

2008 UVM TAX SCHOOL

RESPONSES TO QUESTIONS

CONFIDENTIALITY

Q. Is it true that we can no longer send copies of the federal documents to support a VT return without getting a disclosure consent from our client?

A. You can still send the federal documents requested by the department to support entries on a VT return. This disclosure is authorized by IRS Regulation 301.7216-2(k).

Q. Is a disclosure consent needed when filing VT Lifeline and Pharmacy Program applications?

A. The applicant must sign the form and by signing, authorizes the release of the information to the agencies administering these programs.

Q. Why does the department discourage email to resolve client issues? It seems to make sense to email the advice so we have it in writing rather than a phone call.

A. Our email is not secure. We share an email system with the other state agencies and do not have the ability to encrypt confidential taxpayer information. Examiners are instructed not to transmit any taxpayer information by email as it is considered a violation of our disclosure laws.

INCOME TAX

TECHNICAL BULLETIN ON DISALLOWANCE OF BONUS DEPRECIATION WILL BE AVAILABLE ON THE WEB IN MID-DECEMBER

Q. The Economic Stimulus Act of 2008 increased the limits for Section 179. Are these new limits allowed for Vermont?

A. YES, the temporary increased Section 179 limits are allowed. The VT law disallowed the first-year bonus depreciation under IRC §168(k). The temporarily increased Section 179 limits are not affected.

Q. Will Vermont allow recapture of the unused Federal depreciation?

A. Vermont filers will need to keep two records for depreciation. In the first year of filing with the bonus depreciation, the federal depreciation will be greater and thus, the income less. However, in later years, the opposite result will occur and Vermont depreciation will be greater. The result is the timing of the depreciation. Vermont filers do not lose any depreciation on their assets.

Q. How will the disallowance of the bonus depreciation affect household income for the property tax adjustment or renter rebate claim?

A. The law amended the definition of Federal taxable income for purposes of the Vermont income tax. The law defining household income which starts with Federal adjusted gross income is unchanged. 32 V.S.A. §6061(5).

Q. Does the business get to use the regular depreciation deduction for assets even though the first-year bonus depreciation is disallowed or does the business lose all depreciation on the assets?

A. Only the bonus depreciation is disallowed. The difference between income calculated with the bonus depreciation and income calculated using normal MACRS is the amount added back into Vermont taxable income on Form IN-111, Line 12b. Please note that the business will have two depreciation schedules – one for Federal and one for VT.

Q. Can I elect to use Section 179 expensing for the asset for VT even though I used the bonus depreciation for Federal income tax?

A. NO. You must use the same election for the asset for both VT and Federal. If both Section 179 and bonus depreciation are used, the increased, temporary Federal limits apply. The amount attributable to bonus depreciation is added back to Federal taxable income on Form IN-111, Line 12b.

Q. How is the disallowance of the bonus depreciation handled for partnership income?

A. If the partnership has a Vermont filing requirement, use Line 8 of the Schedule K-1VT to add back the bonus depreciation income on Form IN-111, Line 12b.

Q. How is the disallowance of the bonus depreciation handled for partnership income from non-Vermont partnerships?

A. If the partnership does not have a filing requirement with Vermont, the partner will need to ask for a revised K-1 that identifies bonus depreciation and regular depreciation on qualified assets. The difference is the amount added back into Vermont taxable income on Form IN-111, Line 12b.

Q. Is Vermont requiring software companies to do the calculation that reverses the bonus depreciation?

A. As covered in the section on tax software, we provide the information but we cannot mandate the programming done by the software company.

Q. Will there be an adjustment to income in future years for the depreciation deduction due to the disallowance of the bonus depreciation in 2008? The basis for the asset will be higher in Vermont than for Federal in years following 2008.

A. The asset will continue to have a different depreciation amount for VT purposes.

Q. Will Vermont provide a pro-forma tax return to eliminate bonus depreciation and recalculate regular depreciation?

A. Vermont will provide guidance through a technical bulletin.

Q. For earned income tax credit, how can we supply pages 1 & 2 of the Federal return and the EITC worksheet if we efile the Vermont return?

A. First, thank you for e-filing! You cannot supply the pages through e-filing. We are looking at how we might be able to get the information through the Fed/State e-file program. Otherwise, this additional information will need to come via mail.

