

# Household Income and Retirement Contributions

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# What is household income?

The property tax credit for the prior year's homestead property tax liability is computed based on household income. 32 V.S.A. § 6066.

Household income means modified adjusted gross income, which is federal adjusted gross income (AGI) with certain additions and subtractions intended to capture the amount of income a household has available to pay property taxes. 32 V.S.A. § 6061(5).

# Issue for Self-Employed

- For employees, household income starts with wages on form W-2 that already exclude certain pre-tax contributions (e.g., to retirement , health insurance premiums, flexible spending accounts, etc.)
- For self-employed, household income starts with income reported on form 1099-MISC. This income includes contributions to retirement plans and other payments that are subtracted from income as adjustments so as not to be subject to income tax. Not all of these adjustments are allowed to reduce household income.

# Household Income Additions to Wages

- Trade or business losses from pass-throughs, rental losses and certain capital losses
- Alimony received
- Support money other than gifts
- Gifts received in excess of \$6,500 in cash or cash-equivalents
- Cash public assistance and relief (not including property tax relief)
- Cost of living allowances paid to federal employees
- Allowances received by dependents of servicemen and women
- **Roth IRA distributions representing investment earnings and not included in AGI**
- **Railroad retirement benefits**
- **Social Security Act benefits**
- **Veterans' Acts benefits**
- **Federal pension and annuity benefits not included in AGI**
- Nontaxable interest received from state or federal government or any of its instrumentalities
- Workers' compensation
- Gross amount of “loss of time” insurance
- Amount of capital gains excluded from adjusted gross income
- Interest and dividend relief included in household income above \$10K for claimants under 65, regardless of whether included in AGI

# Household Income Subtractions from Wages

- Social Security and Medicare taxes withheld
- Self-employment tax paid
- Child support paid
- Gifts from nongovernmental sources under \$6,500 in cash
- Surplus food or other relief in kind supplied by a governmental agency
- First \$6,500 earned by a full-time student dependent of claimant
- First \$6,500 received by claimant's dependent parent or adult child with a disability
- Income attributable to cancellation of debt
- State payments for foster care, adult foster care, or to a family for the support of a person who is eligible and who has a developmental disability.
- Attendant care services with or without compensation, which allow claimant to remain in home or avoid institutionalization
- 6 adjustments to income

# Common federal Adjustments to Income

- Educator expenses
- Certain business expenses of reservists, performing artists, and fee-basis government officials.
- Health savings account deduction
- Moving expenses for members of the Armed Forces
- Deductible part of self-employment tax
- Self-employed SEP, SIMPLE, and qualified plans
- Self-employed health insurance deduction
- Penalty on early withdrawal of savings
- Alimony paid
- IRA deduction
- Student loan interest deduction
- Tuition and fees

# Adjustments that Reduce Household Income

- Educator expenses
- Certain business expenses of reservists, performing artists, and fee-basis government officials.
- Health savings account deduction (eff. 2012)
- Moving expenses for members of the Armed Forces
- Deductible part of self-employment tax
- Self-employed SEP, SIMPLE, and qualified plans
- Self-employed health insurance deduction (eff. 2012)
- Penalty on early withdrawal of savings
- Alimony paid
- IRA deduction
- Student loan interest deduction
- Tuition and fees

# Summary of Household Income

- Household income equals federal total income
  - Plus
    - Nontaxable income
    - Pass-through business losses, certain rental and capital losses
  - Minus
    - FICA taxes (Social Security and Medicare)
    - Self-employment taxes
    - Child support
    - Certain federal adjustments

# Household Income Schedule HI-144: Wages

Vermont Department of Taxes  
**2019 Schedule HI-144**  
**Household Income**  
 For the year Jan 1 - Dec 31, 2019

Please PRINT in BLUE or BLACK INK

\* 1 9 1 4 4 2 1 W W \*

This schedule must be included with the 2019 Reenter Rebate Claim (Form PR-141) OR the 2020 Property Tax Credit Claim (Form HS-122) UNLESS you are filing an AMENDED HI-144. Please read instructions before completing schedule.

Claimant's Last Name	First Name	MI	Claimant's Social Security Number
Spouse's/CU Partner's Last Name	First Name	MI	Claimant's Date of Birth (MMDDYYYY)

List the names and Social Security Numbers of all other persons (in addition to a Spouse or CU Partner) who had income and lived with you during 2019. Include both their taxable and non-taxable income in Column 3. If you have more than two "Other Persons" living in your household, record their names and Social Security Numbers on a separate sheet of paper and include with the filing.

