

SCHEDULE BI-477 Instructions

Vermont Income Adjustment Calculation: Pass-Through Nonresident

General Information

Schedule BI-477 is used for tax years beginning January 1, 2023, and later.

Schedule BI-477 is required for all Partnership, S Corporations, and LLC pass-through entities that file Schedules BI-472, Non-Composite Schedule, or BI-473, Composite Schedule. Schedule BI-477 calculates state adjustments to the tax base and determines allocation and apportionment of income to Vermont. If a Schedule BI-477 is not attached to the return, income will be assumed to be 100% Vermont. If you are claiming the “No Vermont Activity” exception from the minimum tax, you must submit a Schedule BI-477 that accurately reports “Everywhere” activity and no Vermont activity.

Schedule BA-402, Apportionment & Allocation is no longer filed with Form BI-471.

Schedule BI-477 improves the calculation of Vermont income and tax for most pass-through entities and their owners. It mirrors the Vermont personal income tax statutes that dictate what is included in Vermont income. It also draws information directly from federal Schedules K, which will improve ease of administration, clarity, and accuracy.

Information from Schedule BI-477 (Lines 30, 31, and 32) will flow to Schedules BI-472 or BI-473 to calculate requirements for nonresident estimated payments or composite tax, respectively.

While Schedule BI-477 is designed for pass-through businesses and generally applies the rules and methods for sourcing income for nonresident individuals, it relies on principles of corporate apportionment to source apportionable business income. Taxpayers will calculate a Sales & Receipts factor in Section 2, Part VII, which will apply to Section 1B, Part IV, “Income from Business or Trade.” This will contribute to the calculation of the Income Adjustment in Section 1, Part VI, which is parallel to the income adjustment calculation used for Vermont’s personal income tax.

Parts I – IV report items of taxable income listed in 32 V.S.A. § 5823(b), as earned Everywhere and sourced to Vermont. In Parts I-III, the taxable income is sourced to Vermont using either location or situs. (“Situs” of property generally means the state or country where the property is located or normally kept.)

If business income is derived from activity in Vermont and at least one other state, **Part IV** will source income to Vermont using an apportionment percentage calculated in Part VII. Effective starting in 2023, Vermont uses a single sales factor methodology. If the taxable income is derived entirely from Vermont activity, 100% is sourced to Vermont. These values will allow taxpayers to calculate their Vermont income and adjusted gross income equivalent in Part VI.

Note for Tiered Pass-Throughs: Vermont conforms to the Internal Revenue Code Subchapter K. Included in that conformity is the understanding that an owner’s share of income/loss from an entity’s activities pass through and are treated as if directly recognized by that partner or member, retaining their character as determined at the entity level. For example, if a pass-through recognizes a capital gain from the sale of real estate, each partner will be treated as if they sold a share of the real property themselves. If the unitary business principle is satisfied, the filing pass-through must combine all the items of income received with its own unitary activity on the appropriate lines in Parts I-IV.

The unitary business principle is satisfied if a single economic enterprise exists, which is made up either of separate parts of a single business entity or of a commonly controlled group of business

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entities that are sufficiently interdependent, integrated, and interrelated through their activities so as to provide a synergy and mutual benefit that produces a sharing or exchange of value among them and a significant flow of value to the separate parts. The unitary business principle can exist for a taxpayer as a result of the taxpayer's interest in that partnership, whether the interest in that partnership is held directly or indirectly through a series of partnerships or other pass-through entities.

The filing pass-through must attach workpapers that mimic BI-477, with Parts I-IV complete, for each discrete unitary business represented.

Part V reports items of taxable income received from lower-tier pass-throughs **which are not unitary with this business and therefore would not be included in Parts I-IV.**

Each discrete business undertaken by a lower-tier pass-through is attributable to the filing pass-through. If no unitary business principle exists between these attributed (lower tier) activities and the activities of the filing pass-through entity, the sourcing of income will not change between levels. Income and factors should not be blended, but rather the net income/loss should be reported here.

