



Handbook on Individual Income Tax
Modernized e-File (MeF) for Tax Year 2022

November 2022

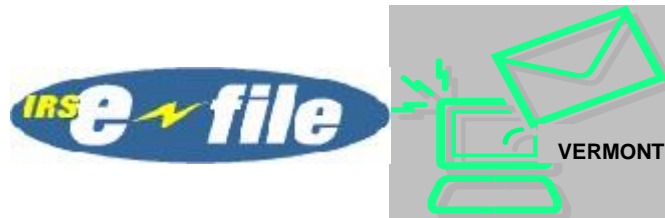
Table of Contents

SECTION 1: General Information	3
Software Acceptance and Participation	4
Publications.....	4
SECTION 2 - Filing Information.....	5
Due Dates for 2022 Returns.....	5
Expected Values for the State Submission Manifest	6
Acknowledgment System	6
Refunds.....	7
Balance Due Returns	8
Extended Returns	9
2022 Vermont Income Tax Changes	9
SECTION 3 – Information for Software Developers.....	14
Software Acceptance, Testing and Approval	14
Participation Denial or Suspension.....	16
Nature of Approval	17
SECTION 4 – Information for EROs and Transmitters	17
Requirements To Participate	17
Timeliness Of Filings	18
Amended Filings	18
Vermont Returns	19
Form 8879-VT Instructions	19
SECTION 5 - Frequently Asked Questions.....	20
Appendix A: Vermont School District Codes.....	22

SECTION 1: General Information

Vermont's MeF electronic filing program follows the same rules and guidelines as the IRS electronic filing program specified in the IRS Publications 4164 and 1345. Returns for the IRS and Vermont may be transmitted to a single point (the IRS). The IRS will forward the Vermont returns to the Department for processing. Vermont will return acknowledgments back to the IRS where they may be picked up by transmitters.

Vermont will begin accepting production Income Tax Returns, corresponding forms and schedules, Homestead Declarations and Property Tax Credit Claims for tax year 2022 when the IRS opens for the season. ATS testing for 2023 **FORM IN-114** submissions will begin after 01/01/2023.



This handbook provides Preparers, EROs, Transmitters and Software Developers with the necessary information to participate in the Modernized E-File Program and the list of Vermont forms that may be filed electronically. Items unique to Vermont will be identified and instructions will be provided.

Please use this handbook in conjunction with IRS Publication 4164 and IRS Publication 1345. The Vermont Department of Taxes conforms to all requirements, rules and regulations governing tax preparers set forth by the Internal Revenue Service.

COMPUTER TECHNICAL ASSISTANCE

MeF Coordination Team
Vermont Department of Taxes
E-Mail: tax.vendorsupport@vermont.gov

CONFIRMATION OF FILING INFORMATION

Web: <https://myvtax.vermont.gov>
*Please allow up to 2 weeks for MeF filings and
8 weeks for paper filings to be fully processed*

WEB ADDRESSES

Vermont Department of Taxes <http://tax.vermont.gov/tax-professionals>

Internal Revenue Service www.irs.gov/e-file-providers/efile-for-tax-professionals

Software Acceptance and Participation

Software Developers create tax preparation and transmission software that formats electronic returns according to Vermont's electronic return specifications. The software and transmission data must be tested and certified by the Vermont Department of Taxes. For information about Vermont's State Acceptance Testing System, please contact Vermont's MeF coordination Team [@tax.vendorsupport@vermont.gov](mailto:tax.vendorsupport@vermont.gov)

Electronic Return Originator (ERO) is the tax preparer. The ERO prepares tax returns for electronic submission using tax preparation software approved by the Internal Revenue Service and the Vermont Department of Taxes. An ERO may be the tax preparer who completes the return, or someone who transmits prepared returns.

Transmitters use approved software to transmit electronic returns directly to the Internal Revenue Service Center and the Vermont Department of Taxes. You may be both an ERO and Transmitter, or the ERO may have an arrangement with a transmitter to electronically file their returns.

Software developers must test with and receive certification from Vermont for their transmission format before submitting live production returns. In order to receive final approval, Software Developers must transmit all test returns in one single transmission, without any errors. Software developers who successfully complete the state testing process will receive written verification by email from the Department.

Software developers must provide the following to the Vermont MeF coordination Team prior to submitting test transmissions:

- Vermont Electronic Filing (MeF) Request for Participation Letter
- Completed Letter of Intent found on the State Exchange System
- E-mail alert sent to Vermont's MeF Coordination Team at tax.vendorsupport@vermont.gov to signify transmittal of test package.
(Please include your four-digit industry identification number as well as the name of software needs to be listed in the email subject line.)

Filing a tax return is the responsibility of the taxpayer. Filing returns electronically requires an agreement between the taxpayer and the ERO. The Vermont MeF coordination Team is not a party to this agreement.

Publications

The following publications are available for your assistance:

- Publication 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns <http://www.irs.gov/pub/irs-pdf/p1345.pdf>
- Publication 4164, Modernized e-File Guide for Software Developers and Transmitters <http://www.irs.gov/pub/irs-pdf/p4164.pdf>

- 2022 Vermont MeF E-file Handbook
- Vermont MeF E-file Test Package with test scenarios
- 2022 Vermont Income Tax Booklet

SECTION 2 - Filing Information

The Vermont electronic return will consist of data transmitted as well as supporting PDF documents. The electronic return must contain the same information as the paper copies of the return.

Accepted Filings

- Vermont returns with a refund, zero balance due, or a balance due.
- Amended returns
- Extensions to file Vermont Individual Income Tax Returns.
- Prior year returns **If software is certified in the prior year.*
- Estimated Tax payments (Form IN-114) – Vermont quarterly estimated payments can be scheduled at the time of filing for all four due dates.
- Homestead Declaration and Property Tax Adjustment Claim (Form HS-122) can be filed as a standalone form.
- Renter Credit Claim (Form RCC-146) can be filed as a standalone form.
- Filing Status – Civil Union filing joint **submit a state only return.*

Note: Software companies may not support federal information on the Vermont return if it is different from the federal return filed with the IRS. This occurs when the taxpayer recomputes the federal return for Vermont tax purposes.

