

# SCHEDULE FIT-167 Instructions

## Vermont Credit for Tax Paid to Another State or Canadian Province for Fiduciaries

Please print in BLUE or BLACK ink only.

**Please do not staple or bind your return.**

You may use binder clips, paper clips, or rubber bands.

### LINE-BY-LINE INSTRUCTIONS

A credit may be allowed against Vermont fiduciary income tax on estate/trust income paid to another state or Canadian province on income taxed by both Vermont and the other taxing jurisdiction.

**Supporting Documentation Required:** Copy of the tax return filed in the other state(s). For Canadian province(s), **1)** a copy of the provincial tax return filed, **2)** copy of federal Form 1116, Foreign Tax Credit (Individual, Estate, or Trust), and **3)** copy of Revenue Canada income tax return. Convert amounts on Canadian returns to U. S. dollars.

See **Technical Bulletin TB-38, Credit for Taxes Paid to Another State or Canadian Province; Limitations**, if you have capital gain, business income, or made adjustments to arrive at your Federal Adjusted Gross Income.

#### More Than One State or Province?

- Complete a Vermont Schedule FIT-167 for each state or province. Do NOT combine the income and credit of all states or provinces on one Schedule FIT-167.
- Add Line 21 from each Vermont Schedule FIT-167 to calculate the tax credit entry on Form FIT-161, Vermont Fiduciary Return of Income, Line 12.
- Attach all Vermont Schedules FIT-167 and the supporting documents required.

**Line 1** Enter the name of the state or Canadian province where fiduciary income tax was paid.

**Line 2** For other state or Canadian province – Enter total income taxed in another state or Canadian province and also subject to Vermont tax. Negative taxable income, enter the negative amount. Positive total income and taxable income, enter the income.

#### Lines 3 through 9

Adjustments for bonus depreciation, non-Vermont state and local obligations, and U. S. government interest income makes the income comparable to the total income used for Vermont tax purposes.

**Line 10** Enter the Total Income from federal Form 1041, U.S. Income Tax Return for Estates and Trusts, Line 9. For Qualified Settlement Funds, enter the figure from federal Form 1120-SF, U.S. Income Tax Return for Settlement Funds. **NOTE:** If negative Vermont taxable income, enter -0-.

#### Lines 11 through 16

Adjustments for bonus depreciation, non-Vermont state and local obligations, and U. S. government interest income makes the income comparable to the other state or Canadian province.

**Line 17** Subtract Line 16 from Line 13. If Line 16 is greater than Line 13, enter -0-.

**Line 18** Enter the Vermont fiduciary income tax calculated on Form FIT-161, Line 6.

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- Line 19** Divide Line 9, Modified Total fiduciary income for the other state or Canadian province, by Line 17, Modified total fiduciary income for Vermont. Multiply that result by Line 18.
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- Line 20** Enter the amount of income tax paid to the other state or Canadian province. This amount is income tax paid to the state or Canadian province and not the amount of withholding. City and county tax paid to the state is not allowed. Credit for the Canadian provincial income tax does not include the portion used as a foreign credit on federal Form 1040, U.S. Individual Income Tax Return.
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- Line 21** Enter the lesser of Line 19 or Line 20. This is your credit for income tax paid to another state or Canadian province. If this is the only state or province, also enter on Form FIT-161, Line 12. Otherwise, see instructions for “More Than One State or Province.”