Part VI calculates the Vermont income adjustment required by 32 V.S.A. § 5822(e) to arrive at the filing pass-through's Vermont income.

Part VII applies the single sales factor methodology to apportionable business income for entities that have ordinary business income derived in Vermont and at least one other state. The resulting percentage will be used in Part IV, Income From Business or Trade. The calculation is identical to apportionment of income for corporate income tax. Effective Jan. 1, 2023, Vermont uses the single sales factor method to calculate apportionment, replacing three factor apportionment..

Part VIII reports property and wage factors, which will be used by owners who are C-Corporations and are required to include property and wage factors from flow-through activity on the apportionment schedules attached to their Vermont corporate income tax returns.

Line-by-Line Instructions

Enter your Business Name and Federal Employer Identification Number.

SECTION 1: PASS-THROUGH PERSONAL INCOME ADJUSTMENT CALCULATION

PART I INCOME DERIVED FROM OWNERSHIP OF PROPERTY

Line 1A **Net Rental Real Estate Income:** Enter the amount from federal Form 1120-S, Schedule K, Line 2, or federal Form 1065, Schedule K, Line 2, as applicable.

Line 1B Enter the amount of Net Real Estate Income (loss) from Vermont Situs Property. This means property that is within Vermont.

Line 2A **Other Net Rental Income:** Enter the amount from federal Form 1120-S, Schedule K, Line 3c, or federal Form 1065, Schedule K, Line 3c, as applicable.

Line 2B Enter the amount of Other Net Rental Income (loss) from Vermont Situs Property.

Line 3A **Royalties:** Enter receipts from royalties as reported by filers of federal Form 1120-S, U.S. Income Tax Return for an S Corporation, Schedule K, Line 6, and federal Form 1065, U.S. Return of Partnership Income, Schedule K, Line 7.

Line 3B Enter the amount of Royalties from Vermont Situs Property.

PART II GAINS FROM THE SALE OR EXCHANGE OR PROPERTY

Line 4A **Net long term capital gains or losses:** Enter the sum of apportionable amounts from federal Form 1120-S, Schedule K, Line 8a, or federal Form 1065, Schedule K, Line 9a.

Line 4B Enter the amount of Net Long Term Capital Gain (loss) from Vermont Situs Property.

Line 5A **Net short term capital gains or losses:** Enter the sum of apportionable amounts from federal Form 1120-S, Schedule K, Line 7, or federal Form 1065, Schedule K, Lines 8.

Line 5B Enter the amount of Net Short Term Capital Gain (loss) from Vermont Situs Property.

Line 6A **Guaranteed Payments for Capital (Partnerships only):** If this entity is a partnership, enter the amount from federal Form 1065, Schedule K, Line 4b.

Line 6B Enter the amount of Guaranteed Payments for Capital from Vermont Situs Property.

Line 7A **Net section 1231 gain or loss:** Enter the amount from federal Form 1120-S, Schedule K, Line 9, or federal Form 1065, Schedule K, Line 10.

Line 7B Enter the amount of Net I.R.C. § 1231 Gain (loss) from Vermont Situs Property.

Line 8A **Net adjustment to income stated in Parts I and II resulting from Vermont’s disallowance of “bonus depreciation” (I.R.C. 168(k)).** Vermont does not allow the special “bonus” depreciation provision of I.R.C. § 168(d). If the company has utilized bonus depreciation in the items of income listed in Parts I and II, all items should be recomputed to disregard the effects of the bonus depreciation.

Insert the recomputed difference here. This amount should balance with Question C as entered on Form BI-471. This amount can be negative or positive, to report the adjustment **to income** (as opposed the adjustment to the depreciation deduction.) For example, for the year an asset is placed in service, the depreciation expense for Vermont will be reduced, resulting in greater income. Report this adjustment as a positive number on Line 8.

