

Be on Guard against Identity Theft and Tax Scams

Identity theft, tax refund fraud, and similar tax scams continue to target taxpayers in Vermont. Taxpayers have reported emails and phone calls from people posing as employees of the Internal Revenue Service (IRS) and the Vermont Department of Taxes. Some scammers are clever enough to pose as their victims' tax preparers to obtain private information. A common ploy scammers use is to falsely claim taxes are owed and demand immediate payment using threats and bullying. Scammers often target the elderly using these tactics.

How to protect yourself from becoming a victim

- Never give out personal information unless you are sure of the identity of the person requesting it.
- If you suspect that an email or phone call is fraudulent, do not engage in conversation. Contact the Department at 802-828-2865 or 1-866-828-2865 (toll-free) to verify an email or phone call.

How to report fraud

- Report suspected fraud immediately to the Vermont Department of Taxes and the IRS. Information about how to report fraud is available on the Department website at www.bit.ly/idtheftfraud.
- Suspected fraud also should be reported to the Vermont Attorney General's Consumer Assistance Program at 1-800-649-2424 (toll-free).

New Online Options for Filers at www.myVTax.vermont.gov

Now You Can Do More Online through myVTax!

- File extensions for personal income tax
- File Renter Rebate Claim (Form PR-141)
- Complete and submit Landlord's Certificate (Form LC-142)
- Set up and manage your personal income tax account to view account status and balances
- Set up third party access for your tax preparer
- View correspondence for all tax types and respond to correspondence
- Send secure messages to the Department
- Enter into a payment plan

Please note: To e-file your IN-111 and associated schedules, you must use a commercial software vendor. If you are eligible, you may file for free using one of Vermont's Free File vendors. For eligibility guidelines, visit <http://tax.vermont.gov/individuals/free-file>.

Access Familiar Services in a New Way

The following services will continue to be available, but they have moved to **myVTax**:

- Access "Where's My Refund?" service to view information on your return and refund status
- Check your estimated payments and carryforwards
- File the Homestead Declaration and Property Tax Adjustment (Form HS-122)
- Make payments via ACH Debit electronic payments for personal income tax
- File and pay property transfer tax (formerly ePTTR)

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)
- Have adjustments to your Vermont Tax (Part II)
- Are claiming the Vermont Earned Income Tax Credit (Part III)
- Are claiming Vermont Income Tax Credits (Part IV)

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

Part I Adjustments to Vermont 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. From Federal return 1040, Line 8b, or 1040A, Line 8b.
- 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. Enter this amount on Form IN-111, Line 12a. This is the amount of interest and dividend income from non-Vermont state and local obligations that must be included in Vermont Taxable Income.

Part II Additions to Vermont Tax

- Line 1** Tax on Qualified Plans and tax favored accounts, including individual retirement accounts (IRAs), health savings accounts (HSAs), and medical savings accounts (MSAs).
- Line 2** Recapture of Federal Investment Tax Credit from Federal return 4255.
- Line 3** Tax on lump sum distributions from Federal return 4972.
- Line 4** Add Lines 1 through 3 and enter result.
- Line 5** Multiply Line 4 by 24% and enter result.
- Line 6** **Recapture of Vermont tax credit(s).** Recapture occurs when a previously claimed credit is changed. Contact the Department at 802-828-2865 or 866-828-2865 (toll-free in the U.S.) for information on calculating the recapture amount.
- Line 7** Add Lines 5 and 6. Enter this amount on Form IN-111, Line 17.

Subtractions from Vermont Tax

- Line 8** **Credit for Child and Dependent Care Expenses** from Federal return 1040, Line 49; 1040A, Line 31. Do not use this line if you qualify for the Low Income Child and Dependent Care Credit. **You cannot take both credits.**
- Line 9** Enter credit for the Elderly or the Disabled from Federal Schedule R.
- Line 10** **Investment Tax Credit** from Federal Form 3468. This credit is **limited** to the amount of investment tax credit attributable to the **Vermont-property** portion.

Line 11 **Vermont Farm Income Averaging Credit**
This credit is available to farmers who calculate Federal tax using Federal Schedule J. Complete the worksheet.

Line 12 Add Lines 8 through 11.

Line 13 Multiply Line 12 by 24% and enter the result.

Line 14 **Vermont-Based Business Solar Energy Investment Credit carryforward** Unused Vermont-based business solar energy investment tax credits may be carried forward for five years following the year a credit is claimed. Solar credits carried forward and claimed under 32 V.S.A. § 5822(d) and § 5930z should be applied to this line. These credits are a component of the investment tax credit and are the only portion that credit that can be carried forward. Solar credits are reported on Federal Form 3468, Line 12b (2015), and only the Vermont-property portion of the Federal credit can be used to factor Vermont's solar energy investment credit.

VT FARM INCOME AVERAGING WORKSHEET

1. Calculate and enter here Federal income tax using Federal Schedule D, Federal Schedule D Worksheet, or Federal tax rate schedules as if Schedule J was not used. . 1. \$ _____

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2. Enter Federal tax from Federal Schedule J Line 23 2. \$ _____

3. Subtract Line 2 from Line 1. This is your VT Farm Income Averaging Credit. Enter the result on Schedule IN-112, Part II, Line 11 3. \$ _____

Solar credits earned and carried forward under § 5822(d) are valued at 24% of the Vermont-property portion of the Federal credit. By contrast, § 5930z credits are valued at 100% of the Vermont-property portion of the Federal credit. This is the last year that a solar credit earned and carried forward under § 5930z can be applied.

