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**INCOME TAX PROPOSAL**

**H.272 Senate Proposal of Amendment**

**DRAFT 3.1**

\* \* \* Income Tax \* \* \*

Sec. 19. 32 V.S.A. § 5811(21) is amended to read:

(21) “Taxable income” means federal taxable income determined without regard to 26 U.S.C. § 168(k) and:

(A) Increased by the following items of income (to the extent such income is excluded from federal adjusted gross income):

(i) interest income from non-Vermont state and local obligations;

(ii) dividends or other distributions from any fund to the extent they are attributable to non-Vermont state or local obligations; ~~and~~

(iii) the amount ~~in excess of \$5,000.00~~ of State and local income taxes deducted from federal adjusted gross income for the taxable year, but in no case in an amount that will reduce total itemized deductions below the standard deduction allowable to the taxpayer; ~~and~~

(iv) the amount of charitable contributions deducted from federal adjusted gross income for the taxable year, but in no case in an amount that will reduce total itemized deductions below the standard deduction allowable to the taxpayer; and



1     § 5830f. CHARITABLE CONTRIBUTIONS

2           (a) For taxpayers who itemized deductions at the federal level, there is  
3     allowed a nonrefundable credit against the tax imposed by section 5822 of this  
4     title in the amount of five percent of the charitable contributions in a taxable  
5     year to one or more qualified donees.

6           (b) As used in this section, “charitable contribution” means a donation that  
7     qualifies as a charitable contribution under 26 U.S.C. § 170(c).

8           (c)(1) As used in this section, “qualified donee” means a donee that  
9     provides a direct benefit to a charitable cause in this State. A qualified donee  
10    is the entity that actually receives the charitable contribution, regardless of how  
11    the donation is solicited or collected. In order to be considered a qualified  
12    donee, the donee must register with the Department of Taxes and demonstrate  
13    how it meets the requirements of this subsection.

14           (2) A donee will be presumed to provide a direct benefit to a charitable  
15    cause in this State if all of the following conditions are met:

16           (A) the donee is the type of entity to whom a qualified charitable  
17    contribution may be made under 26 U.S.C. § 170(c);

18           (B) the donee maintains a physical presence, local affiliate, or chapter  
19    within the State, or within 25 miles of the State; and

20           (C) at least some part of the donee’s charitable work occurs within the  
21    State, or within 25 miles of the State.

1           (d) The Department of Taxes is authorized to adopt procedures and rules to  
2           implement this credit.

3           (e) On or before December 1 of each year, the Department of Taxes shall  
4           publicize the list of donees who are considered qualified under this section for  
5           the current tax year.

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7           *[Effective Date of January 1, 2015]*

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