Line 8B Enter the amount of bonus depreciation net adjustment from Vermont Situs Property. **Report Vermont portion of recomputed difference.**

Line 9A Other Addbacks and Adjustments for items listed in Parts I and II. Line 9 is available to make adjustments when items of income that more commonly appear in Parts I and II (sourced based on Vermont situs) are properly treated as apportionable income due to the nature of this entity. If any portion of the items of income listed in Part IV, such as “Other Apportionable Business Income” or “IRC § 179 Deduction,” are better characterized as income from property, enter those amounts here and make a corresponding offsetting entry on Line 18 “Other Addbacks and Adjustments for Ordinary Business Income” below.

Additionally, if the items of income reported in Parts I and II exclude any income specifically included in Vermont net income pursuant to 32 V.S.A. § 5811(18)(A)(i), the adjustment must be made on this line. For example, any state and local taxes on or measured by income, franchise taxes measured by net income, franchise taxes for the privilege of doing business, and capital stock taxes deducted from these values must be added back here. **Report any of these addbacks as a positive number on Line 9A.**

If any income reported in Parts I and II fail to include a proper Vermont subtraction under 32 V.S.A. § 5811(18)(A)(ii), also make the adjustment here. If a portion of any income listed in Parts I and II should be reclassified as apportionable income, list that income here and make a corresponding adjustment on Line 18 below. **Report any of these values as a negative number on Line 9A.**

For example, net rental real estate income is typically sourced to the state where the underlying real estate is located. It is also possible that such income will be reported on federal Form 1120-S, Schedule K, Line 2, or federal Form 1065, Schedule K, Line 2. If the partnership, however, is in the business of renting such real estate and the unitary business is satisfied regarding that rental income, it may be appropriate to report it as apportionable business income. In this scenario, the taxpayer should move the income to Part IV by backing out that item of income on Line 9A and 9B with a negative number and making a corresponding positive entry on Line 18 in Part IV.

Attach a detailed statement identifying and explaining each addback and adjustment included on this line.

Line 9B Enter the amount of the addbacks and adjustments from Vermont Situs Property.

PART III COMPENSATION THAT HAS NOT OTHERWISE BEEN WITHHELD UPON

Line 10A **Other Compensation:** Enter the amount of “Everywhere” Other Compensation. This is intended to capture income to shareholders, partners, or members, upon which withholding or estimated payments have **not** otherwise been paid to Vermont. Payments to owners for board, rent, housing, lodging, and any other benefits paid in exchange for labor will be treated as compensation if they are considered as income under the Internal Revenue Code.

Line 10B Enter the amount of Other Compensation for Services Performed in Vermont.

Line 11A **Guaranteed Payments for Services (Partnerships only):** If this entity is a partnership, enter the amount from federal Form 1065, Schedule K, Line 4a.

Line 11B Enter the amount of Guaranteed Payments for Services Performed in Vermont.

PART IV INCOME FROM BUSINESS OR TRADE

Ordinary business income and certain other items of income earned through conduct of business in Vermont and at least one other jurisdiction will be apportioned to Vermont, per Vermont’s corporate income apportionment laws and regulations. As of 2023, Vermont uses a single sales factor method.

Complete Section 2, Part VII, Vermont Apportionment, before proceeding to Line 13.

Line 12 **Ordinary Business Income:** Enter the amount from federal Form 1120-S, U.S. Income Tax Return for an S Corporation, Line 22, or federal Form 1065, U.S. Return of Partnership, Line 23, as applicable.

Please note certain items included on federal Form 1120S, Schedule K, or federal Form 1065, Schedule K, may be subject to apportionment. Review Vermont Reg. § 1.5833, Section A for discussion on items includable in apportionable income. Common examples are apportionable interest income and dividends that have been included on federal Form 1120-S, Schedule K, or federal Form 1065, Schedule K. If income is properly classified as non-apportionable, use Lines 18 and 9 to make the necessary adjustment and attach a detailed statement.