Due Dates for 2022 Returns

Vermont Form IN-111 Income Tax Return

April 18, 2023

Vermont Form IN-114 Individual Estimated Tax Voucher

Quarterly Due Dates- April 18, 2023

June 15, 2023

September 15, 2023

January 15, 2024

Please Note: Vermont’s quarterly due dates for Individual estimated tax payments are the same as the IRS due dates.

HS-122 Homestead Declaration AND Property Tax Credit Claim

April 18, 2023 Claims are allowed up to October 16, 2023, but late filing penalties will apply.

RCC-146 Renter Credit Claim

April 18, 2023 Claims are allowed up to October 16, 2023.

The following is a list of all the XML forms that Vermont will accept electronically for tax year 2022. Software developers are not required to support all forms that Vermont accepts electronically. ERO's when purchasing software should verify the software company will support the forms they want to transmit electronically.

Form IN-111	Vermont Income Tax Return
Schedule IN-112	Vermont Tax Adjustments and Credits
Schedule IN-113	Vermont Income Adjustment Calculations
Form IN-114	2023 Individual Income Estimated Tax Voucher
Schedule IN-117	Vermont Credit for Taxes Paid to Other State
Schedule IN-119	Vermont Tax Adjustments and Nonrefundable Credits
Form IN-151	Vermont Application for Extension
Schedule IN-153	Vermont Capital Gain Exclusion
Form HS-122	Vermont Homestead Declaration and Property Tax Credit Claim
Schedule HI-144	Household Income
Form RCC-146	Vermont Renter Credit Claim

The following forms **will not be accepted** for electronic filing for the 2022 tax year.

- 1) Applications for Lifeline telephone and VT Pharmacy assistance.
- 2) Form IN-116 – Vermont Income Tax Payment Voucher.
- 3) Schedule HS-122W - Notice to Withdraw Vermont Homestead Declaration and/or Property Tax Credit Withdrawal.

NOTE: If you receive a rejection notice for the federal return, the state return will **not** be transmitted to Vermont. See page 19 for information on correcting a rejected transmission.

Note: A Vermont return must be filed as “State Only” or by paper if the federal return is prohibited from being filed through the Federal/State Electronic Filing program.

School District Code The Vermont school district code is required on all Vermont Personal Income Tax Returns. See Appendix A at the end of this document or the “Vermont MeF E-File ATS Test Package”.

Expected Values for the State Submission Manifest

Form	Submission Type	Expected Tax Year
IN-111	VTIN111	2022
IN-114	VTIN114	2023
HS-122	VTHS122	2023
RCC-146	VTRCC146	2022
IN-151	VTIN151	2022

Acknowledgment System

Filing Acknowledgments:

IRS Acknowledgment If the data meets specifications and the transmission is accepted, the IRS acknowledges receipt of the Federal data and Vermont data. If the electronic returns do not meet the IRS specifications, both the Federal and Vermont returns are rejected. The IRS generates the error code(s). Refer to Federal Publications 4164 and 1345 for the error codes.

Vermont Acknowledgment Vermont uses the State Acknowledgment System operated by the IRS. This system may be accessed either directly or through your software product. Please refer to the software instructions for information concerning accessing and retrieving state acknowledgments. If an acknowledgment is not received from Vermont within five days of receiving the federal acknowledgment, contact Vermont's MeF Coordinator.

Accepted- This acknowledgment indicates the electronic return was received and successfully completed the pre-entry validation process. No further action is required.

Rejected- This acknowledgment indicates the electronic return was received but failed to complete the pre-entry validation process. The acknowledgment contains the x-path, codes and error descriptions indicating the cause of the rejection. The error condition must be corrected prior to resending the return as a "State-Only" transmission. See page 16 for information on correcting a rejected transmission.

The acknowledgment date is considered the filing date for the Vermont return.

All rejections, questions or difficulties with the Vermont Acknowledgment should be sent to the Vermont Department of Taxes.

Contact
Vermont Department of Taxes
Email: tax.vendorsupport@vermont.gov

Security of information

- Return information is encrypted for secure transmission of confidential information.
- Filing electronically improves a disaster recovery plan by allowing the storage of return copies on computer disks off-site.

Refunds

The annual interest rate for overpayment of tax for 2023 will be 4.0%. The Department of Taxes will pay interest on refunds issued more than 60 days after the due date, including extensions.

Carryforwards

Taxpayers may elect to apply all or a portion of the income tax refund towards their 2023 estimated income taxes.

Taxpayers may elect to apply all or a portion of the income tax refund towards their 2023 property taxes when the return is filed on or before October 16, 2023.

Refund Offsets

If a taxpayer has outstanding liabilities with the Vermont Department of Taxes, the Internal Revenue Service, or another state agency, all or a portion of their refund may be applied to their debt. The taxpayer will receive a separate notification if any or all of their refund is used to pay their debt.

Refund Delays

Delays may occur when additional information is required for the Department to verify entries on the return. A refund offset may also delay receipt of any remaining refund.

Refund Status

A taxpayer or an ERO may inquire about the status of a refund at:

<http://tax.vermont.gov/individuals/file-and-pay/check-refund-status>

OR

Calling the Department (802) 828-2865 (local & out of state), (866) 828-2865 (toll-free in VT). Select Option 1 for the taxpayer information line.

During peak processing time, it may take up to two weeks for electronically filed returns and up to eight weeks for paper filings before the return information is available on the taxpayer information line.

Balance Due Returns

Vermont returns with a balance due can be filed electronically. This includes the underpayment of estimated income tax. Worksheets IN-152 or IN-152A are not required to be filed with the income tax return. The annual rate for underpayment of tax for 2023 will be 4.0%. The return may be filed in advance of the due date without the payment. The payment must be received by **April 18, 2023, to be considered timely**. Payments made after this date will be assessed late payment interest and penalty.

