

Homestead Declarations: Frequently Asked Questions

The law regarding homestead declarations has changed. Beginning in 2013, those eligible to file a homestead declaration must file by April 15. Some of the forms also have changed, and this fact sheet will help you learn what forms to use and answer your other questions.

By Vermont law, those eligible to file a homestead declaration must file annually by April 15.

What is the new law regarding homestead declarations?

Beginning January 1, 2013, the law requires that homestead declarations must be filed *annually* by the due date for filing of Vermont income tax returns.

In Vermont, all property is subject to education property tax to pay for our schools. Property is categorized as either nonresidential or homestead. The property education tax rate levied on nonresidential property differs from the rate levied on homestead property. Under the law, all property is considered “nonresidential,” and it is the responsibility of the property owner to claim the property as a “homestead” if he or she meets, or expects to meet, the following requirements **as of April 1** of the year of filing:

- the property owner is domiciled in Vermont
- the property owner owns and occupies the property as his or her primary residence

If the property owner does not file a homestead declaration by the deadline or by the extended deadline of Oct. 15 (penalties will apply after the April deadline), then the property is considered nonresidential and is taxed at the higher of the two rates.

Is this a change in the law?

Yes, the new law taking effect in 2013 requires that homestead declarations be filed *each year by the due date for filing of Vermont income tax returns*. The law in effect prior to 2013 required that the property owner declare the homestead only once until the property was sold or there was a change in the use of the property.

Is filing a homestead declaration a requirement to claim a property tax adjustment?

Yes. A homestead declaration must be on file before a property owner can file a claim for a property tax adjustment. Please note that the law requires that you file a homestead declaration regardless of whether you are filing for a property tax adjustment.

This fact sheet expires Dec. 31, 2013

What is a homestead?

A homestead is the principal dwelling and parcel of land surrounding the dwelling, owned and occupied by the resident as the person’s domicile.

What is *not* a homestead?

Property that is used for the following as of **April 1** is considered nonresidential and not considered to be a homestead if it is:

- used for commercial purposes
- used for a second home, camp, vacation, or summer cottage

I didn’t file my income tax this year. Do I still need to file the homestead declaration?

Yes. All property owners who meet the requirements of the law must file a homestead declaration.

What form should I use to declare a homestead?

Filers will use Vermont tax form HS-122, Homestead Declaration and Property Tax Adjustment Claim, to file homestead declarations, but the Department of Taxes encourages electronic filing as it is a convenient and faster way to file. The HS-122 includes the form to file a property tax adjustment, and you will also need a separate form, HI-144, Household Income. Both the paper forms and electronic filing can be found online at the Vermont Department of Taxes website at www.tax.vermont.gov.

Please see the reverse side for more FAQs and helpful links.



Is there any special information I need to complete the form?

In addition to the property owner's basic information, filers should have the following available:

- the property's School Property Account Number (SPAN) printed on the property tax bill
- the property owner's social security number
- the code of the Vermont school district in which the property is located, which may be found on the property tax bill and also on the Department of Taxes website at www.tax.vermont.gov

There is more than one owner of my homestead. Do all owners need to declare?

If the homeowners are a married or civil union couple, then both homeowners are included in the homestead declaration. However, for other ownership situations, you may refer to the instructions in the income tax booklet or contact the Vermont Department of Taxes with your questions.

What if my homestead is located in two adjoining towns?

You must file a homestead declaration in both towns.

What if I use a part of my property for business use or as a rental?

If you are using more than 25% of your dwelling for business purposes, then you must report that portion as non-residential on your homestead declaration. However, if you are renting *any part* of your dwelling, you must report the percentage used for rental on your homestead declaration. Outbuildings used for business or rental are considered nonresidential.

What should I do if I missed the April 15 deadline?

Late filing will be accepted through Oct. 15 of each year, but a late filing penalty will apply. After Oct. 15, your property will be assessed the education property tax using the higher rate for that tax year.

What if the property is transferred to a new owner after April 1?

If the property is transferred (by sale or some other type of transaction) to a new owner after April 1, the new owner waits until the following year to file the homestead declaration as long as the property continues to meet the requirements of a homestead as of April 1 of that year.

Who should I contact for more information?

If you have a situation not covered by this fact sheet, you may refer to the Vermont Department of Taxes website at www.tax.vermont.gov, or you may call (802) 828-2865 or (866) 828-2865 (toll-free in Vermont).

File your homestead declaration online! It's quick and easy!

<https://secure.vermont.gov/hd/index>

Paper forms are available online.

Form for Homestead Declaration and Property Tax Adjustment Claim (HS-122)

<http://www.state.vt.us/tax/pdf.word.excel/forms/income/2012/2013HS-122-web.pdf>

Form for Household Income (HI-144)

<http://www.state.vt.us/tax/pdf.word.excel/forms/income/2012/2012HI-144-web.pdf>

**For further assistance,
visit www.tax.vermont.gov**

OR

call toll-free in Vermont 1-866-828-2865