



STATE OF VERMONT

MEMORANDUM

To: Rep. Kornheiser, Chair, House Committee on Ways and Means
 From: Kirby Keeton
 Date: February 14, 2024
 Subject: AGI Surcharge vs. New Tax Bracket Version 2.0

Comparison of AGI Surcharge vs. Creating a New Vermont Tax Bracket

	AGI Surcharge	Both	New Tax Bracket
Tax Base Includes	<p>Items that Vermont exempts or excludes that are part of federal AGI:</p> <ul style="list-style-type: none"> • SSI/MRI/CSRI/other retirement exemption • VT standard deduction and personal exemption • VT medical deduction • Interest income from U.S. obligations • VT capital gains exclusion • VT student loan interest exclusion • VT adjustment for bonus depreciation on prior year property • Recapture of state and local income tax deductions not taken in Vermont • Federal deductions or credits not allowed for cannabis 	<p>Credit for taxes paid to another state/allocation to another jurisdiction</p> <p>Interest income from U.S. obligations and any other items Vermont is precluded from taxing</p>	<p>Income from non-Vermont State and local obligations</p> <p>Federal bonus depreciation (taxpayers may deduct additional depreciation on certain property in first year)</p>

	AGI Surcharge	Both	New Tax Bracket
Filing Status	<p>Imposed on individuals</p> <p>Not imposed on estates or trusts</p> <p>Married filing jointly would be considered a single individual</p>		<p>Filing status can alter tax liability:</p> <p>married filing jointly, head of household, unmarried, married filing separately, estates, and trusts</p>
Tax Brackets	<p>Imposes a three percent surcharge on the amount of federal AGI that exceeds \$500,000.00</p>		<p>The current top bracket starts at \$279,450.00 for MFJ for TY23</p>