

# Form HS-122: Instructions for Municipalities to Download and Report to Vermont Department of Taxes

Contact: Christie Wright

## The Forms

- Form HS-122- Section A (The Vermont Homestead Declaration) The homestead declaration filing is required each year.
- Form HS-122 Section B (2016 Property Tax Adjustment Claim) People who are, or believe they may be, eligible for a property tax adjustment may file this claim each year.

## Getting the Forms

You or the taxpayer can do this.

Go to our website at [www.tax.vermont.gov](http://www.tax.vermont.gov) then do the following:

- Click on Property Owners at the top menu.
- Then scroll on left side to Tax Forms.
- Choose Property Owners and select Form HS-122.

## Downloading the Declarations

You will receive an email from PVR when the first file is ready. A new file will be ready each Monday following.

The first homestead download is typically available the first week in February. Every Monday after that, a new download will be available if your town has one. The IT Helpdesk will inform all towns when the first download is available.

- First, make sure that you are working in your current "working"/2016 Grand List entity. This is typically your first or top entity in the list of Grand Lists. This should be the Grand List you are preparing for 2016.
- Next, make sure you have the most recent version of NEMRC. If you are not on the most recent version, use Live Update.
- Once you have the update, you will need to remove all the flags from last year or confirm that they were removed.

1. If you are not sure if you have already removed the homestead declarations, you can check by going to the Installation Tab on the Main Menu in NEMRC (#1). Then, at the district tax/calculation tab, look at the homestead payment year. If this says 2015, you have not done the rollover on homesteads and you can complete the rollover. If it reads 2016, you have done the rollover and you should not do it again. If the date says 2015 (or higher) and you get an error when you attempt to download homesteads, contact NEMRC. This means there are errors from prior downloads. **Do not change this date!**

Please refer to the following link now and in the future for proper annual rollover procedures: <http://www.nemrc.com/support/grandList/tutorials/annualrollover.php>

Rollover is now automatic with the creation of a new entity, so this should not be an issue. But it never hurts to check!

2. Call IT at 802-828-0428 or NEMRC (1-800-387-1110) if you are unsure about this process or you get an error message.

**Once you are sure that all of your previous homestead flags are removed, you can begin the Download Process.**

- Make sure you are connected to your Internet service.
- Click #7- Homestead Declarations on the Main Menu of NEMRC.
- Click "Receive Homestead Declarations," then "Click here to load new homestead declaration files."

You will receive confirmation that your download was successful with a pop up box that will say it was successful. It will tell you how many files were

Disclaimer: This fact sheet is intended to provide an overview only. Vermont tax statutes, regulations, Vermont Department of Taxes rulings, or court decisions supersede information provided in this fact sheet.

downloaded. **Do Not Stop Here!** You must review each report and make corrections as needed as outlined below.

## Directions to Check HS-122 Filing

This process should be completed **weekly** for each download.

- **Click on Homestead Declaration button (#7 on the main NEMRC menu) and click #4- Print Homestead Exceptions Report.** Then click the file that you already downloaded by using the down arrow/drop down box to the right of "Choose File." Then print each of these separately (Business Use, Rental Use, Life Estate, Farm Property, etc.) and review them as detailed below.

Also, you can go to **#5 Prints Other Homestead Reports** to print all of these reports (Business Use, Rental Use, Life Estate, Farm Property, etc.) by a date range or the complete records of all filings if no date is chosen. Some may be repetitive, but they will help. In addition, you will want to print the **Comparison Reports (#10 under Other Homestead Reports)** to compare last year's filing to this year's filing.

## Homestead Exceptions Reports

Print each report separately to view more clearly.

1. **Parcels where SPAN didn't match:** Check these out as to why they do not match. Code back to tax department if they filed the wrong SPAN, etc.
2. **Successfully downloaded:** This lists all properties for which an HS-122 was received and a match was found to the SPAN. Review this to see if all that filed are residents based on what you know. File back as NR if not a resident. If names do not match, check to see if this is an incorrect SPAN (file back as SP—incorrect SPAN, and put the correct SPAN for that taxpayer in the comment line).
3. List that says **No Homestead Value on property but homestead flag on file:** This means that you do not show a homestead value on the property and the taxpayer has claimed this as a homestead property. Check each of these: If they are a homestead, put in a homestead and housesite value. If not, code this back to the Tax Department as NR—Not a Primary residence of a Vermont resident. If you create a new homestead or housesite or change the values, you

are unsure whether to add or not to add the homestead and housesite value, you must add the homestead and housesite value. **The Tax Department will determine final eligibility.**

