

SCHEDULE IN-113 Income Adjustment

WHO MUST FILE IN-113

You must file Schedule IN-113 if you are either:

- a nonresident or part-year resident and earned or received Vermont income,

OR

- a Vermont resident claiming income exempt from Vermont income tax

Nonresident: Complete both Parts I and II to determine the allocation of Vermont income. Visit our website for definition of nonresident income.

Resident: Complete Part II to adjust for Vermont tax exempt military pay.

Part-Year Resident: Part-year residents may, in some cases, be able to adjust Vermont income by both the Vermont percentage of income on Schedule IN-113 and claim a credit for income tax paid to another tax jurisdiction on Schedule IN-117, Vermont Credit for Income Tax Paid to Other State or Canadian Province. The income tax paid to the other tax jurisdiction must be for income earned while a Vermont resident. Schedule IN-117, Line 2 cannot exceed the amount on Schedule IN-113, Line 27. Visit our website for more information.

Dates of Vermont Residency in 2022 Enter the dates you lived in Vermont in 2022. Leave blank if you did not live in Vermont.

Name of State(s) During Non-Vermont Residency Write the names of the other states, Canadian provinces, or countries where you were a resident in 2022 using standard 2-letter abbreviations.

PART I (For Nonresidents and Some Part-Year Vermont Residents)

Unless otherwise indicated in the line instructions, the Vermont portion is the income received from Vermont sources or received while a Vermont resident.

Lines 1 - 13, Column A Enter the income for these categories as shown on your federal income tax return.

NOTE: For Line 3A - Use taxable amount "Ordinary dividends" from federal Form 1040, U.S. Individual Income Tax Return.

For Line 10A - Use amount from federal Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc., *before* recalculation for exclusion of bonus depreciation.

For Line 12A - Use amount reported on federal Form 1040, Schedule 1.

For Line 13A - Use amounts from federal Form 1040, Schedule 1, lines reporting "other gains and losses" and "other income."

Line 13, Column A Examples of other income: gambling winnings including lotteries, raffles, or lump-sum payment from sale of right to receive future lottery annuity; reimbursement this year for items itemized last year such as medical expenses; interest; income from rental of personal property; taxable distributions from Coverdell Education Savings Account or Qualified Tuition Plan, medical savings account or Archer Medical Savings Account.

Lines 1 - 13, Column B Enter the Vermont portion for these categories from your federal income tax return.

NOTE: For Line 3B - Use the amount of ordinary dividends received while a Vermont resident.

For Line 9B - Include amount from Line 2 of Vermont Schedule K-1VT, Shareholder, Partner, or Member Information plus all additional Vermont-sourced capital gains.

For Line 10B - Use sum of Line 1 and Line 3 of Schedule K-1VT *before* recalculation for exclusion of bonus depreciation.

For Line 12B - Enter total amount received for Vermont unemployment.

For Line 13B - Use the amount of other income earned or received from federal Form 1040, Schedule 1, lines reporting "other gains and losses" and "other income," from Vermont sources.

Line 14, Column A Add Lines 1A through 13A.

Line 14, Column B Add Lines 1B through 13B.

Lines 15 - 23, Column A Enter the amount for these categories as shown on your federal Form 1040.

Lines 15 - 23, Column B Enter the portion of the deductions paid or incurred during your Vermont residency or resulting from Vermont income earned or received.

Line 24, Column A Enter the combined amounts of Educator Expenses and Tuition and Fees from federal Form 1040, Schedule 1.

Line 24, Column B The Vermont portion of Educator Expenses and Tuition and Fees during Vermont residency.

Line 25, Column A Enter deduction(s) to Adjusted Gross Income that are included in the total on federal Form 1040.

Line 25, Column B Enter the portion of the deductions paid or incurred during your Vermont residency or resulting from Vermont income earned or received.

Line 26, Column A Add Lines 16A through 25A.

Line 26, Column B Add Lines 16B through 25B.

Line 27 Adjusted Gross Income: Subtract Line 26A from Line 14A.

Line 28 Vermont Portion of AGI: Subtract Line 26B from Line 14B.

Line 29 Non-Vermont Income: Subtract Line 28 from Line 27.

PART II Adjustment for Vermont Exempt Income

Line 30 If Part I is completed, enter the amount from Line 27. Otherwise, enter Adjusted Gross Income from Form IN-111, Line 1.

Line 31 **Part-Year Residents and Nonresidents:** Enter the amount from Part I, Line 29. **Full-Year Residents:** Enter -0-.

Line 32 Enter the amount of Vermont exempt military pay received in 2022 that is included in your federal Adjusted Gross Income. Exempt military pay is:

- I.** Wages earned from the armed services for full-time active duty outside of Vermont. **You may be asked to provide the Required Supporting Documents:** Copy of active duty orders.
 - II.** Up to \$2,000 for National Guard or U.S. Reserve training pay earned in Vermont if your Adjusted Gross Income for tax year 2022 is less than \$50,000. **You may be asked to provide the Required Supporting Documents:** Copy of DFAS form or certification statement from your unit that all training was completed during the calendar year.
 - III.** Student loan repayment can be taken only if the amount is included in your Adjusted Gross Income. Enter the repayment benefit made under 10 U.S.C. Chapters 109 and 1609 for **2022**. **You may be asked to provide the Required Supporting Documents:** Certification statement from armed services showing your name, address, Social Security Number, amount of student loan repayment, and payment date.
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Line 33 Add Lines 31 and 32 and enter result. This is the total amount of income not subject to Vermont income tax. No entry is needed on this line if you did not have entries on Lines 31 and 32.

Line 34 Subtract Line 33 from Line 30. This is the Vermont income subject to tax.

Line 35 Divide Line 34 by Line 30. Also enter on Form IN-111, Line 15.

Carry out to four decimal places. *Example:* XX.XXXX%

Dealing with negatives:

- If Line 30 is a negative and Line 34 is a positive, enter 100%
- If Line 34 is a negative, enter 0%
- If Lines 30 and 34 are negative, enter 0%