

1 * * * Annual Link to Federal Statutes; Unemployment Compensation * * *

2 Sec. __. 32 V.S.A. § 5824 is amended to read:

3 § 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

4 The statutes of the United States relating to the federal income tax, as in
5 effect on December 31, ~~2019~~ 2020, but without regard to federal income tax
6 rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the
7 tax liability under this chapter, and shall continue in effect as adopted until
8 amended, repealed, or replaced by act of the General Assembly.

9 Sec. __. 32 V.S.A. § 7402(8) is amended to read:

10 (8) “Laws of the United States” means the U.S. Internal Revenue Code
11 of 1986, as amended through December 31, ~~2019~~ 2020, which shall continue in
12 effect as adopted until amended, repealed, or replaced by act of the General
13 Assembly. As used in this chapter, “Internal Revenue Code” has the same
14 meaning as “laws of the United States” as defined in this subdivision.

15 Sec. __. ARPA EXCLUSION OF UNEMPLOYMENT COMPENSATION
16 FROM GROSS INCOME; TY 2020

17 (a) For taxable year 2020 only, 32 V.S.A. § 5824, adoption of federal
18 income tax laws, shall also adopt 26 U.S.C. § 85(c) as amended by Section
19 9042 of the American Rescue Plan Act, Pub. L. No. 117-2, pursuant to which
20 the first \$10,200.00 of unemployment compensation received is excluded from
21 the gross income of a taxpayer whose taxable year 2020 adjusted gross income
22 is less than \$150,000.00.

1 (b) For taxable year 2020 only, notwithstanding 26 U.S.C. § 85(c) as
2 amended by Section 9042 of the American Rescue Plan Act, Pub. L. No. 117-
3 2, the definition of household income pursuant to 32 V.S.A. § 6061(4)(A)
4 and (5) shall include all unemployment compensation received by a taxpayer in
5 taxable year 2020.

6 * * * Effective Dates * * *

7 Sec. __. EFFECTIVE DATES

8 This act shall take effect on passage, except that, notwithstanding 1 V.S.A.
9 § 214, Secs. XX-XX (annual link to federal statutes) shall take effect
10 retroactively on January 1, 2021 and shall apply to taxable years beginning on
11 and after January 1, 2020.