

**WHAT'S NEW IN VERMONT – 2020**

PLEASE ANSWER THE USE TAX QUESTIONS BELOW AND RETURN THIS SHEET TO US

**HEALTHCARE COVERAGE**

*I/we did maintain essential healthcare coverage throughout all of the 2020 tax year.*

**SALES TAX (USE TAX) ON OUT-OF-STATE PURCHASES**

If you purchased taxable items from any out-of-state business in 2020 on which you did not pay sales tax, **you are liable for use tax on those purchases.**

PLEASE CHOOSE THE APPROPRIATE STATUS BELOW:

- I/we have kept records and know the actual (or a good estimate) amount of qualifying out-of-state and mail order purchases on which no sales tax was charged. That amount is:\_\_\_\_\_.*  
(Do not include purchases of new clothing, shoes, food, prescription drugs, or newspapers, as these are exempt.)
- I/we do **not** have accurate records of all my/our purchases, and I/we did **not** make any individual purchases greater than \$1,000. I/we will use the standard Vermont Sales (Use) Tax Assessment (0.10% of my/our Vermont adjusted gross income) in lieu of actual sales/use tax occurring on out-of-state and mail order purchases, and I/we authorize that standard amount to be included on my/our Vermont tax return.*
- I/we did not purchase any taxable items in 2020 from sellers outside Vermont on which I/we did not pay sales tax. (Your tax return will then be prepared using the certification under penalties of perjury that no Use Tax is due.)*

IN ADDITION, IF APPLICABLE:

- I/we made an individual purchase (or purchases) greater than \$1,000 each. The exact amount of such purchase(s) is:\_\_\_\_\_.*

**VERMONT SPECIAL CONTRIBUTIONS**

*If you wish to contribute, on your Vermont tax return, to any of the following special Vermont Funds, please indicate the amount below. Your contribution will be tax deductible if you itemize your deductions in 2021.*

	AMOUNT
Vermont Nongame Wildlife Fund	_____
Vermont Children's Trust Fund	_____
Vermont Veterans' Fund	_____
Green Up Vermont Fund	_____

Signed:\_\_\_\_\_

Date:\_\_\_\_\_

PLEASE ALSO READ OTHER SIDE

## **ESTATE TAX - VERMONT - IMPORTANT**

While the federal estate tax exemption was increased to \$11,580,000 for 2020, Vermont continues to tax estates in excess of \$4,250,000 increasing to \$5,000,000 in 2021. This means that a decedent's estate may be exempt at the federal level, **but taxable in Vermont.**

## **PROPERTY TAX REPORTING**

**Homestead declarations must be filed each year.** All Vermont resident homeowners must file Section A of Form HS-122 by April 15, 2021, even if a claim for the property tax credit is not made. The Homestead Declaration and Property Tax Credit Claim are combined on Form HS-122.

If your 2020 household income is under \$138,500, Section B of Form HS-122 will also need to be completed, and Household Income Form HI-144 will need to be attached. HerrickGlobal will prepare Section B of Form HS-122 and Form HI-144 if it looks as though you may qualify for a property tax credit. The calculation for the property tax credit will use the 2020 household income, 2020 house site value, and 2020 property taxes on the house site, *therefore we will need a copy of your 2020-2021 property tax bill.*

The 2021 property tax credit, if any, **goes directly to your town** as a credit towards your 2021/2022 property tax bill. The Vermont Department of Taxes will send notifications to homeowners of the amount credited to their property tax bill. The maximum adjustment amount is \$8,000. Homeowners filing a completed HI-144 between April 16 and October 15, 2021 may still qualify for a property tax credit. A \$15 late filing fee will be deducted from the credit.

*To prepare Form HI-144, we will need the amount and type of other income received, which may not normally be taxable (e.g., child support, veteran's benefits, cash gifts, etc.). Furthermore, we also need complete details of the amounts and types of all income for **ALL OTHER MEMBERS OF YOUR HOUSEHOLD** not included on this tax return (includes children, roommates, and non-family persons).*

**NOTE:** If you have adult children who use your address for filing their Vermont tax returns, this may cause problems unless all of *their* income is reported on the property tax credit claim.

## **CAPITAL GAINS**

The general exclusion amount for tax year 2020 is \$5,000 or the actual amount of net adjusted capital gains, whichever is less. Taxpayers may opt to exclude 40% of their adjusted net capital gain from the sale of certain assets held for more than three years. Only certain categories of capital gain income are eligible for this 40% exclusion.

## **VERMONT 529 COLLEGE SAVINGS PLAN**

If you contributed during 2020 to a 529 plan administered by VSAC (Vermont Student Assistance Corporation), please provide copies of the year-end statement as you may be eligible for a Vermont tax credit. If you are eligible for the credit, the tax department will want a copy of the supporting statement sent to them.

## **W-2 REPORTING**

IRS requires employers to report the medical insurance premiums paid on behalf of an employee in Box 12 of the W-2, with code DD - this amount is not taxable and is informational only.