

# SCHEDULE IN-112 Vermont Tax Adjustments and Credits

Print your name and Social Security Number on this schedule. Please use **blue or black ink** to make all entries.

## Who Must File Schedule IN-112

You must file Schedule IN-112 for:

- Additions and Subtractions to Federal Adjusted Gross Income (Part I)
  - Interest Income from State and Local Taxes Exempt from Federal Tax
  - Interest and Dividend Income
  - Federal Bonus Depreciation
  - Taxable Refunds of State and Local Taxes
  - Medical Expense Deduction
  - Retirement Benefits Exempt from Taxation
  - Railroad Retirement Income
  - Bond/Note Interest Income
- Vermont Refundable Credits (Part II)
  - Child and Dependent Care Credit
  - Vermont Child Tax Credit
  - Vermont Earned Income Tax Credit

## Part I Additions to and Subtractions from Federal Adjusted Gross Income

### Additions to Federal Adjusted Gross Income

#### Lines 1 through 3, General Information

Interest and dividend income from non-Vermont state and local obligations which are exempted from federal taxable income are taxable in Vermont. A Vermont obligation is one from the state of Vermont or a Vermont municipality.

**Line 1** Enter the total interest and dividend income received from all state and local obligations exempted from federal tax as reported on federal Form 1040, U.S. Individual Income Tax Return.

**Line 2** Enter the interest and dividend income from Vermont obligations. This may have been paid directly to you or through a mutual fund or other legal entity that invests in Vermont state and local obligations. If you receive this income from a mutual fund that has only a portion of its assets invested in Vermont state and local obligations, enter only the amount for the Vermont obligation(s).

**Line 3** Subtract Line 2 from Line 1. This is the amount of interest and dividend income from non-Vermont state and local obligations that must be included in Vermont Taxable Income.

**Line 4** **Federal Bonus Depreciation.** Vermont does not recognize the bonus depreciation allowed under federal law. Enter the difference between the depreciation calculated by standard MACRS methods and the depreciation calculated using the federal bonus depreciation for assets placed in service in 2022. Read Technical Bulletin TB-44, Disallowance of Bonus Depreciation Provisions of Federal Economic Stimulus Act of 2008, on our website for information on calculating the amount to add back to taxable income.

**Line 5** Reserved

**Line 6** **Total Federal Adjusted Gross Income Additions.** Add Lines 3 and 4.

### Subtractions From Federal Adjusted Gross Income

**Line 7** **Interest Income from U.S. Obligations.** Interest income from U.S. government obligations (such as U.S. Treasury bonds, bills, and notes) is exempt from Vermont tax under the laws of the United States. Enter the amount of interest income from U.S. Obligations on this line. Read Technical Bulletin TB-24, Exemption of Income of U.S. Government Obligations, on our website.

**Line 8** **Capital Gains Exclusion.** See Schedule IN-153, Capital Gains Exclusion Calculation, and instructions to calculate the capital gains exclusion for 2022. Read Department regulation § 1.5811(21)(B)(ii) and Technical Bulletin TB-60, Taxation of Gain on the Sale of Capital Assets, on our website to help determine your capital gain exclusion. Complete and submit Schedule IN-153.

**Line 9** **Adjustment for Bonus Depreciation on Prior Year Property.** Enter the difference between the depreciation calculated by standard MACRS methods and the depreciation calculated at the federal level. For information on calculating the amount that can be subtracted from taxable income, read Technical Bulletin TB-44 on our website.

**Line 10** **Taxable Refunds of State and Local Income Taxes.** Enter the amount reported on your federal Form 1040, Schedule 1.

**Line 11** **Medical Expenses Deduction.** Complete the worksheet located in the instructions.

## MEDICAL DEDUCTION WORKSHEET

- 1a.** Medical and Dental Expense from federal Form 1040, Schedule A, Line 4. . . . . **1a.** \_\_\_\_\_
- 1b.** Non-allowable expenses included in Line 1a (See instructions below\*) . . . . . **1b.** \_\_\_\_\_
- 1c.** Total. Line 1a minus Line 1b . . . . . **1c.** \_\_\_\_\_
- 2.** Amount from Vermont Form IN-111, Line 6 . . . . . **2.** \_\_\_\_\_
- 3.** Subtract Line 2 from Line 1c. Enter here and on Schedule IN-112, Part I, Line 11 . . . . . **3.** \_\_\_\_\_
- If amount on Line 3 is negative, STOP. You do not qualify for this deduction.**

*\*If you pay recurring monthly payments or entrance fees to a retirement community, these amounts are not deductible. Please enter the fees on Line 1b. Please see our website at [tax.vermont.gov](http://tax.vermont.gov) for more information.*

