

Form HS-122: Instructions for Municipalities to Download and Report to Vermont Department of Taxes

General Information for Taxpayers

The Forms

- **Form HS-122, Section A:** 2019 Vermont Homestead Declaration—The homestead declaration filing is required each year for Vermont residents who own a home and reside in Vermont.
- **Form HS-122, Section B:** 2019 Property Tax Adjustment Claim—People who are, or believe they may be, eligible for a property tax adjustment may file this claim each year.

Obtaining Forms Online

Find Form HS-122 at tax.vermont.gov/forms under **Personal Income Tax**. You also may visit myvtax.vermont.gov and click **File Your Homestead Declaration or Property Tax Adjustment**.

Information for Town Listers and Assessors

Downloading the Homestead Declarations

The Division of Property Valuation and Review (PVR) or the Department's IT Helpdesk will send you an email when the first file is ready. The first homestead download typically becomes available the first half of February. A new file will be ready each Monday if your town has one available.

1. Make sure that you are in your current "working" 2020 Grand List entity. This is typically your first or top entity in the list of Grand Lists. This should be the Grand List you are preparing for 2020.
2. Make sure you have the most recent version of NEMRC. If you are not on the most recent version, use **Live Update**.
3. Once you have the update, you will need to confirm that all prior year declarations were removed.

Rollover is now automatic with the creation of a new entity, so this should not be an issue, but it never hurts to check.

If you are not sure that you have already removed the homestead declarations, you can check by going to the **Installation** tab on the main menu in NEMRC.

Then click the **District Tax/Calculation** tab to see the homestead payment year. If this says 2019, you have not done the rollover on homesteads, and you should call NEMRC for assistance. If it reads 2020, you have done the rollover and you should not do it again. If the date says 2019 (or higher) and you get an error when you attempt to download homesteads, contact NEMRC. This means there are errors from prior downloads.

Do not change this date!

Please refer to the following link now and in the future for proper annual rollover procedures:

<http://www.nemrc.com/support/grandList/tutorials/annualrollover.php>.

Call NEMRC at 1-800-387-1110 if you are unsure about this process or you get an error message.

Ready to Download

Once you are sure that all of your previous homestead flags are removed, you can begin the download process as follows:

1. Make sure you are connected to your internet service.
2. Click **#7—Homestead Declarations** on the Main Menu of NEMRC.
3. Click **Receive Homestead Declarations**.

A pop-up box will provide confirmation that your download was successful. It will tell you how many files were downloaded. **Do Not Stop Here!** You must review each report and make corrections as needed (see below).

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Directions to Check HS-122 Filing

This process should be completed weekly for each download.

1. Click **#7—Homestead Declaration** button on the Main Menu in NEMRC.
2. Click **#4—Print Homestead Exceptions Report**.
3. Click the file that you've already downloaded by using the down arrow/drop down box to the right of **Choose File**. Then print each of these separately (Business Use, Rental Use, Life Estate, Farm Property, etc.) and review them as detailed below.
4. Also, you can go to **#5—Prints Other Homestead Reports** to print all of these reports (Business Use, Rental Use, Life Estate, Farm Property, etc.) by a date range or the complete records of all filings if no date is chosen. Some may be repetitive, but they will help.

In addition, you will want to print the Comparison Reports to compare last year's filing to this year's filing by clicking **#10—Compare to Last Year's Homestead Data** and choose last year's grand list to compare.

Homestead Exceptions Reports

Print each report separately to view more clearly.

1. **Parcels where SPAN did not match:** Check these out as to why they don't match. Code back to the Department of Taxes if they filed the wrong SPAN, etc.
2. **Successfully downloaded:** This lists all properties for which an HS-122 was received and a match was found to the SPAN. Review this to see if all that filed are residents based on what you know. File back as **NR** if not a resident. If names do not match, check to see if this is an incorrect SPAN (file back as **SP—incorrect SPAN**, and put the correct SPAN for that taxpayer in the comment line).
3. List that says **No Homestead Value on property but homestead flag on file:** This means that you do not show a homestead value on the property and the taxpayer has claimed this as a homestead property. Check each of these:
 - a. Calculate and enter a homestead and housesite value.
 - b. If you believe the homeowners are not Vermont residents or this is not their primary home, code this back to the Department of Taxes as **NR—Not a Primary residence of a Vermont**

resident.

