

# **Renter Rebate Income Definition**

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# New definition of income for Renter Credit

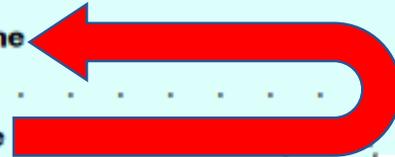
- Definition of income: federal adjusted gross income
- With the following additions:
  - (A) Trade and business losses
  - (B) Nontaxable interest that is not included in AGI
  - (C) 75% of nontaxable social security and railroad retirement benefits (does *not* include social security disability income)
  - (D) Adjustments to income:
    - Educator expenses, certain business expenses of reservists, performing artists, and fee-basis government officials, health savings account deductions, moving expenses for members of the Armed Forces, the deductible part of self-employment tax, self-employed SEP, SIMPLE, and qualified plan deductions, self-employed health insurance deductions, the penalty for early withdrawal of savings, alimony paid, certain IRA retirement savings deductions, student loan interest deductions, and tuition and fees deductions.

# Intention: new definition of income = total income

- “Total income” is gross income with certain additions (such as taxable interest) before the subtractions made to arrive at AGI
- Total income is an easily identified line on the IRS form 1040 (line 7b in TY19), but it is not defined in statute.
- Adjusted gross income is defined in statute.
- The new definition starts with AGI and adds back the losses and adjustments from Schedule 1, to arrive at total income on 1040, line 7b.
- Then the new Vermont-specific additions are added to total income:
  - Nontaxable interest not included in AGI
  - 75% of nontaxable social security and railroad retirement benefits

# Definition lines up with IRS Form 1040

|   |   |   |           |  |  |           |  |
|---|---|---|-----------|--|--|-----------|--|
| <b>Standard Deduction for—</b><br><ul style="list-style-type: none"> <li>• Single or Married filing separately, \$12,200</li> <li>• Married filing jointly or Qualifying widow(er), \$24,400</li> <li>• Head of household, \$18,350</li> <li>• If you checked any box under <i>Standard Deduction</i>, see instructions.</li> </ul> | <b>1</b>  | Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . .  |           |  |  | <b>1</b>  |  |
|   | <b>2a</b>   | Tax-exempt interest . . . . .   | <b>2a</b> |  | <b>b</b> Taxable interest. Attach Sch. B if required   | <b>2b</b> |  |
|   | <b>3a</b>   | Qualified dividends . . . . .   | <b>3a</b> |  | <b>b</b> Ordinary dividends. Attach Sch. B if required | <b>3b</b> |  |
|   | <b>4a</b>   | IRA distributions . . . . .   | <b>4a</b> |  | <b>b</b> Taxable amount . . . . .                      | <b>4b</b> |  |
|   | <b>c</b>  | Pensions and annuities . . . . .  | <b>4c</b> |  | <b>d</b> Taxable amount . . . . .                      | <b>4d</b> |  |
|   | <b>5a</b>   | Social security benefits . . . . .  | <b>5a</b> |  | <b>b</b> Taxable amount . . . . .                      | <b>5b</b> |  |
|   | <b>6</b>  | Capital gain or (loss). Attach Schedule D if required. If not required, check here . . . . . <input type="checkbox"/> |           |  |  | <b>6</b>  |  |
|   | <b>7a</b>   | Other income from Schedule 1, line 9 . . . . .  |           |  |  | <b>7a</b> |  |
|   | <b>b</b>  | Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your <b>total income</b> . . . . . <input type="checkbox"/>       |           |  |  | <b>7b</b> |  |
|   | <b>8a</b>   | Adjustments to income from Schedule 1, line 22 . . . . .  |           |  |  | <b>8a</b> |  |
|   | <b>b</b>  | Subtract line 8a from line 7b. This is your <b>adjusted gross income</b> . . . . . <input type="checkbox"/>           |           |  |  | <b>8b</b> |  |
| <b>9</b>  | <b>Standard deduction or itemized deductions</b> (from Schedule A) . . . . .                | <b>9</b>  |           |  |  |           |  |
| <b>10</b>   | Qualified business income deduction. Attach Form 8995 or Form 8995-A . . . . .              | <b>10</b>   |           |  |  |           |  |
| <b>11a</b>  | Add lines 9 and 10 . . . . .  |   |           |  | <b>11a</b>   |           |  |
| <b>b</b>  | <b>Taxable income.</b> Subtract line 11a from line 8b. If zero or less, enter -0- . . . . . |   |           |  | <b>11b</b>   |           |  |