PROPERTY TRANSFER RETURNS

Q. When will the new property transfer returns be available?

A. December 2008

Q. Will the real estate withholding and Schedule A of RW-171 be integrated with the new property tax forms?

A. No, the RW-171 will not be integrated into the PT-172 form. The forms will remain separate.

TAX CREDITS

Q. What type of solar energy project is eligible for the 100% credit to VT?

A. The additional credit is available to a business solar investment installed in VT as authorized by Section 48 of Internal Revenue Code. Taxpayers already receive 24% of the Federal business solar energy investment. Beginning with tax year 2008, VT allows the remaining 76% of the Federal credit for the VT business solar energy investment.

Q. Is the VT solar energy credit for tax years following 2008?

A. YES. Currently, there is no sunset date.

Q. Will the department require any additional documentation?

A. The department may ask for the back-up documentation to support a Vermont-based business solar investment credit.

Q. Is VT considering a tax credit for geo-thermal?

A. Tax credits require legislative action. You should talk with your representative.

EXTENSION OF TIME TO FILE

Q. Does the department require a copy of the individual's request for extension of time to be attached to the extended VT individual return?

A. NO. The extension request filed with VT will already be on the taxpayer's record.

Q. Will VT still accept a copy of the Federal extension request in lieu of the VT IN-151?

A. YES, but we prefer you file the IN-151.

Q. How do you file the VT IN-151 to request extension of time to file when the taxpayer is not available to sign the VT request?

A. No signatures (taxpayer or practitioner) are required on the VT IN-151.

Q. When will VT allow the IN-151 to be filed electronically?

A. The department hopes to offer this option in the near future.

TAX SOFTWARE and MIXED FORMS

Q. What do we do when a software program does not support all VT forms? For instance, lifeline application.

A. The department cannot force software vendors to support forms. Some vendors do offer the lifeline and pharmacy application. The lifeline and pharmacy applications are not processed with the income tax return so using printed or downloaded applications are not considered mixed forms.

Q. Does Lacerte support generation of separate IN-112 schedules for credit for income tax paid to multiple states?

A. YES, based on last year's forms submitted for approval.

Q. Can the department let practitioners know which software companies will make the adjustment for Social Security and Medicare taxes on deferred compensation?

A. Vermont provides a list of software companies that submitted forms and are approved for filing with Vermont. However, approval means the software generated forms are processable. We provide the information but you will need to ask your specific software company how they programmed for Vermont Schedule HI-144.

Q. My software vendor says it has not yet received 2008 Vermont forms for programming. Is that correct and if so, when will VT forms be available to software companies?

A. The department posted VT income e-file specifications and draft forms on the software vendor website in early September. Draft forms and schedules were available for paper programming November 10 for corporate returns and November 21 for individual income tax. The VT returns do not become final until the Federal 1040, 1040-A, and 1040-EZ become final.

Q. Does the department review and approve the software before it is distributed to the tax preparers?

A. The vendor is only obligated to receive approval to be sure its output can be processed and/or received by the department. Issues such as bringing Federal information to the VT returns or calculations are part of the vendor's programming. Some vendors ask the department to review; others do not and we cannot force them to do so.

Q. When will the Department require software vendors to support all forms in order to be an approved software company for Vermont?

A. The Department cannot force the software vendor to support all aspects of our tax filings.

MIXED FORMS

Q. So what is this \$25 processing fee Frank told us about?

A. The department is authorized to charge \$25 per return when the return cannot be processed by our equipment or is not approved. 32 V.S.A. §3204. The fee covers the cost to have an employee transfer the information from the unprocessable or unapproved form to one that can be processed. The department will first contact the practitioner if there is an issue with the forms. Continued use of unprocessable or unapproved forms will result in either the filings returned to the practitioner or the \$25

per return fee. Examples of unprocessable forms: not enough printer ink/toner and information is too light to read, scanband printing not aligned, mixed forms or filing on forms not approved by the Department.

Q. What are mixed forms?

A. Mixed forms apply to VT forms and schedules and are ones that are not from a consistent source. For instance, you print HS-122 with scanband from your software but then attach a department-printed HI-144.

Q. Are VT forms picked up at the post office and forms from a booklet considered mixed?

A. NO.

Q. How do I provide a form that the software does not provide, such as annualized worksheet, lifeline or pharmacy applications?

A. Worksheets are not required to be filed. They are for the convenience of the taxpayer and/or preparer. The department distributes the applications but they are not processed by the department. If you file a worksheet or one of these applications downloaded from our web site with vendor tax forms, it will not be considered a mixed filing.

Q. Is filing on a combination of department- printed forms and one downloaded from your web site considered a mixed filing?

