

ADMINISTRATION PERSONAL INCOME TAX PROPOSAL

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- Current law: Vermont Taxable Income =
 - Federal AGI (minus) →
 - Federal personal exemption (minus) →
 - Either federal standard deduction or certain itemized deductions
 - In Vermont, you can take:
 - all of your medical and charitable itemized deductions;
 - none of your state income tax deduction;
 - all your remaining federal itemized deductions, limited to 2.5 times the standard deduction.
- Proposal:
 - Federal AGI (minus) →
 - Vermont personal exemption (designed to be about the same as the prior federal personal exemption (minus) →
 - Vermont income exemption (designed to be about the same as the prior federal standard deduction
 - No ability to deduct itemized deductions, but there would be a 5% credit for charitable contributions.