



Handbook on Corporate & Business Income Tax
Modernized e-File (MeF) for Tax Year 2023

October 2023

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SECTION 1 General Information

Vermont's MeF electronic filing program follows the same rules and guidelines as the IRS electronic filing program specified in the IRS Publications 4163 and 4164. Returns for the IRS and Vermont can be transmitted to a single point (the IRS). The IRS will forward the Vermont returns to Vermont for processing. Vermont will return acknowledgments back to the IRS where they can be picked up by transmitters.

Vermont will begin accepting 2023 production Corporate and Business Income Tax Returns through the Modernized E-File System (MeF) when the IRS opens for the season.



This handbook provides preparers, EROs, transmitters and software developers with the information necessary to participate in the Modernized E-File Program and the list of Vermont forms that can be filed electronically. Items unique to Vermont are identified and instructions have been provided.

Please use this handbook in conjunction with IRS Publications 4163 and 4164. The Vermont Department of Taxes conforms to all requirements, rules and regulations governing tax preparers set forth by the Internal Revenue Service.

COMPUTER TECHNICAL ASSISTANCE

MeF Coordination Team
Vermont Department of Taxes
Email: tax.vendorsupport@vermont.gov

CONFIRMATION OF FILING INFORMATION

Web: <https://myvtax.vermont.gov>
***Please allow up to 2 weeks for MeF filings and
8 weeks for paper filings to be fully processed***

WEB ADDRESSES

Vermont Department of Taxes <http://tax.vermont.gov/tax-professionals>

Internal Revenue Service www.irs.gov/e-file-providers/efile-for-tax-professionals

Software Acceptance and Participation

Software Developers create tax preparation and transmission software that formats electronic returns according to Vermont's electronic return specifications. The software and transmission data must be tested and certified by the Vermont Department of Taxes. For information about Vermont's State Acceptance Testing System, please contact Vermont's MeF coordination team.

Electronic Return Originator (ERO) is the tax preparer. The ERO prepares tax returns for electronic submission using tax preparation software approved by the Internal Revenue Service and the Vermont Department of Taxes. An ERO may be the tax preparer who completes the return, or someone who transmits prepared returns.

Transmitters use approved software to transmit electronic returns directly to the Internal Revenue Service Center and the Vermont Department of Taxes. You may be both an ERO and Transmitter, or the ERO may have an arrangement with a transmitter to electronically file their returns.

Software developers must test with and receive certification from Vermont for their transmission format before submitting live production returns. In order to receive final approval, Software Developers must transmit all test returns in one single transmission, without any errors. Software developers who successfully complete the state testing process will receive written verification by email from the Department.

Software developers must provide the following to the Vermont MeF coordinator prior to submitting test transmissions:

- Vermont Electronic Filing (MeF) Request for Participation Letter
- Completed Letter of Intent found on the State Exchange System
- E-mail alert sent to Vermont's MeF Coordination Team at tax.vendorsupport@vermont.gov to communicate transmittal of the test package.

(Please include the name of the software and the four-digit industry identification number in the email subject line when submitting the testing package.)

Filing a tax return is the responsibility of the taxpayer. Filing returns electronically requires an agreement between the taxpayer and the ERO. The Vermont MeF coordinator is not a party to this agreement.

Publications

The following publications are available for your assistance:

- Publication 4163, Modernized e-File Information for Authorized IRS e-file Providers for Business Returns <http://www.irs.gov/pub/irs-pdf/p4163.pdf>

- Publication 4164, Modernized e-File Guide for Software Developers and Transmitters
<http://www.irs.gov/pub/irs-pdf/p4164.pdf>
- 2023 Vermont MeF E-file Handbook
- Vermont MeF E-file Test Package with test scenarios

SECTION 2: Filing Information

The Vermont electronic return will consist of data transmitted as well as supporting PDF documents. The electronic return must contain the same information as the paper copies of the return.

Accepted Filings

- Vermont filers with a refund, zero balance, or balance due (including underpayment of estimated tax)
- Amended returns
- Extension to file Corporate/Business Income Tax Return
- Estimated Corporate Income Tax payments – Vermont quarterly estimated payments can be scheduled at the time of filing for all four due dates.
- Estimated Income Tax Payments for Nonresident Shareholders, Partners, or Members– Vermont quarterly estimated nonresident payments can be scheduled at the time of filing for all four due dates.
- Prior year returns **If software is certified in the prior year.**

The following is a list of all the XML forms that Vermont accepts electronically. Software developers are not required to support all forms that Vermont accepts electronically. ERO's, when purchasing software, should verify the software company will support the forms they want to transmit electronically.

Forms and Schedules that can be electronically filed:

Form	BI-471	Business Income Tax Return
Schedule	BI-472	Non-Composite Schedule
Schedule	BI-473	Composite Schedule
Schedule	K-1VT	Shareholder, Partner, or Member Information
Schedule	BI-477	Vermont Income Adjustment Calculation: Pass-Through Nonresident Schedule
Schedule	BA-404	Tax Credits Earned, Applied, Expired, and Carried Forward
Schedule	BA-406	Credit Allocation Schedule
Schedule	BA-410	Corporate and Business Income Tax Affiliation Schedule
Form	BI-476	Business Income Tax Return for Residents Only
Schedule	BA-404	Tax Credits Earned, Applied, Expired, and Carried Forward
Schedule	BA-406	Credit Allocation Schedule
Form	CO-411	Corporate Income Tax Return

Schedule	BA-410	Corporate and Business Income Tax Affiliation Schedule
Schedule	BA-402	Apportionment & Allocation Schedule
Schedule	BA-404	Tax Credits Earned, Applied, Expired and Carried Forward
Schedule	BA-406	Credit Allocation Schedule
Schedule	CO-419	Apportionment of Foreign Dividends
Schedule	CO-420	Foreign Dividend Factor Increments
Form	BA-403	Extension of Time to File Corporate/Business Income Tax Returns
Form	CO-414	Corporate Estimated Tax Payment Voucher
Form	WH-435	Estimated Income Tax Payments for Nonresident Shareholders, Partners, or Members

The following forms **will not be accepted** for electronic filing for the 2023 tax year.

Form BI-470 – Business Income

Form CO-422 – Corporate Income

Note: A Vermont return must be filed as “State Only” or by paper if the Federal return is prohibited from being filed through the Federal/State Electronic Filing Program.

NOTE: If you receive a rejection notice for the federal return, the state return will **not** be transmitted to Vermont. See page 16 for information on correcting a rejected transmission.

Expected Values for the State Submission Manifest

<u>Form</u>	<u>Submission Type</u>	<u>Expected Tax Year</u>
CO411	VTCO411	2023
BI471	VTBI471	2023
BI476	VTBI476	2023
BA403	VTBA403	2023
CO414	VTCO414	2024
WH435	VTWH435	2024

Acknowledgment System

Filing Acknowledgments:

IRS Acknowledgment – If the data meets specifications and the transmission is accepted, the IRS acknowledges receipt of the Federal data and Vermont data. If the electronic returns do not meet the IRS specifications, **both** the Federal and Vermont returns are rejected. The IRS generates the error code(s). Refer to Federal Publication 4163 and 4164.

