

2021 Schedule IN-112

Vermont Tax Adjustments and Credits

Please PRINT in BLUE or BLACK INK



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INCLUDE WITH FORM IN-111

Table with 4 columns: Taxpayer's Last Name, First Name, MI, 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... .00
2. Interest and dividend income from Vermont state and local obligations included in Line 1... .00
3. Income from Non-Vermont State and Local Obligations (SUBTRACT Line 2 from Line 1)... .00
4. Bonus Depreciation Allowed under Federal Law for 2021... .00
5. Other (reserved)... RESERVED .00
6. Total Additions (ADD Line 3 and Line 4)... .00

SUBTRACTIONS FROM FEDERAL ADJUSTED GROSS INCOME

- 7. Interest Income from U.S. Obligations... .00
8. Capital Gains Exclusion (Schedule IN-153, Line 21)... .00
9. Adjustment for Prior Years' Bonus Depreciation... .00
10. Taxable Refunds of State and Local Income Taxes (Reported on federal Form 1040)... .00
11. Medical Expense Deduction (see the worksheet in the instructions)... .00
12. Social Security Benefits Exempt from Taxation (see the worksheet in the instructions)... .00
13. Railroad Retirement income... .00
14. Bond/note interest income from (see below)... .00
15. Other (reserved)... RESERVED .00
16. Total Subtractions (ADD Lines 7 through 14)... .00

NET MODIFICATIONS TO FEDERAL ADJUSTED GROSS INCOME

- 17. SUBTRACT Line 16 from Line 6. Enter on Form IN-111, Line 2... .00
This can be a negative number.

Taxpayer's Last Name	Social Security Number



PART II

REFUNDABLE CREDITS

Line 1 is for FULL-YEAR residents

1. **Low Income Child & Dependent Care Credit**1. _____ **.00**
 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 10. 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.

VERMONT EARNED INCOME TAX CREDIT

For FULL-YEAR residents and PART-YEAR residents

ELIGIBILITY QUESTIONS MUST BE ANSWERED

- A. Enter number of qualifying children **A.** _____
- B. Enter number of qualifying children under the age of 18 **B.** _____
- C. Were you (or your spouse if filing a joint return) at least age 18 at the end of 2021? **C.** Yes No
If you answered "No" and do not have any qualifying children, you do not qualify for Earned Income Tax Credit

FULL-YEAR RESIDENTS

Answer eligibility questions above and complete Lines 2 and 3

2. Earned income tax credit (Reported on federal Form 1040) **2.** _____ **.00**
3. Vermont Earned Income Tax Credit. **MULTIPLY Line 2 by 36% (0.36)** **3.** _____ **.00**

PART YEAR RESIDENTS

Answer eligibility questions above and complete Lines 4 through 10

A. Federal Amount \$

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

B. Vermont Portion \$

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

- | | |
|---|-----------------------------|
| 4. Wages, salaries, tips, etc. (Schedule IN-113, Line 1) 4A. _____ .00 | 4B. _____ .00 |
| 5. Other earned income (Schedule IN-113, Lines 8, 10, and 11) 5A. _____ .00 | 5B. _____ .00 |
| 6. Total earned income (Add Lines 4 and 5) 6A. _____ .00 | 6B. _____ .00 |
| 7. Earned income tax credit adjustment (DIVIDE Line 6B by Line 6A, MULTIPLY the result by 100, and enter here. Do not enter more than 100%.) 7. _____ % | |
| 8. Earned income tax credit (Reported on federal Form 1040) 8. _____ .00 | |
| 9. Multiply Line 8 by 36% and enter the result here. 9. _____ .00 | |
| 10. Vermont Earned Income Tax Credit (MULTIPLY Line 9 by Line 7) 10. _____ .00 | |

11. TOTAL REFUNDABLE CREDITS

(**ADD Line 1 to Line 3 or Line 10.** Enter this amount on Form IN-111, Line 25c) **11.** _____ **.00**

SCHEDULE IN-112 Vermont Tax Adjustments and Credits

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

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 U.S. obligations
 - Capital 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

Part I Additions to Federal Adjusted Gross Income

Interest and dividend income from non-Vermont state and local obligations which are exempted from federal taxable income 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 2021. 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	Reserved
Line 6	Total Federal Adjusted Gross Income Additions. Add Lines 3 and 4.

Subtractions From Federal Adjusted Gross Income

Line 7	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 8	Capital Gains Exclusion. See Schedule IN-153, Capital Gains Exclusion Calculation, and instructions to calculate the capital gains exclusion for 2021. 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 9	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 10	Taxable Refunds of State and Local Income Taxes. Enter the amount reported on your federal Form 1040.
Line 11	Medical Expenses Deduction. Complete the worksheet located in the instructions.
Line 12	Social Security Benefits Exempt from Vermont Taxation. Complete the worksheet located in the instructions.
Line 13	Enter the amount you received in 2021 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 Vermont 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. You may be asked to provide the Required Supporting Documents: Copies of 1099, 1099RB, WP-4, or any other document you received showing payment of these benefits.
Line 14	The interest or income from a bond or note of: 1) Vermont Student Assistance Corporation, 2) Build America, 3) Vermont Telecommunications Authority, or 4) Vermont Public Power Supply Authority is exempt from Vermont

MEDICAL DEDUCTION WORKSHEET

- 1a. Medical and Dental Expense from federal Form 1040, Schedule A, Line 4. **1a.** _____
- 1b. Non-allowable expenses included in Line 1a (See instructions below*) **1b.** _____
- 1c. Total. Line 1a minus Line 1b **1c.** _____
2. Amount from Vermont Form IN-111, Line 6 **2.** _____
3. Subtract Line 2 from Line 1c. Enter here and on Schedule IN-112, Part I, Line 11 **3.** _____
- If amount on Line 3 is negative, STOP. You do not qualify for this deduction.**

**If you pay recurring monthly payments or entrance fees to a retirement community, these amounts are not deductible. Please enter the fees on Line 1b. Please see our website at tax.vermont.gov for more information.*

SOCIAL SECURITY EXEMPTION WORKSHEET

PLEASE READ ALL INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS 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 6b, earning Social Security benefits that were taxable in the current tax year?
- No, STOP.** 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, STOP.** 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 6b, on Schedule IN-112, Part I, Line 12.

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 6b. **9.** _____
10. Amount of **partial exemption.** Multiply Line 9 by Line 8.
Enter this amount on Schedule IN-112, Part I, Line 12. **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.

