

# Vermont Tax Adjustments and Credits

## 2018 Schedule IN-112



\* 1 8 1 1 2 1 1 W W \*

Please PRINT in  
BLUE or BLACK INK

INCLUDE WITH FORM IN-111

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

### PART I ADDITIONS TO FEDERAL ADJUSTED GROSS INCOME

|  |   |     |
|--|---|-----|
| 1. Total interest and dividend income from all state and local obligations exempt from federal tax (Reported on federal Form 1040) . . . . . | 1 | .00 |
| 2. Interest and dividend income from Vermont state and local obligations included in Line 1 . . . . .  | 2 | .00 |
| 3. Income from Non-Vermont State and Local Obligations (Subtract Line 2 from Line 1) . . . . .   | 3 | .00 |
| 4. Bonus Depreciation Allowed under Federal Law for 2018 . . . . .   | 4 | .00 |
| 5. Total Additions (Add Line 3 and Line 4) . . . . .   | 5 | .00 |

### SUBTRACTIONS FROM FEDERAL ADJUSTED GROSS INCOME

|   |    |     |
|---|----|-----|
| 6. Interest Income from U.S. Obligations . . . . .  | 6  | .00 |
| 7. Capital Gains Exclusion (Schedule IN-153, Line 21) . . . . .                                     | 7  | .00 |
| 8. Adjustment for Prior Years' Bonus Depreciation . . . . .   | 8  | .00 |
| 9. Taxable Refunds of State and Local Income Taxes (Reported on federal Form 1040) . . . . .        | 9  | .00 |
| 10. Social Security Benefits Exempt from Taxation (see the worksheet in the instructions) . . . . . | 10 | .00 |
| 11. Total Subtractions (Add Lines 6 through 10) . . . . .   | 11 | .00 |

### NET MODIFICATIONS TO FEDERAL ADJUSTED GROSS INCOME

|   |    |     |
|---|----|-----|
| 12. Subtract Line 11 from Line 5. Enter on Form IN-111, Line 2. . . . .<br>This can be a negative number. | 12 | .00 |
|---|----|-----|

← Check to indicate loss

|                      |                        |
|----------------------|------------------------|
| Taxpayer's Last Name | Social Security Number |
|----------------------|------------------------|

**PART II REFUNDABLE CREDITS**

Lines 1 and 2 are for FULL-YEAR residents

- Low Income Child & Dependent Care Credit**  
If your federal Adjusted Gross Income is \$30,000 (or \$40,000 for Married Filing Jointly) or less, and child care services are provided by a Vermont accredited daycare provider, enter 50% of federal Form 2441, Line 11. If you are not a Vermont resident or your daycare provider is not accredited, use Schedule IN-119, Part I, Line 8. See instructions if your providers are both accredited and not accredited.
- Renter Rebate (From Form PR-141, Line 9)**

|   |  |     |
|---|--|-----|
| 1 |  | .00 |
| 2 |  | .00 |

**VERMONT EARNED INCOME TAX CREDIT  
ELIGIBILITY QUESTIONS MUST BE ANSWERED**

For FULL-YEAR residents and PART-YEAR residents

- Enter number of qualifying children.
- Enter number of qualifying children under the age of 18.
- Were you (or your spouse if filing a joint return) at least age 25 but under age 65 at the end of 2018?  
If you answered "No" and do not have any qualifying children, you do not qualify for Earned Income Tax Credit

|     |    |
|-----|----|
| A   |    |
| B   |    |
| Yes | No |

**FULL-YEAR RESIDENTS:** Answer eligibility questions above and complete Lines 3 and 4

- Earned income tax credit (Reported from federal Form 1040)
- Vermont Earned Income Tax Credit (Multiply Line 3 by 36%)