Vermont Acknowledgment – Vermont uses the State Acknowledgment System operated by the IRS. This system may be accessed either directly or through your software product. Please

refer to the software instructions for information concerning accessing and retrieving state acknowledgments.

Accepted- This acknowledgment indicates the electronic return was received and successfully completed the pre-entry validation process. No further action is required.

Rejected- This acknowledgment indicates the electronic return was received but failed to complete the pre-entry validation process. The acknowledgment contains the x-path, codes and error descriptions indicating the cause of the rejection. The error condition must be corrected prior to resending the return as a “State-Only” transmission. See page 16 for information on correcting a rejected transmission.

The acknowledgment date is considered the filing date for the Vermont return.

If an acknowledgment from Vermont is not received within five days of the federal acknowledgment, contact Vermont’s MeF Coordinator. All rejections, questions or difficulties with the Vermont Acknowledgment should be sent to the Vermont Department of Taxes.

Contact

MEF Coordination Team
Vermont Department of Taxes
Email: tax.vendorsupport@vermont.gov

Security of information

- Return information is encrypted for secure transmission of confidential information.
- Filing electronically improves a disaster recovery plan by allowing the storage of return copies on computer disks off-site.

Filing a tax return is the responsibility of the taxpayer. Filing returns electronically requires an agreement between the taxpayer and the ERO. The Vermont MeF Coordinator is not a party to this agreement.

Vermont Mandates

Effective January 1, 2024, Vermont will be following the new Internal Revenue Service guidelines on e-filing for businesses. (T.D. 9972) Tax practitioners and taxpayers who file 10 or more tax returns in a year will be required to file all returns electronically. This applies to the filing of Vermont Corporate Income Tax, Business Income Tax, and Fiduciary Income Tax returns.

Composite filing requirement - Starting with tax year 2013, composite filing is mandatory for entities that have more than 50 nonresidents of Vermont shareholders, partners, or members. Starting with tax year 2014, entities filing composite returns must include all nonresidents of Vermont shareholders, partners, or members in the composite filing. 32 V.S.A. §5914(b) & 32 V.S.A. §5920(b)

Refunds

The annual interest rate for overpayment of tax for 2024 will be 8.0%. The Department of Taxes will pay interest on refunds issued more than 90 days after the due date, including extensions.

Carryforwards

Taxpayers may elect to apply all or a portion of the income tax refund towards their 2024 Corporate or Business estimated income taxes.

Refund Delays

Delays may occur when additional information is required for the Department to verify entries on the return.

Refund Status A taxpayer or ERO may inquire about the status of a refund by calling the Corporate and Business Section at (802) 828-5723 (local & out of state) or by email at tax.corporate@vermont.gov.

Balance Due Returns

Vermont returns with a balance due can be filed electronically. This includes the underpayment of estimated income tax. The return may be filed in advance of the due date without the payment. Payments made after the return's due date will be assessed interest and late payment penalty.

Note: The Department strongly encourages all taxpayers to pay their tax due electronically for the fastest and most efficient processing of their payment.

Accepted Payment Methods

ACH Debit Taxpayers who file using the Vermont MeF program can pay their tax due using ACH Debit. The payment can be made at the time of filing or scheduled for a later date. There is no fee for using ACH Debit.

MyVTAX Taxpayers can pay their tax due online using myVTax, the Departments online filing site. Payments can be made by ACH Debit for no charge. Payments can be scheduled for any day up to and including the due date of the return. Taxpayers can also pay their tax due using their credit card, however convenience fees apply.

Check or Money Order Taxpayers who wish to pay by check or money order should use **Form BI-470** if the payment is for a Business Income Return or **Form CO-422** if the payment is for a Corporate Income Tax Return. Payments submitted without a voucher may be lost or misdirected which can result in late payment penalties.

2023 VERMONT CORPORATE AND BUSINESS INCOME TAX CHANGES

***For complete legislative highlights go to <http://tax.vermont.gov>

Business Income Tax Return Changes- Summary

- Reporting/forms for pass-throughs **with multi-state activity and non-resident owners** have changed.
 - Most underlying laws are unchanged, but schedules and instructions have been improved.
 - BA-402 – Apportionment and Allocation Schedule – is no longer used with BI-471, Business Income Tax Return.
 - New Schedule BI-477 replaces the BA-402 for Business Income Tax.
 - Schedules BI-472 and BI-473 are significantly revised and simplified.
 - Schedule K-1VT has minor changes.
- Forms BI-471 and BI-476 (Short Form) have only minor and cosmetic changes.
- Forms and schedules no longer mark a box “X” to indicate negative. Use a negative sign.

FORM BI-471

BA-402 (Apportionment and Allocation) is no longer attached to the BI-471. It is replaced by new schedule BI-477.

Form changes to include:

- All checkboxes have been removed that indicate a negative field, negative fields should now be entered with a negative sign before the entry.
- Line B will now read “Did this entity have income or losses derived from at least one state other than Vermont? If yes, complete and attach Schedule BI-477”
- Line 2a will now read “Nonresident estimated payment requirement (Schedule BI-472, Line 6)”
- Line 2b will now read “Overpayment distributed to owners (Add Schedule K-1VT, Line 11 and 12 from all schedules, then Subtract amounts from Schedule BI-472, line 6)”
- Line 2c will now read “Add Lines 2a and 2b”
- Line 3 will now read “For composite entities, Vermont composite tax due (Schedule BI-473, Line 11)”
- Line 8 will now read “Payments with Extensions (Form BA-403)”
- Line 10 will now read “Real estate withholding distributed to this entity by a different company (Schedule K-1VT, Line 12)”
- Line 12 will now read “Nonresident estimated payments distributed to this entity by a different company (Schedule K-1VT, Line 11)”
- Line 14 will now read “Balance Due: If Line 6 is greater than Line 13, subtract Line 6 from Line 13”
- Line 15 will now read “Payment included with this return. Make check payable to Vermont Department of Taxes”

- Line 16 will now read “Overpayment: If Line 6 is less than the sum of Lines 13 and 15, add Lines 13 and 15, then subtract Line 6”

SCHEDULE BI-472

BI-472 is significantly streamlined. All income calculations and adjustments occur on BI-477. The BI-472 now only applies the amount of income attributable to non-Vermont-residents and calculates estimated payments due. Please review all instructions carefully. Line 2 is expected to be a “safety” for exceptional situations, or items not captured on BI-477, we do not expect this line to be used frequently.

