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DUE DATE: April 18, 2006
Late filed returns accepted only until July 15, 2006.
PRINT in BLUE or BLACK INK

You MUST file this form if you are a Vermont resident and own and occupy your homestead on April 1, 2006.

VT Resident Social Security Number - -

Spouse or CU Partner Social Security Number - -

VT Resident Last Name

First Name Initial

Spouse or CU Partner Last Name

First Name Initial

Mailing Address (Number and Street/Road or PO Box)

City/Town State Zip Code -

1 VT School District Code

Location of Homestead
number, street / road name (DO NOT use PO Box, "same", or Town name)

2 City/Town of Legal Residence on 04/01/2006 State

3. SPAN Number (REQUIRED) - - (From your 2005/2006 property tax bill)

4. Special Situations Check if you are:

4a Grantor and sole beneficiary of a revocable trust that owns the property.

4c Residing in a dwelling owned by a related farmer. See instructions for qualifying relationships.

4b Life estate holder of the property.

4d The owner of property in another town that is contiguous to your homestead. (If so, you must file a declaration for each town.)

5. Business Use of Dwelling (See instructions.) **5.** . **00** %

6. Rental Use of Dwelling (See instructions.) **6.** . **00** %

7. Business or Rental Use of Improvements or Other Buildings.

Are improvements or other buildings located on your parcel, other than the dwelling, used for business or rented out? Yes No

NOTE: This form determines school property tax rate only. If you wish to participate in the property tax assistance programs, you **MUST** file this form and also Forms HS-138 and HS-139, if eligible.

SIGN HERE



Under penalties of perjury, I have examined the above information and, to the best of my knowledge and belief, it is true, correct, and complete. I further declare I am a Vermont resident and the above homestead is my principal dwelling as of April 1, 2006. Preparers cannot use Declaration information for purposes other than preparing the Declaration.

Keep a copy for your records.

Your signature

Date

Telephone Number (optional)

- -

Check here if authorizing the VT Department of Taxes to discuss this Declaration with your preparer.

Preparer's Use Only

Preparer's signature

Date

Check if self-employed

Preparer's SSN or PTIN

Firm's name (or yours if self-employed) and address

EIN

Preparer's Telephone Number

Instructions for Form HS-131

2006 Declaration of Vermont Homestead



FREE ELECTRONIC
FILING AVAILABLE at
www.state.vt.us/tax

Form HS-131, Declaration of Vermont Homestead, identifies property as a principal residence, or homestead, of a Vermont resident. Different school property tax rates apply to homestead and nonresidential properties.

DUE DATE File Form HS-131 as early as possible but no later than **APRIL 18, 2006**. You may file your declaration separately from your income tax or other property tax returns. No extension of time to file is available.

TIMELY FILING A return mailed through the U.S. Post Office is considered timely if received at the Department within 3 business days of the due date. Electronic filing or bringing the return to the Department in person must be on or before the due date to be timely.

NEW

LATE FILED DECLARATION OF VT HOMESTEAD The form must be filed even if it is after the due date. A late filing penalty, assessed and collected by the town, applies. The penalty is 1% of the correct school property tax. The town will adjust your property tax bill if the form is filed **on or before July 15** and refund any excess school tax paid. After that date, the penalty still applies but the property tax bill will not be adjusted and the grand list property category will not be changed. **Remember:** Your property must have the homestead property category to be eligible for the education property tax payment (prebate).

AMENDED DECLARATION OF VT HOMESTEAD You may amend or correct information on a 2006 declaration up to July 15. After that time, no further changes are accepted.

Who Files a Declaration of Vermont Homestead? The law requires you to file a declaration if you: 1) Expect to be a Vermont resident on April 1, 2006; and 2) Own and occupy the Vermont property as your homestead (principal home) on April 1, 2006.

The declaration must be filed, regardless of your income or requirement to file other returns. Only one eligible owner needs to file the Declaration. Individuals holding a life estate or living in the home they transferred to a revocable trust also need to file.

Effective for the 2006 Declaration, the estate of a deceased homeowner may file a declaration if the property was the decedent's home in 2006 and the property was not rented out to others before or after the homeowner's death. The homestead will be taxed at the homestead school property rate for the year the property owner died.