- Line 12** **Retirement Benefits Exempt from Vermont Taxation.** Complete the Retirement Income Exemption Worksheet located in the instructions.
- Line 13** **Railroad Retirement.** Enter the amount you received in 2022 for Regular Railroad Retirement Benefits (Tier 1) and Supplemental Railroad Annuity Payments (Tier 2). This income is taxable at the federal level, but exempt from Vermont income tax. If you receive Social Security that includes Tier 1 or Tier 2 benefits, enter only the portion included in your federal Adjusted Gross Income. **You may be asked to provide the Required Supporting Documents:** Copies of 1099, 1099RB, WP-4, or any other document you received showing payment of these benefits.
- Line 14** **Bond/Note Interest Income.** The interest or income from a bond or note of: **1)** Vermont Student Assistance Corporation, **2)** Build America, **3)** Vermont Telecommunications Authority, or **4)** Vermont Public Power Supply Authority is exempt from Vermont income tax to the extent the interest or income is included in federal Adjusted Gross Income. Enter the amount of interest or income from these sources that is also included in your federal Adjusted Gross Income.
- Line 15a** **Student Loan Interest.** Total student loan interest you paid in 2022 on qualified student loans.
- Line 15b** Student loan interest already deducted on federal Form 1040, Schedule 1, Line 21.
- Line 15c** Subtract Line 15b from Line 15a. If filing jointly and AGI is greater than \$200,000, enter -0- . All other filers, if AGI is greater than \$120,000, enter -0-.
- Line 16** Reserved
- Line 17** **Total Federal Adjusted Gross Income Subtractions.** Add Lines 7 through 14 and Line 15c.
- Line 18** **Net Modifications to Federal Adjusted Gross Income.** Subtract Line 17 from Line 6. If Line 6 is less than Line 17, use a hyphen (“-”) to indicate a negative. Enter on Form IN-111, Vermont Income Tax Return, Line 2.

### Part II Vermont Refundable Credits

#### Child and Dependent Care Credit - Residents and Part-Year Residents

- Line 1** **Child and Dependent Care Credit** (Vermont Residents and Part-Year Residents only)  
Enter the amount of your federal Child and Dependent Care Credit from federal Form 2441, Line 11 for care provided in Vermont.
- Line 2** Vermont Child and Dependent Care Credit. Multiply Line 1 by 72% (0.72).

#### Child Tax Credit - Residents and Part-Year Residents

- Line 3** Enter the number of qualifying children and provide their names and social security numbers in the space below. Qualifying children are those born between 2017 and 2022.
- Line 4** Child Tax Credit. Multiply Line 3 by \$1,000 or if your AGI is greater than \$125,000, use the table to find the credit amount per qualifying child to use on line 4.
- Line 5** **Part-year residents only:** Enter amount from Schedule IN-113, Line 14B, Vermont Portion of Total Income.
- Line 6** **Part-year residents only:** Enter amount from Schedule IN-113, Line 14A, Total Income.
- Line 7** **Part-year residents only:** Child tax credit adjustment percentage. Divide Line 5 by Line 6, then multiply the result by 100.
- Line 8** Adjusted Child Tax Credit. Multiply Line 4 by 100% or Line 7, if it is less.

## RETIREMENT INCOME EXEMPTION WORKSHEET

**PLEASE READ ALL INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS WORKSHEET.**

**Instructions: It is important that you answer the questions in Section I to determine if you qualify for a full or partial exemption. If you qualify for a partial exemption, you may move on to Section II to calculate the amount of the exemption.**

### SECTION I: Do you qualify for the Vermont Retirement Income full or partial exemption?

1. Did you report an amount on federal Form 1040, U.S. Individual Income Tax Return, Line 6b, for Social Security benefits that were taxable in the current tax year or did you receive retirement income from the Civil Service, Military, or State or Federal Government?  
 **No, STOP.** You do not qualify for this exemption.  
 **Yes.** Proceed to question 2.
2. If you are:
  - Married filing jointly, is your Adjusted Gross Income (AGI) on Form IN-111, Vermont Income Tax Return, Line 1, less than \$75,000?
  - Single, head of household, surviving spouse, or married filing separately, is your AGI on Form IN-111, Line 1, less than \$60,000?  
 **No, STOP.** You do not qualify for this exemption.  
 **Yes.** You qualify for Vermont's Social Security exemption. Proceed to question 3.
3. If you are:
  - Married filing jointly, is your AGI less than \$65,000?
  - Single, head of household, surviving spouse, or married filing separately, is your AGI less than \$50,000?  
 **No.** Please proceed to Section II of this worksheet.  
 **Yes.** You qualify for a **full exemption**. If you elected the exemption for social security, please enter the full amount from federal Form 1040, Line 6b, on Schedule IN-112, Part I, Line 12. If you elected one of the other retirement exemptions, enter your retirement Civil Service Retirement system income or \$10,000, whichever is less

### SECTION II: Calculating your Partial Retirement Income Exemption

This section is for married joint filers with an Adjusted Gross Income (AGI) between \$65,000-\$75,000 and for single, head of household, surviving spouse, or married separate filers with an AGI between \$50,000-\$60,000.

