

Veterans and Property Taxes: What You Should Know

This fact sheet summarizes the information veterans and their tax preparers need to ensure that veterans receive available property tax assistance through the Property Tax Exemption and Property Tax Adjustment Claim options.

Property Tax Exemption for Veterans

Veterans who own their home and declare a Vermont homestead may be eligible for a property tax exemption. The exemption reduces the assessed value of the homestead, lowering the veteran's property taxes.

State law mandates a minimum \$10,000 property tax exemption for veterans in both the municipal and education grand list. Cities and towns may vote to increase the exemption up to \$40,000 in the municipal grand list. The value of a veteran's homestead will be reduced by the amount of the exemption.

Veterans are eligible for the exemption in one of three circumstances:

- Disability compensation for 50% or higher disability; **or**
- Non-Service connected pension ("improved pension"); **or**
- Military retirement pay for a permanent medical military retirement.

If a veteran's disability qualifies him/her, and the spouse or child for this exemption, the Veterans Administration will issue a letter starting with the line "This is a summary of benefits you currently receive from the Department of Veterans Affairs." Then you should submit a written application for this property tax exemption to the Vermont Office of Veterans Affairs by May 1 of each year.

For claims made after January 1, 2012, the requirement that a veteran must have served in a period of war to be eligible has been removed. Now, any veteran who meets the eligibility criteria may apply for this property tax exemption.

Note: The surviving spouses of veterans who had previously qualified for this exemption may also be eligible.

Household Income Issue When Claiming a Property Tax Adjustment

Like other homeowners, veterans may qualify for a property tax adjustment. This Property Tax Adjustment Claim is made in conjunction with the Homestead Declaration. The state education property tax may then be adjusted based on a percentage of household income. *Note: When completing the Property Tax Adjustment Claim, be sure to enter the housesite value and property taxes as shown in the housesite section of your property tax bill.*

For more information, refer to related fact sheets on our website at www.bit.ly/vtfactsheets

Important Note!

Household Income is different from the income reported on the income tax forms. It includes both taxable and nontaxable income. Social Security, nontaxable pensions, some gifts, and benefits paid by the Veterans Administration are considered part of Household Income and need to be reported on Line b of the Vermont Household Income Schedule HI-144.

We're Here to Help!

Need help with the Exemption for Veterans?

Vermont Office of Veterans Affairs
118 State Street, Montpelier, VT 05602
(888) 666-9844 toll-free in VT
(802) 828-3379 local
Website: www.veterans.vermont.gov

Need help with the Property Tax Adjustment Claim and Household Income?

Vermont Department of Taxes
133 State Street, Montpelier, VT 05633
(802) 828-2865 or toll-free at (866) 828-2865
Email: tax.individualincome@vermont.gov
Forms on our website: www.bit.ly/vttaxforms

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

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