS-122, but sell the property on or before April 1, 2007, you must withdraw the claim. Use Form HS-122W available at www.state.vt.us/tax or by calling (802) 828-2515.

➔ **Selling the Property After April 1, 2007** If you file HS-122, but sell the property after April 1, 2007, the property tax adjustment remains on the property tax bill. The property tax adjustment may be allocated at the closing of the property transaction.

NEW CONSTRUCTION

➔ **2006 New Construction** If the dwelling you declare as your homestead on April 1, 2007 was newly constructed in 2006, use the 2006 property taxes on up to 2 acres of the parcel and any portion of the dwelling that was built on April 1, 2006.

FORM HI-144 HOUSEHOLD INCOME

Complete this form first to determine if your household income meets the income requirements for 2007 Property Tax Adjustment (Form HS-122) or 2006 Renter Rebate Claim (Form PR-141).

Definitions

Cash Equivalents means stocks, bonds, treasury obligations, certificates of deposits or other instrument convertible to cash.

Claimant means the person who makes a property tax adjustment claim or a renter rebate claim. For property tax adjustment, the Claimant is an eligible owner of the property and declared the property as his or her homestead. For renter rebate, the Claimant is the eligible person responsible for paying the rent or the leaseholder. Only one claim for property tax adjustment or renter rebate can be made per household, but there may be joint Claimants.

Household means the Claimant, Spouse or CU Partner, and Other Persons who lived in the home at any time during calendar year 2006.

Household Income means the Federal Adjusted Gross Income with additions or subtractions of certain taxable and nontaxable income for you, your spouse or CU partner, and all Other Persons for the time they lived with you during calendar year 2006. *Example:* If a roommate resides from September to December 2006, you include the income he or she received during those months.

ADDITIONS: Before the deduction of any trade or business loss, loss from a partnership, loss from a small business or "subchapter S" corporation, loss from a rental property, or capital loss: (1) alimony received, (2) support money other than gifts, (3) gifts of cash or cash equivalents received by a member of the household, with the first \$6,500.00 excluded, (4) cash public assistance and relief; (5) cost of living allowances paid to federal employees; (6) allowances received by dependents of servicemen and women; (7) portion of Roth IRA distributions representing investment earnings and not included in adjusted gross income; (8) railroad retirement benefits; (9) payments received under the federal Social Security Act; (10) all benefits under Veterans' Acts; (11) federal pension and annuity benefits not included in adjusted gross income; (12) nontaxable interest received from the state or federal government or any of its instrumentalities; (13) workers' compensation; (14) gross amount of "loss of time" insurance; (15) amount of capital gains excluded from adjusted gross income; and (16) income of a spouse from whom you are not legally separated even if that spouse does not live in the household.

➔ For capital gain and loss, see instructions for Line i.

➔ Contact the Department or go to the website for information on when the income of a grantor to a trust may need to be included.

EXCLUSIONS: (1) Property tax adjustment or renter rebate from the State of Vermont; (2) first \$6,500 of income earned by a full-time student who qualifies as your dependent; (3) first \$6,500 of income received by a parent who qualifies as your dependent; (4) first \$6,500 of income received by a disabled child who qualifies as your dependent; (5) payment made by the State of VT for foster care pursuant to Chapters 49 and 55 of Title 33; (6) payment made by State of VT to a individual for support of a developmentally disabled an eligible person defined under subdivision 8722(2) of Title 18 (includes difficulty of care); (7) gifts from nongovernmental sources; (8) surplus food or other relief in kind supplied by a government agency; (9) the contribution portion of a pension or annuity distribution if the contribution was included in adjusted gross income in the year of contribution; (10) the income of a person living in the household under a written homesharing agreement; (11) income of a person living in the household who is a bona fide employee hired to provide personal care to a household member and is not related to the person to whom the care is provided; (12) income of a spouse age 62 or older on December 31, 2006 who does not live in the household and has moved permanently to a nursing home or other care facility; and (13) income of a

person residing with the homeowner who is age 62 or is disabled for the primary purpose of providing attendant care services or homemaker services or companionship services that allow the homeowner to remain in his or her home or to avoid institutionalization.

ADJUSTMENTS: You may subtract from household income (1) Social Security and Medicaid taxes withheld, and self-employment taxes paid by the individual; (2) child support money paid if substantiated by receipts or other evidence that the commissioner may require; and (3) adjustments to Federal Adjusted Gross Income from 1040 Line 36 or 1040A Line 20.