- c. If you create a new homestead or housesite, or change the values, you must notify the taxpayer and give them a chance to file a grievance.
 - d. If you are unsure whether or not to add the homestead and housesite value to a property, go ahead and add the homestead and housesite value. The Department will determine final eligibility.
4. List that states **Owner code shows NS/C but there is a homestead flag on the property:** This means your file shows this property as having an ownership code of **Non-State, State** or **Corp**. Review these by doing the following:
 - a. If your ownership code is correct, then the property owner is a corporation, or a non-state resident, or a state resident (with the exception of S-Corp Farms) and may not be entitled to a Homestead Declaration. These should be coded back to the tax department as **NR—Nonhomestead** with a note in the **Comments** field that it is owned by a **Corp, Non-State** or **State Resident**. Do not remove the homestead or filing.
 - b. If you believe your grand list ownership code is incorrect, go to the **NEMRC Parcel Maintenance** tab, select the parcel, and change the **Ownership Code** field.
 - c. Report back to the state with any issues with notes. The Department will determine final eligibility.
 5. List that states **Business/Rental Use is more than 25%, or rental use is declared, or business use of outbuildings is declared:** This means that the homestead may not be reduced yet for the business/rental use. This will be repetitive, and you should be addressing all these when you go through the Business and Rental percentages anyway. You should cross-check this list with the others.
 - a. Review each business percent and if you agree, apply that percent to the main building value, and subtract that dollar amount from the homestead and housesite. This dollar amount will then become **Nonhomestead** and it will be taxed correctly. If you are using MicroSolve, there is a field labeled **%business/rental** on the **section/Pg 2** tab to enter the percent of

business/rental and rerun cost so that the value is automatically deducted from the housesite and homestead. Remember, this refers to percent (%) use within the main dwelling.

- b. If you create a new homestead or housesite or change the values, you must notify the taxpayer and give the taxpayer a chance to file a grievance. Business use of 25% or less of the main dwelling does not need to be deducted from the housesite and homestead value. Rental use (any percentage—even that under 25%) should be deducted from the housesite and homestead values.
 - c. If you believe these percentages to be wrong, you can use the **NR** code and a short message to code these back to the Department of Taxes. The Department will follow up with the taxpayer. Since the taxpayer can file a grievance on this item, you should apply a percentage that you believe to be accurate and notify the taxpayer.
6. List that shows parcels where **Name of filer does not match name of owner in Grand List**: Check to see why the names do not match. If you find a match (that is, they are husband and wife or partners), do nothing.

If names do not match and there is no known match, code back as **NR–Nonhomestead**. Then note in comments that filer is not the legal owner, or code as **SP** if the filer used the incorrect SPAN with the correct SPAN in the **Comment** section.

Other Reports

This process should be completed for each download. Print each separately to view more clearly.

1. **Business Use**: Review each business percent. If you agree, apply that percent to the main building value and subtract that dollar amount from the homestead and housesite. This dollar amount will then become **Nonhomestead**, and they will be taxed correctly.

If you do not agree, you can assign the percentage that you believe is accurate, notify the taxpayer and they can file a grievance if they disagree. If the percent is really high or really low, you may want to call the taxpayer as many have misunderstood. However, this is not a requirement.

You may also report discrepancies back to the state using lister response. If you are using MicroSolve, use the field labeled **%business/rental** on the **section/Pg 2** tab to enter the percent of business/rental and rerun cost so that the value is automatically deducted from the housesite and homestead.

Anytime you create a new homestead or housesite or change the values you must notify the taxpayer and give them a chance to file a grievance.

Business use 25% and under of the main dwelling does not need to be deducted from the housesite and homestead value.

2. **Rental Use**: Review each rental percent and, if you agree, apply that percent to the main building value and subtract that dollar amount from the homestead and housesite. This dollar amount will then become **Nonhomestead**, and they will be taxed correctly.

If you do not agree, you can assign the percent that you believe is accurate, notify the taxpayer, and then the taxpayer can file a grievance if he or she disagrees. If percent is really high or really low, you may want to call the taxpayer as I know many have misunderstood (but this is not a requirement).

You can also report discrepancies back to the state using lister response. If you are using MicroSolve, there is a field labeled **%business/rental** on the section tab to enter the % business/rental and rerun cost so that the value is automatically deducted from the housesite and homestead. Anytime you create a new homestead or housesite, or change the values you must notify the taxpayer and give them a chance to file a grievance.

Rental Use—any percentage, even under 25%—should be deducted from the housesite and homestead values.