A. YES

Q. The Landlord's Certificate is not a computer generated form but it is required to be attached to PR-141 and sometimes HS-122. How do we comply with this filing requirement and not get billed the \$25 processing fee for mixed forms?

A. Use the Landlord Certificate provided by the client which will be the one printed by the department (the one with the pink boxes). Our system is trained to expect only the department-printed certificate and it will not be considered a mixed form.

Q. Will I be charged the \$25 processing fee if I send in paper for VT income tax from my software but I file the renter rebate from the form in the booklet? My tax software is always late in getting the renter rebate form ready.

A. If you file with the income return, any supporting schedules, and the household income on scanband paper from your software together with a renter rebate form printed by the Department, this is a mixed filing and could trigger the \$25 processing fee.

Recommendation: File the renter rebate on Department-printed forms. Then file the income tax returns using your software. Do not put the renter rebate on Line 31d. **File the income tax separately.** To file the renter rebate you will need to use both the PR-141 and HI-144 from the booklet.

Q. Does using returns generated by two different software vendors constitute mixed forms? Occasionally I need a form that my primary software vendor does not provide.

A. All software companies are required to receive approval of their forms based on subsets (i.e., IN-111 will not be approved if the software company does not support the IN-112, IN-113, IN-119 and IN-116). If your software company does not support the PR141, then do not file the income tax return with the renter rebate claim together – file them separately. Most often we see IN111 with IN151 from two different software

companies. It is not necessary to file a copy of your IN151 with an IN111 as IN-151 is a worksheet only.

Q. The original Landlord Certificate is required to file a renter rebate. Does this mean software generated renter rebate claim (PR-141) and HI-144 (Household Income) filed with the Landlord Certificate are mixed forms?

A. NO. The processing system is trained to expect the original Landlord Certificate for filings with software generated, downloaded or department-printed forms.

HOMESTEAD DECLARATION AND PROPERTY TAX ADJUSTMENT CLAIM

Q. What are the maximums for household income and property tax adjustment for 2009?

A. Generally, household incomes over \$97,000 do not receive a property tax adjustment. However, eligibility for the adjustment depends on the relationship of household income to property taxes.

The maximum property tax adjustment will be \$8,000.

Q. If the state has the property tax information (acres, homestead, education tax, etc.) for the SPAN, why do you ask for this information?

A. The property tax adjustment goes to the SPAN. Often it is a discrepancy between the information on the form and our information that alerts the department to an incorrect SPAN entry. The declaration and adjustment get corrected before transmitted to the town. Additionally, during the bulk of the processing time, the Department has access to the prior year grand list. If the property has a new owner, acreage sold, or it was not declared as homestead, we do not have the grand list information available in time to meet our processing deadlines.

Q. Are two houses connected by a shed/mudroom considered a duplex? The property is on one deed and is owned by a brother and sister who live in each of the houses.

A. If the town lists the property as one parcel, then it is a duplex.

Q. How is the homestead declaration and property tax adjustment claim completed in this situation: property is one 64-acre parcel with two houses located on it. One house is owner occupied; the other house is occupied by the owner's son who lives there rent free.

A. The entire parcel will be a homestead since the house the son occupies is not rented. Unless the owner has other buildings or improvement on the parcel that they use for business or rent out, complete the declaration indicating "No" to the question at Line A6 – Are improvements or other buildings located on your parcel, other than the dwelling, used for business or rented."

For the property tax adjustment claim, the homeowner uses the housesite value for the home he or she occupies plus two acres. The son is not eligible for either property tax adjustment or a renter rebate.

Q. How is the property tax adjustment applied to property tax installments? My client was surprised to find that the town split the adjustment evenly between each installment.

A. The 2008 Legislature amended the law [32 V.S.A. §6066(f)(i)] to require towns to apply the property tax adjustment evenly to each installment that includes the education property tax.

Q. If the business or rental use of the dwelling is 25% or less, do we make an entry on Lines A4 or A5?

A. For 25% or less business use of the dwelling, the entry on Line A4 will be 00.00%. If you enter the exact business use and it is 25% or less, our system will automatically correct to 00.00% to allow this threshold.

For rental use of the dwelling, **any** percentage rented must be reported. There is no threshold. The entry on Line A5 will be the percentage of the dwelling rented out.

Generally, these percentages are the same as reported on the Federal return – except for business use of 25% or less.

Q. What property tax information for a property tax adjustment is used for new construction?

A. For a 2009 property tax adjustment claim on new construction in 2008, the property tax is based on the housesite value as of April 1, 2008. This is the land (up to 2 acres) and whatever improvements existed on April 1, 2008.

