

Utah-specific taxation of municipal bond interests

Important tax information for 2022

For Utah residents, state tax laws require you to report, as taxable income, dividends from municipal bond funds that invest in bonds issued by most other states.

To help you prepare your 2022 state income tax return, we're providing the percentage of federal tax-exempt interest income that's subject to individual income tax in Utah for each Vanguard fund that invests in municipal bonds.

Utah residents

Generally, interest from bonds issued by states that don't impose an income tax on Utah municipal bonds is 100% exempt from Utah state income tax. Interest from municipal bonds issued by most other states is generally taxed as follows:

- For bonds purchased by a mutual fund before January 1, 2003, interest is 100% exempt from Utah state income tax.
- For bonds purchased by a mutual fund on or after January 1, 2003, interest is subject to Utah state income tax.

To determine for 2022 what portion of the exempt-interest dividends reported to you in Box 12 of Form 1099-DIV is subject to Utah state income tax and what portion is exempt, see the table below.

Percentage of federal tax-exempt interest taxable to Utah residents*

High-Yield Tax-Exempt Fund	80.12%
Intermediate-Term Tax-Exempt Fund	79.58%
Limited-Term Tax-Exempt Fund	81.40%
Long-Term Tax-Exempt Fund	81.82%
Municipal Money Market Fund	73.74%
Short-Term Tax-Exempt Fund	80.45%
Tax-Exempt Bond Index Fund	81.97%
Tax-Managed Balanced Fund	77.84%

*This information applies to all share classes of a fund.

How to calculate your client's taxable and nontaxable amounts

1. For each fund, multiply the amount of exempt-interest dividends as reported to you in Box 12 on Form 1099-DIV by the percentage listed for the corresponding fund in the table to the left.
2. Report the resulting amount on your Utah income tax return as subject to tax.
3. Subtract that amount from the total exempt-interest dividends reported in Box 12 on Form 1099-DIV to determine the portion that's exempt from Utah income tax.

Questions?

Contact the Utah State Tax Commission for more information about state-specific taxation rules. Vanguard cannot provide tax advice, and nothing herein should be considered tax advice. You should consult your own tax advisor regarding your specific situation including if you're uncertain about the interpretation of a specific tax regulation. Although Vanguard aims to ensure the accuracy of the information contained in this supplement, we cannot guarantee that the information herein will not be subject to change or that a tax authority might disagree with the information herein or any tax position taken by a taxpayer in reliance upon the information in this supplement. You can also find a variety of general tax-related data and tools at investor.vanguard.com/taxes/.