

# 2015 Changes to Vermont Property Transfer Tax Returns

This fact sheet explains a few important changes made by the legislature affecting Vermont property transfer tax returns. These changes are of particular interest to title attorneys, paralegals, and town clerks for their work with property transfers.

## Clean Water Surcharge on Property Transfers

For closings on or after **June 17, 2015**, there is a Clean Water surcharge\* of 0.2% on the value of property subject to the property transfer tax. 32 V.S.A. § 9602a. Revenue generated by the surcharge is deposited in the Clean Water Fund.

The surcharge is on the value of the property where the 1.25% rate currently applies, with one exception (see example 2 on next page). When combined, the property transfer tax rate and the surcharge will total 1.45%.

The Department of Taxes has issued a new fillable updated property transfer tax return (Form PT-172) that incorporates the Clean Water surcharge. The electronic property transfer tax return filing system (ePTTR) has also been updated. Both are available on our website at [www.tax.vermont.gov](http://www.tax.vermont.gov).

**All property transfers made on or after June 17 must use the new form and pay the surcharge, if applicable.**

Transferees that fail to pay the correct amount of property transfer tax or the surcharge may be subject to further billing with penalties and interest.

## Special Rates for Some Transfers

Special rates apply to the following transfers:

1. The first \$100,000 of value for a purchaser's principal residence is subject to the property transfer tax rate of 0.5%. The surcharge does not apply to the first \$100,000 of value. Any amount over \$100,000 will be assessed at 1.25% plus the 0.2% surcharge for a total of 1.45%, which includes property transfer tax and the surcharge (see example 1 on next page).
2. If the purchaser obtains a purchase money mortgage funded in part with a homeland grant through the Vermont Housing and Conservation Trust Fund or if the purchaser obtains a purchase

money mortgage that the Vermont Housing and Finance Agency or U.S. Department of Agriculture and Rural Development has committed to make or purchase:

- Property transfer tax does not apply to the first \$110,000 of value.
- Property transfer tax applies to the value between \$110,000 and \$200,000. The rate to be used here is 1.25%.
- Property transfer tax and the surcharge both apply to the value over \$200,000. The total rate is 1.45% (see example 2 on next page).

## Other Legislative Changes Affecting the Property Transfer Tax

No return is required for transfers of property to the United States of America, the State of Vermont, or any of their instrumentalities, agencies, or subdivisions if the transfer is of an interest in property for highway purposes and the consideration for the transfer is \$10,000 or less. Instead, an entity acquiring such properties must notify the listers of a municipality of the grantors, grantees, consideration, date of execution, and location of the easement property when it files for recording a deed transferring a utility line easement that does not require a transfer tax return. 32 V.S.A. § 9606(d).

## Legislative Changes Affecting the Land Gains Tax

Excluded from the definition of "land" is a transfer of property to the State of Vermont or a municipality for a project that is authorized under the State's enacted Transportation Program or for an emergency project within the meaning of 19 V.S.A. § 10g(h), regardless of whether the State or the municipality has commenced any condemnation proceedings.

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

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## RATE SCHEDULE

## Tax on Special Rate Property

1.	Value of purchaser's principal residence. Also enter on Line P. (See instructions)	1.	100,000.00	
2.	For transfers prior to July 1, 2011, value of property enrolled in current use program. Also enter on Line Q.	2.		
3.	For transfers prior to July 1, 2011, value of qualified working farm. Also enter on Line R.	3.		
4.	Add Lines 1 - 3	4.	100,000.00	
5.	Tax rate	5.	0.005	
6.	Tax due (Multiply Line 4 by Line 5)	6.		500.00
7.	VHFA Exemption 99 Only Values in excess of \$110,000 but below \$200,000.	7.		
8.	Tax Rate	8.	0.0125	
9.	Tax Due on VHFA (Multiply Line 7 by Line 8)	9.		
10.	Total due on special rate (Add Lines 6 and 9)	10.		500.00

## Tax on General Rate Property

11.	Enter amount from Line O on page 2 of this form	11.	250,000.00	
12.	Enter amount from Line 4 above	12.	100,000.00	
13.	Enter amount from Line 7 above	13.		
14.	Subtract Lines 12 and 13 from Line 11	14.	150,000.00	
15.	Tax rate (includes 0.002 Clean Water Fund 32 V.S.A. § 9602a)	15.	0.0145	
16.	Tax due on General Rate Property (Multiply Line 14 by Line 15)	16.		2,175.00

## TOTAL TAX DUE

17.	Add Lines 10 and 16. Enter here and on Line S on page 2 of this form.	17.		2,675.00
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## Example 1. A \$250,000 principal residence

Note the amount over \$100,000 (which is \$150,000) being assessed at the new general rate of 1.45%, which includes property transfer tax and the Clean Water surcharge.