Q. Does the property tax adjustment go to the surviving spouse?

A. A surviving spouse or civil union partner who owns and lives in the homestead and meets the eligibility requirements will have the property tax adjustment credited to the property tax bill.

Q. Does it create a problem to file a zero VT income tax return for a person who is only filing the homestead declaration and property tax adjustment claim? Some software does not allow e-filing for just the declaration and adjustment.

A. No, it does not create an issue to file a zero income tax return. However, you can e-file just the declaration and adjustment claim by going to our web site at <http://tax.vermont.gov> and use our free, online filing system.

Q. If the income is more than \$97,000, our software does not complete the property tax adjustment claim. Is this OK?

A. Not a problem as long as your client agrees no claim should be filed **and** no entries are in the claim section. Response to the eligibility questions, entering the AGI for household income, or any other entries on the claim section means the department will contact the client asking for the rest of the information.

Also, household income can be amended for up to three years if a claim is filed by the deadline. Should your client file an amended income tax return and this brings the household income below the maximum, no adjustment is available unless there is a

claim on record at the VT Department of Taxes that was filed by the deadline on record.

Q. Estimated household income is used for extended income tax returns. If the estimated household income is at the maximum and the actual is substantially less, will the amount be questioned?

A. Examiners will thoroughly review the account before questioning the amount. Since there is an existing Schedule HI-144, the new HI-144 will be treated as amended. Generally, "estimated" household income is entered on Line m Other income. The Schedule HI-144 with the actual household income records the categories of income.

However, if the amended household income does not appear to be sufficient to meet the living expenses of the household, the client will most likely be asked for an explanation.

Q. Will the late filing penalties for the declaration and/or property tax adjustment apply to deployed military personnel?

A. Beginning May 2006, military personnel deployed in a combat zone can file the declaration and property tax adjustment within the 180 days after leaving the combat zone - same as filing income tax returns. Use the appropriate year and mark at the top of the form "Active Duty Combat Zone" and the dates.

As for late filing penalties, towns are authorized by 32 V.S.A. §5410(j) to waive the penalty for a late declaration for hardship. Hardship is defined by 32 V.S.A. §5410(l) and includes "full-time active military duty of the declarant outside the state." Appeal is to the town. There is no authority to waive the \$15 late filing penalty for the adjustment.

Q. Is there a cross-reference process for a Form HS-122 filed on-line for the homestead declaration and a Form HS-122 later e-filed? My software will not allow the property tax adjustment claim to be filed without completing the homestead declaration portion.

A. It is a good thing your software requires the full HS-122 to be completed as the homeowner identification information in the declaration section. The two filings will be matched by Social Security Number and the client's account updated to include the property tax adjustment claim along with the homestead declaration filed earlier.

Q. How and when are the data for the common level of appraisal collected?

A. The common level of appraisal (CLA) is the ratio of a property's value set by town listers to the State's estimate of fair market value. The results of the study for the April 1, 2008 grand list will be available in mid-January 2009.

Property Valuation and Review takes the following steps to determine a town's equalized education value: 1) collects sales data; 2) eliminates sales that do not represent market value; 3) separates the selected sales by grand list categories; 4) calculates listed-

value-to-sales-price ratios for all market sales; 5) determines equalization ratios that represent reliable estimates of the divergence from 100% of fair market value; 6) applies the resulting ratios to the grand list value for appropriate categories; and 7) sums the resulting values. The total, with adjustments for local agreements and current use appraisal, is the equalized education property value for the town.

For towns undergoing a reappraisal in tax year 2009, the CLA will be recalculated using the 2009 assessed value and the equalized education property value established in June of 2009.

Q. I think there is a glitch on the acknowledgement given to filers on the Department's on-line HS-122 filing system. The message reads "Congratulations! You have completed your Vermont Homestead Declaration and Property Tax Adjustment Claim online" even if only the declaration was completed.

A. You are correct. This has been corrected for the 2009 filings. If you do only the declaration, you will only receive an acknowledgement for a declaration. We have also added alerts at the completion of the declaration and on the signature page to bring to the filer's attention the option to file the property tax adjustment.

Q. What relief is available for a homeowner who filed the property tax adjustment on time and correctly but an input error makes the household income above the threshold? The homeowner cannot pay the full bill and incurs a penalty for late payment of the property taxes. If the claim was processed with the information filed, the homeowner would have received the adjustment and paid the bill on time.