# Includes losses from Schedule 1

Total income is AGI

+ Trade and business losses

+ Nontaxable interest

+ 75% of nontaxable SS & RR

+ Adjustments to income

| SCHEDULE 1<br>(Form 1040 or 1040-SR)  |  | Additional Income and Adjustments to Income  |                             | OMB No. 1545-0074                            |
|---|--|--|-----------------------------|--|
| Department of the Treasury<br>Internal Revenue Service  |  | ▶ Attach to Form 1040 or 1040-SR.<br>▶ Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information. |                             | <b>2019</b><br>Attachment<br>Sequence No. 01 |
| Name(s) shown on Form 1040 or 1040-SR   |  |  | Your social security number |  |
| At any time during 2019, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? <input type="checkbox"/> Yes <input type="checkbox"/> No |  |  |                             |  |
| <b>Part I Additional Income</b>   |  |  |                             |  |
| 1   | Taxable refunds, credits, or offsets of state and local income taxes . . . . .   | 1  |                             |  |
| 2a  | Alimony received . . . . .   | 2a   |                             |  |
| b   | Date of original divorce or separation agreement (see instructions) ▶  |  |                             |  |
| 3   | Business income or (loss). Attach Schedule C . . . . .   | 3  |                             |  |
| 4   | Other gains or (losses). Attach Form 4797 . . . . .  | 4  |                             |  |
| 5   | Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E . . . . .                            | 5  |                             |  |
| 6   | Farm income or (loss). Attach Schedule F . . . . .   | 6  |                             |  |
| 7   | Unemployment compensation . . . . .  | 7  |                             |  |
| 8   | Other income. List type and amount ▶   | 8  |                             |  |
| 9   | Combine lines 1 through 8. Enter here and on Form 1040 or 1040-SR, line 7a . . . . .   | 9  |                             |  |
| <b>Part II Adjustments to Income</b>  |  |  |                             |  |
| 10  | Educator expenses . . . . .  | 10   |                             |  |
| 11  | Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 . . . . .      | 11   |                             |  |
| 12  | Health savings account deduction. Attach Form 8889 . . . . .   | 12   |                             |  |
| 13  | Moving expenses for members of the Armed Forces. Attach Form 3903 . . . . .  | 13   |                             |  |
| 14  | Deductible part of self-employment tax. Attach Schedule SE . . . . .   | 14   |                             |  |
| 15  | Self-employed SEP, SIMPLE, and qualified plans . . . . .   | 15   |                             |  |
| 16  | Self-employed health insurance deduction . . . . .   | 16   |                             |  |
| 17  | Penalty on early withdrawal of savings . . . . .   | 17   |                             |  |
| 18a   | Alimony paid . . . . .   | 18a  |                             |  |
| b   | Recipient's SSN . . . . .  |  |                             |  |
| c   | Date of original divorce or separation agreement (see instructions) ▶  |  |                             |  |
| 19  | IRA deduction . . . . .  | 19   |                             |  |
| 20  | Student loan interest deduction . . . . .  | 20   |                             |  |
| 21  | Tuition and fees. Attach Form 8917 . . . . .   | 21   |                             |  |
| 22  | Add lines 10 through 21. These are your <b>adjustments to income</b> . Enter here and on Form 1040 or 1040-SR, line 8a . . . . . | 22   |                             |  |