Household Living Expenses are costs associated with maintaining the household such as mortgage, rent, food, utilities, etc.

Other Persons means children, relatives, friends, housemates, domestic partners, or any other persons who lived with you at any time during calendar year 2006.

Support Money means cash, payment of housing expenses for the Claimant, or other financial assistance that provides the means for the Claimant to live in the homestead or rental unit.

INSTRUCTIONS

Claimant Information *This is a REQUIRED entry.*

Write your name and your spouse's or civil union partner's name (if applicable) and social security number(s) in the entry boxes provided.

Write the name(s) and social security number(s) of all Other Persons who had income and lived in the household in calendar year 2006. Attach additional sheet of paper if needed.

Lines a through m Enter the income in the appropriate column for all members of the household in calendar year 2006. This is both taxable and nontaxable income.

Line n Add Lines a through m for each column and enter the results in the appropriate column entry boxes.

Special Notes

Line g Report alimony and child support payments as well as any other support money received and used for personal living expenses.

Line h Enter the amount of income you had from a business. ➔ If you have a loss, enter 0. You can net a business loss against a capital gain if it occurred in the same tax year and for the same business.

Line i A business may be eligible to net a loss against a capital gain on the sale of business property if (1) the Internal Revenue Code would require the income to be reported if the sale had been a capital gain; (2) the loss and capital gain were both realized in 2006 tax year; and (3) the loss and gain are for the same business. When netting a loss creates negative capital gain, enter 0. ➔ Capital gains excluded from adjusted gross income must be reported as household income. This includes the capital gain from the sale of your dwelling that is excluded from Federal tax.

Line j Report that portion that is subject to tax from distributions of retirement and deferred compensation plans and accounts, and from annuities as household income. This also includes distributions of the taxable portion of Roth IRA distributions. Nontaxable distributions from these sources are not reported as household income. Federal pension and annuity benefits, taxable and nontaxable, are reported as household income in the year received.

Lines k and l Enter the income from rent on Line k. Enter the income from farming or distribution from a pass-through entity on Line l. ➔ If you have a loss, enter 0. You can net a business loss against a capital gain if it occurred in the same tax year and for the same business.

Line m Enter on this line other types of household income not specifically listed. Examples of other income are, but not limited to: prizes and awards, lottery winnings, director's fees, employer allowances, taxable refunds, allowances received by dependents of armed service personnel, military

subsistence payments, and any other items of income not specifically excluded whether taxable or nontaxable. ➔ Do not include the renter rebate or any property tax assistance received from State in 2006.

Adjustments

Line o You may deduct social security and Medicare taxes withheld from the wages included in household income. See W-2 box for social security tax withheld and Medicare tax withheld. **NOTE:** This is for taxes only. Medicare premiums withheld from social security payments are not an allowable adjustment. If you are not required to file a VT income tax return, include copies of your W-2 or 1099 forms.

If self-employed, you may deduct the self-employment tax paid on Federal Form 1040, Line 27 provided the income is included in household income. Include a copy of Federal Schedule SE.

For a full-time student or parent or disabled child that qualifies as your dependent, the tax adjustment is for the tax on the income over the exempt \$6,500 portion.

Line p Child support payments made in 2006 by any member of your household may be deducted from household income when documentation is provided. Documentation includes proof of payment (cancelled checks, receipts, statement from Office of Child Support) and the name and social security number of the parent receiving the payment.

Line q Adjustments from Federal Form 1040, Line 36 or Federal Form 1040A, Line 20 are deducted here.

2006 VT Rate Schedules

Schedule X

Use if your filing status is:
Single

If VT Taxable Income is Over	But Not Over	VT Base Tax is	Plus	of the amount over
0	30,650	0.00	3.60%	0
30,650	74,200	1,103.00	7.20%	30,650
74,200	75,000	4,239.00	8.50%	74,200
TAXABLE INCOME UNDER \$75,000 USE THE TAX TABLES				
75,000	154,800	4,307.00	8.50%	75,000
154,800	336,550	11,090.00	9.00%	154,800
336,550	-	27,448.00	9.50%	336,550

Schedule Y-2

Use if your filing status is:
Married Filing Separately; or Civil Union Filing Separately

If VT Taxable Income is Over	But Not Over	VT Base Tax is	Plus	of the amount over
0	25,600	0.00	3.60%	0
25,600	61,850	922.00	7.20%	25,600
61,850	75,000	3,532.00	8.50%	61,850
TAXABLE INCOME UNDER \$75,000 USE THE TAX TABLES				
75,000	94,225	4,649.00	8.50%	75,000
94,225	168,275	6,283.00	9.00%	94,225
168,275	-	12,948.00	9.50%	168,275