4. List that states **Owner code shows NS/C but there is a homestead flag on the property:** This means your file shows this property as having an ownership code of non-state, state or corp. Review these, correct the ownership code. To do this, go to NEMRC Parcel Maintenance Tab, select the parcel, and change the ownership code for the parcel in the Ownership Code field. If your ownership code is correct, then the property owner is a corporation or non-state resident or state resident (with the exception of S-Corp Farms) and may not be entitled to a Homestead Declaration. These should be coded back to the tax department as NR—Nonresident with a note in Comments that it is owned by a Corp, Non-State or State Resident. **Do not remove the homestead or filing.** Report back to the state with any issues with notes. **The Tax Department will determine final eligibility.**

5. List that states **Business/Rental Use is more than 25% and homestead is full value:** This means that your homestead may not be reduced yet for the business/rental use. This will be repetitive, and you should be addressing all these when you go through the Business and Rental percentages anyway. You should cross-check this list with the others. Review each business percent and if you agree, apply that percent to the main building value and subtract that dollar amount from the homestead and housesite. This dollar amount will then become Nonresidential and they will be taxed correctly. If you are using Microsolve, there is a field labeled "business/rental %" on the section tab to enter the % business/rental and rerun cost so that the value is automatically deducted from the housesite and homestead. Remember this refers to percent (%) use within the main dwelling.

- If you create a new homestead or housesite or change the values, you must notify the taxpayer and give them a chance to grieve. **Business Use of 25% or less of the main dwelling does not**

need to be deducted from the housesite and homestead value. Rental Use (any percentage—even that under 25%) should be deducted from the housesite and homestead values.

- If you believe these percentages to be wrong, you can use the NR code and a short message to code back these to the Tax Department. They will follow up with the taxpayer. Since this is a grievable item, you can apply a percentage that you believe to be accurate and notify the taxpayer.
6. List that shows parcels where **Name of filer does not match name of owner in grand list**: Check to see why the names do not match. If OK (i.e. husband and wife, or partners), do nothing.
- If names do not match and there is no known match, code back as NR—Nonresident. Then note in comments that filer is not the legal owner, or code as SP if the filer used the incorrect SPAN with the correct SPAN in comment section.

## Other Reports

This process should be completed for each download. Print each separately to view more clearly.

1. **Business Use**—Review each business percent and, if you agree, apply that percent to the main building value and subtract that dollar amount from the homestead and housesite. This dollar amount will then become Nonresidential and they will be taxed correctly. If you do not agree, you can assign the % that you believe is accurate, notify the taxpayer and they can grieve if they disagree. If percent is really high or really low, you may want to call the taxpayer as many have misunderstood. However, this is not a requirement. You can also report discrepancies back to the state using lister response. If you are using Microsolve, use the field labeled “business/rental %” on the section tab to enter the % business/rental and rerun cost so that the value is automatically deducted from the housesite and homestead. Anytime you

create a new homestead or housesite or change the values you must notify the taxpayer and give them a chance to grieve. **Business Use 25% and under of the main dwelling does not need to be deducted from the housesite and homestead value.**

2. **Rental Use**—Review each rental percent and, if you agree, apply that percent to the main building value and subtract that dollar amount from the homestead and housesite. This dollar amount will then become Nonresidential and they will be taxed correctly. If you do not agree, you can assign the % that you believe is accurate, notify the taxpayer, and they can grieve if they disagree. If percent is really high or really low, you may want to call the taxpayer as I know many have misunderstood (but this is not a requirement). You can also report discrepancies back to the state using lister response. If you are using Microsolve, there is a field labeled “business/rental %” on the section tab to enter the % business/rental and rerun cost so that the value is automatically deducted from the housesite and homestead. Anytime you create a new homestead or housesite or change the values you must notify the taxpayer and give them a chance to grieve. **Rental Use—any percentage—even that under 25%—should be deducted from the housesite and homestead values.**

3. **Outbuildings List**—Check out which outbuilding is being used for business, and subtract the **Entire Assessment (of that building) from the Homestead and Housesite**. That dollar amount will become Nonresidential. If you are using Microsolve, click on No for Homestead/Housesite for that outbuilding ID and rerun cost. If you create a new homestead or housesite or change the values, you must notify the taxpayer and give them a chance to grieve.