Line 13 **Interest Income:** Enter the apportionable amount of interest from federal Form 1120-S, Schedule K, Line 4, or federal Form 1065, Schedule K, Line 5. Interest and dividends are apportioned if the acquisition, management, employment, development, or disposition of the property is or was related to the operation of the taxpayer’s trade or business.

Do not include non-apportionable interest.

Line 14 **Ordinary Dividends:** Enter the **amount of apportionable** dividends from federal Form 1120-S, Schedule K, Line 5a, or federal Form 1065, Schedule K, Line 6a. Do not include non-apportionable amounts.

Line 15 Enter **Other Income**, including all Other Income on federal Form 1120-S, Schedule K, Line 10, or federal Form 1065, Schedule K, Line 11. A detailed statement must be attached if Line 15 differs from the amount reported on federal Form 1120-S, Schedule K, Line 10, or federal Form 1065, Schedule K, Line 11. Schedules sent that re-state “Other” or “Miscellaneous” Income with no further detail may be considered incomplete.

To the extent that any portion of “Other income” reported on federal Form 1120-S, Schedule K, Line 10, or federal Form 1065, Schedule K, Line 11 is non-apportionable, make a corresponding adjustment on Lines 18 and either Line 9 or 27. Attach a detailed explanation.

Line 16 **Section 179 Deduction:** Enter the amount from federal Form 1120-S, Schedule K, Line 11, or federal Form 1065, Schedule K, Line 12, as applicable. Enter the deduction as a negative value.

To the extent that any portion of the Section 179 Deduction reported on federal Form 1120-S, Schedule K, Line 11, or federal Form 1065, Schedule K, Line 12 is attributable to a non-apportionable asset, make a corresponding adjustment on Lines 18 and 9. Attach a detailed explanation.

Line 17 **Bonus Depreciation Adjustment for Income from Business or Trade.** Vermont does not allow the special “bonus” depreciation provision of I.R.C. § 168(k). If the taxpayer has utilized bonus depreciation, all items should be recomputed to disregard the effects of the bonus depreciation.

Insert the recomputed difference here. This amount should balance with Question C as entered on Form BI-471.

See instructions for Line 8A for how to report the adjustment.

Line 18 **Other Addbacks and Adjustments for Income from Business or Trade.** If the items of income reported in Part IV exclude any income specifically included in Vermont net income pursuant to 32 V.S.A. § 5811(18)(A)(i) the adjustment must be made here. Additionally, if any portion of the items of income listed in Parts I and II are better characterized as apportionable income and were backed out on Line 9 above, make a corresponding addback on this line.

For example, any state and local taxes on or measured by income, franchise taxes measured by net income, franchise taxes for the privilege of doing business, and capital stock taxes must be added back here. This includes any pass-through entity tax paid to another state. **These values should be listed as a positive number on Line 18.**

If any income reported in Part IV fails to include a proper Vermont subtraction pursuant to 32 V.S.A. § 5811(18)(A)(ii), also make that adjustment here. If any income reported in Part IV should be reclassified as income from property, such as a portion of “Other Apportionable Business Income” or “IRC § 179 Deduction,” back out that income here, and make corresponding adjustments on Line 9 above. **These values should be listed as a negative number on Line 18.**

Taxpayer must attach a detailed statement identifying and explaining each addback and adjustment contained on this line.

Line 19 **Total Apportionable Income:** Add Lines 12 through 18. Enter sum here.

Line 20 **Vermont Sales and Receipts Factor:** Enter the Vermont Sales and Receipts Factor as a percent of Everywhere (From Section 2, Part VII, Line 44.)

Line 21 **Apportioned Vermont Sourced Income:** Multiply Line 19 by Line 20. Enter product here.

