

**STATE OF VERMONT DEPARTMENT OF
TAXES**

SCAN SUBSTITUTE FORMS

For

CORPORATE & BUSINESS INCOME



2022 TAX YEAR

2022 Corporate and Business Income Tax Forms Changes

FORM BI-471

Form changes to include:

- Pro Forma check box added for cannabis

Instruction changes to include:

- Late Filing language
 - “If the filing is more than 60 days late from the original due date, even if no tax is due, a \$50 late penalty applies unless timely filed under extension. The Commissioner of Taxes may abate late filing penalties for reasonable cause.”

SCHEDULE BI-472

SCHEDULE BI-473

FORM BI-476

Form changes to include:

- Pro forma check box added for cannabis

Instruction changes to include:

- This is a Pro Forma – Cannabis Return

SCHEDULE K-1VT

Instruction Changes to include:

- Line 8: Estates, trusts, and corporations are required to perform an add-back of certain state and local income and franchise taxes, including pass through entity taxes, deducted. Indicate here the portion of the Vermont apportionable income (which would otherwise have been included in Line 1 of the K-1VT if not for the deduction) that is attributable to state and local income taxes deducted on the federal return. Unlike bonus depreciation, which is required to be a part of the apportionable tax base and will be included in the calculations for Line 1 of the K-1VT, this item will be calculated by taking the SALT deduction on the federal return, applying the Vermont apportionment rate, then separately stating the pro-rata share of that deduction per K-1VT recipient on Line 8.

SCHEDULE BA-402

Instruction Changes to include:

- Line 11 Changed from: “If your entry on Line 11 differs from the amount reported on your federal return, then you MUST include a reconciliation and explanation for the difference.”
New language: Supporting detail for calculation of "Other Business Income" included on Line 11a and 11b. Schedules sent that re-state "Other" or "Miscellaneous" Income with no further detail may be considered incomplete or insufficient.
- Review Regulation 1.5833-1 Allocation and Apportionment of Income language to:
 - "Review Regulation §1.5833, Allocation and Apportionment of Vermont Net Income By Corporations. See tax.vermont.gov/document/allocation-and-apportionment-regulation for a copy of the regulation. Please note that the Department has issued new regulations effective December 1, 2021. The Department considers the regulations under §1.5833 to also be applicable when defining Vermont business income from multi-state businesses passed through to individuals, estates, and trusts under 32 V.S.A. §5823. As such, except as otherwise provided in statute, preparers

may appropriately rely on these regulations when computing a BA-402 for a pass-through entity.

- Change Part 1 Header From "Directly allocated Non-business income, foreign dividends, and other non-apportionable income
To "Directly allocated Non-business income, other non-apportionable income, and Foreign Dividends"
- Line 9- remove portion of last sentence stating “if they are for the use of patents or copyrights in Vermont. Replace with: "Royalties are apportioned to Vermont on a market-based sourcing basis."
- Line 13 – Remove line “The entity may allocate based on the office or business location with which the employee is associated unless this method fails to properly reflect the business conducted in Vermont.”
- Section C: Property Factor instructions added:
 - "Except as otherwise provided in the regulations, Intangible Property should not be included in the property factor."

FORM BA-403

SCHEDULE BA-404

SCHEDULE BA-406

SCHEDULE BA-410

FORM CO-411

Form changes to include:

- Pro forma check box added for cannabis

Instruction Changes to include:

- Removing the year at the top

- Add new paragraph to line 1 under “For a Combined Report”
 - Foreign Income: Subpart F income reported by a parent on a federal consolidated return is a taxable element of combined net income under § 1.5862(d)-7(f). Foreign income reported by a parent may not be blocked from Vermont income by another foreign corporation, including a domestic corporation that meets the 80/20 test. Taxpayers should balance to the amounts of foreign income reported on the federal consolidated return actually filed with the IRS to be in compliance with our unitary combined net income statutes and regulations.
 - Generally, Vermont decouples from the IRC §243 deduction when considering dividends paid by entities that are not members of the combined group. This results in dividends received by the combined group from outside members being a part of taxable combined net income. (See Reg. §1.5862(d)-7(e)(4)). Please ensure that the group's elimination schedule and "dividends from affiliates" deduction have been appropriately modified when computing Line 1. Include additional schedules detailing the dividend payor, amount, and dividend recipient if claiming a dividends received deduction on the Vermont group return. Special considerations: Vermont considers REIT dividends to be taxable when received regardless of the REIT's inclusion as a member of the unitary group.
 - Please provide a reconciliation from the Federally filed form to the VT pro forma being filed.

- Add to Line 4 (f)
 - Schedule C, Line 15 to the extent this income has been included in Vermont combined income declared in Line 1 of the CO-411.
- Add to line 4 (d)
 - Enter the total amount of net income included on federal Form 1120, Schedule C, Lines 14, 16(b), 16(c), 17, 19, and 22 as filed with the IRS. (The Section 250 deduction should reduce the foreign dividends deduction on the Vermont return, as it reduces the total amount of foreign income included in Line 1 of the CO-411.) Parents that file a consolidated federal return with the IRS should generally balance to the foreign income amounts on the consolidated Schedule C in the same manner as instructed on Line 1.
 - Correct Spelling of word “dividends”

SCHEDULE CO-419

SCHEDULE CO-420

SCHEDULE CO-421

FORM BI-470

FORM CO-422

Instruction changes to include:

- Address Change to:
133 State Street
Montpelier VT 05633-1404

FORM CO-414

FORM WH-435

Instruction changes to include:

"Do not make catch-up payments after the original due date for the entity return." to "Catch-up payments made after the original due date for the entity return will be subject to late payment penalties and interest. Late payment penalties and interest are separate and apart from underpayment penalties and interest and their accrual generally begins when the accrual period for underpayment penalties and interest ends."