Schedule Y-1

Use if your filing status is:
Married Filing Jointly; Qualifying Widow(er); or Civil Union Filing Jointly

If VT Taxable Income is Over	But Not Over	VT Base Tax is	Plus	of the amount over
0	51,200	0.00	3.60%	0
51,200	75,000	1,843.00	7.20%	51,200
TAXABLE INCOME UNDER \$75,000 USE THE TAX TABLES				
75,000	123,700	3,557.00	7.20%	75,000
123,700	188,450	7,063.00	8.50%	123,700
188,450	336,550	12,567.00	9.00%	188,450
336,550	-	25,896.00	9.50%	336,550

Schedule Z

Use if your filing status is:
Head of Household

If VT Taxable Income is Over	But Not Over	VT Base Tax is	Plus	of the amount over
0	41,050	0.00	3.60%	0
41,050	75,000	1,478.00	7.20%	41,050
TAXABLE INCOME UNDER \$75,000 USE THE TAX TABLES				
75,000	106,000	3,922.00	7.20%	75,000
106,000	171,650	6,154.00	8.50%	106,000
171,650	336,550	11,734.00	9.00%	171,650
336,550	-	26,575.00	9.50%	336,550

Example: VT Taxable Income is \$82,000 (Form IN-111, Section 3, Line 15). Filing Status is Married Filing Jointly. Use Schedule Y-1. Base Tax is \$3,557.00. Subtract \$75,000 from \$82,000. Multiply the result (\$7,000) by 7.2%. Add this amount (\$504.00) to Base Tax (\$3,557.00) for VT Tax of \$4,061.00. Enter \$4,061.00 on Form IN-111, Section 4, Line 16.