4. **Trust List**- mostly informational—again only a problem if someone who filed does not have any ownership of the property. If filed in error, ignore it.

5. **Life Estate List**- mostly informational—only a problem if someone filed for a homestead that does not have any ownership of the property. If filed in error, ignore it.

## 6. Farm Property

Mostly informational, it might apply if someone filed a homestead on an S-Corp farm. Otherwise you can probably ignore these in most cases. I have found a lot that are wrong anyway.

## 7. Multiple Towns List

If the property is a house and land in your town and you already have a housesite and homestead on it, do nothing. If the property has a house in another town and additional land in your town, add a homestead and housesite (if part of first two acres is in your town) equal to the value of the land in your town. Work with the other town to limit the housesite to 2 acres total.

**Anytime you create a new homestead or housesite or change the values, you must notify the taxpayer and give them a chance to grieve. In Microsolve this situation may require you to use a Forced Value for the Housesite and Homestead.**

## 8. Late HS-122 Filers

This list will show people who filed after April 15, 2016. These accounts will receive an automatic penalty which is triggered by the filing date. It is an automatic feature of the tax billing process in NEMRC when tax bills are produced. No need to get Selectboard approval for these changes, but changes should be recorded in your Grand List. Use the form known as Errors & Omissions Certificate- Classification Change Only (Form PVR-4261-E&O Classification) for this purpose. This form is located on our website Tax Forms section under Municipal Officials:

[www.bit.ly/vttaxforms](http://www.bit.ly/vttaxforms)

This form should then be attached to the town clerk's lodged grand list.

## 9. Comparison Report

- Click "Compare to last year's HS-122 data."
- Click "2015 grand list" to compare. Choose "Homestead Flag On/Off Difference." The other

reports listed here are good for checking Grand List accuracy but are not crucial for the HS-122 process. This report will tell you those people who filed last year and did not file this year and vice versa.

- **People who should have filed but did not**

There is a reporting mechanism for this. You may also decide as a board to attempt to notify people, but this is not required. Filing back according to the following instructions, the Tax Department will send a letter to these people. Don't begin until the end of April to allow the Tax Department enough time to get all the timely filed HS-122 declarations processed!

- You can also use the comparison reports to compare business and rental use from one year to the next. This is important because previously allocated values for business and rental will not be automatically eliminated from year to year!

## 10. Homestead Filer Report

This shows all those that have a homestead flag turned on. Print as needed.

## 11. Complete HS-122 Report

This shows all action including listers comments filed back to the state. Print as needed.

12. **Print a 411** at the completion of each download to show changes.
13. **Keep a File or Binder Containing** each download and all printed reports by date.

## Reporting Back to the Tax Department

- **People who should have filed but did not**

Click on Homestead Declarations, then #7 "Prepare/Send NF (not filed but we think they should be)." Using the Comparison Report you printed, change the "N" Flag to a "Y" on all properties that had an HS-122 last year but did not this year if you believe they are still residents. This will prompt the Tax Department to send them a reminder letter. Click Send when you are ready to send this report to the Tax Department. You can also flag and send these

on an individual basis by clicking the blue box on the Valuation Tab in NEMRC. However, this report is the best way to do them for your whole Grand List.

- **File back to the Tax Department any errors with the codes I have mentioned – below.**
- You will find an option in the **Homestead Declaration** tab to report back to the state. Choose #6 “Prepare & Submit Listers Response to Homestead File,” then choose a file to report back to by using the down arrow to the right of “Choose File” and click on the appropriate file name. You can determine which file you need by looking at the date on the report the taxpayer appears on or by clicking on the HS-122 tab in NEMRC parcel maintenance (under the taxpayers file) and look at the download date. Choose this file, then code the existing errors that show under the drop down arrow. Add additional errors by clicking Add, typing in appropriate SPAN, coding the property accordingly, and **typing in comments** to help tax department research. Codes to choose from are: OK, SP- Incorrect Span, NS- Span No Match, NR- Not a Primary Resident.
- **Once you have coded in all corrections**, click Save before you click on Upload Response. This will allow you to save the response you are filing. Then go back in and click “upload response.” You need to be connected to the Internet to do this. You should also print and/or save a report of issues you have reported back here.
- **Code and send back errors** for every download that you do, weekly, beginning in February.