# Includes nontaxable interest from 1040

Total income is AGI

+ Trade and business losses

**+ Nontaxable interest**

+ 75% of nontaxable SS & RR

+ Adjustments to income

|  |            |   |           |  |
|--|------------|---|-----------|--|
|  | <b>1</b>   | Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . .  |           | <b>1</b>   |
|  | <b>2a</b>  | Tax-exempt interest . . . . .   | <b>2a</b> | <b>b</b> Taxable interest. Attach Sch. B if required   |
|  | <b>3a</b>  | Qualified dividends . . . . .   | <b>3a</b> | <b>b</b> Ordinary dividends. Attach Sch. B if required |
|  | <b>4a</b>  | IRA distributions . . . . .   | <b>4a</b> | <b>b</b> Taxable amount                                |
|  | <b>c</b>   | Pensions and annuities . . . . .  | <b>4c</b> | <b>d</b> Taxable amount                                |
|  | <b>5a</b>  | Social security benefits . . . . .  | <b>5a</b> | <b>b</b> Taxable amount                                |
|  | <b>6</b>   | Capital gain or (loss). Attach Schedule D if required. If not required, check here . . . . . <input type="checkbox"/> |           | <b>6</b>   |
|  | <b>7a</b>  | Other income from Schedule 1, line 9 . . . . .  |           | <b>7a</b>  |
|  | <b>b</b>   | Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your <b>total income</b> . . . . . <input type="checkbox"/>       |           | <b>7b</b>  |
|  | <b>8a</b>  | Adjustments to income from Schedule 1, line 22 . . . . .  |           | <b>8a</b>  |
|  | <b>b</b>   | Subtract line 8a from line 7b. This is your <b>adjusted gross income</b> . . . . . <input type="checkbox"/>           |           | <b>8b</b>  |
|  | <b>9</b>   | <b>Standard deduction or itemized deductions</b> (from Schedule A) . . . . .  | <b>9</b>  |  |
|  | <b>10</b>  | Qualified business income deduction. Attach Form 8995 or Form 8995-A . . . . .  | <b>10</b> |  |
|  | <b>11a</b> | Add lines 9 and 10 . . . . .  |           | <b>11a</b>   |
|  | <b>b</b>   | <b>Taxable income.</b> Subtract line 11a from line 8b. If zero or less, enter -0-                                     |           | <b>11b</b>   |

**Standard Deduction for—**

- Single or Married filing separately, \$12,200
- Married filing jointly or Qualifying widow(er), \$24,400
- Head of household, \$18,350
- If you checked any box under *Standard Deduction*, see instructions.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B **Form 1040** (2019)

# Includes nontaxable retirement benefits from 1040

Total income is AGI

+ Trade and business losses

+ Nontaxable interest

**+ 75% of nontaxable SS & RR**

+ Adjustments to income

|  |           |  |
|--|-----------|--|
| <b>1</b> Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . .  |           | <b>1</b>   |
| <b>2a</b> Tax-exempt interest . . . . .  | <b>2a</b> | <b>b</b> Taxable interest. Attach Sch. B if required   |
| <b>2b</b>  |           | <b>2b</b>  |
| <b>3a</b> Qualified dividends . . . . .  | <b>3a</b> | <b>b</b> Ordinary dividends. Attach Sch. B if required |
| <b>3b</b>  |           | <b>3b</b>  |
| <b>4a</b> IRA distributions . . . . .  | <b>4a</b> | <b>b</b> Taxable amount                                |
| <b>4b</b>  |           | <b>4b</b>  |
| <b>c</b> Pensions and annuities . . . . .  | <b>4c</b> | <b>d</b> Taxable amount                                |
| <b>4d</b>  |           | <b>4d</b>  |
| <b>5a</b> Social security benefits . . . . .   | <b>5a</b> | <b>b</b> Taxable amount                                |
| <b>5b</b>  |           | <b>5b</b>  |
| <b>6</b> Capital gain or (loss). Attach Schedule D if required. If not required, check here . . . . . <input type="checkbox"/> |           | <b>6</b>   |
| <b>7a</b> Other income from Schedule 1, line 9 . . . . .   |           | <b>7a</b>  |
| <b>b</b> Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your <b>total income</b> . . . . . <input type="checkbox"/>       |           | <b>7b</b>  |
| <b>8a</b> Adjustments to income from Schedule 1, line 22 . . . . .   |           | <b>8a</b>  |
| <b>b</b> Subtract line 8a from line 7b. This is your <b>adjusted gross income</b> . . . . . <input type="checkbox"/>           |           | <b>8b</b>  |
| <b>9</b> <b>Standard deduction or itemized deductions</b> (from Schedule A) . . . . .  | <b>9</b>  |  |
| <b>10</b> Qualified business income deduction. Attach Form 8995 or Form 8995-A . . . . .                                       | <b>10</b> |  |
| <b>11a</b> Add lines 9 and 10 . . . . .  |           | <b>11a</b>   |
| <b>b</b> <b>Taxable income.</b> Subtract line 11a from line 8b. If zero or less, enter -0-                                     |           | <b>11b</b>   |