Form changes to include:

- All checkboxes have been removed that indicate a negative field, negative fields should now be entered with a negative sign before the entry.
- Removed previous lines 1-16.
- New line 1 will read “Income Attributable to Vermont (Schedule BI-477, Line 28)”
- New line 2 will read “Other adjustments to income attributable to Vermont”
- New line 3 will read “Total Income Attributable to Vermont (Add lines 1 and 2)”
- Previous line 17 is now line 4 and will read “Percentage of income from Line 3 passed through to nonresidents”
- Previous line 18 is now line 5 and will read “Total income passed through to nonresidents (Multiple Line 3 by Line 4)”
- Previous line 19 is now line 6 and will read “Nonresident estimated payment requirements (Multiply Line 5 by 6.6% (0.066))”

SCHEDULE BI-473

BI-473 is significantly streamlined. All income calculations and adjustments occur on BI-477. BI-473 now only applies the amount of income attributable to non-Vermont-residents and calculates composite tax due. Line 6 reports Composite net operating loss available, parallel to prior year line 20. Note the name has been changed to distinguish from “Vermont Net Operating Loss,” which is specific in statute for C-Corporations. Line 10 allows for credits to be applied to offset tax, if earned and available, same as prior year line 23.

Form changes to include:

- All checkboxes have been removed that indicate a negative field, negative fields should now be entered with a negative sign before the entry.
- New line 1 will read “Taxable Income (Schedule BI-477, Line 27)”
- New line 2 will read “Vermont Income Tax Adjustment % (Schedule BI-477, Line 29)”
- New line 3 will read “Vermont Adjusted Income (Multiply Line 1 by Line 2)”
- Removed previous lines 1a-17.

- Previous line 18 is now line 4 and will read “Percentage of income from Line 3 passed through to nonresidents”
- Previous line 19 is now line 5 and will read “Total nonresident income (Multiply Line 3 by Line 4)”
- Previous line 20 is now line 6 and will read “Composite net operating loss (Attach statement)”
- New line 7 will read “Additional Adjustments (specify)”
- Previous line 21 is now line 8 and will read “Vermont taxable composite income (Add Line 5 through Line 7)”
- Previous line 22 is now line 9 and will read “Composite Tax (Multiply Line 8 by 7.6% (0.076)). If negative enter 0”
- Previous line 23 is now line 10.
- New Note on Form:

NOTE: Line 10 tax credits may not reduce your tax liability to less than the minimum tax. Review program guidelines to determine if there are other limitations regarding usage of tax credits.

- Previous line 24 is now line 11 and will read “Vermont Composite Tax Due (Line 9 Minus Line 10)”

NEW SCHEDULE BI-477

BI-477- Vermont Income Adjustment Calculation: Pass-Through Nonresident

This replaces the old BA-402. Previously, the BA-402 was shared between the CO-411 and the BI-471. Now the BI-477 is paired with the BI-471 only and the BA-402 with the CO-411 only. This schedule will be 2 sections, section 1 has 1-5 and section 2 has parts 6-7. Please review the BI-477 instructions in detail, The beginning of the instructions provide the background and purpose of the sections of the schedule.

BI-477 must be attached if there is a BI-472 or BI-473.

- Header information:

Entity Name (same as on Form BI-471)	Fiscal Year Ending (YYYYMMDD)	FEIN

Section 1 Pass-Through Personal Income Adjustment Calculation

Part I: Income Derived from Ownership of Property

- New line 1 will read “Net Rental Real Estate Income (loss)”
 - 1A is Federal Amount

- 1B is Amount from Vermont Situs Property
- New line 2 will read “Other Net Rental Income (loss)”
 - 2A is Federal Amount
 - 2B is Amount from Vermont Situs Property
- New line 3 will read “Royalties”
 - 3A is Federal Amount
 - 3B is Amount from Vermont Situs Property

Part II: Gains from The Sale or Exchange of Property

- New line 4 will read “Net Long Term Capital Gain (Loss)”
 - 4A is Federal Amount
 - 4B is Amount from Vermont Situs Property
- New line 5 will read “Net Short Term Capital Gain (loss)”
 - 5A is Federal Amount
 - 5B is Amount from Vermont Situs Property
- New line 6 will read “Guaranteed Payments for Capital”
 - 6A is Federal Amount
 - 6B is Amount from Vermont Situs Property
- New line 7 will read “Collectibles (28%) Gain (loss)”
 - 7A is Federal Amount
 - 7B is Amount from Vermont Situs Property
- New line 8 will read “Unrecaptured IRC §1250 Gain”
 - 8A is Federal Amount
 - 8B is Amount from Vermont Situs Property
- New line 9 will read “New IRC § 1231 Gain (loss)”
 - 9A is Federal Amount
 - 9B is Amount from Vermont Situs Property

Part III: Wages, Salaries, Compensation to Partners

- New line 10 will read “Wages and Salaries”
 - 10A is Federal Amount
 - 10B is Amount Received for Services Performed in Vermont
- New line 11 will read “Other Compensation”
 - 11A is Federal Amount
 - 11B is Amount Received for Services Performed in Vermont
- New line 12 will read “Guaranteed Payments for Services”
 - 12A is Federal Amount
 - 12B is Amount Received for Services Performed in Vermont

Part IV: Business Income

- New line 13 will read “Vermont Sales and Receipts Factor as a percent of Everywhere (Section 2, Line 40)”
- New line 14 will read “Ordinary Business Income”
 - 14A is Federal Amount
 - 14B is Derived within Vermont (Multiply column A by Line 13)
- New line 15 will read “Net adjustment to income resulting from Vermont’s disallowance of “bonus depreciation” (IRC 168(k))”
 - 15A is Federal Amount
 - 15B is Derived within Vermont (Multiply column A by Line 13)
- New line 16 will read “Ordinary Business Income with Bonus Depreciation Disallowance (Add Lines 14 and 15)”
 - 16A is Federal Amount
 - 16B is Derived within Vermont (Multiply column A by Line 13)
- New line 17 will read “Interest Income”
 - 17A is Federal Amount
 - 17B is Derived within Vermont (Multiply column A by Line 13)
- New line 18 will read “Dividends”
- New line 18i will read “Ordinary Dividends”
 - 18iA is Federal Amount
 - 18iB is Derived within Vermont (Multiply column A by Line 13)
- New line 18ii will read “Qualified Dividends”
 - 18iiA is Federal Amount
 - 18iiB is Derived within Vermont (Multiply column A by Line 13)
- New line 18iii will read “Dividend Equivalents”
 - 18iiiA is Federal Amount
 - 18iiiB is Derived within Vermont (Multiply column A by Line 13)
- New line 19 will read “Other Apportionable Business Income (please specify)”
 - 19A is Federal Amount
 - 19B is Derived within Vermont (Multiply column A by Line 13)
- New line 20 will read “IRC § 179 Deduction”
 - 20A is Federal Amount
 - 20B is Derived within Vermont (Multiply column A by Line 13)
- New line 21 will read “Add lines 1A through 6A,9A through 12A, 16A through 19A, then subtract Line 20A”

Part V: Income Adjustment

- New line 22 will read “Interest Income not derived from Vermont activity (Subtract Line 15A from federal Form 1065, Sch. K, Line 5)”

