Line 9 **Renter Rebate Amount** Subtract Line 8 from Line 5. This is your 2016 renter rebate. If you are filing the Renter Rebate Claim with your 2016 Vermont income tax return, also enter this amount on Form IN-111, Line 31d. You may be issued one check combining any income refund and rebate due you.

NOTE: A renter rebate cannot exceed $3,000.

Signature Sign the claim.

Date Write the date on which the claim form was signed.

Disclosure Authorization If you wish to give the Department authorization to discuss your 2016 Renter Rebate Claim with your tax preparer, ☑ check this box and include the preparer's name.

Preparer If you are a paid preparer, you must also sign the claim, enter your Social Security Number or PTIN and, if employed by a business, the EIN of the business.

If someone other than the filer(s) prepared the return without charging a fee, then that preparer's signature is optional.

SCHEDULE HI-144 Household Income Schedule

Domicile For a definition of "domicile," please refer to Reg. § 1.5811(11)(A)(i)-Domicile on our website.

Homeowner You are the homeowner if you own and occupy the housesite as your primary residence.

Household Income means modified adjusted gross income, but not less than zero (0), received in a calendar year by: all persons of a household while members of that household.

Household Members include you, your spouse/civil union partner, roommates, and family members (including children) even if they file their own income tax returns and are not considered dependents. You must include a spouse/civil union partner as a member of your household even if your spouse/civil union partner does not live with you in the same home. If, however, your spouse/civil union partner does not live with you **and** you and your spouse/civil union partner are **legally separated by court order,** then this person is not considered a household member.

Exceptions - The following are **not** considered household members:

- A spouse/civil union partner who is at least 62 years of age and who has moved to a nursing home or other care facility with no reasonable prospect of returning to the household
- A person who is not related to any member of the household and who is living in the household under a written home sharing agreement with a nonprofit home sharing program authorized by the Vermont Department of Disability, Aging and Independent Living
- A person living in the household who is a bona fide employee hired to provide personal care to a member of the household and who is not related to the person for whom the care is provided
- A person who resides with you (the person filing the claim) for the primary reason of providing attendant care services or homemaker or companionship services with or without compensation that allows you to remain in your home or avoid institutionalization. To qualify for this exception, you must be disabled or 62 years of age or older as of Dec. 31, 2016.

Members of the household for a portion of the year. You must include the income received by all persons residing in the home or apartment during the period they resided in the home or apartment.

Household Income Lines a through m on Schedule HI-144 list the items of income that are required to be reported for Household Income.

- Report your income under Column 1, Claimant.
- Your spouse/civil union partner income is reported under Column 2.

  Exceptions applying to spouse/civil union partner

  1. You do not have to include your spouse/civil union partner when the person is not living with you as a member of your household **and you are legally separated by court order**

  2. You do not have to include the income of a spouse who is age 62 or older and has moved permanently to a nursing home or other care facility
- Report income from all others who resided in your house or apartment under Column 3, Other Persons.

Exclusions: The following are **not** part of household income:

- Payments by the State of Vermont for foster care under Vermont law at 33 V.S.A. Chapters 49 and 55
- Payments by the State of Vermont to a family for the support of an eligible person with a developmental disability
- Payments by the State of Vermont or an agency for adult foster care payments (formerly "difficulty of care" payments) found in 18 V.S.A. § 8907
- Surplus food or other relief in-kind supplied by a government agency

- The first $6,500 of income received (earned or unearned) by a person who qualifies as a dependent of the claimant under the Internal Revenue Code **and** who is the claimant's parent or disabled adult child
- The first $6,500 of income earned, such as wages, salaries, tips, etc., by a full-time student who qualifies as a dependent of the claimant (all unearned income must be reported)
- The first $6,500 of gifts of cash and/or cash equivalents received by all household members
- Distributions from the contributions to a ROTH IRA (distributions from the earnings of the ROTH IRA are to be reported in household income)
- Gifts from a nongovernmental source, such as aid provided by the Red Cross, Salvation Army, a church, to assist paying a living expense (for example, fuel, utilities, rent)

Line-By-Line Instructions

Household Income

Line a — **Cash public assistance and relief** Enter all payments from the State of Vermont Agency of Human Services except for foster care payments, difficulty of care payments, food stamps, and fuel assistance. The first $6,500 of refugee settlement payment is excluded.