If Taxable Income is –		And your filing status is –				If Taxable Income is –		And your filing status is –				If Taxable Income is –		And your filing status is –				
At Least	But Less Than	Single	Married filing jointly*	Married filing separately**	Head of household	At Least	But Less Than	Single	Married filing jointly*	Married filing separately**	Head of household	At Least	But Less Than	Single	Married filing jointly*	Married filing separately**	Head of household	
		Then your Vermont Tax is –						Then your Vermont Tax is –						Then your Vermont Tax is –				
15,000																		
15,000	15,100	542	542	542	542	20,000	20,100	722	722	722	722	25,000	25,100	902	902	902	902	
15,100	15,200	545	545	545	545	20,100	20,200	725	725	725	725	25,100	25,200	905	905	905	905	
15,200	15,300	549	549	549	549	20,200	20,300	729	729	729	729	25,200	25,300	909	909	909	909	
15,300	15,400	553	553	553	553	20,300	20,400	733	733	733	733	25,300	25,400	913	913	913	913	
15,400	15,500	556	556	556	556	20,400	20,500	736	736	736	736	25,400	25,500	916	916	916	916	
15,500	15,600	560	560	560	560	20,500	20,600	740	740	740	740	25,500	25,600	920	920	920	920	
15,600	15,700	563	563	563	563	20,600	20,700	743	743	743	743	25,600	25,700	923	923	926	923	
15,700	15,800	567	567	567	567	20,700	20,800	747	747	747	747	25,700	25,800	927	927	933	927	
15,800	15,900	571	571	571	571	20,800	20,900	751	751	751	751	25,800	25,900	931	931	940	931	
15,900	16,000	574	574	574	574	20,900	21,000	754	754	754	754	25,900	26,000	934	934	947	934	
16,000																		
16,000	16,100	578	578	578	578	21,000	21,100	758	758	758	758	26,000	26,100	938	938	954	938	
16,100	16,200	581	581	581	581	21,100	21,200	761	761	761	761	26,100	26,200	941	941	962	941	
16,200	16,300	585	585	585	585	21,200	21,300	765	765	765	765	26,200	26,300	945	945	969	945	
16,300	16,400	589	589	589	589	21,300	21,400	769	769	769	769	26,300	26,400	949	949	976	949	
16,400	16,500	592	592	592	592	21,400	21,500	772	772	772	772	26,400	26,500	952	952	983	952	
16,500	16,600	596	596	596	596	21,500	21,600	776	776	776	776	26,500	26,600	956	956	990	956	
16,600	16,700	599	599	599	599	21,600	21,700	779	779	779	779	26,600	26,700	959	959	998	959	
16,700	16,800	603	603	603	603	21,700	21,800	783	783	783	783	26,700	26,800	963	963	1005	963	
16,800	16,900	607	607	607	607	21,800	21,900	787	787	787	787	26,800	26,900	967	967	1012	967	
16,900	17,000	610	610	610	610	21,900	22,000	790	790	790	790	26,900	27,000	970	970	1019	970	
17,000																		
17,000	17,100	614	614	614	614	22,000	22,100	794	794	794	794	27,000	27,100	974	974	1026	974	
17,100	17,200	617	617	617	617	22,100	22,200	797	797	797	797	27,100	27,200	977	977	1034	977	
17,200	17,300	621	621	621	621	22,200	22,300	801	801	801	801	27,200	27,300	981	981	1041	981	
17,300	17,400	625	625	625	625	22,300	22,400	805	805	805	805	27,300	27,400	985	985	1048	985	
17,400	17,500	628	628	628	628	22,400	22,500	808	808	808	808	27,400	27,500	988	988	1055	988	
17,500	17,600	632	632	632	632	22,500	22,600	812	812	812	812	27,500	27,600	992	992	1062	992	
17,600	17,700	635	635	635	635	22,600	22,700	815	815	815	815	27,600	27,700	995	995	1070	995	
17,700	17,800	639	639	639	639	22,700	22,800	819	819	819	819	27,700	27,800	999	999	1077	999	
17,800	17,900	643	643	643	643	22,800	22,900	823	823	823	823	27,800	27,900	1003	1003	1084	1003	
17,900	18,000	646	646	646	646	22,900	23,000	826	826	826	826	27,900	28,000	1006	1006	1091	1006	
18,000																		
18,000	18,100	650	650	650	650	23,000	23,100	830	830	830	830	28,000	28,100	1010	1010	1098	1010	
18,100	18,200	653	653	653	653	23,100	23,200	833	833	833	833	28,100	28,200	1013	1013	1106	1013	
18,200	18,300	657	657	657	657	23,200	23,300	837	837	837	837	28,200	28,300	1017	1017	1113	1017	
18,300	18,400	661	661	661	661	23,300	23,400	841	841	841	841	28,300	28,400	1021	1021	1120	1021	
18,400	18,500	664	664	664	664	23,400	23,500	844	844	844	844	28,400	28,500	1024	1024	1127	1024	
18,500	18,600	668	668	668	668	23,500	23,600	848	848	848	848	28,500	28,600	1028	1028	1134	1028	
18,600	18,700	671	671	671	671	23,600	23,700	851	851	851	851	28,600	28,700	1031	1031	1142	1031	
18,700	18,800	675	675	675	675	23,700	23,800	855	855	855	855	28,700	28,800	1035	1035	1149	1035	
18,800	18,900	679	679	679	679	23,800	23,900	859	859	859	859	28,800	28,900	1039	1039	1156	1039	
18,900	19,000	682	682	682	682	23,900	24,000	862	862	862	862	28,900	29,000	1042	1042	1163	1042	
19,000																		
19,000	19,100	686	686	686	686	24,000	24,100	866	866	866	866	29,000	29,100	1046	1046	1170	1046	
19,100	19,200	689	689	689	689	24,100	24,200	869	869	869	869	29,100	29,200	1049	1049	1178	1049	
19,200	19,300	693	693	693	693	24,200	24,300	873	873	873	873	29,200	29,300	1053	1053	1185	1053	
19,300	19,400	697	697	697	697	24,300	24,400	877	877	877	877	29,300	29,400	1057	1057	1192	1057	
19,400	19,500	700	700	700	700	24,400	24,500	880	880	880	880	29,400	29,500	1060	1060	1199	1060	
19,500	19,600	704	704	704	704	24,500	24,600	884	884	884	884	29,500	29,600	1064	1064	1206	1064	
19,600	19,700	707	707	707	707	24,600	24,700	887	887	887	887	29,600	29,700	1067	1067	1214	1067	
19,700	19,800	711	711	711	711	24,700	24,800	891	891	891	891	29,700	29,800	1071	1071	1221	1071	
19,800	19,900	715	715	715	715	24,800	24,900	895	895	895	895	29,800	29,900	1075	1075	1228	1075	
19,900	20,000	718	718	718	718	24,900	25,000	898	898	898	898	29,900	30,000	1078	1078	1235	1078	

* This column also applies to qualifying widow(er) and civil union filing jointly status

** This column also applies to civil union filing separately status

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