Note: The Department strongly encourages all taxpayers to pay their tax due electronically for the fastest and most efficient processing of their payment.

Accepted Payment Methods

ACH Debit Taxpayers who file using the Vermont MeF program can pay their tax due using ACH Debit. The payment can be made at the time of filing or scheduled at a later date. There is no fee for using ACH Debit.

myVTAX Taxpayers can pay their tax due online using myVTax, the Departments online filing site. Payments can be made by ACH Debit for no charge. Payments can be scheduled for any day up to and including the due date of the return. Taxpayers can also pay their tax due using their credit card, however convenience fees apply.

Check or Money Order Taxpayers who wish to pay by check or money order can use Form IN-116, Vermont Individual Income Tax Payment Voucher to mail their check and voucher to Vermont Department of Taxes, P.O. Box 1779, Montpelier, VT 05601-1779. Payments submitted without a voucher may be lost or misdirected which can result in late payment penalties.

Extended Returns

File **Form IN-151 – Vermont Application for Extension** to request a six-month extension of time to file. This form can be submitted electronically. Any tax due must be remitted with the extension request. If no additional Vermont tax is due **and** an extension of time to file is submitted for the federal Form 1040, a Vermont extension is not required. The federal extension will be accepted for Vermont. The extension request must be submitted by the original due date.

2022 Vermont Income Tax Changes

*For complete legislative highlights go to <http://tax.vermont.gov>

FORM IN-111 – Vermont Income Tax Return

1. Header Information - Check box to indicate “Cannabis with Recomputed Federal Return”
2. Line 4 - Standard Deduction S, MFS Increasing to \$6,500
Standard Deduction HOH Increasing to \$9,800
Standard Deduction MFJ & QW Increasing to \$13,050
3. Line 5 - Personal Exemption Increasing to \$4,500
4. Line 9 will now come from Schedule IN 119 –Line 15 (Part 1).
5. Line 15 will now come from Schedule IN 113 - Line 35.
6. Line 25c will come from Schedule IN 112 - Line 17 (Part II).
7. Update line 23c “Children’s Trust Fund” name changed to “Vermont Children's Trust Foundation”

2022 SCHEDULE IN-112

Part I - Subtractions

1. **New Student Loan Interest deduction** – (Residents only). Eligibility is limited to MFJ taxpayers with AGI≤\$200K, and all other taxpayers with AGI≤\$120K. See IRS Publication 970 for more information on what qualifies as student loan interest.

New Lines:

Line 15a - For Residents only - Enter the total Student Loan Interest you paid in 2022 on qualified student loans.

Line 15b - For Residents only - Enter any student loan interest deducted on **Form 1040 Schedule 1** - Line 21.

Line 15c - Subtract Line 15b from Line 15a.

2. Line Changes - Prior year Line 15 is now Line 16.
Prior year Line 16 is now Line 17
Prior year Line 17 is now Line 18

3. Line 12 is now called - **Retirement Benefits Exempt from Taxation** (see the worksheet in the instructions).
4. Line 17 (prior year line 16) will now read: Add Lines 7 through 14 and Line 15c
5. Line 18 (prior year line 17) will now read: SUBTRACT Line 17 from Line 6. Enter on Form IN-111 Line 2. This can be a negative number.

Part II – Refundable Credits

6. Line 1 – The Child and Dependent Care Credit was changed to be a fully refundable credit (It has been removed from Schedule IN - 119). Line 1 is still capturing the credit - the name has changed and additional instructions on the form were removed. The credit is available to residents and part year residents. Line 1 is changed to read: **Child and Dependent Care Credit** (Fed. Form 2441 Line 10 or 11).
7. Line 2 (New) to calculate the Vermont Child and Dependent Care Credit amount:
Line 2 reads: **Vermont Child and Dependent Care Credit** (Multiply Line 1 by 72% (0.72)).
8. There is a new Vermont Child Tax Credit. This credit is fully refundable and is \$1000 per eligible child aged 5 and under on the last day of the year. This credit will phase out for taxpayers with AGIs over \$125,000. See the table on the next page.

Adjusted Gross Income		Credit
Up to	\$ 125,000	\$ 1,000
\$ 125,001	\$ 126,000	\$ 980
\$ 126,001	\$ 127,000	\$ 960
\$ 127,001	\$ 128,000	\$ 940
\$ 128,001	\$ 129,000	\$ 920
\$ 129,001	\$ 130,000	\$ 900
\$ 130,001	\$ 131,000	\$ 880
\$ 131,001	\$ 132,000	\$ 860
\$ 132,001	\$ 133,000	\$ 840
\$ 133,001	\$ 134,000	\$ 820
\$ 134,001	\$ 135,000	\$ 800
\$ 135,001	\$ 136,000	\$ 780
\$ 136,001	\$ 137,000	\$ 760
\$ 137,001	\$ 138,000	\$ 740
\$ 138,001	\$ 139,000	\$ 720
\$ 139,001	\$ 140,000	\$ 700
\$ 140,001	\$ 141,000	\$ 680
\$ 141,001	\$ 142,000	\$ 660
\$ 142,001	\$ 143,000	\$ 640
\$ 143,001	\$ 144,000	\$ 620
\$ 144,001	\$ 145,000	\$ 600
\$ 145,001	\$ 146,000	\$ 580
\$ 146,001	\$ 147,000	\$ 560
\$ 147,001	\$ 148,000	\$ 540
\$ 148,001	\$ 149,000	\$ 520
\$ 149,001	\$ 150,000	\$ 500
\$ 150,001	\$ 151,000	\$ 480
\$ 151,001	\$ 152,000	\$ 460
\$ 152,001	\$ 153,000	\$ 440
\$ 153,001	\$ 154,000	\$ 420
\$ 154,001	\$ 155,000	\$ 400
\$ 155,001	\$ 156,000	\$ 380
\$ 156,001	\$ 157,000	\$ 360
\$ 157,001	\$ 158,000	\$ 340
\$ 158,001	\$ 159,000	\$ 320
\$ 159,001	\$ 160,000	\$ 300
\$ 160,001	\$ 161,000	\$ 280
\$ 161,001	\$ 162,000	\$ 260
\$ 162,001	\$ 163,000	\$ 240
\$ 163,001	\$ 164,000	\$ 220
\$ 164,001	\$ 165,000	\$ 200
\$ 165,001	\$ 166,000	\$ 180
\$ 166,001	\$ 167,000	\$ 160
\$ 167,001	\$ 168,000	\$ 140
\$ 168,001	\$ 169,000	\$ 120
\$ 169,001	\$ 170,000	\$ 100
\$ 170,001	\$ 171,000	\$ 80
\$ 171,001	\$ 172,000	\$ 60
\$ 172,001	\$ 173,000	\$ 40
\$ 173,001	\$ 174,000	\$ 20
\$ 174,001	and over	\$ -