- New line 23 will read “Dividends not derived from Vermont activity (Subtract the sum of Lines 18iA, 18iiA, and 18iiiA from the sum of federal Form 1065, Sch. K, Lines 6a, 6b, and 6c)”
- New line 24 will read “Other Income (loss) (please specify)”
- New line 25 will read “Add lines 21 through 24”
- New line 26 will read “Other Adjustments (Attach detailed explanation)”
- New line 27 will read “Taxable Income (Add Lines 25 and 26)”
- New line 28 will read “Add Lines 1B through 6B, 9B through 12B, 16B through 19B, then subtract Line 20B”
- New line 29 will read “Income Adjustment % (Divide Line 28 by Line 27. Multiply the result by 100 and carry the result out to the fourth decimal place.) Also enter on Schedule BI-473, Line 2”

Section 2: Vermont Apportionment

Part VI: Vermont Sales and Receipts Factor

- New line 30 will read “Sales or gross receipts”
 - 30A is Everywhere
- New line 31 will read “Sales of services”
 - 31B is Vermont
- New line 32 will read “Sales of tangible personal property delivered or shipped to purchasers in Vermont from outside Vermont”
 - 32B is Vermont
- New line 33 will read “Sales of tangible personal property delivered or shipped to purchasers in Vermont from within Vermont”
 - 33B is Vermont
- New line 34 will read “Special Industries: Enter non-dollar sales factor figures here”
 - 34B is Vermont
- New line 35 will read “Apportionable Interest and dividends”
 - 35A is Everywhere
 - 35B is Vermont
- New line 36 will read “Royalties”
 - 36A is Everywhere
 - 36B is Vermont
- New line 37 will read “Gross rents”
 - 37A is Everywhere
 - 37B is Vermont
- New line 38 will read “Other Apportionable Business Income (attach detailed supporting statement)”
 - 38A is Everywhere

- 38B is Vermont
- New line 39 will read “Total gross receipts (Add lines 30 through 38)”
- New line 40 will read Vermont Gross Receipts factor (Divide line 39B by 39A. Multiply the result by 100 and carry the result out to the sixth decimal place)”

Part VII: Property Factor (Average value during the year)

- New line 41 will read “Inventories”
 - 41A is Everywhere
 - 41B is Vermont
- New line 42 will read “Buildings and other depreciable assets (original cost)”
 - 42A is Everywhere
 - 42B is Vermont
- New line 43 will read “Depletable assets (original cost)”
 - 43A is Everywhere
 - 43B is Vermont
- New line 44 will read “Land”
 - 44A is Everywhere
 - 44B is Vermont
- New line 45 will read “Other assets (attach schedule)”
 - 45A is Everywhere
 - 45B is Vermont
- New line 46 will read “Rented real and personal property (multiple annual rent by 8)”
 - 46A is Everywhere
 - 46B is Vermont
- New line 47 will read “Total Property (Add lines 41 through 46)”
 - 47A is Everywhere
 - 47B is Vermont

FORM BI-476

Form changes to include:

- No Changes

SCHEDULE K-1VT

This schedule will now include 3 parts. Please review instructions carefully.

Form changes to include:

- No header changes.
- All checkboxes have been removed that indicate a negative field, negative fields should now be entered with a negative sign before the entry.

New PART I- Pass: Through Entity Information

- New line 1 will read “Ownership Percentage”
- New line 2 will read “Profit Percentage”
- New line 3 will read “Loss Percentage”
- New line 4 will read “Disregarded entity (Single-member LLC or Qualified subchapter S subsidiary)?” Question is YES or No.
- New line 5 will read “Is this entity a unit of a Series LLC?” Question is YES or No.
- Previously unnumbered is now line 6 and will read “Did this entity pay tax on this income as part of a composite return?” Question is YES or No.

New PART II: Distribution to Owners

- Previous line 1 is now line 7.
- Previous line 2 is now line 8.
- Previous line 3 is now line 9.
- Previous line 4 is now line 10.
- Previous line 5 is now line 11.
- Previous line 6 is now line 12.
- Previous line 7 is now line 13 and will read “Share of total federal bonus depreciation difference Enter on Schedule IN-112, Line 4 or Line 9”
- Previous line 8 is now line 14.

New Part III: Distributive Share of Apportionment Factors

- New line 15 will read “Sales”
 - 15A is Everywhere
 - 15B is Vermont
- New line 16 will read “Payroll”
 - 16A is Everywhere
 - 16B is Vermont
- New line 17 will read “Property”
 - 17A is Everywhere
 - 17B is Vermont

SCHEDULE BA-402

This schedule has had significant calculation changes. The BA-402 is now only paired with the CO-411. Previously, the BA-402 was shared between the CO-411 and the BI-471. Now the BI-477 is paired with the BI-471 only and the BA-402 with the CO-411 only. ONLY 1 BA-402 per CO-411 now.

Form changes to include:

- Removed the header box “For Unitary Groups Only- Name of Affiliate” and “Affiliates FEIN”
- All checkboxes have been removed that indicate a negative field, negative fields now should be entered with a negative sign before the entry.

Part I: Non-Appportionable Income and Foreign Dividends

- Previous line 1a-b is now line 1 “Non-Appportionable Income”
 - 1A is Everywhere
 - 1B is Vermont
- Previous line 1c-d is now line 2.
 - 2A is Everywhere
 - 2B is Vermont

Part II: Sales and Receipts Factor

Section A: Sales and Receipts Factor

- Previous line 2 is now line 3.
 - 3A is Everywhere
- Previous line 3 is now line 4.
 - 4B is Vermont
- Previous line 4 is now line 5 and will read “Sales of tangible personal property delivered or shipped to purchasers in Vermont from outside Vermont”
 - 5B is Vermont
- Previous line 5 is now line 6 and will read “Sales of tangible personal property delivered or shipped to purchasers in Vermont from within Vermont”
 - 6B is Vermont
- Removed previous line 6.
- Removed previous line 7.
- New line 7 will read “Special Industries”
 - 7B is Vermont
- Previous line 8 will now read “Apportionable interest and dividends”
 - 8A is Everywhere
 - 8B is Vermont
- New line 9 will read “Factors from pass through entities”
 - 9A is Everywhere

- 9B is Vermont
- Previous line 9 is now line 10.
 - 10A is Everywhere
 - 10B is Vermont
- Previous line 10 is now line 11.
 - 11A is Everywhere
 - 11B is Vermont
- Previous line 11 is now line 12 and will read “Other apportionable income (attach detailed supporting statement)”
 - 12A is Everywhere
 - 12B is Vermont
- Previous line 12 is now line 13 and will read “Total Income, Sales, and Gross Receipts Add Lines 3 through 12”
 - 13A is Everywhere
 - 13B is Vermont
- Previous line 12c is now line 14 and will read “Vermont Sales and Receipts factor as percent of Everywhere. (Divide Line 13B by Line 13A. Multiply the result by 100 and carry the result out to the sixth decimal place) Enter this figure on Form CO-411, Line 6”

Section B: Salaries and Wages Factor (Informational Purposes Only)

- Previous line 13 is now line 15.
 - 15A is Everywhere
 - 15B is Vermont
- Removed previous line 13c.