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PART V MULTI-TIER ENTITIES AND OTHER ADJUSTMENTS

The taxpayer should utilize Part V to report its share of non-unitary business activity from lower-tier pass-throughs. Although nonresident withholding and composite returns collect taxes on the entity level, pass-throughs remain a conduit for their owners under Vermont law. Each discrete unitary business undertaken by a lower-tier pass-through, therefore, will be attributable to the taxpayer. The taxpayer should only blend income and factors (passed through to it from lower tiers in Parts I-IV of Schedule BI-477) with its own income and factors if the unitary business principle is satisfied. If the unitary business principle is not satisfied, report the net income or loss in Part V.

There should be one separate worksheet attached combining the lower-tier values passed through to the taxpayer for each discrete business activity included in Part V. Each attached worksheet should closely follow the structure and ordering of Schedule BI-477 Parts I-IV.

Note: If the taxpayer receives items of income reported in Parts I-IV from lower-tier pass-throughs that do not satisfy the unitary business principle, then the values reported on Lines 1A through 16 will not equal the values on the federal 1065 Schedule K. Rather, each item of income reported in Parts I-IV will only tie-out to federal 1065 Schedule K when it is combined with the corresponding lower-tier values on the worksheets.

Line 22A **Income from Lower-Tier Non-Unitary Pass-throughs:** Total the value of all items of income received from non-unitary lower-tier pass-throughs. Attach workpapers showing the values for every item of income listed in Parts I-IV of Schedule BI-477 for each discrete unitary activity undertaken by a lower-tier pass-through. The sum of every items of income listed on the workpaper should equal the amount entered on Line 22A.

Line 22B **Income from Lower-Tier Non-Unitary Pass-throughs:** Total the value of all items of income received from non-unitary lower-tier pass-throughs sourced to Vermont. Attach worksheet showing the Vermont sourced values for every item of income listed in Parts I-IV for each discrete unitary activity of a lower-tier.

Line 23A **Adjustments:** Use this line to make any additional adjustments necessary to calculate the proper amount of federal AGI or AGI equivalent. Attach a detailed explanation. This line should be used sparingly and will be examined closely by the Department.

Line 23B **Adjustments:** Use this line to make any additional adjustments necessary to calculate the proper amount of Vermont income. Attach a detailed explanation. This line should be used sparingly and will be examined closely by the Department.

PART VI INCOME ADJUSTMENT

Part VI calculates a Vermont income adjustment percentage, in parallel to the computation on Form IN-111, Vermont Income Tax Return. Items of income not included in Part IV above will be added here to arrive at a correct total taxable income amount, which is the denominator for the income adjustment percentage.

Lines 25, 26, 27, and 29 will be blank for a majority of business income tax filers, and are only expected to be used by those with complex organizational structures and financial operations.

Line 24 **Federal Total:** Add Lines 1A through 11A, 19, 22A, and 23A.

Line 25 **Non-apportionable Interest Income:** Interest income that is sourced to the taxpayer's state of residency or commercial domicile. The purpose of this line is to include the non-apportionable portion of the interest income reported on federal Form 1065 and 1120-S Schedule K in the taxpayer's

income adjustment denominator. Subtract Line 13 from federal Form 1065, Schedule K, Line 5, or federal Form 1120-S, Line 4.

Line 26 **Non-apportionable Dividends:** Dividends that are sourced to the taxpayer’s state of residency or commercial domicile. The purpose of this line is to include the non-apportionable portion of the interest income reported on federal Form 1065 and 1120-S Schedule K in the taxpayer’s income adjustment denominator. Subtract Line 14 from federal Form 1065, Schedule K, Line 6a, or federal Form 1120-S, Line 5a.

Line 27 **Other income or loss:** Enter any other items of non-apportionable income or loss that are not included elsewhere on the schedule, but are reported on federal Form 1065 or 1120-S Schedule K. Generally, subtract Line 15 from federal Form 1120-S, Schedule K, Line 10, or federal Form 1065, Schedule K, Line 11. In some cases, other adjustments may be needed. Attach a detailed explanation.

Line 28 Add Lines 24 through 27. This number represents a total “Everywhere” amount of income, including both apportionable and non-apportionable items.