9. Line 3 (New) will ask for the Number of qualifying Children and capture the child’s information in the table below.

Line 3 reads: **Number of qualifying children**

List only children who qualify for Child Tax Credit (born 2017 through 2022) below

Qualifying Child #1 - Last Name	First Name	MI	Social Security Number	Year of Birth
Qualifying Child #2 - Last Name	First Name	MI	Social Security Number	Year of Birth
Qualifying Child #3 - Last Name	First Name	MI	Social Security Number	Year of Birth

10. Line 4 (New) will calculate the amount of the Child Tax Credit.

Line 4 reads: **Child Tax Credit (MULTIPLY Line 3 by \$1,000.)** See instructions for credit amount if your Adjusted Gross Income from Form IN-111, Line 1 is over \$125,000.

11. Lines 5-7 are for part year residents to calculate the Child Tax Credit.

- a. Line 5 reads: Enter amount from Schedule IN-113, Line 14B, Vermont Portion of Total Income
- b. Line 6 reads: Enter amount from Schedule IN-113, Line 14A, Total Income
- c. Line 7 reads: Child tax credit adjustment percentage (DIVIDE Line 5 by Line 6, then MULTIPLY the result by 100)

12. Line 8 (New) will finalize the credit amount based on part year or full year resident status.

Line 8 reads: Adjusted Child Tax Credit. MULTIPLY Line 4 by 100% or Line 7 if less.

13. New Line 9 will capture the number of qualifying EITC children. The EITC eligibility questions B & C from prior years have been removed.

Line 9 reads: Number of qualifying children from federal Schedule EIC.

14. Line 10 will capture the Federal EITC amount from 1040

Line 10 reads: Federal Earned Income Tax Credit. Enter amount from federal Form 1040.

15. Line 11 is the Vermont EITC calculation which is 38% of line the Federal Credit.

Line 11 reads: Vermont Earned Income Tax Credit: MULTIPLY Line 10 by 38% (0.38)

16. Lines 12-15 will calculate the EITC amount for part year residents, same as prior years.

17. Line 16 will finalize the EITC credit calculation.

18. Line 17 will calculate the total amount of refundable credits that will carry over to Form IN-111, Line 25c.

Line 17 reads: **Total Refundable Credits (ADD Lines 2, 8, And 16.** Enter this amount on Form IN 11, Line 25c)

2022 SCHEDULE IN-113

- 1. Line 29 – This amount will now carry to Line 31.

2. Lines 31a and b. for the Muni bond interest and calculation have been removed. The lines have been renumbered. Line 35 now calculates the Income Adjustment.

2023 Form IN-114

No Changes

2022 SCHEDULE IN-117

No Changes

2022 SCHEDULE IN-119

1. Line 8 - Child Dependent Care Credit has been removed from Schedule IN 119, credit now is fully refundable and on the IN-112.

2022 FORM IN-151

No Changes

2022 SCHEDULE IN-153

No Changes

2023 FORM HS-122 Homestead Declaration AND Property Tax Credit Claim

No Changes

2022 SCHEDULE HI-144 Household Income

1. Line R5 - Tuition and fees as reported on Federal Form 8917 has been removed.
2. Phrase "Other Persons" changed to "Other People" in the following locations:
 - Column 3, Page 1 changed to "Other People"
 - Referenced in instructions above columns

2022 FORM RCC-146

1. Header Information "Unit Number" field in header changed to "Unit"
2. Line 6a (New) Reads: If "Yes", how many months was your rent subsidized in 2022?
3. Line 9 was changed to read "Did you file a federal income tax return? (See instructions if you answered "No.") (Y/N field)"
4. Lines 9 through 13 instructions have changed for taxpayers who do not file a federal income tax return. Previously it was instructed that if no federal return was filed to skip lines 10-13, we are not giving more instruction on what fields to enter if no federal return was filed. Please reference new instructions for lines 10-13.
5. The table below determines if a claimant is eligible for credit by utilizing the maximum income (Line 14 of RCC-146) a taxpayer can have regardless of filing status, the number of dependents (Line 8 of RCC-146) and county (pulled from header information of RCC-146).