A. There is no authority for the State to compensate the homeowner in this situation. Best advice is to contact the town and let them know the situation. Most towns are willing to work with the property taxpayers.

Q. Amended 2007 and 2006 HI-144 resulted in additional property tax adjustment. Does this go to the homeowner or the town?

What happens to the property tax adjustment when the household income is amended after the current property tax bill?

A. Amendment to the law by the 2008 Legislature now allows the Department to pay directly to the homeowner any additional property tax adjustment issued after December 31 of the claim year. For example, Howard Homeowner amends his 2008 household income in February 2009 and is due additional property tax adjustment. The additional adjustment will be sent directly to Howard.

If Howard Homeowner's amended household income increases and the property tax adjustment was more than he was eligible to receive, the Department bills Howard directly. This occurs regardless of when the excess adjustment is discovered.

Q. Are there any consequences for people who should file a homestead declaration but do not?

A. YES. The Department uses information available to determine if a property owner should be filing a homestead. This includes conducting a domicile investigation. If a homeowner does not file the declaration as required, the Department notifies the town to classify the property as a homestead. The homeowner is then subject to the higher of the homestead or nonresidential education property tax rate and a penalty at 1% of the applicable education property tax. Should the failure to file a declaration be determined fraudulent, the penalty increases to 100% of the education property tax plus any interest or late payment fee or commission imposed by the town. 32 V.S.A. §5410(g).

HOUSEHOLD INCOME

Q. Do we use Line m, Other income, to report the economic stimulus check?

A. NO. The economic stimulus is not part of household income.

Q. Why did the capital gain on the sale of my client's home need to be included in household income? It was exempt from Federal tax and not in their AGI.

A. 32 VSA §6061(B) requires "...the amount of capital gains excluded from adjusted gross income, ..." to be added to household income. This applies to the capital gain exclusion on the sale of a residence and any other capital gain exempted or excluded from Federal adjusted gross income.

Q. How will the disallowance of the bonus depreciation affect household income for the property tax adjustment or renter rebate claim?

A. The law amended the definition of Federal taxable income for purposes of the Vermont income tax. The law defining household income which starts with Federal adjusted gross income is unchanged. 32 V.S.A. §6061(5).

Q. What are the upper limits (phase-out) for household income to receive a property tax adjustment?

A. Generally, household incomes over \$97,000 do not receive a property tax adjustment. However, eligibility for the adjustment depends on the relationship of household income to property taxes.

Q. For the "estimated" household income on Schedule HI-144, can we put the maximum amount on one line of the schedule?

A. YES. Preparers generally use Line m, Other Income.

Q. Is a paper Household Income Schedule HI-144 amending “estimated” household income preferred to an e-filed HI-144?

A. Either way works.

For paper, you need to complete the HI-144 with the correct information, write “AMENDED” on the top of the schedule, and mail to the Department. Do NOT attach the amended HI-144 to an income tax filing. Send it separately from other forms. The examiner will receive the paper amended HI-144, correct the information on the original filing and then attach the paper HI-144 to the homeowner’s tax account.

For e-file, software companies generally require you to complete Form HS-122 and HI-144 again. When the e-filed HS-122 and HI-144 are received, the processing system identifies it as a duplicate filing. The examiner compares the new filing against the old filing and corrects the household income on the original filing (to preserve the filing date).

Q. What is reported on Household Income Schedule HI-144 for pension or IRS withdrawals?

A. Distributions from retirement, profit-sharing plans, any IRA, or IRA recharacterizations are reported on Form 1099-R. Generally, the taxable amount will be in Box 2a. Only the taxable portion of the distribution is included in household income.

Q. What is reported on Household Income Schedule HI-144 for deferred compensation?

A. The full distribution, principal and earnings, is included in household income. Deferred income is not included in adjusted gross income at the time the income is deferred and thus, not previously reported in household income.

Q. Where is the law that precludes offsetting a current year capital gain with a prior year capital gain loss carryforward?

A. 32 VSA §6061:

(5) “Modified adjusted gross income” means “federal adjusted gross income:”

(A) 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 a capital loss, except that in the case of a business which sells a business property with respect to which it is required, under the Internal Revenue Code, to report a capital gain, a business loss incurred in the same tax year with respect to the same business may be netted against such capital gain;

Q. Homeowner has a capital loss carryforward and a current year capital gain on the Federal return. The capital loss carryforward less the current year capital gain still results in a loss carryforward. What is reported on Household Income Schedule HI-144?