4. If you are:
  - Married filing jointly, enter \$75,000.
  - All other filing statuses, enter \$60,000. . . . . **4.** \_\_\_\_\_
5. Enter your AGI from Form IN-111, Line 1. . . . . **5.** \_\_\_\_\_
6. Subtract Line 5 from Line 4. If Line 5 is greater than Line 4, enter -0-. . . . . **6.** \_\_\_\_\_
7. Divide Line 6 by \$10,000. This value will be a decimal. Please round to the second decimal place (*Example: .481 would round to .48*) . . . . . **7.** \_\_\_\_\_
8. Enter the lesser of Line 7 or the value 1 (This line should not be greater than 1). . . . . **8.** \_\_\_\_\_

**Please complete lines 9 & 10 OR 11 & 12. You may only elect one exclusion per taxable year.**

#### If you elected to exempt your social security income:

9. Enter the amount from federal Form 1040, Line 6b. . . . . **9.** \_\_\_\_\_
10. Amount of **partial exemption**. Multiply Line 9 by Line 8.  
Enter this amount on Schedule IN-112, Part I, Line 12. . . . . **10.** \_\_\_\_\_

#### If you elected one of the other allowable retirement income exemptions:

11. Enter the lesser of the retirement income you earned from that source or 10,000. . . . . **11.** \_\_\_\_\_
12. Amount of **partial exemption**. Multiply Line 11 by Line 8.  
Enter this amount on Schedule IN-112, Part I, Line 12. . . . . **12.** \_\_\_\_\_

**Note about civil unions:** If you are in a civil union and filing jointly, you should file for this exemption as married filing jointly. If you are a civil union and filing separately, you should file as married filing separately.

## CHILD TAX CREDIT TABLE

If your adjusted gross income from Form IN-111, Line 1, is greater than \$125,000, use this table to find the child tax credit amount to enter on Line 4.

If Adjusted Gross Income Is...		Enter on Line 4	If Adjusted Gross Income Is...		Enter on Line 4	If Adjusted Gross Income Is...		Enter on Line 4	If Adjusted Gross Income Is...		Enter on Line 4
At Least	But Not More Than	Child Tax Credit Is...	At Least	But Not More Than	Child Tax Credit Is...	At Least	But Not More Than	Child Tax Credit Is...	At Least	But Not More Than	Child Tax Credit Is...
0	125,000	1,000	137,001	138,000	740	150,001	151,000	480	163,001	164,000	220
125,001	126,000	980	138,001	139,000	720	151,001	152,000	460	164,001	165,000	200
126,001	127,000	960	139,001	140,000	700	152,001	153,000	440	165,001	166,000	180
127,001	128,000	940	140,001	141,000	680	153,001	154,000	420	166,001	167,000	160
128,001	129,000	920	141,001	142,000	660	154,001	155,000	400	167,001	168,000	140
129,001	130,000	900	142,001	143,000	640	155,001	156,000	380	168,001	169,000	120
130,001	131,000	880	143,001	144,000	620	156,001	157,000	360	169,001	170,000	100
131,001	132,000	860	144,001	145,000	600	157,001	158,000	340	170,001	171,000	80
132,001	133,000	840	145,001	146,000	580	158,001	159,000	320	171,001	172,000	60
133,001	134,000	820	146,001	147,000	560	159,001	160,000	300	172,001	173,000	40
134,001	135,000	800	147,001	148,000	540	160,001	161,000	280	173,001	174,000	20
135,001	136,000	780	148,001	149,000	520	161,001	162,000	260	174,001	-	0
136,001	137,000	760	149,001	150,000	500	162,001	163,000	240			

### Earned Income Tax Credit - Residents and Part-Year Residents

In order to qualify for the Vermont Earned Income Tax Credit, a taxpayer must first be eligible for a federal Earned Income Tax Credit.

<b>Line 9</b>	Number of qualifying children from federal Schedule EIC.
<b>Line 10</b>	Federal Earned Income Tax Credit. Enter amount from federal Form 1040.
<b>Line 11</b>	Vermont Earned Income Tax Credit. Multiply Line 10 by 38% (0.38).
<b>Line 12A</b>	<b>Part-year residents only:</b> Enter the federal amount of wages, salaries, tips, etc. from Schedule IN-113, Line 1A.
<b>Line 12B</b>	<b>Part-year residents only:</b> Enter the portion of federal wages, salaries, tips, etc. from Schedule IN-113, Line 1B earned while a Vermont resident.
<b>Lines 13A &amp; 13B</b>	<b>Part-year residents only:</b> Other earned income includes income from a business, partnership, or farm.
<b>Line 14A</b>	<b>Part-year residents only:</b> In Column A, add Lines 12A and 13A and enter the result.
<b>Line 14B</b>	In Column B, add Lines 12B and 13B and enter the result.
<b>Line 15</b>	<b>Part-year residents only:</b> Divide Line 14B by Line 14A. Enter the result as a percentage carried out to two decimal places but not greater than 100%. This is the percentage of 2022 income earned in Vermont that is eligible for the Vermont Earned Income Tax Credit.
<b>Line 16</b>	Adjusted Earned Income Tax Credit. Multiply Line 11 by 100% or Line 15, if less.
<b>Line 17</b>	<b>TOTAL REFUNDABLE CREDITS</b> Add Lines 2, 8, and 16. Enter this amount on Form IN-111, Line 25c.