## RATE SCHEDULE

## Tax on Special Rate Property

1.	Value of purchaser's principal residence. Also enter on Line P. (See instructions)	1.	110,000.00	
2.	For transfers prior to July 1, 2011, value of property enrolled in current use program. Also enter on Line Q.	2.		
3.	For transfers prior to July 1, 2011, value of qualified working farm. Also enter on Line R.	3.		
4.	Add Lines 1 - 3	4.	110,000.00	
5.	Tax rate	5.	0.005	
6.	Tax due (Multiply Line 4 by Line 5)	6.		0.00
7.	VHFA Exemption 99 Only Values in excess of \$110,000 but below \$200,000.	7.	90,000.00	
8.	Tax Rate	8.	0.0125	
9.	Tax Due on VHFA (Multiply Line 7 by Line 8)	9.		1,125.00
10.	Total due on special rate (Add Lines 6 and 9)	10.		1,125.00

## Tax on General Rate Property

11.	Enter amount from Line O on page 2 of this form	11.	250,000.00	
12.	Enter amount from Line 4 above	12.	110,000.00	
13.	Enter amount from Line 7 above	13.	90,000.00	
14.	Subtract Lines 12 and 13 from Line 11	14.	50,000.00	
15.	Tax rate (includes 0.002 Clean Water Fund 32 V.S.A. § 9602a)	15.	0.0145	
16.	Tax due on General Rate Property (Multiply Line 14 by Line 15)	16.		725.00

## TOTAL TAX DUE

17.	Add Lines 10 and 16. Enter here and on Line S on page 2 of this form.	17.		1,850.00
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## Example 2. A \$250,000 principal residence purchased using a VHFA mortgage

- The property transfer tax doesn't apply to the first \$110,000. Substitute 0.000 for 0.005.
- Then the 1.25% rate is applied to the value between \$110,000 and \$200,000 (which is \$90,000).
- Last, both the property transfer tax and the Clean Water surcharge apply to the value over \$200,000 (which is \$50,000) at the 1.45% rate.

## RATE SCHEDULE

## Tax on Special Rate Property

1.	Value of purchaser's principal residence. Also enter on Line P. (See instructions)	1.		
2.	For transfers prior to July 1, 2011, value of property enrolled in current use program. Also enter on Line Q.	2.		
3.	For transfers prior to July 1, 2011, value of qualified working farm. Also enter on Line R.	3.		
4.	Add Lines 1 - 3	4.		
5.	Tax rate	5.	0.005	
6.	Tax due (Multiply Line 4 by Line 5)	6.		0.00
7.	VHFA Exemption 99 Only Values in excess of \$110,000 but below \$200,000.	7.		
8.	Tax Rate	8.	0.0125	
9.	Tax Due on VHFA (Multiply Line 7 by Line 8)	9.		
10.	Total due on special rate (Add Lines 6 and 9)	10.		

## Tax on General Rate Property

11.	Enter amount from Line O on page 2 of this form	11.	250,000.00	
12.	Enter amount from Line 4 above	12.		
13.	Enter amount from Line 7 above	13.		
14.	Subtract Lines 12 and 13 from Line 11	14.	250,000.00	
15.	Tax rate (includes 0.002 Clean Water Fund 32 V.S.A. § 9602a)	15.	0.0145	
16.	Tax due on General Rate Property (Multiply Line 14 by Line 15)	16.		3,625.00

## TOTAL TAX DUE

17.	Add Lines 10 and 16. Enter here and on Line S on page 2 of this form.	17.		3,625.00
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## Example 3. A \$250,000 property that is not a principal residence

Both the property transfer tax and the Clean Water surcharge apply to the full value.