3. **Outbuildings List**: Check out which outbuilding is being used for business, and subtract the **Entire Assessment (of that building)** from the **Homestead and Housesite**. That dollar amount will become **Nonhomestead**. If you are using MicroSolve, click **No** for **Homestead/Housesite** for that outbuilding ID

and rerun cost. If you create a new homestead or housesite, or change the values, you must notify the taxpayer and give them a chance to file a grievance.

4. **Trust List:** This is mostly informational. This is only a problem if someone who filed does not have any ownership of the property. If filed in error, ignore it.
5. **Life Estate List:** This is mostly informational and is only a problem if someone filed for a homestead that does not have any ownership of the property. If filed in error, ignore it.
6. **Farm Property:** This is mostly informational, but it might apply if someone filed a homestead on an S-Corp farm.
7. **Multiple Towns List:** If the property is a house and land in your town and you already have a housesite and homestead on it, do nothing. If the property has a house in another town and additional land in your town, add a homestead and housesite (if part of first two acres is in your town) equal to the value of the land in your town. Work with the other town to limit the housesite to two acres total.
8. **Late HS-122 Filers:** This list will show people who filed after April 15, 2020. These accounts will receive an automatic penalty which is triggered by the filing date. It is an automatic feature of the tax billing process in NEMRC when tax bills are

Anytime you create a new homestead or housesite or change the values, you must notify the taxpayer and give them a chance to file a grievance. In MicroSolve this situation may require you to use a Forced Value for the Housesite and Homestead.

produced. There's no need to get Selectboard approval for these changes, but changes should be recorded in your Grand List. Use the form, "Errors & Omissions Certificate—Classification Change

Only (Form PVR-4261-E&O Classification)" for this purpose. This form is located on our website under **Municipal Officials** at tax.vermont.gov/forms. This form should then be attached to the town clerk's lodged Grand List.

9. Comparison Report

- a. Click **Compare to last year's HS-122 data**.
- b. Click **2019 Grand List** to compare. Choose **Homestead Flag On/Off Difference**. The other reports listed here are good for checking Grand List accuracy but are not crucial for the HS-122 process. This report will tell you those people who filed last year and did not file this year and vice versa.

People who should have filed but did not: There is a reporting mechanism for this. You may decide as a board to attempt to notify people, but this is not required. Filing back according to the following instructions, the Department of Taxes will send a letter to nonfilers. Don't begin until the end of April, to allow the Department enough time to get all the timely filed HS-122 declarations processed!

You also may use the comparison reports to compare business and rental use from one year to the next. This is important because previously allocated values for business and rental will not be automatically eliminated from year to year!

10. **Homestead Filer Report:** This shows all those that have a homestead flag turned on. Print as needed.
11. **Complete HS-122 Report:** This shows all action including listers comments filed back to the state. Print as needed.
12. **Print a 411** at the completion of each download. to show changes.
13. **Keep a File or Binder Containing** each download and all printed reports by date.

Reporting Back to the Department of Taxes

People who should have filed but did not:

1. Click **Homestead Declarations**
2. Click **#7—Prepare/Send NF (not filed but we think they should be)**
3. Using the Comparison Report you printed, change the **N** flag to a **Y** on all properties that had an HS-122 last year but did not this year if you believe they are still residents. This will prompt the Department to send them a reminder letter.
4. Click **Send** when you are ready to send this report to the Department.
5. You may also flag and send these on an individual basis by clicking the blue box on the **Valuation** tab in NEMRC. However, this report is the best way to do them for your whole Grand List.

File back to the Department any errors with the codes described below:

1. You will find an option in the **Homestead Declaration** tab to report back to the state.
2. Choose **#6 “Prepare & Submit Listers Response to Homestead File**

3. Choose a file to report back to by using the down arrow to the right of **Choose File** and click on the appropriate file name. You can determine which file you need by looking at the date on the report the taxpayer appears on or by clicking on the **HS-122** tab in NEMRC parcel maintenance (under the taxpayers file) and look at the download date. Choose this file, then code the existing errors that show under the drop down arrow.
4. Add additional errors by clicking **Add**, typing in appropriate SPAN, coding the property accordingly, and typing in comments to help the Department with research. Codes to choose from are **OK, SP- Incorrect Span, NS- Span No Match, and NR- Not a Primary Resident.**
5. Once you have coded in all corrections, click **Save** before you click on **Upload Response**. This will allow you to save the response you are filing. Then go back in and click **Upload Response**. You need to be connected to the internet to do this. You should also print and/or save a report of issues you have reported back here.
6. Beginning in February, code and send back errors weekly for every download that you do.

If you have questions about this process, please contact your district advisor.
Find a list of district advisors at tax.vermont.gov/content/district-advisor-list.