Other Person #1 Last Name	First Name	MI	Other Person #1 Social Security Number
Other Person #2 Last Name	First Name	MI	Other Person #2 Social Security Number

Yearly totals of ALL members of the household	1. Claimant and jointly filed Spouse	2. Filing separately Spouse or CU Partner	3. Other Persons
a. Cash public assistance and relief	.00	.00	.00
b. Social Security, SSI, disability, railroad retirement, veteran's benefits, taxable and nontaxable			
<b>Line d</b> c. Wages, salaries, tips, etc. (See instructions for dependent's exempt income.)			
d. Unemployment compensation/worker's compensation			
e. Interest and dividends			
f. Interest on U.S., state, and municipal obligations, taxable and nontaxable			
g. Alimony and support money	.00	.00	.00
h. Child support and cash gifts	.00	.00	.00
i. Business income. If the amount is a loss, enter -0-. See instructions for offsetting a loss	.00	.00	.00
j. Capital gains, taxable and nontaxable. If the amount is a loss, enter -0-. See instructions for offsetting a loss			
<b>Line k</b> k. Taxable pensions, annuities, IRA and other retirement fund and distributions. See instructions			
l. Rental and royalty income. If the amount is a loss, enter -0-. See instructions for offsetting a loss			
m. Farm/partnerships/S corporations/LLC/Estate or Trust income. If the amount is a loss, enter -0-. See Line m instructions for only exception to offset a loss			
n. Other income (see instructions for examples of other income)			
o. Total Income: Add Lines a through n	.00	.00	.00

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

**2020 Form HS-122 Instructions**

**Taxable pensions, annuities, IRAs, and retirement fund distributions.** Enter the income from retirement, deferred compensation plans, and annuities as reported on federal Form 1040. Household income includes non-qualified distributions from retirement and deferred compensation plans and both taxable and nontaxable federal pension and annuity benefits.

# Household Income Schedule HI-144: Adjustments to Income

Claimant's Last Name \_\_\_\_\_ Social Security Number \_\_\_\_\_

Carried forward from Line e ..... .00

**1. Self-Employed Social Security and Medicare Taxes Paid**

See instructions. Enter Social Security and Medicare tax withheld on wages claimed on Line d. Self-Employed: Enter self-employment tax from Federal Schedule SE. This entry may differ from W-2/1099 or Federal Schedule SE amount if these taxes are paid on income not required to be reported on Schedule HI-144. Include W-2 and/or Federal Schedule SE if not included with income tax filing ..... p. .00

1. Claimant and jointly filed Spouse ..... .00

2. Filing separately Spouse or CU Partner ..... .00

Could support paid. You must include proof of payment. See instructions ..... q. .00

Support paid to: Last Name \_\_\_\_\_ First Name \_\_\_\_\_ MI \_\_\_\_\_ Social Security Number \_\_\_\_\_

**r. Allowable adjustments from federal Form 1040**

r1. Business expenses for Reservists	r1. .00	Line r
r2. Alimony paid	r2. .00	
r3. Self-employed health insurance deduction	r3. .00	
r4. Health Savings Account deduction	r4. .00	
r5. Tuition and Fees	r5. .00	
s. Add Lines p, q, and sum of Lines r1 to r5 for each column	s. .00	
t. Subtract Line s from Line o of each column. If a negative amount, enter -0-	t. .00	
u. Add all three amounts from Line t. If a negative amount, enter -0-	u. .00	
v. Enter interest and dividend income from Lines e and f	v. .00   .00   .00	
w. Add all three amounts from Line v	w. .00	
x. Subtract Line x from Line w. If Line x is more than Line w, enter -0-	x. 10,000.00	
y. Subtract Line x from Line w. If Line x is more than Line w, enter -0-	y. .00	
z. HOUSEHOLD INCOME. Add Line u and Line y	z. .00	

**ENTERS** If Line z Household Income is \$47,000 or less, you may be eligible for a renter rebate. Complete Form PR-141 Renter Rebate Claim. This schedule must be filed with the Renter Rebate Claim. Claims are due April 15, 2020, but can be filed up to Oct. 15, 2020. If Household Income is more than \$47,000, you do not qualify for a renter rebate.

**HOMEOWNERS** Form HS-122, Homestead Declaration AND Property Tax Credit Claim, must be filed each year. Homeowners with Household Income up to \$138,250 on Line z should complete Form HS-122, Section B. You may be eligible for a property tax credit. This schedule must be filed with Form HS-122. Form HS-122 The due date to file is April 15, 2020. Homeowners filing a property tax credit, Form HS-122 and Schedule HI-1 between April 16 and Oct. 15, 2020, may still qualify for a Property Tax Credit. A \$15 late filing fee will be deducted from the credit.

5432 Schedule HI-144 Rev. 10/19

**Self-Employed Social Security and Medicare Taxes Paid** Self-employed claimants may subtract from household income the amount from federal Schedule SE, Self-Employment Tax, Section A, Line 5, or Section B, Line 12, that represents the Social Security and Medicare taxes paid for 2018 for income reported on Schedule 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 Form 1040, Line 27. You may be asked for a copy of your federal Schedule SE.

**Allowable Adjustments from federal Schedule 1.** The following expenses may be subtracted from income.

- r1. Certain business expenses of reservists
- r2. Alimony paid
- r3. Self-employed health insurance deduction
- r4. Health savings account deduction
- r5. Tuition and Fees as federally allowed