

## Vermont Personal Income Tax: Residency and Apportionment

### Residency basics

**Resident:** You qualify as a Vermont resident for that part of the taxable year during which (1) you are domiciled in Vermont (i.e. this is your primary permanent home), or (2) you maintain a permanent home in Vermont, and you are present in Vermont for more than 183 days of the taxable year. **If you're a resident of Vermont, all your income is taxable in Vermont.**

**Part-Year resident:** Meets the definition of resident for a portion of the tax year. Think of this as a person who moved to Vermont (or out of Vermont) within the tax year.

**Non-resident:** Your domicile is elsewhere, and you don't spend more than 183 days in state. **If you're not a resident of Vermont, you'll only be taxed on income earned in Vermont.** Think of this as a person who drives to Vermont for work every day or someone who owns a business or rental property in Vermont even though they live elsewhere.

### Apportionment

i.e. scaling your Vermont personal income tax (PIT) liability

Note that your *initial* Vermont Income Tax is always calculated as if all your income was earned in Vermont. That initial figure may then be reduced by credit for income tax paid to another state or by an income adjustment percentage.

**For residents:** All your income is taxable in Vermont. When you earn income in another state, any income taxes owed to another state are credited against your Vermont tax liability (which was calculated as if all your income was Vermont income). See SCHEDULE IN-117 Credit for Income Tax Paid to Other State or Canadian Province.

Note: this mechanism also applies to **part-year residents** when you earn income in another state *during the part of the year when you are a resident* of Vermont.

**For part-year residents:** When you earn income in another state during the part of the year when you're *not* a Vermont resident (most common), you calculate an Income Adjustment Percentage equal to your income earned while living in Vermont as a share of your "everywhere income." That percentage is used to apportion down your Vermont Income Tax liability. See Schedule IN-113 Vermont Income Adjustment Calculations.



**For nonresidents:** Same mechanism described above for part-year residents. You calculate an Income Adjustment Percentage equal to your income earned while living in Vermont as a share of your “everywhere income.” That percentage is used to apportion down your Vermont Income Tax liability. See Schedule IN-113 Vermont Income Adjustment Calculations.