**Standard Deduction for—**

- Single or Married filing separately, \$12,200
- Married filing jointly or Qualifying widow(er), \$24,400
- Head of household, \$18,350
- If you checked any box under *Standard Deduction*, see instructions.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2019)

# Allows subtractions from AGI on Schedule 1

**SCHEDULE 1**  
(Form 1040 or 1040-SR)

Department of the Treasury  
Internal Revenue Service

**Additional Income and Adjustments to Income**

► Attach to Form 1040 or 1040-SR.  
► Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information.

OMB No. 1545-0074  
**2019**  
Attachment Sequence No. 01

Name(s) shown on Form 1040 or 1040-SR \_\_\_\_\_ Your social security number \_\_\_\_\_

At any time during 2019, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency?  Yes  No

**Part I Additional Income**

|                                      |  |     |
|--------------------------------------|--|-----|
| 1                                    | Taxable refunds, credits, or offsets of state and local income taxes . . . . .   | 1   |
| 2a                                   | Alimony received . . . . .   | 2a  |
| b                                    | Date of original divorce or separation agreement (see instructions) ►  |     |
| 3                                    | Business income or (loss). Attach Schedule C . . . . .   | 3   |
| 4                                    | Other gains or (losses). Attach Form 4797 . . . . .  | 4   |
| 5                                    | Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E . . . . .                            | 5   |
| 6                                    | Farm income or (loss). Attach Schedule F . . . . .   | 6   |
| 7                                    | Unemployment compensation . . . . .  | 7   |
| 8                                    | Other income. List type and amount ►   | 8   |
| 9                                    | Combine lines 1 through 8. Enter here and on Form 1040 or 1040-SR, line 7a . . . . .   | 9   |
| <b>Part II Adjustments to Income</b> |  |     |
| 10                                   | Educator expenses . . . . .  | 10  |
| 11                                   | Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 . . . . .      | 11  |
| 12                                   | Health savings account deduction. Attach Form 8889 . . . . .   | 12  |
| 13                                   | Moving expenses for members of the Armed Forces. Attach Form 3903 . . . . .  | 13  |
| 14                                   | Deductible part of self-employment tax. Attach Schedule SE . . . . .   | 14  |
| 15                                   | Self-employed SEP, SIMPLE, and qualified plans . . . . .   | 15  |
| 16                                   | Self-employed health insurance deduction . . . . .   | 16  |
| 17                                   | Penalty on early withdrawal of savings . . . . .   | 17  |
| 18a                                  | Alimony paid . . . . .   | 18a |
| b                                    | Recipient's SSN . . . . .  |     |
| c                                    | Date of original divorce or separation agreement (see instructions) ►  |     |
| 19                                   | IRA deduction . . . . .  | 19  |
| 20                                   | Student loan interest deduction . . . . .  | 20  |
| 21                                   | Tuition and fees. Attach Form 8917 . . . . .   | 21  |
| 22                                   | Add lines 10 through 21. These are your <b>adjustments to income</b> . Enter here and on Form 1040 or 1040-SR, line 8a . . . . . | 22  |

