

TAXPAYER ADVOCATE STATEMENT INCLUDED IN ANNUAL REPORT

2019 TAXPAYER ADVOCATE ANNUAL REPORT

SUBMITTED TO House Committee on Ways and Means; Senate Committee on Finance

SUBMITTED BY Jeffrey M. Dooley, Taxpayer Advocate Vermont Department of Taxes

DATE SUBMITTED January 15, 2019

EXCERPT FROM BOTTOM OF PAGE 6:

Personal Income Tax 1. Issue: There is a small but vulnerable population of Vermont residents that have high medical expenses relative to their adjusted gross income. Prior to the federal and Vermont tax law changes in 2018, these taxpayers would receive a sizeable federal deduction that would flow through to their Vermont return. Under the current law, these individuals receive a deduction at the federal level but not deduction in Vermont. Effectively, this is greatly increasing the taxable income and, therefore, Vermont income tax due for these individuals relative to prior to the statutory changes in 2018. This is especially difficult for this population to absorb as medical expenses are generally an area that a taxpayer cannot plan for or reduce, without potentially putting their health at risk. **Proposed resolution: Amend our income tax statute to include a medical expenses deduction or credit.**