Section C: Property Factor (Average value during the year) (Informational Purposes Only)

- Previous line 14 is now line 16.
- Previous line 15 is now line 17.
- Previous line 16 is now line 18.
- Previous line 17 is now line 19.
- Previous line 18 is now line 20.
- Previous line 19 is now line 21.
- Previous line 20 is now line 22 and will read “Total Property (Add Lines 16 through 21)”
- Removed previous line 20c.
- Removed previous section D.

FORM BA-403

Form changes to include:

- No Changes

SCHEDULE BA-404

Form changes to include:

- Statues are now referenced in each row:

	(A) Amount Carried Forward from Prior Years
1. Research and Development (32 V.S.A. § 5930ii)	
2. Charitable Housing (32 V.S.A. § 5830e)	
3. Affordable Housing (32 V.S.A. § 5930u)	
4. Qualified Sale of Mobile Home Park (32 V.S.A. § 5828)	
5. Vermont Entrepreneurs' Seed Capital Fund (32 V.S.A. § 5830b)	
6. Code Improvement (32 V.S.A. § 5930cc(c))	
7. Historic Rehabilitation (32 V.S.A. § 5930cc(a))	
8. Facade Improvement (32 V.S.A. § 5930cc(b))	
9. Investment Tax Credit - Solar Energy (32 V.S.A. § 5822(d))	
10. Investment Tax Credit - Other (32 V.S.A. § 5822(d))	
11. TOTAL FOR ALL CREDITS (ADD Lines 1 through 10)	

SCHEDULE BA-406

Form changes to include:

- No Changes

SCHEDULE BA-410

Form changes to include:

- Affiliate addresses are no longer required.
- Each Affiliate will now answer the following questions (no more than one yes for each affiliate should be true):
 - Unitary Group Member (Y/N)
 - Disregarded Entity (Y/N)
 - Pass-through Entity directly owned (Y/N)
 - Has Vermont sales or activity (Y/N)

Schedule BA-410

**Vermont Corporate and Business
Income Tax Affiliation**



Include with Form CO-411
or Form BI-471

REQUIRED FOR COMBINED AND CONSOLIDATED RETURNS

Please provide information for all affiliates/subsidiaries/entities contributing income/activity to Vermont Unitary Group.

Entity Name (same as on Form CO-411 or Form BI-471)		Fiscal Year Ending (YYYYMMDD)		FEIN		
Affiliate Name	FEIN	Unitary group member? ("Y" or "N")	Disregarded entity? ("Y" or "N")	Pass-through entity directly owned? ("Y" or "N")	Has Vermont sales or activity? ("Y" or "N")	
1.						
2.						
3.						
4.						

Corporate Income Tax Return Changes- Summary

- Vermont changed from “Joyce” to “Finnigan” method for combined reporting for Unitary groups.
 - Companies within the group are no longer treated as separate taxpayers, but as one combined taxpayer.
 - The schedules for separate company reporting are no longer used.
 - CO-421 – Unitary Affiliate Schedule – no longer exists.
 - There will only be a single BA-402 attached to the CO-411. Multiples will not be allowed/necessary.
 - There will only be a single CO-419 attached, for groups reporting foreign dividends. Multiples will not be allowed/necessary.
- Vermont moved from a 3-factor apportionment to a single sales factor. This change appears on the BA-402 - Apportionment and Allocation Schedule.
- Vermont removes the exclusion of “80-20” companies from the reporting group.
- Minimum tax structure is changed. The new amounts are listed at the bottom of page 1 of CO-411, and in the instructions.
- Forms and schedules no longer mark a box “X” to indicate negative. Use a negative sign.
- Taxpayers are encouraged, and in some cases will be required, to attach statements and explanations in pdf or excel format to MeF returns. Examples include Vermont NOL, detailing differences between Federal and Vermont income, changes in the composition of

the unitary group, and consolidation schedules to show components of income, apportionment, and eliminations for unitary group members.

FORM CO-411

Vermont has gone from Joyce to Finnegan starting for tax year 2023. Only one CO-411 is now needed for all companies within the combined group, we no longer require multiple company filings within a combined group. Because of this change, the CO-411 has been updated and Vermont no longer supports the Form CO-421 since only one return (CO-411) is needed now for return submission.

Form changes to include:

- Unitary Combined and Unitary Consolidated checkboxes have been removed. There will now only be one Unitary Checkbox:

Vermont Corporate Income Tax Return

— * 2 3 4 1 1 1 1 0 0 *

Check Appropriate Box(es)	<input type="checkbox"/> Name Change	<input type="checkbox"/> Accounting Period Change	<input type="checkbox"/> Extended Return	<input checked="" type="checkbox"/> Unitary	<input type="checkbox"/> PL 86-272 is Applicable	
	<input type="checkbox"/> Address Change	<input type="checkbox"/> Amended Return	<input type="checkbox"/> Federal Extension Requested	<input type="checkbox"/> RAR Amended	<input type="checkbox"/> Pro Forma - Cannabis	<input type="checkbox"/> Final Return (Cancels Account)
Entity Name (Principal Vermont Corporation)			FEIN		Primary 6-digit NAICS number	

(The prior distinction is no longer necessary with the shift from Joyce to Finnegan method.)

- New RAR Amended Checkbox:

* Please note: If RAR Amended Checkbox is true, Amended Checkbox must also be true. *

Appropriate Box(es)	<input type="checkbox"/> Address Change	<input type="checkbox"/> Amended Return	<input type="checkbox"/> Federal Extension Requested	<input checked="" type="checkbox"/> RAR Amended	<input type="checkbox"/> Pro Forma - Cannabis	<input type="checkbox"/> Final Return (Cancels Account)
	Entity Name (Principal Vermont Corporation)			FEIN		Primary 6-digit NAICS number

- All checkboxes have been removed that indicate a negative field, negative fields now should be entered with a negative sign before the entry.
- Line 1 will now read “Federal Taxable Income (federal form 1120, Line 28 as filed)” this has been changed from Line 1120 Line 30.
- New Lines 1a-1g (all fields can be a positive or negative amount):
 - 1a will read “Special Deductions as filed with IRS (federal Form 1120, Line 29b)”
 - 1b will read “Income/loss from unitary members **included** in Vermont combined group”
 - 1c will read “Income/loss from affiliated entities filed in the above federal consolidated returns but **excluded** from Vermont combined group”
 - 1d will read “Special Deductions: Vermont adjustments to federal special deductions”

