

# HERRICK, LTD.

Certified Public Accountants

Client Name: \_\_\_\_\_

## **WHAT'S NEW IN VERMONT – 2013**

PLEASE COMPLETE THE ITEMS IN ITALICS AND RETURN THIS SHEET TO US

### **ESTATE TAX - VERMONT - IMPORTANT**

While the federal estate tax exemption was retroactively increased to \$5,250,000 for 2013, Vermont continued to tax estates in excess of \$2,750,000. This means that a decedent's estate may be exempt at the federal level, **but taxable in Vermont.**

### **PROPERTY TAX REPORTING**

**Homestead declarations must be filed each year.** All Vermont resident homeowners must file Section A of Form HS-122 by April 15, 2014, *even if a claim for property tax adjustment is not made.* The Homestead Declaration and Property Tax Adjustment claim are now combined on Form HS-122.

If your 2013 household income is under \$105,000, Section B of Form HS-122 will also need to be completed, and Household Income Form HI-144 will need to be attached. Herrick, Ltd. will prepare Section B of Form HS-122 and Form HI-144 if it looks as though you may qualify for a property tax adjustment. The calculation for the property tax adjustment will use the 2013 household income, 2013 house site value, and 2013 property taxes on the house site, so we will need a copy of your 2013-2014 property tax bill.

The 2014 property tax adjustment, if any, **goes directly to your town** as a credit towards your 2014/2015 property tax bill. The Vermont Department of Taxes will send notifications to homeowners of the amount credited to their property tax bill. The maximum adjustment amount is \$8,000. Homeowners filing a completed HI-144 between April 16 and October 15, 2014 may still qualify for a property tax adjustment. A \$15 late filing fee will be deducted from the adjustment.

To prepare Form HI-144, we will need the amount and type of other income received, which may not normally be taxable (e.g., child support, veteran's benefits, cash gifts, etc.). Furthermore, we also need complete details of the amounts and types of all income for **ALL OTHER MEMBERS OF YOUR HOUSEHOLD** not included on this tax return (includes children, roommates, non-family persons). If you have adult children who use your address for filing their Vermont tax returns, this may cause problems unless all of their income is reported on the property tax adjustment claim.

PLEASE ALSO READ OTHER SIDE

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HL25-140122(1)  
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**CAPITAL GAINS**

The general exclusion amount for tax year 2013 is \$5,000 or the actual amount of net adjusted capital gains, whichever is less. 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.

**SALES TAX (USE TAX) ON OUT OF STATE PURCHASES**

If you purchased taxable items from any out-of-state business in 2013 on which you did not pay sales tax, **you are liable for use tax on those purchases.**

*If you have kept records and know the actual (or a good estimate) amount of qualifying out-of-state and mail order purchases, please indicate that amount here: \_\_\_\_\_ . (Do not include purchases of new clothing, shoes, food, prescription drugs, or newspapers, as these are exempt).*

*If you do **not** have accurate records of all your purchases and you did not make any individual purchases greater than \$1,000, we will calculate the standard Vermont Sales (Use) Tax Assessment (0.08% of your Vermont adjusted gross income) in lieu of actual sales/use tax occurring on out-of-state and mail order purchases, and include that standard amount on your Vermont tax return.*

*If you did not purchase any taxable items in 2013 from sellers outside Vermont on which you did not pay sales tax, please initial here \_\_\_\_\_. Your tax return will then be prepared using the certification under penalties of perjury that no Use Tax is due.*

**VERMONT SPECIAL CONTRIBUTIONS**

*If you wish to contribute, on your Vermont tax return, to any of the following special Vermont Funds, please indicate the amount below. Your contribution will be tax deductible if you itemize your deductions in 2014.*

	AMOUNT
Vermont Nongame Wildlife Fund	_____
Vermont Children's Trust Fund	_____
Vermont Veterans' Fund	_____

**VERMONT 529 COLLEGE SAVINGS PLAN**

If you contributed during 2013 to a 529 plan administered by VSAC (Vermont Student Assistance Corporation), please provide copies of the year-end statement as you may be eligible for a Vermont tax credit.