

Current Law

Federal Taxable Income

+ Additions

Bonus Depreciation

Non-VT Muni bond income and dividends

State and Local income tax deduction

Itemized Deductions (except medical and charitable) greater than 2.5X Standard

- Subtractions

US Gov Bond Income

Capital Gains Exclusion (\$5,000 or 40%)

Recapture of state and local income tax deductions

= Vermont Taxable Income

PROPOSAL

Federal AGI

+ Additions

Bonus Depreciation

Non-VT Muni bond income and dividends

- Subtractions

US Gov Bond Income

Capital Gains Exclusion (\$5,000 or 40%)

Recapture of state and local income tax deductions

Personal Exemption Amounts (federal)

Standard Deduction Amount (federal)

or

Itemized Deductions - federal excluding:

state and local income taxes

medical and dental expenses

charitable contributions

amounts over 2.5 times the standard deduction

= Vermont Taxable Income