What is a Homestead? A homestead is your principal dwelling and improvements and all contiguous land. A separate parcel contiguous to your homestead requires a declaration for each parcel.

What is Nonresidential Property? Commercial, rental, or business use, or vacation camp, and second home use are not homestead properties. Nonresidential property designation is based on the use of the property - not the residency of the owner.

Can a Property be both Homestead and Nonresidential? A property may have homestead and nonresidential portions. See instructions for Lines 5 and 6.

➔ **Selling the Property** If you file this form but then sell your home April 1, 2006 or before, you must withdraw the application. Use Form HS-131W available at www.state.vt.us/tax or by calling (802) 828-2515.

LINE-BY-LINE INSTRUCTIONS

Enter your social security number, name, and address and, if applicable, for your spouse or civil union partner.

Location: Enter the physical location of the homestead (street or road name). *EXAMPLES:* 123 Maple Street 276 Route 12A

Please do not enter post office box, "same", "see above", or town name here.

Line 1 VT School District Code: Enter the 3-digit school district code

where you will pay school property tax and live on April 1, 2006. Most towns print this code on the property tax bill. A school district code chart is available on our web site at www.state.vt.us/tax or see page 12 of the income tax booklet. If your town is part of a school district and you are not sure of your school district code, check with your town clerk.

➔ Be sure to use the school district code and town where your housesite is located. This may be different from the town in your mailing address.

Line 2 Legal Residence: Enter the town or city name of legal residence. If you live where there is both a city and town with the same name, please specify city or town.

EXAMPLES: Rutland City or Rutland Town Barre City or Barre Town

Line 3 SPAN (School Property Account Number): This is a unique identification number for your homestead assigned by the town. Enter the 11-digit number printed on your property tax bill usually located in the Housesite information.

Lines 4a - 4d Special Situations: Check the box if one of these situations applies to you. Qualifying trusts are defined in 32 V.S.A. §6062(e). Homes on farm property are described in 32 V.S.A. §5401(7). Call (866) 828-2865 (toll-free in VT) or (802) 828-2865 (local or out-of-state) or go to www.state.vt.us/tax for more information.

➔ **Use whole numbers and round to the nearest percentage for Lines 5 and 6.**

Line 5 Business Use of Dwelling: You can use up to 25% of the dwelling's floor space for business purposes without any adjustment to your Homestead. For business use over 25%, that portion of the dwelling is no longer part of the homestead and is taxed at the nonresidential school property tax rate. Generally, the business use percentage is the same as reported on your Federal income tax return. To calculate nonresidential use, divide the square feet used for business by the total square feet of the dwelling. *EXAMPLE A:* An 1,800 square foot dwelling with 635 square feet used as a home office and inventory storage. 35.28% is business use (635/1,800). Enter 35 to round to whole percentage. This part is taxed at the nonresidential rate. *EXAMPLE B:* A 1,200 square foot dwelling with 250 square feet used as a home office. 20.83% business use (250/1,200) rounded to 21%. Because this is less than 25%, enter 00.

Line 6 Rental Use of Dwelling: The portion of your dwelling (home) that you rent to another person is nonresidential and is taxed at the nonresidential tax rate. All rental use must be reported and the 25% allowance does not apply to rentals. The rental use percentage is generally the same as reported on your Federal income tax return. *Example:* Dwelling is 1,800 square feet and you rent 365 square feet. You have 20.27% rental use (365/1,800). Enter 20 to round to whole percentage. Eighty percent of your dwelling will be taxed at the homestead rate and twenty percent at the nonresidential rate.

Line 7 Business or Rental Use of Improvements and Other Buildings on the Property:

Check the applicable "Yes" or "No" box. Check the "Yes" box if any improvements or other buildings are rented out or used for business.

Signature Sign the return in the space provided. If a joint filing, both filers must sign.

Disclosure Authorization If you wish to give the Department authorization to discuss your 2006 Declaration of Vermont Homestead with your tax preparer, check this box and include the preparer's name.

Preparer If you employed a paid preparer, he/she must also sign the form. The preparer must enter his/her social security number or PTIN and, if employed by a business, the EIN of the business. If someone other than the filer(s) prepared the declaration without charging a fee, that preparer's signature is optional.