Line 29 **Other Adjustments:** Enter the amount of Other Adjustments. Make any additional adjustments necessary to calculate federal adjusted gross income or equivalent from federal Form 1065 or 1120-S, Schedule K with Vermont adjustments. Attach a detailed explanation.

Line 30 **Federal Adjusted Gross Income or Equivalent from federal Form 1065 or 1120-S, Schedule K:** Add Lines 28 and 29. This number will be used on Schedule BI-473.

Line 31 **Vermont Income:** Add Lines 1B through 11B, 21, 22B, and 23B. This number will be used on Schedule BI-472.

Line 32 **Income Adjustment %:** Divide Line 31 by Line 30, then multiply the result by 100 and carry the result out to the sixth decimal place. This number will be used on Schedule BI-473.

SECTION 2: VERMONT APPORTIONMENT

PART VII VERMONT SALES AND RECEIPTS FACTOR

Part VI calculates the Sales and Receipts factor to apply to the subset of the business’s receipts that are considered **apportionable business income**. This is the percentage of sales and receipts in Vermont compared to Everywhere, and is parallel to the process of apportionment for corporate income. Refer to instructions for Schedule BA-402, Vermont Apportionment and Allocation, and Reg. § 1.5833 for detailed information.

Note: For tiered pass-throughs, proportional shares of numerator and denominator factors from lower tiers should only be included if the unitary business principle is met. See the Note for Tiered Pass-Throughs in the “General Information” section above for details.

Line 33A **Sales or Gross Receipts:** Enter the total sales or gross receipts for the year. Enter GROSS RECEIPTS COMPONENTS of net income amounts. The taxpayer may need to refer to various other federal forms or schedules to obtain the gross components of business receipts. For example, federal Form 1065, U.S. Return of Partnership Income, Page 1, Line 5, provides a net amount; the taxpayer must refer to federal Form 1040, U.S. Individual Income Tax Return, Schedule F, Profit or Loss from Farming, Line 9, for the GROSS amount for the purpose of this factor.

Line 34B Enter the sales of services delivered to Vermont. Under the market-based sourcing approach, effective Jan. 1, 2020, sales of services are assigned to Vermont when the services or benefits of the services

are received in or delivered to Vermont, or if the customer or marketplace is located in Vermont. Review Regulation § 1.5833 for details.

Line 35B	Enter the sales of tangible personal property delivered or shipped to purchasers in Vermont from outside Vermont.
Line 36B	Enter the sales of tangible personal property delivered or shipped to purchasers in Vermont from within Vermont.
Line 37B	Special Industries: For taxpayers in industries with alternate apportionment rules, and who have been approved to apply the alternate method. Enter pro-rated sales sourced to Vermont according to the appropriate ratio for your industry. For broadcasters, you will apply a percentage of the applicable sales to Vermont based on the “audience factor,” as determined by our regulations. For trucking companies, you will apply a percentage of the applicable sales to Vermont based on a ratio determined by your mileage. Attach a statement to the return showing your calculations and application of this ratio to your sales. PLEASE NOTE THAT VERMONT REQUIRES PRIOR APPROVAL to use alternative apportionment for any taxpayer whose industry is not covered by the Special Rules.
Line 38A	Apportionable Interest and Dividends: Enter receipts from apportionable interest and dividends. Interest and dividends are apportioned if the acquisition, management, employment, development, or disposition of the property is or was related to the operation of the taxpayer’s trade or business.
Line 38B	Enter the amount of other apportionable business income and dividends from Vermont.
Line 39A	Royalties: Enter receipts from royalties as reported by filers of federal Form 1120-S, U.S. Income Tax Return for an S Corporation, Schedule K, Line 6; federal Form 1065, U.S. Return of Partnership Income, Schedule K, Line 7; or federal Form 1120, U.S. Corporation Income Tax Return, Line 7.
Line 39B	Enter the amount of Royalties from Vermont. Royalties are sourced to Vermont using market-based sourcing rules.
Line 40	Gross rents: Enter the total gross rental receipts for the year as reported by filers of federal Form 1120-S, Schedule K, Line 3a; federal Form 1065, Schedule K, Line 3a; federal Form 8825, Line 2; or federal Form 1120, Line 6.
Line 40B	Enter the amount of gross rents from Vermont.
Line 41A	Enter Other apportionable business income , which may include but is not limited to amounts from federal Form 1120-S, Line 5; federal Form 1065, Line 7; or passed through from federal Form 1120, Line 10. Include taxable income earned as a shareholder or partner and reported on federal Schedule K-1; i.e., from income-producing assets. Include supporting detail for calculation of “Other apportionable business income.”
Line 41B	Enter the amount of other apportionable business income reported in Line 38A that is sourced in Vermont. Include taxable income from Vermont sources earned as a shareholder or partner and reported on federal Schedule K-1; i.e., from income-producing assets and activity located in Vermont.
Line 42A	Factors from pass-through entities: Where the unitary business principle is satisfied between the activities of the taxpayer and a lower-tier partnership, take the sum of all the “Everywhere” sales factors indicated on Line 15 all Schedules K-1VT issued to you (i.e., this filing entity) by these entities and enter that total here. Maintain workpapers detailing all the components for this entry.
Line 42B	Factors from pass-through entities: Where the unitary business principle is satisfied between the activities of the taxpayer and a lower-tier partnership, take the sum of all the Vermont sales factors