2022 Partial Credit Income Limits by County

County	Family Size							
	1	2	3	4	5	6	7	8
Addison	\$32,800	\$37,450	\$42,150	\$46,800	\$50,550	\$54,300	\$58,050	\$61,800
Bennington	\$30,000	\$34,300	\$38,600	\$42,850	\$46,300	\$49,750	\$53,150	\$56,600
Caledonia	\$30,000	\$34,300	\$38,600	\$42,850	\$46,300	\$49,750	\$53,150	\$56,600
Chittenden	\$37,600	\$42,950	\$48,300	\$53,650	\$57,950	\$62,250	\$66,550	\$70,850
Essex	\$30,000	\$34,300	\$38,600	\$42,850	\$46,300	\$49,750	\$53,150	\$56,600
Franklin	\$31,100	\$35,550	\$40,000	\$44,420	\$47,990	\$51,560	\$55,100	\$58,660
Grand Isle	\$31,100	\$35,550	\$40,000	\$44,420	\$47,990	\$51,560	\$55,100	\$58,660
Lamoille	\$30,000	\$34,300	\$38,600	\$42,850	\$46,300	\$49,750	\$53,150	\$56,600
Orange	\$30,000	\$34,300	\$38,600	\$42,850	\$46,300	\$49,750	\$53,150	\$56,600
Orleans	\$30,000	\$34,300	\$38,600	\$42,850	\$46,300	\$49,750	\$53,150	\$56,600
Rutland	\$30,000	\$34,300	\$38,600	\$42,850	\$46,300	\$49,750	\$53,150	\$56,600
Washington	\$32,000	\$36,600	\$41,150	\$45,700	\$49,400	\$53,050	\$56,700	\$60,350
Windham	\$30,000	\$34,300	\$38,600	\$42,850	\$46,300	\$49,750	\$53,150	\$56,600
Windsor	\$30,850	\$35,250	\$39,650	\$44,050	\$47,600	\$51,100	\$54,650	\$58,150

- Eligibility to file both a RCC and HSD/PTC is limited to only those who have rented in Vermont for at least 6 months in 2022 and purchased a home between 01/01/2023 and 04/01/2023. Please do not prompt a RCC filing if claimant has not rented in Vermont for at least 6 months in 2022 and qualify for the HSD filing. For more information, please refer to the instructions.

FORM 8879-VT

Beginning in tax year 2022, Form 8879-VT-F is optional for tax professionals when IRS Form 8879 is completed. EROs or transmitters must keep Form 8879-VT in their file with their copy of the return and all supporting documentation for a minimum of three years.

SECTION 3 – Information for Software Developers

Vermont participates in the IRS Federal/State 1040 programs. This allows the filing of both federal and state income tax returns using an XML format. The transmission method will be a Web service using Simple Object Access Protocol (SOAP), with attachments messaging.

Software developers are required to develop Vermont tax preparation software in accordance with statutory requirements and preparation instructions. The software must provide accurate Vermont income tax returns in the correct electronic format for transmission. The software must be capable of producing a printed copy of the complete electronic filing which includes a **“Do Not Mail”** watermark on the printed forms.

Software developers must provide data validation, verification, and error detection to prevent transmission of incomplete, inaccurate or invalid return information. Developers should prevent the filing of any form not approved by Vermont for electronic filing.

Software Acceptance, Testing and Approval

Software Developers are required to complete a Vermont Electronic Filing Request for Participation letter before beginning to test. An email is required to alert the MeF coordinator before submitting the first test file. You will receive an email if there any errors in your file within 5 business days after transmittal. If errors are found in your file, you must resubmit the entire test package. A separate email will be sent for an online product and preparer product. Once testing is completed you will receive a certification letter by email indicating your approval for Vermont filing.

If the software developer is not acting as the ERO, the software developer is responsible for providing state acknowledgments to the ERO no later than two days after receipt. Failure to do so could lead to suspension from the Vermont program.

Software developers are required to test with Vermont for accuracy to ensure their software adheres to Vermont business rules. EROs must use tax preparation software that has been approved for use by Vermont.

The Vermont MeF ATS test package will consist of documentation of special test conditions as well as copies of the state test returns and will be made available to all software developers who indicate their intention to support Vermont's electronic filing.

Vermont's starting test date is tentatively scheduled to begin in early November 2022 for tax year 2022 but is subject to IRS system availability.

Software errors which cause electronic returns to be rejected that surface after testing has been completed should be quickly corrected to ensure that the ERO has the ability to timely and accurately submit electronic returns. Software updates related to software errors should be distributed promptly to users.

Vermont will accept the following types of filing:

Fed/State Original – The Vermont MeF program works best when the federal and state returns are filed together in one transmission to the IRS (although this is not always possible). Upon receipt, the IRS will validate and verify the federal return data. The IRS will either accept or reject the federal return. The state return is made available to Vermont after the federal return has been accepted by the IRS.

State Only – IRS provides the ability for an ERO to transmit and retransmit a state return through the fed/state system without simultaneously transmitting a federal return. State only returns are transmitted to the IRS, validated and made available for states to retrieve in the same fashion as the fed/state transmission. This provides a method for individuals who file multiple state returns to have each participating state's return filed electronically. Each state return must be transmitted separately. The taxpayer's federal return must be completed, transmitted and accepted by the IRS before transmitting/re-transmitting a state only return.

Software developers use Fed/State 1040 MeF forms-based schemas and the Vermont forms base schemas/spreadsheet.

Edits and verification of business rules are defined for each field or data element. The state spreadsheet will include information on the field type, field format, the business rule and other edits. Developers should apply data from the state spreadsheet and tax forms to the appropriate data element in the XML schema.

Transmit data elements only if they contain data values. Do not send empty data elements (i.e., zero financial fields, unused elements, etc.) unless that data element is required by Vermont's schema.

Detailed requirements for decimal placement in ratios and percentages are in the Vermont state-specific schema and /or data elements spreadsheet.

Software developers must furnish electronic funds (direct debit) information for this payment option to taxpayers who electronically file a balance due return. Electronic funds withdrawal can be made from the taxpayers' checking or savings account. Partial payments can be made using electronic funds withdrawal.

Acceptance in the electronic filing program does not imply an endorsement by the Vermont MeF Coordinator. Therefore, any public communication that refers to a user's electronic filing capabilities, whether through publication or broadcast, must clearly indicate acceptance of the user for electronic filing and does not constitute an endorsement or approval of the quality of tax preparation services provided by the Vermont's MeF coordinator.