A. The current year capital gain. The offset must be from the same tax year and the same business.

Q. Can a current year capital loss offset the excluded IRC §121 capital gain?

A. NO. The law requires the amount of capital gains excluded from adjusted gross income to be included. 32 VSA §6061(5)(B).

Q. Can a suspended passive rental loss offset current year rental gain?

A. NO. The offset must be from the same tax year and the same business.

Q. What is included in household income in the following situations?

Joint Return	Situation 1	Situation 2
Husband capital gain	\$1,000	\$1,000
Wife capital loss	<u>(3,000)</u>	<u>(500)</u>
Net	(\$2,000)	\$ 500

A First the capital gain and loss must be in the same tax year and for the same business. If the gain and loss represent stock owned by the couple, then the wife's loss can offset the husband's gain. In Situation 1, the entry on HI-144 is zero (reporting on HI-144 cannot be negative or less than zero). In Situation 2, the entry is \$500.

If the husband's capital gain results from stock sale and the wife's capital loss is from a business she owns and operates, the loss cannot offset the gain. The offset must be for the same tax year and the same business. The entry for Situation 1 will be \$1,000 for husband and zero for wife. The entry for Situation 2 is \$1,000 for husband and zero for wife.

Q. What about these situations:

	Situation 1	Situation 2
TP Sch C #1	\$15,000	\$15,000
TP Sch C #2	<u>(10,000)</u>	<u>(20,000)</u>
Net	\$5,000	(5,000)

A The capital gain and loss are in the same tax year and **for the same business**. If the gain and loss are derived from different businesses, an offset of one business gain cannot offset a loss from a different business.

Q. Please clarify entries for self-employment tax on Schedule HI-144, Lines o and q. Is this a change from prior years?

A. This is a clarification, not a change. Since the self-employment tax is the equivalent of the Social Security and Medicare taxes deducted from wages that adjusts household income at Line o, the self-employment tax is entered on Line o. The self-employment tax is an adjustment to arrive at Federal adjusted gross income

which is also an adjustment to household income. The homeowner subtracts the amount of self-employment tax entered on Line o and the balance goes on Line q.

Example: Self-employed homeowner and spouse reporting household income. The homeowner has \$2,000 in self-employment tax and the spouse has \$2,300 in Social Security and Medicare taxes deducted from wages. The couple has \$4,000 in adjustment to AGI that include the \$2,000 self-employment tax, IRA deduction and student loan interest. The entry for Line q is \$4,000 less the \$2,000 self-employment tax already reducing household income at Line o.

Q. What about the Schedules HI-144 filed in previous years where the self-employment tax was deducted at both Line o and Line q?

A. Most have been picked up through review and comparison of state and Federal information.

Q. Have software companies been made aware of the requirement to report self-employment tax at Line o and deduct it from Line q entry?

A. YES

Q. Are long-term care benefits that are not taxable at the Federal level required to be included in household income?

A. NO, it is not one of the items listed in 32 VSA §6061(5)(B) that is required to be added into household income.

Q. When you put the income of another taxpayer who lives in the household on Household Income Schedule HI-144, do you need a disclosure statement from that taxpayer?

A. NO. First, the other taxpayer self-disclosed the information. Second, the disclosure is authorized by IRS Regulation 301.7216-2(k).

MISCELLANEOUS

Q. If large refunds are reviewed and generate a request for Federal information, can you tell us the dollar amount that is considered large?

A. Basically, if the refund causes you to do a double take or say "WOW," it most likely will be reviewed.

Q. Are there any changes anticipated for expanding benefits for military service members and veterans or a group that does lobby work for our soldiers and veterans?

A. Any change requires legislation. You may want to discuss your ideas with your State or national representatives. You may also want to contact veteran organizations in your area or the Veteran's Administration <http://www.va.gov/>

Q. When will Vermont mandate e-filing?

A. A mandate is not currently anticipated. We hope that practitioners and individuals who file their own forms will continue to realize the value of electronic filing and increase our e-filing percentage. However, a mandate or some other form of “encouragement” could be possible in the future.

Q. Would a “Frank’s 90% Club” inspire people to increase the percentage of Vermont e-filing?

A. Frank is at the reception for the Governor’s 90% Club. Are you looking for an extra “after the official” reception get together where you let your accounting principles down??

TAXPAYER INFORMATION TRACKING

Q. Can this service provide the dates and amount of each estimated payment as well as or instead of the one lump amount?

A. The Department hopes to offer this enhancement next year. It is too late in the programming time table to implement for 2008 estimated payments.