Total income is AGI  
 + Trade and business losses  
 + Nontaxable interest  
 + 75% of nontaxable SS & RR  
**+ Adjustments to income**

# How it would look to the claimant

## Example: Maine's form

2. (a) Federal total income. (From federal Form 1040, line 7b or Form 1040-SR, line 7b.)  
If filing Schedule NRH - see instructions.....2a.  .00

(b) Social security benefits not included on line 2a above. (Federal Form 1040, line 5a minus  
line 5b or Form 1040-SR, line 5a minus line 5b) and railroad retirement benefits not included  
on line 2a above. (See instructions.).....2b.  .00

(c) Interest not included on line 2a above. If filing Schedule NRH - see instructions.....2c.  .00

(d) Loss add-backs. (See instructions.).....2d.  .00

3. **Total Income.** Add lines 1a through 1e OR lines 2a through 2d above.....3.  .00

Note that if the amount on line 3 is more than the amount shown in the table below for your filing status and the number of qualifying children and dependents on Form 1040ME, line 13a, you do not qualify for the property tax fairness credit.

**Line 2d. Loss add-backs.** Enter on line 2d the amount of any negative amount (net loss) shown on federal Form 1040 or Form 1040-SR, line 6 and federal Schedule 1, lines 3, 4, 5, 6, and 8. Enter the total of the amounts as a positive number. If filing Form 1040ME, Schedule NRH, enter only those amounts shown on Schedule NRH, column B, lines 1f, 1g, 1h, and 1i.

SCHEDULE PTFC/STFC FORM 1040ME 2019

PROPERTY TAX FAIRNESS CREDIT SALES TAX FAIRNESS CREDIT  
For MAINE RESIDENTS and PART-YEAR RESIDENTS ONLY.  
Enclose with Form 1040ME. See instructions.  
For more information, visit [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms).

Attachment Sequence No. 3

Name(s) as shown on Form 1040ME

Your Social Security Number

Note: If your filing status is married filing separately, you cannot claim either the property tax fairness credit or the sales tax fairness credit.

Enter your date of birth  MM DD YYYY

If married, enter your spouse's date of birth  MM DD YYYY

Physical location of property where you lived during 2019 (if different from your mailing address):

TOTAL INCOME - Complete line 1 or line 2 below, but not both. Complete line 1 if you do not file federal Form 1040 or Form 1040-SR. Complete line 2 if you do file federal Form 1040 or Form 1040-SR. Then go to line 3.

IF YOU DO NOT FILE FEDERAL FORM 1040 OR FORM 1040-SR, ENTER: DO NOT ENTER \$ signs, commas, or decimals:

1. (a) Social security benefits and railroad retirement benefits. (See instructions.).....1a.  .00

(b) Interest and dividends. (See instructions.).....1b.  .00

(c) Pensions, annuities and IRA distributions. (See instructions.).....1c.  .00

(d) Wages, salaries, tips, etc. (See instructions.).....1d.  .00

(e) Other income. (See instructions.).....1e.  .00

OR, IF YOU DO FILE FEDERAL FORM 1040 OR FORM 1040-SR, ENTER:

2. (a) Federal total income. (From federal Form 1040, line 7b or Form 1040-SR, line 7b.)  
If filing Schedule NRH - see instructions.....2a.  .00

(b) Social security benefits not included on line 2a above. (Federal Form 1040, line 5a minus  
line 5b or Form 1040-SR, line 5a minus line 5b) and railroad retirement benefits not included  
on line 2a above. (See instructions.).....2b.  .00

(c) Interest not included on line 2a above. If filing Schedule NRH - see instructions.....2c.  .00

(d) Loss add-backs. (See instructions.).....2d.  .00

3. **Total Income.** Add lines 1a through 1e OR lines 2a through 2d above.....3.  .00

Note that if the amount on line 3 is more than the amount shown in the table below for your filing status and the number of qualifying children and dependents on Form 1040ME, line 13a, you do not qualify for the property tax fairness credit.