Vermont will monitor the quality of the transmissions received. If the quality deteriorates, the electronic filer will receive a warning, or in extreme cases, a letter suspending the electronic filer from filing electronic MeF returns. When suspended, the retrieval process will be inactivated halting further processing of MeF electronic returns.

Electronic filers and EROs are expected to place the taxpayer first in providing return preparation and transmission services. Regardless of changes in business address, company names, telephone numbers, organization, or personnel, the taxpayer must always have convenient access to their return. This includes but is not limited to, access to current status of the return and access to the organization representatives to resolve any questions or concerns.

Participation Denial or Suspension

Software developers, transmitters and EROs must maintain a high degree of integrity, compliance, and accuracy in order to participate in Vermont's MeF program.

All Software developers and EROs must comply with the requirements and specifications contained in the Vermont MeF Handbook. Failure to comply with all requirements and specifications could result in suspension from the program.

Additionally, Vermont reserves the right to deny participation in its program for the reasons listed below:

- If your company fails to adhere to the state MeF program requirements and schema.
- If your company does not consistently provide error free returns.
- If your company uses unethical practices in return preparation.

Denial or suspension of participation in the MeF Fed/State Electronic Filing Program may occur if standards are not met. The denial or suspension to file federal returns automatically revokes your ability to electronically file Vermont returns.

The Department will send a letter of explanation if a denial or suspension of participation is issued for the failure to meet Vermont's standards.

Nature of Approval

Software developers submit test cases for the primary purpose of assuring their data transmissions are acceptable by Vermont. Approval by the Vermont's Tax Department does not signify endorsement of any software developer program or the accuracy of the software developer program.

Advertising And Program Logo



You can show that you are authorized to transmit Federal and Vermont returns electronically by using this logo, subject to IRS restrictions, in your advertisements. **Only the IRS-created electronic filing logo may be used.** The IRS created this logo to give a consistent image to the program. Visit www.irs.gov/e-file-providers/efile-for-tax-professionals under the IRS E-File Library for more information.

SECTION 4 – Information for EROs and Transmitters

Requirements To Participate

IRS Requirements:

Please visit www.irs.gov/e-file-providers/efile-for-tax-professionals for information on completing **IRS Form 8633 - Application to Participate in the Electronic Filing Program**. The application period begins August 31st of each year and ends May 31st of the following year. To ensure participation in the IRS e-file season beginning January 1, applications should be submitted between August 1st and December 1st.

Vermont Requirements:

A separate Vermont state application is not required. You do not need to send a copy of your acceptance letter or IRS Form 8633 to the Department. You are not required to test with Vermont; however, you must use Vermont approved software.

Authorized Electronic Return Originators (EROs) can submit returns to the IRS MeF system for federal and state return processing. Both fed/state and state only returns can be submitted through the MEF system. Each return (fed/state or state only) must be in a separate submission. Multiple submissions

may be contained in a single message payload. Software developers must test with Vermont and receive approval prior to submitting live fed/state or state only returns.

Timeliness Of Filings

All scheduled due dates for the filing of returns apply to MeF returns. If any due date falls on a weekend or legal holiday, the return must be filed by the next business day.

All Authorized Vermont EROs must ensure that returns are promptly transmitted. An electronically filed return is not considered filed until a Vermont acceptance acknowledgment has been received. It is the ERO's responsibility to check for acknowledgment and contact Vermont's MeF Coordinator if an acknowledgment is not received within 48 hours during the week or 96 hours if filed on Friday, Saturday or Sunday. If the electronic portion of a return is transmitted on or shortly before the due date and is rejected, see page 19.

The receipt of an electronic postmark will provide taxpayers confidence that a return has been filed. The date of the electronic postmark is considered the filing date. All requirements regarding the resubmission of a rejected timely filed return must be adhered to for the electronic postmark to be considered the filing date.

Amended Filings

After an electronic return is acknowledged as accepted, it cannot be recalled, intercepted or changed in any manner. If either the ERO or taxpayer wishes to change any entries on an accepted electronic return, an amended return must be filed.

Superseded Returns

For TY 2022, Vermont will not be adding a checkbox for superseded returns. Vermont Personal Income Tax returns which are submitted with a superseded federal income tax return should be marked as amended filings.

Resubmission of Rejected Returns

After an error acknowledgment is sent, Vermont monitors the timeliness of addressing the correction. Revocation of privileges may result from erroneous returns or the failure to provide timely corrections.

If an electronic acknowledgement has not been received within 48 hours, or 96 hours if filed on Friday, Saturday or Sunday, the ERO should contact the Vermont MeF coordinator for further instructions. **It is the responsibility of the ERO to ensure that every return filed electronically is acknowledged as accepted.**

If Vermont rejects the return for processing, the ERO must take reasonable steps to inform the taxpayer of the rejection within 24 hours and provide the taxpayer with an explanation for the rejection. If the

return is filed on or near the due date, the resubmitted return will be considered timely if the return is transmitted and accepted within five calendar days of the rejection.

If the electronic return cannot be corrected and retransmitted, the taxpayer must file a paper return. The paper return will be considered timely if it is filed by the due date of the return but no later than five calendar days after the date Vermont gives notification the return is rejected. The paper return should include an explanation of why the return is being filed after the due date and include a copy of the reject notification.