- 1e will read “Eliminations: Vermont adjustments to federal eliminations”
- 1f will read “Other: Other Vermont adjustments to Combined Net Income (charitable expenses, etc.)”
- 1g will read “Federal Taxable Income as Adjusted for Combined Net Income (Add Lines 1-1f)”
- Line 2, no changes from previous year.
- Line 3 will now read “Federal Taxable Income as Adjusted for Combined Net Income and Bonus Depreciation, add Lines 1g and 2”
- Line 4a, no changes from previous year.
- Line 4b, no changes from previous year.
- Line 4c will now read “Non-Appportionable Income or loss allocated everywhere (Schedule BA-402, Line 1a, or leave blank)”
- Line 4d, no changes from previous year.
- Line 4e, no changes from previous year.
- Line 4f, no changes from previous year.
- Line 4g, no changes from previous year.
- Line 5, no changes from previous year.
- Line 6 will now read “Vermont percentage (Schedule BA-402, Line 14, or 100%)”
- Removed previous line 7.
- Previous line 8 is now line 7 and will read “Income Apportioned to Vermont (Multiply Line 5 by Line 6)”
- Previous line 9 is now line 8 and will read “Non-apportionable Income from Vermont (Schedule BA-402, Line 1B)”
- Previous line 10 is now line 9 and will read “Foreign Dividends Allocated to Vermont (Schedule BA-402, Line 2B)”
- Previous line 11 is now line 10 and will read “Net Vermont Income Allocated and Apportioned to Vermont (Add Lines 7 through 9)”
- Previous line 12 is now line 11.
- Previous line 13 is now line 12 and will read “Vermont Net Taxable income for this entity (Line 10 minus Line 11)”
- Previous line 14 is now line 13 and will read “Vermont Tax. Calculate Vermont tax due on Line 12 amount using the Tax Computation Schedule Below”
- Previous line 15 is now line 14.
- Previous line 16 is now line 15.
- Previous line 17 is now line 16 and will read “Tax Due for this entity (Line 13 minus Line 14, then Add Line 15)”
- Previous line 18 is now line 17.
- Removed previous line 19.

- Previous lines 20-20e are now lines 18-18e.
 - Line 18a will read “Estimated Payments (From CO-411)”
 - Line 18 b will read “Payment with Extension (BA-403)”
 - Line 18c will read “Nonresident estimated payments distributed to this entity by a different company through a Schedule K-1VT”
- Previous line 20f is now line 18f and will read “Total Payments (Add Lines 18a-18e)”
- Previous line 21 is now line 19 and will read “Balance Due. If Line 16 is more than Line 18f, subtract Line 18f from Line 16”
- Previous line 22 is now line 20.
- Previous line 23 is now line 21 and will read “Overpayment. If Line 18f is more than Line 16, subtract Line 16 from 18f”
- Previous line 24 is now line 22.
- Previous line 25 is now line 23 and will read “Overpayment to be refunded (Line 21 minus Line 22)”

Tax Computation Changes for CO-411

Tax Computation was calculated using three tiers, now there are five. See below:

TAX COMPUTATION SCHEDULE		
(Effective for taxable periods beginning January 1, 2023)		
IF VERMONT NET INCOME (Line 12) IS	TAX IS	File the return on the due date required under the Internal Revenue Code, unless extended.
\$10,000 or less	6.00%	
\$10,001 to \$25,000	\$600 plus 7.00% of excess over \$10,000	
\$25,001 and over	\$1,650 plus 8.50% of excess over \$25,000	Pay by the due date required under the Internal Revenue Code, even if the return is extended.
IF VERMONT GROSS RECEIPTS ARE	MINIMUM TAX IS	Corporations with liabilities over \$500, see instructions for estimated payments on Vermont Form CO-414.
\$500,000 or less	\$100	
\$500,001 to 1,000,000	\$500	
\$1,000,001 to \$5,000,000	\$1,000	
\$5,000,001 to \$300,000,000	\$2,000	
\$300,000,001 and over	\$100,000	

Form CO-411
Page 2 of 3

SCHEDULE CO-419

This has changed from three factor apportionments to one factor apportionment. The 3-part return is now 1-part. Only 1 CO-419 per return is allowed.

Vermont Apportionment of Foreign Dividends, now for all Unitary Filers.

Form changes to include:

- Removed Name of Affiliate header box.
- Line 1 will now read “Total Income, Sales, and Gross Receipts (Schedule BA-402, Lines 13A and 13B)”
- Line 2 will now read “Sales Increment (Add Lines 10 and 20 from all attached schedules CO-420)”

- Line 3 will now read “Adjusted Sales Increment (Add lines 1A & 2A)”
- Line 4 will now read “Modified Sales Factor (Divide Line 1B by Line 3A. Multiply the results by 100 and carry the result out to the sixth decimal place)”
- Removed previous lines 5-15.
- Previous line 16 is now line 5, “Foreign Dividends as defined in reg. 1.5862(d) (Schedule BA-402, Line 2A)”
- Previous line 17 is now line 6, “Vermont Foreign Dividends Taxable Income (Multiply Line 5 by Line 4) Enter onto Schedule BA-402, Line 2B and Form CO-411, Line 9”

SCHEDULE CO-420

Vermont Foreign Dividend Factor Increments, now for all Unitary Filers.

Taxpayers must continue to provide information for each company paying foreign dividends into the group.

Form changes to include:

- All checkboxes have been removed that indicate a negative field, negative fields now should be entered with a negative sign before the entry
- Sections A, B, and C have been removed on this Schedule.
- The Schedule is now in two sections, one section for each affiliate to report required information.

Section 1 header:

Affiliate #1	Name of Affiliate	Affiliate's FEIN

- Lines 1-10, no changes from previous year.

Section 2 header:

Affiliate #2	Name of Affiliate	Affiliate's FEIN

- Previous lines 11-20 removed.
- Lines 11-18 are the same lines as Section 1, Lines 1-8.
- New line 19 will read “Total Income, Sales and Gross Receipts (Add lines 14 through 18)”
- New line 20 will read “Sales and Receipts Increment (Multiple Line 19 by Line 13)”

The sales and receipts increment (Lines 10 and 20 from all attached Schedules CO-420) will be entered onto Line 2 of Schedule CO-419.

SCHEDULE CO-421

Schedule has been REMOVED.

FORM BI-470

Form changes to include:

- No Changes

FORM CO-422

Form changes to include:

- No Changes

FORM CO-414

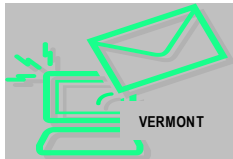
Form changes to include:

- No Changes

FORM WH-435

Form changes to include:

- No Changes



VERMONT ELECTRONIC FILING FORMS

SECTION 3 Information for Software Developers

Vermont participates in the IRS Federal/State 1120 and 1065 programs. This allows the filing of both federal and Vermont tax returns using an XML format. The transmission method will be a web service using simple object access protocol (SOAP), with attachments messaging.

Software developers are required to develop Vermont tax preparation software in accordance with statutory requirements and preparation instructions. The software must provide accurate Vermont income tax returns in the correct electronic format for transmission. The software must be capable of producing a printed copy of the complete electronic filing which includes a ***“Do Not Mail”*** watermark on the printed forms.

Software developers must provide data validation, verification, and error detection to prevent transmission of incomplete, inaccurate, or invalid return information. Developers should prevent the filing of any form not approved by Vermont for electronic filing.

Software Acceptance, Testing and Approval

Software developers are required to fill out a Vermont Electronic Filing Request for Participation letter before beginning testing. An email is required to alert the MeF coordinator before

submitting the first test file. You will receive an email if there is anything wrong with your file within 48 hours after transmittal. If errors are found, you must resubmit the entire test package. A separate letter will be sent for an online product and preparer product. Once testing is completed you will receive a certification letter indicating you are approved for Vermont.