Line 15 Add Lines 13 and 14. Enter this amount on Form IN-111, Line 19.

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 1 Enter the amount of your Federal earned income tax credit.

Line 2 Multiply Line 1 by 32%. Enter the result and also enter on Form IN-111, Line 31c. This is your Vermont earned income tax credit.

Part-Year Residents

Line 3A Enter the Federal amount of wages, salaries, tips, etc.

Line 3B Enter the portion of Federal wages, salaries, tips, etc. earned while a Vermont resident.

Lines 4A & 4B Other earned income includes income from a business, partnership, or farm.

Line 5A Add Lines 3 and 4 in Column A and enter result.

Line 5B Add Lines 3 and 4 in Column B and enter result.

Line 6 Divide Line 5, Column B, by Line 5, Column A. Enter the result as a percentage carried out to two decimal places. This is the percentage of 2016 income earned in Vermont that is eligible for the Vermont Earned Income Tax Credit.

Line 7 Enter the amount of your Federal Earned Income Tax Credit.

Line 8 Multiply Line 7 by 32% and enter result.

Line 9 Multiply Line 8 by Line 6. Enter the result and also enter on Form IN-111, Line 31c. This is your Vermont Earned Income Tax Credit.

Part IV Vermont Income Tax Credits

Line 1 **Vermont Higher Education Investment Plan (VHEIP)**

The credit is available only for contributions to the 529 plan administered by VSAC. For more information, read Technical Bulletin 66 on our website. You may be eligible for a tax credit on contributions made during calendar year 2016 to the Vermont Student Assistance Corporation higher education investment plan. The tax credit equals 10% of the first \$2,500 of contributions per beneficiary. For jointly filed returns, the tax credit equals 10% of the first \$5,000 of contributions per beneficiary. For more information on the Vermont Higher Education Investment plan, visit the VSAC website at www.vsac.org, call 800-637-5860 Monday through Friday, 8:00 a.m. to 7:00 p.m., or email VHEIPquestions@VHEIP.org.

Taxpayers receiving tax credit for Lines 2 - 4 through S corporations, LLCs, LLPs, or partnerships, enter the name of each entity and its FEIN on the schedule.

Line 2 **Charitable Housing** A taxpayer making an investment in an eligible housing charity may receive a credit against Vermont income tax. The Commissioner of Housing and Community Development calculates the credit.

Line 3 **Qualified Sale of Mobile Home Park** Please call the Department at 802-828-2865 if you believe that you qualify for this credit.

Line 4 **Research & Development Credit** A taxpayer may receive a credit against Vermont income tax equal to 27% of the amount of Federal tax credit allowed in the taxable year for research and development expenditures eligible under section 41(a) of the Internal Revenue code and which are made within Vermont. Any unused credit available may be carried forward up to 10 years. The Department will publish annually the names of taxpayers who receive the credit.

Line 5 **Total Credits** Add entries from Lines 1-4 in Column C. Enter on Form IN-111, Line 24, unless you claim income tax credits on Schedule IN-119. For Schedule IN-119 filers, enter credit on the appropriate Schedule IN-119 line(s). Use amount calculated from Schedule IN-119 for entry on Form IN-111, Line 24.

Taxpayer Assistance

Call, email, or visit Taxpayer Services

Business hours: Mon-Fri, 7:45 a.m. - 4:30 p.m.

Phone: Mon, Tue, Thu, Fri, 802-828-2865 or 866-828-2865 (toll-free in Vermont)

Email: tax.individualincome@vermont.gov

Address: 133 State Street, Montpelier

NOTE: The Taxpayer Services Division does not take calls on Wednesdays in order to focus on processing returns. All other divisions are available by telephone.

2017 Due Dates

Form #	Form Description	Initial Due Date	Final Date Accepted <i>NOTE:</i> Penalties, interest, and late filing fees may accrue after initial due date.
IN-111	2016 Vermont Income Tax Return	April 18	
IN-151	Application for Extension of Time to File Form IN-111 VT Individual Income Tax Return	April 18	
PR-141	2016 Renter Rebate Claim	April 18	Oct. 16
HS-122	2017 Homestead Declaration	April 18	Oct. 16
HS-122	2017 Property Tax Adjustment Claim	April 18	Oct. 16

Taxpayer Advocate

The Vermont Department of Taxes offers free, confidential service when a taxpayer encounters difficulty resolving tax issues. The Taxpayer Advocate may be able to help if:

- You are experiencing extreme economic hardship from the Department's action, or
- It is taking more than 180 days to resolve your tax issue, or
- You have not received a response or resolution to the problem by the date promised by the Vermont Department of Taxes

The Taxpayer Advocate will review your situation, help you understand what needs to be done to resolve it, and keep you updated on the progress of your situation. Please note that the Taxpayer Advocate cannot override the provisions of the law or represent taxpayers at Department hearings.

To contact the Taxpayer Advocate:

Telephone: 802-828-6848

Fax: 802-828-5873

Email: tax.taxpayeradvocate@vermont.gov

Mail: ATTN: Taxpayer Advocate

Vermont Department of Taxes

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