

Utah-specific taxation of municipal bond interest

Important tax information for 2021

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 2021 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 your 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 2021 what portion of the exempt-interest dividends reported to you in Box 11 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	83.11%
Intermediate-Term Tax-Exempt Fund	80.98
Limited-Term Tax-Exempt Fund	82.14
Long-Term Tax-Exempt Fund	83.92
Municipal Money Market Fund	74.70
Short-Term Tax-Exempt Fund	81.04
Tax-Exempt Bond Index Fund	82.21
Tax-Managed Balanced Fund	77.66

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

How to calculate your taxable and nontaxable amounts

1. For each fund, multiply the amount of exempt-interest dividends as reported to you in Box 11 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 11 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. If your tax situation is complex or if you're uncertain about the interpretation of a specific tax rule, consult a qualified tax professional. Vanguard professionals can't provide tax advice. You can find general tax-preparation data and tools at investor.vanguard.com/taxes/.