Vermont Returns

- Use only software approved for use in the IRS MeF Electronic Filing Program and approved by the Vermont Department of Taxes. **It is the sole responsibility of the ERO/Transmitter to ensure they are using the most current version of their software.**
- Use the 2022 Vermont Income Tax forms.
- Use only whole dollars.
- Verify the correct name, address and social security number of the taxpayer and spouse (if applicable) was used for the return and on Form 8879-VT.
- Ensure that Vermont residents have filed a form HS-122 if they meet the requirements.
- Do not transmit a return you suspect contains false information. Call the Taxpayer Service Division's fraud coordinator at (802)-828-2865 to report the situation.
- Ask the taxpayer if they want to authorize you to discuss their return with the Vermont Department of Taxes. If yes, check the disclosure checkbox.
- Verify the routing number and bank account number if the taxpayer wishes to receive their refund through direct deposit.
- Verify the routing bank account number if the taxpayer wishes pay their balance due through ACH debit.
-

Form 8879-VT Instructions

Form 8879-VT, Vermont Individual Tax Declaration for Electronic Filing, authorizes the ERO to file on the taxpayer's behalf and serves as authentication of the return information. Beginning in tax year 2022, Form 8879-VT-F is optional for tax professionals when IRS Form 8879 is completed. Form 8879-VT is to be kept on file for three years in the EROs or transmitters office.

Form 8879-VT must be:

- Completed for every taxpayer's electronically filed "state only" submission.
- Signed by the taxpayer before transmitting. For joint returns, both signatures are required.
- Completed with information that matches the electronic record.

Part I Taxpayer Information

Enter the taxpayer's name, address and social security number. Verify that this information agrees with the information on the return.

Part II Tax Return Information

Enter the information from the specified lines on the Vermont Income Tax return. Use whole dollars only.

Part III Form HS122 for Vermont Residents Only

Check the box if a Property Tax Credit Claim is filed.

Part IV Direct Deposit of Refund/ ACH Debit Payment

Enter routing transit number (RTN) of the bank or financial institution. The RTN must contain nine numbers. If the RTN does not begin with 01 through 12 or 21 through 32 the direct deposit request will be rejected. Enter the depositor account number (DAN). The DAN can contain up to 17 characters (both numbers and letters). Check the appropriate box for the account type.

Part V Declaration of Taxpayer

The taxpayer (and spouse if married filing joint or CU Partner filing joint), must read the declaration before signing. The taxpayer is verifying that the information in Part II matches the information on their Vermont return.

Part VI Declaration of Electronic Return Originator (ERO)

The ERO must read the declaration before signing and supply the business information requested in the signature block.

Note: If the paid preparer is not available to sign Form 8879-VT, a copy of the completed Vermont return(s) signed by the paid preparer must be attached. Mark these returns as "COPY" and enter the business information in the paid preparer section.

Part VII Declaration of Paid Preparer

The paid preparer must read the declaration before signing and supply the business information requested in the signature block.

SECTION 5 - Frequently Asked Questions**I am an out of state ERO/Transmitter, do I need to pre-register with Vermont before sending Fed/State Returns?**

No. The Vermont Department of Taxes does not require out-of-state EROs/Transmitters to register before transmission. However, the ERO/Transmitter is responsible for ensuring that the software used has been approved and certified by the Department and the IRS.

What do I keep on file for MeF electronically filed returns?

You should keep a complete copy of the return including any supporting documentation and Form 8879-VT.

Do I send paper documentation to the Department for MeF returns?

No. Please do not send any paper documentation to the Department unless requested to do so. You should keep copies of the returns and supporting documents on file.

Can I attach PDFs to the Vermont Department of Taxes for Fed/State E-File returns?

Yes. There is no requirement to send additional information, however you may attach PDF files you deem necessary. Although there is no defined size limit, keeping attachments as small as possible will help ensure the successful transmission of returns.

Does the Department ask for paper documentation for e-filed returns?

Occasionally, the Department will request a source document to complete the examination of a return. The Department will make this request in writing.

How do you pay a tax due for electronically filed returns?

All tax due to Vermont for tax year 2022 must be paid by April 18, 2023, to avoid interest and penalty charges.

Please Note: The Department strongly encourages all taxpayers to pay their tax due electronically for the fastest and most efficient processing of their payment.

The tax due can be paid by:

ACH DEBIT when filing through Vermont's MeF program. Taxpayers who file using the Vermont MeF program can pay their tax due using ACH Debit. The payment can be made at the time of filing or scheduled at a later date. There is no fee for using ACH Debit.

myVTax go to <http://mytax.vermont.gov> for further information and to access the system. Payments can be made by ACH Debit for no charge. Payments can be scheduled for any day up to and including the due date of the return. Taxpayers can also pay their tax due using their credit card, however convenience fees apply.

CHECK or MONEY ORDER Taxpayers who wish to pay by check or money order can use Form IN-116, Vermont Individual Income Tax Payment Voucher to mail their check and voucher to Vermont Department of Taxes, P.O. Box 1779, Montpelier, VT 05601-1779. Payments submitted without a voucher may be lost or misdirected which can result in late payment penalties.

What do you do when an electronically filed return is rejected?

First, check the acknowledgment system for the acceptance or rejection of the return. If the federal return is rejected, the Vermont return will not be transmitted to Vermont even if there are no errors on the Vermont return.

Next, determine the reason for the rejection. If the cause of rejection can be corrected, make the correction and resubmit the return. In some instances, this may be a "STATE ONLY" return.

If the return is e-filed on or near the due date, five calendar days are allowed to correct the cause of rejection and resubmit the return to be considered a timely filing.

For the paper filing of a rejected return, it will be considered timely if received within five calendar days of the due date. Consideration on a case-by-case basis may be given to allow additional time for filing for a paper return due to a rejected e-filed return.

