

Section by Section Summary: S.51 As Passed by the House

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Section	Summary
1	Increases the maximum age at which a child can be considered a qualifying child for purposes of the Vermont Child Tax Credit from age five to age six.
2	<p>Allows individuals who do not claim any qualifying children to receive 100 percent of the federal EITC in Vermont. Claimants with qualifying children continue to receive 38 percent of the federal credit.</p> <p>Background: Current law allows those taxpayers to receive 38 percent of the federal credit. The federal credit is significantly more for individuals with qualifying children.</p>
3	<p>Increases the upper thresholds of allowable AGI for a taxpayer to exclude the maximum amount of Social Security benefit income and CSRS income from income tax by \$5,000.00.</p> <p>Expands the retirement exclusion for military retirement:</p> <ul style="list-style-type: none">• Adds survivor benefits to the type of income that can be excluded.• Allows a full exclusion of all military retirement income and survivor benefits for taxpayers with \$125,000.00 or less of AGI (threshold is regardless of filing status).• Phases out the amount of military retirement and survivor benefit income that can be excluded between AGIs of \$125,000.00–\$175,000.00.• Allows a taxpayer to use the military retirement and survivor benefit exclusion when a taxpayer elects to exclude one of the other types of retirement income (current law requires a taxpayer to choose just one).
4–5	Creates a Vermont Veteran Tax Credit of \$250.00 for taxpayers with a service record and AGI at or below \$25,000.00. The credit phases out at \$30,000.00 of AGI.
6	The act is effective for tax year 2025.