|   |  |     |
|---|--|-----|
| 3 |  | .00 |
| 4 |  | .00 |

**PART YEAR RESIDENTS:** Answer eligibility questions above and complete Lines 5-11

Enter figures in Column A from your federal EITC worksheet and Schedule IN-113

For Vermont Portion, enter income earned while a Vermont resident as shown on Schedule IN-113, Column B, Lines 1, 8, 10, and 11

|   | A. Federal Amount \$ |     | B. Vermont Portion \$ |     |
|---|----------------------|-----|-----------------------|-----|
| 5. Wages, salaries, tips, etc.<br>(Schedule IN-113, Line 1)   | 5A                   | .00 | 5B                    | .00 |
| 6. Other earned income<br>(Schedule IN-113, Lines 8, 10, and 11) <span style="float: left;">← Check to indicate loss</span> | 6A                   | .00 | 6B                    | .00 |
| 7. Total earned income (Add Lines 5 and 6)  | 7A                   | .00 | 7B                    | .00 |
| 8. Earned income tax credit adjustment (Divide Line 7B by Line 7A and enter here, but not more than 100%)                   | 8                    |     |                       | %   |
| 9. Earned income tax credit<br>(Reported on federal Form 1040)  | 9                    | .00 |                       |     |
| 10. Multiply Line 9 by 36% and enter the result here  | 10                   |     |                       | .00 |
| 11. Vermont Earned Income Tax Credit (Multiply Line 10 by Line 8)   | 11                   |     |                       | .00 |
| 12. <b>TOTAL REFUNDABLE CREDITS</b><br>(Add Lines 1 and 2 to Line 4 or Line 11. Enter this amount on the IN-111, Line 25c)  | 12                   |     |                       | .00 |



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# SCHEDULE IN-112 Vermont Tax Adjustments and Credits

## Who Must File Schedule IN-112

You must file Schedule IN-112 if you:

- Have interest income from state and local obligations (Part I)
  - Federal bonus depreciation
  - Adjustment to bonus depreciation
  - Interest Income from US obligations
  - Capitol Gains exclusion
  - taxable refunds of state and local income tax
- Are claiming Vermont Refundable Credits (Part II)
  - Low Income Child & Dependent Care
  - Vermont Earned Income Tax Credit

Print your name and Social Security Number on this schedule. Please use **blue or black ink** to make all entries.

## Part I Additions to Federal Adjusted Gross Income

Interest and dividend income from non-Vermont state and local obligations are taxable in Vermont. A Vermont obligation is one from the state of Vermont or a Vermont municipality.

- Line 1** Enter the total interest and dividend income received from all state and local obligations exempted from federal tax as reported on federal Form 1040, U.S. Individual Income Tax Return.
- Line 2** Enter the interest and dividend income from Vermont obligations. This may have been paid directly to you or through a mutual fund or other legal entity that invests in Vermont state and local obligations. If you receive this income from a mutual fund that has only a portion of its assets invested in Vermont state and local obligations, enter only the amount for the Vermont obligation(s).
- Line 3** Subtract Line 2 from Line 1. This is the amount of interest and dividend income from non-Vermont state and local obligations that must be included in Vermont Taxable Income.
- Line 4** **Federal Bonus Depreciation.** Vermont does not recognize the bonus depreciation allowed under federal law. Enter the difference between the depreciation calculated by standard MACRS methods and the depreciation calculated using the federal bonus depreciation for assets placed in service in 2018. Read Technical Bulletin TB-44, Disallowance of Bonus Depreciation Provisions of Federal Economic Stimulus Act of 2008, on our website for information on calculating the amount to add back to taxable income.
- Line 5** **Total Federal Adjusted Gross Income Additions.** Add Lines 3 and 4.