List of forms being scanned for the 2021 tax year

BA-402	BA-403	BA-404	BA-406	BA-410	CO-411	CO-414
CO-419	CO-420	CO-421	CO-422	WH-435	BI-470	BI-471
BI-472	BI-473	BI-476	K-1VT			

Forms will be approved in subsets as indicated below. All forms in a subset must receive approval at the same time. *Example:* Form CO-411 will not receive approval until Schedules BA-410, BA-402, and BA-404 are approved.

Subsets allowed:

- 1) BA-403
 - 2) CO-414
 - 3) WH-435
 - 4) BI-470
 - 5) BI-476, BA-406*, BA-404*
 - 6) BI-471, BI-472, BI-473, Sch. K-1VT, BA-402*, BA-404*, BA-406*
 - 7) CO-411, BA-410, BA-402*, BA-404*
- * Vendors who support unitary filing must also include CO-419, CO-420, CO-421
- 8) CO-422

*Schedules appearing in more than one subset must be included with each subset package submitted for approval.

Forms must be approved as a unit because our scanner cannot process “mixed-form returns”; that is, some pages of computer-generated and some pages of Department-original forms. Each taxpayer’s return must be all computer-generated or all Department-original.

SUBSTITUTE FORMS SPECIFICATIONS

Substitute forms must be reproduced to match the official forms. All variable data fields must be in absolute positions and can be verified utilizing the 10 X 6 grid format. All forms that do not meet the Department’s specifications will be rejected. The font size and style requirements are provided below to ensure accuracy. All pages of forms and/or schedules are required to be filed regardless of if the taxpayer is only utilizing a portion of the form.

Paper for substitute forms must be at least 20 lb. white stock and printed on 8 ½ X 11 paper. If the form/voucher is not a full page, it needs to be located at the top of the page. The form should be printed full scale with black ink. Please instruct software users of this information to ensure the Department can capture the information accurately.

VARIABLE DATA FIELDS**Data placement:**

Specified as exact positions using a 10X6 grid - 10 spaces per horizontal inch and 6 lines per vertical inch. Beginning grid position and maximum length of field is given in these specifications.

Forms produced by industry should follow all Department guidance on specific field level restrictions. This includes the maximum character allowance, alpha and numeric rules and allowance of special characters.

Font:**Courier New 12pt font for ALL data fields.**

Alpha characters must be in UPPERCASE only.

Do not print any information including internal codes, date/time stamps, or distribution information, above the barcode or title of the form.

DOLLAR AMOUNTS

- All forms and schedules are whole dollar only.
- Do not use \$ signs.
- Do not use commas
- All amount fields are right justified.
- If negative value, print minus sign “-”.
- If no taxpayer entry, fields must be left blank except for hard coded zeros on form template.
 - Do not use non-numeric characters such as NONE, N/A, ZERO, etc. in the amount fields.

Percentages will be shown with the last **SIX (6)** digits on the right indicating the six digits to the right of the decimal point. If the percent does not have six digits to the right of the decimal point, add “0” to the end of the number to show these places. If the percent shows six places to the right of the decimal point, those digits are used. *Examples:*

100% = 100.000000

62.4% = 62.400000

27.8345% = 27.834500

3.575% = 3.575000

Fiscal Year Beginning and Ending dates must be printed on the forms where requested. If entity operates on a calendar year, use January 1 and December 31 as the fiscal year beginning and ending days, respectively, and use the appropriate calendar year for the return being filed.

DATES

- Date format: YYYYMMDD

SUBMITTING FORMS FOR APPROVAL

When submitting forms for approval, please submit the following:

Blank forms – An example of each substitute form reproduced by the industry containing no variable data with a barcode where applicable.

Samples - Forms recreated utilizing the test cases for all forms industry reproduces in their software. The test cases and sample data can be found on the FTA SES website. The submitted forms will not be tested if the Department’s test cases are not used. If industry does not support all forms, the forms excluded need to be identified in submission.

Full-field forms – Form produced by industry demonstrating the maximum field allowance rules on all forms. The data should be specific to each field, following all specifications listed. For example, a dollar amount field should be only numerical.

For fastest processing please email completed test packet to:

MeF Coordination & Substitute Forms Team
Tax.Vendorsupport@vermont.gov

When emailing, please provide your 4-digit NACTP code and product name in the subject line of the email.

Test packages can also be mailed to:

MeF Coordination & Substitute Forms Team
Vermont Department of Taxes
133 State Street
Montpelier, VT 05633-1401

RELEASE OF PROGRAM

Vendors should notify the Department by e-mail (tax.vendorsupport@vermont.gov) when their program is released.

MAILING COMPLETED RETURNS

The Department has two addresses for mailing completed Personal Income tax returns.

Vermont Department of Taxes
133 State Street
Montpelier, VT 05601-1779

SCAN SPECIFICATIONS

SHADING

- Should not be used on any part of the forms.

BARCODE

- This is specific to the form.
- The last two digits of the barcode represent your VT vendor number.
- Follow grid layout for positioning.

VENDOR CODES

Vermont requires your Vendor Identification Code in two locations

- The state provides a 2-digit vendor identification code that replaces the last two digits of the barcode. The barcode provided on the forms has "00" as a place holder for this information. If you are a new vendor and need this code, please contact the Vermont Department of Taxes at tax.vendorsupport@vermont.gov
- The 4-digit identification number assigned by the National Association of Computerized Tax Processors (NACTP) should be placed on the bottom left-hand corner on each page

of the form according to the 10X6 grid. If you need an NACTP ID number, please complete the form at: [NACTP Vendor ID Request](#).