

# FORM FI-162 Instructions

## VT Capital Gains Exclusions for Estates or Trusts

### INSTRUCTIONS

VT allows a portion of net adjusted capital gains, as defined by Internal Revenue Code Section 1(h), to be excluded from VT taxable income. Qualified Dividends are not eligible for capital gains treatment for Vermont tax purposes. Taxpayers may elect **either** the **Flat Exclusion** or the **Percentage Exclusion**. The amount excluded under either method cannot exceed 40% of federal taxable income.

**If your 2014 Form 1041 shows a capital loss, you are not eligible to complete this form. No Vermont exclusion is available when a net capital loss is reported, even if the sale of farm or standing timber resulted in a capital gain.**

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#### Part I Flat Exclusion

The general exclusion amount for tax year 2014 is \$5,000 or the actual amount of net adjusted capital gains, whichever is less.

##### Special instructions for Line 1

If you do not file Schedule D (Form 1041) enter the amount from Form 1041, Line 4 on Line 1.

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#### Part II Percentage Exclusion

Taxpayers may opt to exclude 40% of their adjusted net capital gain from the sale of assets held for more than three years. Only certain categories of capital gain income are eligible for this exclusion.

Capital Gains from the sale of the following assets are **NOT Eligible For Exclusion** under the Percentage Method even if they have been held for more than three (3) years:

1. Real estate or a portion of real estate used as a taxpayer's primary or nonprimary home.
2. Depreciable personal property (*except for farm or standing timber*).
3. Stocks or bonds which are publicly traded or traded on an exchange.
4. Any other financial instruments which are publicly traded or traded on an exchange.

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#### Part III Capital Gain Exclusion Amount

This part applies the limitation of 40% of federal taxable income and calculates your capital gain exclusion. Enter the amount from Part III, Line 21, on Form FI-161, Line 4b.

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### Contacting the Department

**Mail:** VT Department of Taxes  
133 State Street  
Montpelier, VT 05633-1401

**Phone:** (866) 828-2865 (toll-free in VT)

**Phone:** (802) 828-6820 (local and out-of-state)

**Fax:** (802) 828-2720

**E-mail:** [estate@state.vt.us](mailto:estate@state.vt.us)

*PRINT in BLUE or BLACK INK*

Name of Estate or Trust	Employer Identification Number
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<b>PART I Flat Exclusion</b>
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- 1. Enter smaller of Line 18a(2) or 19(2) from Federal Form 1041, Schedule D..... **1.** \_\_\_\_\_
- 2. **Enter amount from:**
  - 2a. Federal Form 1041, Schedule D, Line 18b(2) ..... **2a.** \_\_\_\_\_
  - 2b. Federal Form 1041, Schedule D, Line 18c(2) ..... **2b.** \_\_\_\_\_
- 3. Add Lines 2a and 2b. .... **3.** \_\_\_\_\_
- 4. Subtract Line 3 from Line 1. .... **4.** \_\_\_\_\_

**If you filed Federal Form 4952, complete Lines 5 through 7**

- 5. **Enter amount from:**
  - 5a. Federal Form 4952, Line 4g ..... **5a.** \_\_\_\_\_
  - 5b. Federal Form 4952, Line 4e ..... **5b.** \_\_\_\_\_
  - 5c. Multiply Line 5a by Line 5b and enter result here..... **5c.** \_\_\_\_\_
  - 5d. Federal Form 4952, Line 4b ..... **5d.** \_\_\_\_\_
  - 5e. Federal Form 4952, Line 4e ..... **5e.** \_\_\_\_\_
- 6. Add Lines 5d and 5e; enter result here ..... **6.** \_\_\_\_\_
- 7. Divide Line 5c by Line 6; enter result here ..... **7.** \_\_\_\_\_
- 8. Subtract Line 7 from Line 4. *Entry cannot be less than zero.* ..... **8.** \_\_\_\_\_
- 9. Enter the smaller of Line 8 or \$5,000 ..... **9.** \_\_\_\_\_

*continued on back*

Name of Estate or Trust	Employer Identification Number
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**PART II Percentage Exclusion**

(Use this section only if you have eligible gains - See *Technical Bulletin 60* for more information or continue on to Part III)

10. Enter the amount from Part I, Line 4. . . . . **10.** \_\_\_\_\_

11. Enter amount of adjusted net capital gain from the sale of assets held for three years or less. . . . . **11.** \_\_\_\_\_

12. Assets held for more than three years. Subtract Line 11 from Line 10. Entry cannot be less than zero. . . . . **12.** \_\_\_\_\_

Enter the amount of net adjusted capital gain from the sale of the following assets held for more than three years

**13a.** Real estate or portion of real estate used as a primary or nonprimary home . . . . . **13a.** \_\_\_\_\_

**13b.** Depreciable personal property (*except for farm property or standing timber*) . . . . . **13b.** \_\_\_\_\_

**13c.** Stocks or bonds publicly traded or traded on an exchange or any other financial instruments. . . . . **13c.** \_\_\_\_\_

14. Add Lines 13a through 13c . . . . . **14.** \_\_\_\_\_

15. Subtract Line 14 from Line 12; enter result here. Entry cannot be less than zero. This is the amount of net adjusted capital gain eligible for exclusion. . . . . **15.** \_\_\_\_\_

**Line 16 Federal Form 4952 information.** If no investment interest expense for ineligible assets reported on Federal Form 4952, enter Line 7 from Part I of this form. Otherwise, you may need to recompute Federal Form 4952 to reflect only investment interest income for assets eligible for the capital gain exclusion.

16. Enter amount from Part I, Line 7 or recomputed Federal Form 4952. . . . . **16.** \_\_\_\_\_

17. Subtract Line 16 from Line 15. Entry cannot be less than zero. . . . . **17.** \_\_\_\_\_

18. Multiply Line 17 by 40%; enter result here. . . . . **18.** \_\_\_\_\_

**PART III Capital Gain Exclusion**

19. Enter the greater of Line 9 or Line 18. . . . . **19.** \_\_\_\_\_

20. Multiply \_\_\_\_\_ x 40%; enter result here. . . . . **20.** \_\_\_\_\_  
Federal Taxable Income from Form FI-161, Line 1

21. Enter the smaller of Line 19 or Line 20. This is the capital gain exclusion. Enter on Form FI-161, Line 4b. . . . . **21.** \_\_\_\_\_