Appendix A: Vermont School District Codes

School District Code	Legal Residence Town Name
001	ADDISON
002	ALBANY
003	ALBURGH
004	ANDOVER
005	ARLINGTON
006	ATHENS
007	BAKERSFIELD
008	BALTIMORE
009	BARNARD
010	BARNET
011	BARRE CITY
012	BARRE TOWN
013	BARTON
014	BELVIDERE
015	BENNINGTON
016	BENSON
017	BERKSHIRE
018	BERLIN
019	BETHEL
020	BLOOMFIELD
021	BOLTON
022	BRADFORD
023	BRAINTREE
024	BRANDON
025	BRATTLEBORO
026	BRIDGEWATER
027	BRIDPORT
028	BRIGHTON
029	BRISTOL
030	BROOKFIELD

031	BROOKLINE
032	BROWNINGTON
033	BRUNSWICK
034	BURKE
035	BURLINGTON
036	CABOT
037	CALAIS
038	CAMBRIDGE
039	CANAAN
040	CASTLETON
041	CAVENDISH
042	CHARLESTON

School District Code	Legal Residence Town Name
043	CHARLOTTE
044	CHELSEA
045	CHESTER
046	CHITTENDEN
047	CLARENDON
048	COLCHESTER
049	CONCORD
050	CORINTH
051	CORNWALL
052	COVENTRY
053	CRAFTSBURY
054	DANBY
055	DANVILLE
056	DERBY
057	DORSET
058	DOVER
059	DUMMERSTON
060	DUXBURY
061	EAST HAVEN
062	EAST MONTPELIER
063	EDEN
064	ELMORE
065	ENOSBURG
066	ESSEX JUNCTION

067	ESSEX TOWN
068	FAIRFAX
069	FAIRFIELD
070	FAIRHAVEN
071	FAIRLEE
072	FAYSTON
073	FERRISBURGH
074	FLETCHER
075	FRANKLIN
076	GEORGIA
077	GLOVER
078	GOSHEN
079	GRAFTON
080	GRANBY
081	GRAND ISLE
082	GRANVILLE
083	GREENSBORO
084	GROTON
085	GUILDHALL
086	GUILFORD
087	HALIFAX

School District Code	Legal Residence Town Name
088	HANCOCK
089	HARDWICK
090	HARTFORD
091	HARTLAND
092	HIGHGATE
093	HINESBURG
094	HOLLAND
095	HUBBARDTON
096	HUNTINGTON
097	HYDE PARK
098	IRA
099	IRASBURG
100	ISLE LA MOTTE
101	JAMAICA
102	JAY

103	JERICHO
104	JOHNSON
105	KIRBY
106	LANDGROVE
107	LEICESTER
108	LEMINGTON
109	LINCOLN
110	LONDONDERRY
111	LOWELL
112	LUDLOW
113	LUNENBURG
114	LYNDON
115	MAIDSTONE
116	MANCHESTER
117	MARLBORO
118	MARSHFIELD
119	MENDON
120	MIDDLEBURY
121	MIDDLESEX
122	MIDDLETOWN SPG.
123	MILTON
124	MONKTON
125	MONTGOMERY
126	MONTPELIER
127	MORETOWN
128	MORGAN
129	MORRISTOWN
130	MOUNT HOLLY
131	MOUNT TABOR
132	NEWARK

School District Code	Legal Residence Town Name
133	NEWBURY
134	NEWFANE
135	NEW HAVEN
136	NEWPORT CITY
137	NEWPORT TOWN
138	N BENNINGTON ID

139	NORTHFIELD
140	NORTH HERO
141	NORTON
142	NORWICH
143	ORANGE
144	ORLEANS
145	ORWELL
146	PANTON
147	PAWLET
148	PEACHAM
149	PERU
150	PITTSFIELD
151	PITTSFORD
152	PLAINFIELD
153	PLYMOUTH
154	POMFRET
155	POULTNEY
156	POWNAL
157	PROCTOR
158	PUTNEY
159	RANDOLPH
160	READING
161	READSBORO
162	RICHFORD
163	RICHMOND
164	RIPTON
165	ROCHESTER
166	ROCKINGHAM
167	ROXBURY
168	ROYALTON
169	RUPERT
170	RUTLAND CITY
171	RUTLAND TOWN
172	RYEGATE
173	ST. ALBANS CITY
174	ST. ALBANS TOWN
175	ST. GEORGE
176	ST. JOHNSBURY
177	SALISBURY

School District Code	Legal Residence Town Name
178	SANDGATE
179	SEARSBURG
180	SHAFTSBURY
181	SHARON
182	SHEFFIELD
183	SHELBURNE
184	SHELDON
185	SHERBURNE/KILLINGTON
186	SHOREHAM
187	SHREWSBURY
188	S. BURLINGTON
189	SOUTH HERO
190	SPRINGFIELD
191	STAMFORD
192	STANNARD
193	STARKSBORO
194	STOCKBRIDGE
195	STOWE
196	STRAFFORD
197	STRATTON
198	SUDBURY
199	SUNDERLAND
200	SUTTON
201	SWANTON
202	THETFORD
203	TINMOUTH
204	TOPSHAM
205	TOWNSHEND
206	TROY
207	TUNBRIDGE
208	UNDERHILL ID
209	UNDERHILL TOWN
210	VERGENNES
211	VERNON
212	VERSHIRE
213	VICTORY

214	WAITSFIELD
215	WALDEN
216	WALLINGFORD
217	WALTHAM
218	WARDSBORO
219	WARREN
220	WASHINGTON
221	WATERBURY
222	WATERFORD
School District Code	Legal Residence Town Name
223	WATERVILLE
224	WEATHERSFIELD
225	WELLS
226	WELLS RIVER
227	WEST FAIRLEE
228	WESTFIELD
229	WESTFORD
230	WEST HAVEN
231	WESTMINSTER
232	WESTMORE
233	WESTON
234	WEST RUTLAND
235	WEST WINDSOR
236	WEYBRIDGE
237	WHEELLOCK
238	WHITING
239	WHITINGHAM
240	WILLIAMSTOWN
241	WILLISTON
242	WILMINGTON
243	WINDHAM
244	WINDSOR
245	WINHALL
246	WINOOSKI
247	WOLCOTT
248	WOODBURY
249	WOODFORD
250	WOODSTOCK

251	WORCESTER
252	BUELS GORE
253	JERICO ID
254	SHAFTSBURY ID
255	AVERILL
256	AVERY'S GORE
257	FERDINAND
258	GLASTENBURY
259	LEWIS
260	SOMERSET
261	WARNER'S GRANT
262	WARREN'S GORE