indicated on Line 15 all Schedules K-1VT issued to you (i.e., this filing entity) by these entities and enter that total here. Maintain workpapers detailing all the components for this entry.

Line 43A **Total Gross Receipts – Everywhere:** Add Lines 33A through 42A.

Line 43B **Total Gross Receipts – Vermont:** Add Lines 34B through 42B.

Line 44 **Vermont Gross Receipt factor:** Divide Line 43B by 43A, then multiply the result by 100 and carry the result out to the sixth decimal place.

SECTION 3: WAGE AND PROPERTY FACTOR REPORTING

If the taxpayer has a corporate partner anywhere in its ownership structure, Vermont law requires that it report both the salaries and wages factor and property factor. Information in Section 3 informs corporate partners in providing this information. This section may be left blank if all shareholders, partners, or members are individuals who file personal income tax returns.

PART VIII SALARIES AND WAGES (FOR INFORMATIONAL PURPOSES ONLY)

Line 45 Enter the salaries and wages paid or accrued during the taxable year for “Everywhere” and for “Vermont” on Lines 45A and 45B, respectively. Salaries and wages are apportioned to Vermont if they were paid for services performed in the state. Payments to employees for board, rent, housing, lodging, and any other benefits paid in exchanges for labor will be treated as compensation if they are considered as income under the Internal Revenue Code. To the extent that employee services produce both business and nonbusiness income, proration is required.

PART IX PROPERTY FACTOR (AVERAGE VALUE DURING YEAR)

Lines 41-46 Use the **average** of the beginning and ending values based on the **original** cost.

DO NOT INCLUDE INTANGIBLE PROPERTY IN THIS FACTOR. Tangible personal property is within Vermont if it is physically situated or located here. Property of the taxpayer held in Vermont by an agent, consignee, or factor is situated or located within Vermont. Property in transit between locations of the taxpayer to which it belongs is considered to be at the destination for purposes of the property factor. Property in transit between a buyer and seller which is included by a taxpayer in the denominator of its property factor in accordance with its regular accounting practices is included in the numerator according to the state of destination. The value of mobile or movable property such as construction equipment, trucks, or leased electronic equipment which are located within and without this state during the tax period is determined for purposes of the numerator of the factor on the basis of total time within the state during the tax period. Construction in progress except as otherwise provided in the regulations, Intangible Property should not be included in the property factor.

Line 52A **Total Property – Everywhere:** Add Lines 46A through 51A.

Line 52B **Total Property – Vermont:** Add Lines 46B through 51B.

Contacting the Department

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