Line b — **Social Security, SSI, disability, railroad retirement, and veterans' benefits (taxable and nontaxable)** Enter payments from Social Security as reported in Box 5 of your SSA-1099 (this box adjusts for any repayment of Social Security benefits you were required to make) or from Federal return 1040, Line 20a or 1040A, Line 14a. Social Security benefits also include SSI and SSD payments. Enter all railroad retirement from RRB-1099 and veterans' benefits.

Line c — **Unemployment compensation and workers' compensation** Enter the full unemployment compensation shown on Form 1099-G plus any workers' compensation you received.

Line d — **Wages, salaries, tips, etc.** Enter the income shown in Box 1 of the W-2. Also report Form 1099-MISC issued for nonemployee compensation if this is income not included as part of Line h, Business Income. See exclusions in Household Income section before completing this line.

Line e — **Interest and dividends** Enter the income required to be reported on Lines 8a and 9a of Federal returns 1040 or 1040A; or on Line 2 of Federal return 1040EZ plus the nontaxable interest not required to be reported on Federal return 1040EZ.

Line f — **Interest on U.S., state, or municipal obligations** Enter the income reported on Line 8b of Federal return 1040 or 1040A and all interest income from Federal, state or municipal government bonds. This includes interest taxed at the Federal level but exempted for Vermont income tax purposes and interest not taxed at the Federal level.

Line g — **Alimony, support money, child support, cash and cash equivalent gifts** Enter the total received for alimony, child support and other support money. Support money includes payment of housing expenses for household member or other financial assistance that makes it possible for the household member to live in the homestead or rental unit. Also gifts of cash or cash equivalent received by household members must be reported. Cash equivalent includes stocks, bonds, treasury obligations, certificates of deposit, or other instruments convertible to cash.

Line h — **Business income** Enter income attributable to a business. If there is a business loss, leave blank. For taxpayers filing Married Filing Jointly, where both spouses have business income or loss from sole proprietorships, enter the amount from Federal return 1040, Line 12, or leave blank if Line 12 is negative, in the Claimant column.

Line i — **Capital gains** Report nontaxable gains from the sale of your home and gains from Federal return 1040 Schedule D: A capital loss carryforward cannot be used to offset a current year capital gain. Add back 1040, Schedule D, Lines 6 and 14 to Line 16. This cannot be less than zero (0).

Exception: A business loss may offset a capital gain on the sale of the business's property provided **all three** of the following are true for the business: **(1)** the loss and capital gain are for the same business; **(2)** the IRS requires the capital gain to be reported; and **(3)** the business loss and capital gain from the sale of the business's property both occurred in the 2016 tax year. If the offset of the capital gain by the loss creates a negative amount, leave blank. A capital loss cannot offset business income.

Line j — **Taxable pensions, annuities, IRAs, and retirement fund distributions.** Enter the income from retirement, deferred compensation plans, and annuities as reported on Federal return 1040, Lines 15b and 16b or Federal return 1040A, Lines 11b and 12b. Household income includes non-qualified distributions from retirement and deferred compensation plans and both taxable and nontaxable federal pension and annuity benefits.

Line k **Rental and Royalty income** Enter the income from each rental property you own as reported on Federal Schedule E, Part I. Each rental property stands on its own. A loss generated by one property may not be used to reduce income from a different property. Read Technical Bulletin 56 on our website for the proper treatment of rental income and losses. Room and board payments made to you by member(s) of the household are rental income and must be reported on this line. Report royalty income from Federal Form 1099-MISC, 1099-S, K-1, or Schedule E, Part I.

Line l **Income from Partnerships, S Corporations, LLCs, Farms, Trusts and Estates** Federal Schedule K-1 pass-through income as required to be reported on Federal return 1040, Schedules E and/or F. Report ordinary business income, rental income and guaranteed payments from K-1 on this line. The loss from one K-1 cannot offset income from another K-1. A loss is reported as -0-. See Line i instructions for the only provision allowing netting of a business loss.

Line m **Other income** Sources of other income include, but are not limited to, prizes and awards, gambling or lottery winnings, director's fees, employer allowances, taxable refunds from Federal return 1040, Line 10, allowances received by dependents of armed service personnel and military subsistence payments (BAH, FSA), loss of time insurance, cost of living adjustment paid to federal employees, and other gains from Federal return 1040, Line 14. Report on this line income reported to you on Federal Form 1099-MISC or W-2G.

Line n Add items a through m by column. Carry those amounts over to the top of the next page.

Adjustments to Income:

The following adjustments to household income may be made for each member of the household.

