

Veterans and Property Taxes: What You Should Know

This fact sheet summarizes the information veterans and their tax preparers need to ensure that veterans receive available property tax assistance through the Property Tax Exemption and Property Tax Credit Claim options.

Property Tax Exemption

Disabled veterans who own their homes and declare Vermont homesteads may be eligible for a property tax exemption. The exemption reduces the assessed value of the homestead, lowering the veteran's property taxes.

State law mandates a minimum \$10,000 property tax exemption for veterans in both the municipal and education grand list. Cities and towns may vote to increase the exemption up to \$40,000 in the municipal grand list. The value of a veteran's homestead will be reduced by the amount of the exemption. Veterans are eligible for the exemption in one of three circumstances:

- Disability compensation for 50% or higher disability **or**
- Non-Service connected pension ("improved pension") **or**
- Military retirement pay for a permanent medical military retirement

If a veteran's disability qualifies him/her for this exemption, the federal Department of Veterans Affairs will issue a Summary of Benefits Letter. Submit the current year application that is available on www.veterans.vermont.gov to the Vermont Office of Veterans Affairs by **May 1** of each year.

Note: Surviving spouses of veterans who had previously qualified for this exemption may also be eligible if they don't re-marry.

Need help with the Exemption for Veterans?

Vermont Office of Veterans Affairs
118 State Street, Montpelier, VT 05620-4401
(888) 666-9844 toll-free in VT
(802) 828-3379 local
Website: veterans.vermont.gov

Disclaimer: This fact sheet is intended to provide an overview only. Vermont tax statute, regulations, Vermont Department of Taxes rulings, or court decisions supersede information provided in this fact sheet.

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Property Tax Credit Claim

Like other homeowners, veterans may qualify for a property tax credit. This Property Tax Credit Claim is made in conjunction with the Homestead Declaration. The state education property tax may then be adjusted based on a percentage of household income.

You will need the following forms to file a Property Tax Credit Claim:

- Form HS-122, Homestead Declaration and Property Tax Credit Claim
- Schedule HI-144, Household Income

Note: When completing the Property Tax Credit Claim, be sure to enter the housesite value and property taxes as shown in the housesite section of your property tax bill.

Important Note on Household Income

Household Income is different from the income reported on the income tax forms. It includes both taxable and nontaxable income. Social Security, nontaxable pensions, some gifts, and all benefits paid by the Veterans Administration are considered part of household income and need to be reported on Line b of the Vermont Schedule HI-144, Household Income.

For more information, see our fact sheets at tax.vermont.gov/fact-sheets

Need help with the Homestead Declaration, Property Tax Credit Claim, and Household Income?

Vermont Department of Taxes
133 State Street, Montpelier, VT 05633
(802) 828-2865 or toll-free at (866) 828-2865
Email: tax.individualincome@vermont.gov
Forms on our website: tax.vermont.gov/forms