If the Software Developer is not acting as the ERO, the software developer is responsible for providing state acknowledgments to the ERO no later than two days after receipt. Failure to do so could lead to suspension from the Vermont Program.

Software developers are required to test with Vermont for accuracy to ensure their software adheres to Vermont business rules, a successful transmission and receipt of acknowledgments. EROs must use tax preparation software that has been approved for use by Vermont.

The Vermont MeF ATS test package will consist of documentation of special test conditions as well as copies of the state test returns and will be made available to all software developers who indicate their intention to support Vermont MeF.

Vermont's test date is tentatively scheduled to begin in early November 2023 for tax year 2023 but is subject to IRS system availability.

Software errors which cause electronic returns to be rejected that surface after testing has been completed should be quickly corrected to ensure that the ERO has the ability to timely and accurately file its electronic returns. Software updates related to software errors should be distributed promptly to users together with any documentation needed.

Vermont will accept the following types of filing:

Fed/State Original – The Vermont MeF program works best when the federal and state returns are filed together in one transmission to the IRS (although this is not always possible). Upon receipt, the IRS will validate and verify the federal return data. The IRS will either accept or reject the federal return. The state return is made available to Vermont after the federal return is accepted by the IRS.

State Only – IRS provides the ability for an ERO to transmit and retransmit a state return through the Fed/State system without simultaneously transmitting a federal return. State Only returns are transmitted to the IRS, validated and made available for states to retrieve in the same fashion as the Fed/State Transmission. This provides a method for individuals who file multiple state returns to have each participating state's return filed electronically. Each state return must be transmitted separately. The taxpayer's federal return must be completed, transmitted and accepted by the IRS before transmitting/re-transmitting a State Only return.

Software developers use Fed/State 1120/1120S/1065 MeF forms-based schemas and the Vermont forms base schemas/spreadsheet.

Edits and verification of business rules are defined for each field or data element. The state spreadsheet will include information on the field type, field format, the business rule and other edits. Developers should apply data from the state spreadsheet and tax forms to the appropriate data element in the XML schema.

Transmit data elements only if they contain data values. Do not send empty data elements (i.e., zero financial fields, unused elements, etc.) unless that data element is required by Vermont's schema.

Detailed requirements for decimal placement in ratios and percentages are in the Vermont state-specific schema and /or data elements spreadsheet.

Software developers must furnish electronic funds (direct debit) information for this payment option to taxpayers who electronically file a balance due return. Electronic funds withdrawal may be made from the taxpayers' checking or savings account. Taxpayers can choose the date they want the amount owed withdrawn from their account. Partial payments may be made using electronic funds withdrawal.

Acceptance in the electronic filing program does not imply an endorsement by the Vermont MeF Coordinator. Therefore, any public communication that refers to a user's electronic filing capabilities, whether through publication or broadcast, must clearly indicate acceptance of the user for electronic filing and does not constitute an endorsement or approval of the quality of tax preparation services provided by Vermont's MeF coordinator.

Vermont will monitor the quality of transmissions. If the quality deteriorates, the electronic filer will receive a warning, or in extreme cases, a letter suspending the electronic filer from filing electronic MeF returns. When suspended, the retrieval process will be inactivated halting further processing of MeF electronic returns.

Electronic filers and EROs are expected to place the taxpayer first in providing return preparation and transmission services. Regardless of changes in business address, company names, telephone numbers, organization, or personnel, the taxpayer must always have convenient access to their return. This includes but is not limited to, access to current status of the return and access to the organization representatives to resolve any questions or concerns.

Participation Denial or Suspension

Software developers, transmitters and EROs must maintain a high degree of integrity, compliance, and accuracy in order to participate in Vermont's MeF program.

All Software developers and EROs must comply with the requirements and specifications contained in the Vermont MeF Handbook. Failure to comply with all requirements and specifications could result in being suspended from the program.

Additionally, Vermont reserves the right to deny participation in its program for the reasons listed below:

- If your company fails to adhere to the state MeF program requirements and schema.
- If your company does not consistently provide error-free returns.
- If your company uses unethical practices in return preparation.

Denial or suspension of participation in the Fed/State Electronic Filing Program may occur if standards are not met. Denial or suspension to file Federal returns automatically revokes your ability to electronically file Vermont returns.

The Department will send a letter of explanation if a denial or suspension of participation is issued for the failure to meet Vermont's standards.

Nature of Approval

Software Developers submit test cases for the primary purpose of assuring data transmissions are acceptable to Vermont. Approval by the Vermont Department of Taxes does not signify endorsement of any software developer program or the accuracy of the software developer program.

Advertising and Program Logo



You may show that you are authorized to transmit Federal and Vermont returns electronically by using this logo, subject to IRS restrictions, in your advertisements. **Only the IRS-created electronic filing logo may be used.** The IRS created this logo to give a consistent image to the program. Go to www.irs.gov/e-file-providers/efile-for-tax-professionals to under the IRS E-File Library for more information.

SECTION 4 Information for EROs and Transmitters

Requirements to Participate

IRS Requirements:

Please visit www.irs.gov/e-file-providers/efile-for-tax-professionals for information on completing IRS **Form 8633 - Application to Participate in the Electronic Filing Program**. The application period begins August 31st of each year and ends May 31st of the following year. To ensure participation in the IRS e-file season beginning January 1, applications should be submitted between August 1st and December 1st.

Vermont Requirements:

A separate Vermont state application is not required. You do not need to send a copy of your acceptance letter or IRS Form 8633 to the Department. You are not required to test with Vermont, however, you must use Vermont approved software

Authorized Electronic Return Originators (EROs) can submit returns to the IRS MeF system for federal and state return processing. Both Fed/State and State Only returns can be submitted through the Fed/State system. Each return (Fed/State or State Only) must be in a separate submission. Multiple submissions may be contained in a single message payload. Software developers must test with Vermont and receive approval prior to submitting live Fed/State or State Only returns.

Timeliness of Filings

All scheduled due dates for filing of returns apply to MeF returns. If any due date falls on a weekend or legal holiday, the return must be filed by the next business day.

All authorized Vermont EROs must ensure that returns are promptly transmitted. An electronically filed return is not considered filed until a Vermont acceptance acknowledgment has been received. It is ERO's responsibility to check for acknowledgment and contact the Vermont MeF Coordinator if an acknowledgment is not produced within 48 hours during the week or 96 hours if filed on Friday, Saturday, or Sunday. If the electronic portion of a return is transmitted on or shortly before the due date and is ultimately rejected, see page 16.

The receipt of an electronic postmark will provide taxpayers confidence that they have filed their return. The date of the electronic postmark is considered the date of filing. All requirements as well as resubmitting a rejected timely filed return must be adhered to for the electronic postmark to be considered the date of filing.

Amended Filings

After an electronic return is acknowledged as accepted, it cannot be recalled, intercepted or changed in any manner. If either the ERO or taxpayer wishes to change any entries on an accepted electronic return, an amended return must be filed.