Line o **Social Security and Medicare Tax Withheld and Self-Employment Tax on Income Reported** Social Security and Medicare payroll tax payments are deducted from household income, but only to the extent that the salary and wages are included in household income. Please see the examples that follow:

1. **Deferred compensation** – If you made a deferred compensation contribution for the tax year, the amount of the contribution is not included in the Federal adjusted gross income as stated in Box 1 on your W-2 form. The Social Security and Medicare taxes on the W-2 must be reduced for the purposes of reporting household income on the HI-144. To report the correct value on Line o, multiply the amount stated in Box 1 on the W-2 by 7.65%.
2. **Military pa**y – Multiplying the amount stated in Box 1 on the W-2 by 7.65% provides the correct value for this deduction.
3. **Allocated tips** – In addition to the figures included on the W-2, add the Social Security and Medicare payments you made as the result of completing Federal Form 4137.

Self-Employed Social Security and Medicare Taxes Paid Self-employed claimants may subtract from household income the amount from Federal Schedule SE, Section A, Line 5, or Section B, Line 12, that represents the Social Security and Medicare taxes paid for 2016 for income reported on HI-144. For income not required to be reported upon which Social Security and Medicare taxes were paid, multiply the income not reported on HI-144 by 15.3% and subtract the result from the Federal Schedule SE amount. The amount of Social Security and Medicare taxes reported on this line includes the allowable deduction for one-half self-employment tax on Federal return 1040, Line 27. You may be asked for a copy of your Federal Schedule SE.

Line p **Child support paid** Report only those payments for which receipts or other evidence of payment is available. This evidence may include cancelled checks or a statement from the Office of Child Support in addition to the name and Social Security Number of the parent receiving the payment.

Line q **Allowable Adjustments** from Federal return 1040 or return 1040A The following expenses may be subtracted from income.

- Certain business expenses of reservists - Line 24 from Federal return 1040
- Alimony paid – Line 31a from Federal return 1040
- Tuition and fees – Line 34 from Federal return 1040 or Line 19 from Federal return 1040A
- Self-employed health insurance deduction – Line 29 from Federal return 1040
- Health savings account deduction – Line 25 from Federal return 1040

Line r Add Lines o, p, and the total of Lines q1 to q5 for each column.

Line s Subtract the total adjustments on Line r from the total income on Line n for each column. The adjustments for any individual in your household cannot exceed the income of that individual. If Line n minus Line r is negative, enter -0-.

Line t Add columns 1, 2, and 3 and enter sum. Entry cannot be less than zero (0).

Line u For claimants under the age of 65 as of Dec. 31, 2016, enter the total of interest and dividends for all household members reported on Lines e and f in each column.

Line v Add the three columns on Line u.

Line w For purposes of calculating the property tax adjustment or renter rebate, household income is increased by the household total of interest and dividend income greater than $10,000.

Line x Subtract Line w from Line v. If Line w is more than Line v, enter -0-.

Line y **Household Income.** Add Line t and Line x. Enter this figure on HS-122 or PR-141.

SPECIAL SITUATIONS

Deceased Homeowner

Property Tax Adjustment: An estate cannot make a Property Tax Adjustment Claim on behalf of a deceased homeowner. If a homeowner files a Property Tax Adjustment Claim, but dies prior to April 1, the estate must withdraw the claim using Form HS-122W. The estate is responsible to repay any adjustment issued. If the homeowner filed a Property Tax Adjustment Claim between January and March 31 and dies after April 1, the commissioner may pay the adjustment to the town on behalf of another member of the household with ownership interest.

An estate may continue classification of the property as a homestead until the following April provided the property was the deceased homeowner's homestead at the time of death and the property is not rented.

Delinquent Property Tax The 2017 property tax adjustment applies to the current year property tax. The municipality may use any remaining adjustment towards penalty, interest, or prior year property taxes.

Nursing Home or Residential Care If the homeowner is age 62 or older and another owner who also lived in the homestead is the homeowner's spouse/civil union partner or sibling and has moved indefinitely from the homestead to a nursing home or residential care facility, the homeowner makes the Property Tax Adjustment Claim with 100% ownership. This is provided that the spouse/civil union partner or sibling does not make a Renter Rebate Claim or the spouse/civil union partner or sibling does not make a Property Tax Adjustment Claim for the same homestead.