## Subtractions From Federal Adjusted Gross Income

- Line 6** **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 Vermont tax under the laws of the United States. Enter the amount of interest income from U.S. Obligations on this line. Read Technical Bulletin TB-24, Exemption of Income of U.S. Government Obligations, on our website.
- Line 7** **Capital Gains Exclusion.** See Schedule IN-153, Capital Gains Exclusion Calculation, and instructions to calculate the capital gains exclusion for 2018. Read Department regulation § 1.5811(21)(B)(ii) and Technical Bulletin TB-60, Taxation of Gain on the Sale of Capital Assets, on our website to help determine your capital gain exclusion. Complete and submit Schedule IN-153.
- Line 8** **Adjustment for Bonus Depreciation on Prior Year Property.** Enter the difference between the depreciation calculated by standard MACRS methods and the depreciation calculated at the federal level. For information on calculating the amount that can be subtracted from taxable income, read Technical Bulletin TB-44 on our website.
- Line 9** **Taxable Refunds of State and Local Income Taxes.** Enter the amount reported on your federal Form 1040.
- Line 10** **Social Security Benefits Exempt from Vermont Taxation.** See the worksheet on the next page.
- Line 11** **Total Federal Adjusted Gross Income Subtractions.** Add Lines 6 through 10.
- Line 12** **Net Modifications to Federal Adjusted Gross Income.** Subtract Line 11 from Line 5. If Line 5 is less than Line 11, check the box to the left of the entry line to indicate a negative. Enter on Form IN-111, Vermont Income Tax Return, Line 2.

## SOCIAL SECURITY EXEMPTION WORKSHEET

**Instructions:** It is important that you answer the questions in Section I to determine if you qualify for a full or partial exemption. If you qualify for a partial exemption, you may move on to Section II to calculate the amount of the exemption.

### SECTION I: Do you qualify for the Vermont Social Security full or partial exemption?

1. Did you report an amount on federal Form 1040, U.S. Individual Income Tax Return, Line 5b, earning Social Security benefits that were taxable in the current tax year?  
 **No.** You do not qualify for this exemption.  
 **Yes.** Proceed to question 2.
2. If you are:
  - Married filing jointly, is your Adjusted Gross Income (AGI) on Form IN-111, Vermont Income Tax Return, Line 1, less than \$70,000?
  - Single, head of household, qualifying widow(er), or married filing separately, is your AGI on Form IN-111, Line 1, less than \$55,000?  
 **No.** You do not qualify for this exemption.  
 **Yes.** You qualify for Vermont's Social Security exemption. Proceed to question 3.
3. If you are:
  - Married filing jointly, is your AGI less than \$60,000?
  - Single, head of household, qualifying widow(er), or married filing separately, is your AGI less than \$45,000?  
 **No.** Please proceed to Section II of this worksheet.  
 **Yes.** You qualify for a **full exemption**. Please enter the full amount from federal Form 1040, Line 5b, on Schedule IN-112, Line 10.

### SECTION II: Calculating your Social Security Partial Exemption

This section is for married joint filers with an Adjusted Gross Income (AGI) between \$60,000-\$70,000 and for single, head of household, qualifying widow(er), or married separate filers with an AGI between \$45,000-\$55,000.

4. If you are:
  - Married filing jointly, enter \$70,000.
  - All other filing statuses, enter \$55,000. . . . . **4.** \_\_\_\_\_
5. Enter your AGI from Form IN-111, Line 1. . . . . **5.** \_\_\_\_\_
6. Subtract Line 5 from Line 4. If Line 5 is greater than Line 4, enter -0-. . . . . **6.** \_\_\_\_\_
7. Divide Line 6 by \$10,000. This value will be a decimal. Please round to the second decimal place (*Example:* .481 would round to .48). . . . . **7.** \_\_\_\_\_
8. Enter the lesser of Line 7 or the value 1 (This line should not be greater than 1). . . . . **8.** \_\_\_\_\_
9. Enter the amount from federal Form 1040, Line 5b. . . . . **9.** \_\_\_\_\_
10. Amount of **partial exemption**. Multiply Line 9 by Line 8.  
Enter this amount on Schedule IN-112, Line 10. . . . . **10.** \_\_\_\_\_

**Note about civil unions:** If you are in a civil union and filing jointly, you should file for this exemption as married filing jointly. If you are a civil union and filing separately, you should file as married filing separately.