Resubmission of Rejected Tax Returns

After an error acknowledgment is sent, Vermont monitors the timeliness of addressing the correction. Revocation of privileges may result from filing erroneous returns or the failure to provide a timely correction.

If an electronic acknowledgement has not been received within 48 hours, or 96 hours if filed on Friday, Saturday, or Sunday, the ERO should contact Vermont's MeF Coordinator for further instructions. **It is the responsibility of the ERO to ensure that every return filed electronically is acknowledged as accepted.**

If Vermont rejects the return for processing, the ERO must take reasonable steps to inform the taxpayer of the rejection within 24 hours and provide the taxpayer with an explanation for the rejection. If the return is filed by the due date, the resubmitted return will be considered timely if the return is transmitted and accepted within five calendar days of the rejection.

If the electronic return cannot be corrected and retransmitted, the taxpayer must file a paper return. The paper return will be considered timely if it is filed by the due date of the return but no later than five calendar days after the date Vermont gives notification the return is rejected. The paper return should include an explanation of why the return is being filed after the due date and include a copy of the reject notification.

Vermont Returns

- Use only software approved for use in the Federal/State Electronic Filing Program and Vermont-approved software. **It is the sole responsibility of the ERO/Transmitter to ensure they are using the most current version of their software.**

**The Vermont Department of Taxes posts a list of approved software and any limitations associated with the software at <http://tax.vermont.gov>

- Use the 2023 Vermont Corporate/Business Income Tax forms.
- Use only whole dollars.
- Verify the correct name, address and FEIN of the business was used for the return and on Form 8879 IRS e-file Signature Authorization OR 8879-VT.
- Do not transmit a return you suspect contains false information. Call the Taxpayer Service Division's fraud coordinator at (802)-828-2865 to report the situation.
- Ask the taxpayer if he or she wants to authorize you to discuss the return with the Department of Taxes and if yes, check the disclosure checkbox.
- Retain Form 8879 IRS e-file Signature Authorization OR Vermont Form 8879-VT-C, for three years from the due date or the filing date, whichever is later.
- Verify the routing number and bank account number if the taxpayer wishes to receive their refund through direct deposit.
- Verify the routing bank account number if the taxpayer wishes to pay their balance due through ACH debit.

FORM 8879-VT-C INSTRUCTIONS

Form 8879-VT-C, Vermont Corporate or Business Income Tax Declaration for Electronic Filing, authorizes the ERO to file on the taxpayer's behalf and serves as authentication of the return information. Beginning in tax year 2022, Form 8879-VT-C is optional for tax professionals when IRS Form 8879 is completed. Form 8879-VT-C or IRS Form 8879 should be kept on file for three years in the EROs or transmitters office.

Form 8879-VT-C must be:

- Completed for every taxpayer's electronically filed submission.
- Signed by the taxpayer before transmitting.
- Completed with information that matches the electronic record.

Part I Taxpayer Information

Print the business name, address, and FEIN number. Verify this information and the return information agree.

Part II Tax Return Information

Enter the information from specified lines on the return. Use whole dollars only.

Part III Direct Deposit of Refund/ ACH Debit Payment

Enter the routing transit number (RTN) of the bank or financial institution. The RTN must contain nine numbers. If the RTN does not begin with 01 through 12 or 21 through 32 the direct deposit request will be rejected. Enter the depositor account number (DAN). The DAN can contain up to 17 characters (both numbers and letters). Check the appropriate box for account type.

Part IV Declaration of Taxpayer

The taxpayer must read the declaration before signing. The taxpayer is verifying that the information in Part II matches the information on the return.

Part V Declaration of Electronic Return Originator (ERO)

The ERO must read the declaration before signing and provide the business information requested in the signature block.

Note: If the paid preparer is not available to sign Form 8879 IRS e-file Signature Authorization OR 8879-VT-C, a copy of the completed Vermont return(s) signed by the paid preparer must be attached. Mark these returns as "COPY" and enter the business information in the paid preparer section.

Part VI Declaration of Paid Preparer

The paid preparer must read the declaration before signing. The paid preparer signs and dates the completed Form 8879 IRS e-file Signature Authorization OR 8879-VT-C which provides the business information in the paid preparer section.

SECTION 5 - Frequently Asked Questions

I am an out of state ERO/Transmitter, do I need to pre-register with Vermont before sending MeF Returns?

No. The Vermont Department of Taxes does not require out-of-state EROs/Transmitters to register before transmission. However, the ERO/Transmitter is responsible for ensuring that the software used has been approved and certified by the Department and the IRS.

What do I keep on file for MeF electronically filed returns?

You should keep a complete copy of the return including any supporting documentation and Form 8879 IRS e-file Signature Authorization OR 8879-VT-C, Vermont Corporate or Business Income Declaration for Electronic Filing

Do I send paper documentation to the Department for MeF returns?

No. Please do not send any paper documentation to the Department unless requested to do so. You should keep copies of the returns and supporting documents on file.

Can I attach PDFs to the Vermont Department of Taxes for Fed/State E-File returns?

Yes. There is no requirement to send additional information, however you may attach PDF files you deem necessary. Although there is no defined size limit, keeping attachments as small as possible will help ensure the successful transmission of returns.

Does the Department ask for paper documentation for e-filed returns?

Occasionally, the Department will request a source document to complete the examination of a return. The Department will make this request in writing.

How do you pay a tax due for electronically filed returns?

All tax due to Vermont for tax year 2023 must be paid by April 15, 2024, to avoid interest and penalty charges.

Please Note: The Department strongly encourages all taxpayers to pay their tax due electronically for the fastest and most efficient processing of their payment.

The tax due can be paid by:

ACH DEBIT when filing through Vermont’s MeF program. Taxpayers who file using the Vermont MeF program can pay their tax due using ACH Debit. The payment can be made at the time of filing or scheduled at a later date. There is no fee for using ACH Debit.

MyVTax go to <http://mytax.vermont.gov> for further information and to access the system. Payments can be made by ACH Debit for no charge. Payments can be scheduled for any day up to and including the due date of the return. Taxpayers can also pay their tax due using their credit card, however convenience fees apply.

Check or Money Order Taxpayers who wish to pay by check or money order should use Form BI-470 if the payment is for a Business Income Return or Form CO-422 if the payment is for a Corporate Income Tax Return. Payments submitted without a voucher may be lost or misdirected which can result in late payment penalties.

What do you do when an electronically filed return is rejected?

First, check the acknowledgment system for the acceptance or rejection of the return. If the federal return is rejected, the Vermont return will not be transmitted to Vermont even if there are no errors on the Vermont return.

Next, determine the reason for the rejection. If the cause of rejection can be corrected, make the correction and resubmit the return. In some instances, this may be a “STATE ONLY” return.

If the return is e-filed on or near the due date, five calendar days are allowed to correct the cause of rejection and resubmit the return to be considered a timely filing.

For the paper filing of a rejected return, it will be considered timely if received within five calendar days of the due date. Consideration on a case-by-case basis may be given to allow additional time for filing a paper return due to a rejected e-filed return.