

# FORM E2A Instructions

## Estate Tax Information and Application for Tax Clearances

### General Information

Please print in **BLUE** or **BLACK** ink only.

This application must be filed with the Vermont Department of Taxes before the necessary Vermont clearance can be issued. An administrator, executor, or trustee will not be discharged or relieved from bond until any/all required taxes are paid to the Commissioner of Taxes. A final account of an administrator, executor, or trustee will not be allowed until the account shows and the Judge of Probate finds that all income taxes and estate taxes have been paid.

#### Section A

Every individual who **1)** is required to file a federal return AND **2)** earned or received more than \$100.00 of Vermont income or received gross income of \$1,000.00 from the sources listed in Vermont law at 32 V.S.A. § 5823(b)(1), must file a Vermont return. If a Vermont income tax return is to be filed on behalf of the decedent for the year of death, the Department must have this return on file before the tax clearance can be issued. An exception will be made if a joint return is to be filed. Please enter the spouse's Social Security Number in the space provided on the application.

#### Section B

If federal Form 1041, U.S. Income Tax Return for Estate and Trusts, is required to be filed (the estate received any taxable income for the year, gross income of \$600.00 or more, or a beneficiary is a non-resident alien), Form FIT-161, Vermont Fiduciary Return of Income, is also required to be filed together with a copy of the filed federal Form 1041. The final federal fiduciary return normally distributes income, net of expenses, to the beneficiaries via the federal Schedule K-1, Beneficiary's Share of Income, Deductions, Credits, Etc., resulting in no federal or Vermont taxes. Please mark the last return "FINAL." All required Vermont fiduciary tax returns (except the final) must be filed before the tax clearance can be issued.

#### Section C

If a United States Estate (and Generation-Skipping Transfer) Tax Return, federal Form 706, is required to be filed, a Vermont Estate Tax return is required to be filed as well. A copy of the federal estate tax closing letter and/or line adjustments must also be filed before a Vermont tax clearance will be issued.

**For deaths occurring after Dec. 31, 2008, but before Jan. 1, 2011:** If the **total taxable value** of the decedent's assets (including assets located in Vermont and located in other states) at time of death are more than \$2,000,000.00 (including adjusted taxable gifts made by the decedent), a Vermont estate tax return must be filed even if no federal estate tax is due.

**For deaths occurring on or after Jan. 1, 2011:** If the **total taxable value** of the decedent's assets (including assets located in Vermont and located in other states) at time of death are more than \$2,750,000.00 (including adjusted taxable gifts made by the decedent), a Vermont estate tax return must be filed even if no federal estate tax is due.

**For deaths occurring after Dec. 31, 2008, and when the decedent uses a marital or other deduction to reduce the taxable value of the estate from an amount that would otherwise be subject to Vermont estate tax:** Submit the first page of the federal Form 706 and Schedule M even if no Vermont or federal estate tax is due.

The return and instructions are available on our web site [www.tax.vermont.gov](http://www.tax.vermont.gov) or call the Department at 1-866-828-2865 (toll-free in VT) or 1-802-828-6820.

**The Vermont Department of Taxes will not issue the tax clearance until tax returns are filed and taxes paid, or a copy of this application is filed verifying that none is due.**