**Part II Refundable Credits**

**Line 1 Low Income Child & Dependent Care Credit (Vermont Residents only)**

If care expenses are from both accredited and non-accredited providers, complete the worksheet to calculate the credit.

Eligible taxpayers receive 50% of the federal Child and Dependent Care Credit as a refundable Vermont income tax credit instead of the non-refundable 24% credit from Schedule IN-119, Vermont Tax Adjustments and Non-Refundable Credits.

Taxpayers must meet the following requirements:

- Your income must be either:
  - less than \$30,000 federal Adjusted Gross Income for taxpayers filing as Single, Head of Household, Married Filing Separately, Civil Union Filing Separately

**OR**

- less than \$40,000 federal Adjusted Gross Income for taxpayers filing as Married Filing Jointly, Civil Union Filing Jointly, Qualifying Widow(er)

- Care in 2018 must be provided by a home or facility located in Vermont accredited by the Vermont Agency of Human Services. Include a copy of your federal Form 2441, Child and Dependent Care Expenses. To determine if your care provider is accredited, go to our website or call the Department of Children and Families at 800-649-2642.

| <b>LOW INCOME CHILD &amp; DEPENDENT CARE WORKSHEET</b>  |    |       |  |
|---|----|-------|--|
| 1. Accredited care provider amount . . . . .  | 1. | _____ |  |
| 2. Total care amount . . . . .  | 2. | _____ |  |
| 3. Divide Line 1 by Line 2 . . . . .  | 3. | _____ |  |
| $  \begin{array}{ccccccc}  \$ & & \times & & = & \$ & \times 50\% = & \$ \\  \text{Federal Credit} & & & \text{Line 3 above} & & \text{Eligible Credit} & & \text{Low Income Credit} \\  (1040, \text{Schedule 3} & & & & & & & \text{IN-112, Part II,} \\  \text{Line 49)} & & & & & & & \text{Line 1}  \end{array}  $ |    |       |  |
| 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. <b>NOTE: You cannot take both credits.</b>   |    |       |  |

**Line 2 Renter Rebate Claim (Vermont residents only)**

Enter the amount from Form PR-141, Renter Rebate Claim, Line 9, only if you are using the renter rebate to pay your Vermont tax liability.

**Part III Vermont Earned Income Tax Credit (for Full-Year and Part-Year Vermont Residents Only)**

**Supporting Documents Required:** Evidence of earned income such as W-2 or self-employment schedule(s). Eligibility questions A, B, and C must be answered. The Claim will be disallowed if the questions are not answered.

**Full-Year Residents**

**Line 3** Enter the amount of your federal Earned Income Tax Credit.

**Line 4** Multiply Line 3 by 36%. Enter the result.

**Part-Year Residents**

**Line 5A** Enter the federal amount of wages, salaries, tips, etc.

**Line 5B** Enter the portion of federal wages, salaries, tips, etc. earned while a Vermont resident.

**Lines 6A & 6B** Other earned income includes income from a business, partnership, or farm.

**Line 7A** Add Lines 3 and 4 in Column A and enter result.

**Line 7B** Add Lines 3 and 4 in Column B and enter result.

**Line 8** Divide Line 7, Column B, by Line 7, Column A. Enter the result as a percentage carried out to two decimal places. This is the percentage of 2018 income earned in Vermont that is eligible for the Vermont Earned Income Tax Credit.

**Line 9** Enter the amount of your federal Earned Income Tax Credit.

**Line 10** Multiply Line 9 by 36% and enter result

**Line 11** Multiply Line 10 by Line 8. Enter the result.

**Line 12 TOTAL REFUNDABLE CREDITS**

(Add Lines 1 and 2 to Line 4 or Line 11. Enter this amount on the IN-111, Line 25c)