If the homeowner has moved to a nursing home or residential care facility, a Property Tax Adjustment Claim may be made if there is a reasonable likelihood that the homeowner will be returning to the homestead and provided that the homeowner does not make a Renter Rebate Claim. The Department may ask for a doctor's certificate to help determine whether the nursing home or residential care facility is a temporary location.

Renting at the End of the Year You may be eligible for a Renter Rebate Claim for rent paid in 2016 under the following circumstances: **1)** If you owned a Vermont homestead in 2016, **2)** sold the homestead before April 1, 2016, **3)** withdrew or did not file a 2016 Property Tax Adjustment Claim and **4)** rented between the date of the sale and Dec. 31, 2016. To qualify for a renter rebate, your household income must be $47,000 or less. ***NOTE:*** **This is the only situation where a renter rebate can be claimed for fewer than 12 months.**

OWNERSHIP SITUATIONS

Homeowner Age 62 or Older in 2016 If the homeowner shares ownership of the homestead with his or her descendant(s), the homeowner may claim 100% ownership interest on the Property Tax Adjustment Claim, even if the other owners (descendants) do not live in the homestead. A letter of explanation may be requested.

Divorced or Legally Separated Joint Owners If **(1)** you are divorced or legally separated from your spouse/civil union partner, and **(2)** your name and the name of the spouse/civil union partner from whom you are divorced or legally separated remain on the deed, and **(3)** you are awarded possession of the home, you claim as ownership percentage the property taxes for which you are responsible under the final divorce decree or court order. If the divorce decree or court order does not specify responsibility for the property taxes, the person residing in the homestead uses 50% ownership interest. The person not living in the homestead cannot make a Property Tax Adjustment Claim.

The Department may ask for a copy of the portions of the court documents showing the court, date filed, signature page, and the homestead-related provisions.

Duplex Housing ***Both owners occupy the building as their principal residence.*** The eligible housesite education property tax is the tax on the portion owned by each homeowner. If the town issues a property tax bill to each homeowner for his or her portion of the homestead, use the housesite value, housesite property tax, and 100% ownership interest. If the property tax bill is for the total property, prorate the housesite value, housesite property tax, and ownership interest.

Only one owner occupies the building as his or her principal residence. The owner occupying the duplex as his or her principal residence must prorate for the other owner's interest.

Entity Ownership Property owned by a C or S corporation, partnership, or limited liability company cannot be claimed as an individual's homestead and is not eligible for property tax adjustment. There is an exception for a homestead located on a farm. Read Reg. § 1.5401(7)-Homestead at **www.bit.ly/vttaxregs.**

Life Estate A person who holds a life estate interest in a property that he or she occupies as a principal residence may make a Property Tax Adjustment Claim as if the life estate holder was the owner of the property. The deed does not have to be attached to the Property Tax Adjustment Claim but must be available for review upon Department request.

Trust Ownership A dwelling owned by a trust is not the homestead of the beneficiary unless the claimant is the sole beneficiary of the trust **and** one of the following:

1. The claimant or the claimant's spouse was the grantor of the trust, and the trust is revocable or became irrevocable solely by reason of the grantor's death;

OR

2. The claimant is the parent, grandparent, child, grandchild or sibling of the grantor, the claimant is mentally disabled or severely physically disabled, and the grantor's modified adjusted gross income is included in the household income calculation.

The term "sole beneficiary" is satisfied if the homeowner and the spouse/civil union partner are the only beneficiaries of the trust. A property owned by an irrevocable trust cannot be a homestead except as stated in (1) above. The trust document does not have to be attached to the Property Tax Adjustment Claim but must be available for review upon Department request.

BUYING and SELLING PROPERTY

Buying after April 1, 2016 For property purchased as your principal residence, you need to file a 2017 Homestead Declaration. If you are eligible to make a 2017 Property Tax Adjustment Claim and the property was declared as a homestead, use the seller's property tax bill. If the property was not a homestead in 2016, ask the town for the housesite value and the property taxes on the housesite as if it was a homestead in 2016.

Property Transactions after April 1, 2017 The property tax adjustment stays with the property. In the case of the sale or transfer of a residence, any property tax adjustment amounts related to that residence shall be allocated to the seller at closing unless the parties agree otherwise.

NEW CONSTRUCTION

New homestead construction that was built after April 1, 2016, and is owned and occupied as a principal residence on April 1, 2017, must file Form HS-122 Homestead Declaration. Eligible homeowners may make a 2017 Property Tax Adjustment Claim. The claim will be based on the value of the parcel as of April 1, 2016.