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Tax Implications for Vermont in H.R. 6201
Prepared by the Joint Fiscal Office

Overview of Employer Tax Credits in HR.6201

- Broadly, 100% tax credit against Social Security payroll taxes for wages (with limits) paid for sick or family leave.
- Applies to all types of businesses- corporations, pass-throughs, self-employed individuals, so long as they pay payroll taxes
- Refundable for self-employed individuals. Non-refundable for everyone else.

Does this have fiscal impacts on Vermont?

- **Possible revenue implication:** any credits received by the employer will need to be included in gross income. Since Vermont taxes start with AGI (Personal Income Tax) or Federal Taxable Income (Corporate), this increase in gross income from Federal credits could increase Vermont tax liability.
    - **Without any Vermont linkup or subtraction, Vermont employers will need to pay Vermont income tax on these tax credits.**
- The credit is applied against Social Security payroll taxes, which does not have any Vermont link-up to the Vermont Personal (PIT) or Corporate Income Tax (CIT). This means that Vermont is not indirectly offering any credits on PIT or CIT for employers.
- The only tax benefit available to employers in Vermont who offer sick/family wages might be through their deductibility on income taxes. But this benefit extends to all types of wages.
    - To the extent these emergency sick/family leave benefits are deductible at the Federal level, they would also be deductible at the Vermont level.