

## **Income Included in Household Income**

Starting point is federal adjusted gross income with certain additions and subtractions.

- Cash public assistance and public relief
- Social security benefits, SSI, SSDI, railroad retirement, veteran's benefits, annuity benefits (taxable and nontaxable)
- Unemployment compensation, worker's compensation
- Wages, salaries, tips, etc.
- Interest and dividends. If claimant is under the age of 65 as of December 31 of the tax year and the total interest and dividend income reported are in excess of \$10,000, then household income is increased by the total interest and dividend income greater than \$10,000.
- Interest on U.S., state, and municipal obligations, taxable and nontaxable
- Alimony, support money, child support, cash gifts exceeding \$6,500
- Business income before any deductions for losses, except for business loss from a sole proprietorship, which may be netted against a business gain from a sole proprietorship, as long as the loss and the gain are incurred in the same tax year.
- Capital gains, taxable and nontaxable. Include nontaxable gains from sale of primary residence. Business loss incurred in the same year as a business property capital gain can be netted against capital gain.
- Taxable pensions, annuities, IRA and other retirement fund distributions, including ROTH IRA earnings distributions
- Rental and royalty income before any deductions for losses
- Income from farms, partnerships, S corporations, LLCs, estates, or trusts before any deductions for losses
- Other income including prizes and awards, gambling or lottery winnings, director's fees, employers allowances, taxable refunds from Federal return 1040, Line 10, allowances by dependents of armed services personnel and military subsistence payments (BAH, FSA), loss of time insurance, cost of living adjustment (COLA) paid to federal employees
- Income exceeding \$6,500 for certain dependents (full-time students who qualify as dependents of the claimant or the claimant's parent or adult child with a disability who qualifies as the dependent of the claimant)

## **Income Not Included in Household Income**

The following income sources are not considered to be Household Income:

- Foster care payments
- Payments received for the care of eligible persons with developmental disabilities (formerly Difficulty of Care)
- In-kind relief by a government agency, such as fuel assistance
- Food from a governmental agency
- Gifts from nongovernmental sources, such as assistance for fuel, utilities, and rent

- The first \$6,500 of cash gifts received by the entire household unless used for support
- The first \$6,500 of income received by a person who qualifies as claimant's dependent and who is claimant's parent or adult child with a disability
- The first \$6,500 of income earned by a full-time student who qualifies as claimant's dependent
- Any income attributable to cancellation of debt

### **Allowable Adjustments that Reduce Household Income**

- Social Security and Medicare tax withheld on wages
- Self-employment tax
- Child support paid—be prepared to provide proof of payment
- Business expense for Reservists
- Alimony paid
- Tuition and Fees deduction
- Self-employed health insurance deduction
- Health Savings Account deduction

For more information, see:

- 32 V.S.A. § 6061(5):  
<https://legislature.vermont.gov/statutes/section/32/154/06061>
- Dept. of Taxes' web page "How to Determine Household Income":  
<https://tax.vermont.gov/individuals/household-income>