

SCHEDULE PTT-182 Instructions

Property Transfer Controlling Interest

Definitions

Controlling Interest

A controlling interest is defined as:

- In the case of a corporation, either 50 percent or more of the total combined voting power of all classes of stock of such corporation, or 50 percent or more of the capital, profits, or beneficial interest in such voting stock of such corporation.
- In the case of a partnership, limited liability company, association, trust, or other entity, 50 percent or more of the capital, profits, or beneficial interest in such partnership, limited liability company, association, trust, or other entity.

Acting in Concert

Persons are considered to be acting in concert when they have a relationship with each other such that one person influences or controls the actions of another through common ownership. For persons without any common ownership interest, the Vermont Department of Taxes will consider the following:

1. how closely in time the transactions took place,
2. the number of transferors involved,
3. whether the related contracts used mutual terms, and
4. whether the persons have bound themselves to a course of action with respect to the transfers.

General Information

This schedule must be attached to Form PTT-172, Vermont Property Transfer Tax Return, whenever a controlling interest (50% or more) of an entity owning Vermont real property is transferred. Vermont imposes a Property Transfer Tax on the transfer of Vermont real property from one person to another by deed. This tax also applies when a controlling interest is transferred or acquired resulting in the acquisition or transfer of Vermont real property without a deed.

The transfer is taxable when a controlling interest has been transferred or acquired if ALL of the following three factors apply:

1. The controlling interest must be transferred to or acquired from a single person or group of persons acting in concert. If acting in concert and more than one transaction is involved to acquire the controlling interest, ***they must all have occurred within a 36-month period beginning on July 1, 2019;***
2. A deed must ***not*** be used to transfer the interest in the Vermont real property in question. In the case where a deed is used to transfer interest in Vermont real property, please use Form PTT-172 ***only***. Do ***not*** complete this schedule for a transfer of interest by deed; and
3. The entity which the controlling interest is transferred from must have an ownership interest in Vermont real property.

A controlling interest transfer has occurred even if it is due to more than one transfer within a 36-month period. For example:

Individual A transfers 40% of Entity B to Individual C on Jan. 1, 2022. Following this transfer, Individual A transfers another 40% of Entity B to Individual C on Dec. 31, 2023. These two transfers combined have transferred a controlling interest of 80%, passing the 50% threshold on Dec. 31, 2023. The combined transfer of 80% would be subject to the Property Transfer Tax.

The general Property Transfer Tax rate of 0.0147 which includes a 0.0022 surcharge for the Clean Water Fund will be applied to the total taxable value of the Vermont real property transferred shown on Line B3 of this schedule.

The transfer is exempt if it is made merely to change the identity or form of ownership or organization where there is no change in beneficial ownership. If the transfer is exempt because of this exemption as defined in 32 V.S.A. § 9603(6), use Form PTT-172, Line E1, and cite exemption. A transfer of controlling interest is also exempt from Property Transfer Tax if the transfer would qualify for exemption if interest were transferred by deed. See 32 V.S.A. § 9603(26).

Due Date

This schedule with accompanying Form PTT-172 return, and payment of any tax due, must be received by the Vermont Department of Taxes within 30 days of the date of the controlling interest transfer. DO NOT deliver this schedule or accompanying Form PTT-172 to the town clerk. When there is a transfer or acquisition of a controlling interest the return is a confidential tax record that should **only** be provided to the Vermont Department of Taxes.

Line-by-Line Instructions

Section A - Entity Information

Enter the name, mailing address, and federal ID number of the entity which the buyers are gaining controlling interest in as a result of this transfer. The entity's federal ID number is that entity's Social Security Number, employer identification number, or other number issued by the IRS for income tax purposes.

Question A1

Indicate by checking the appropriate box if more than one transferee (buyer) is acting in concert during this transaction to acquire the controlling interest in the entity. Persons are considered to be acting in concert when, pursuant to an agreement there is cooperation, influence, or control of one person over another.

Question A2

Indicate by checking the appropriate box if transferee(s) (buyer(s)) have acted in concert over time to acquire a controlling interest in the entity. If "Yes," you must complete the columns located directly below this question.

Column A: Enter the name of the entity that holds the interest

Column B: Enter the date the interest was transferred

Column C: Enter the percentage of interest transferred on that date.

If you need more room, please attach a separate sheet and include this information about any other transfers that resulted in the transfer of controlling interest.

Section B - Property Information

Use the columns provided to enter the information for all Vermont real property owned by the entity that will be transferred as a result of the controlling interest transfer.

Column A: Enter the physical address of the property

Column B: Enter the SPAN assigned to the property

Column C: Enter the fair market value of the property according to an appraisal issued by an appraiser qualified under the Uniform Standards of Professional Appraisal Practice within the last 12 months; or an alternative support for fair market value provided by the taxpayer and accepted by the Department.

If you need more room, please attach a separate sheet and include this information about any other Vermont real property owned by the entity.

Question B1

Enter the sum of the fair market value for all property transferred including those listed on separate sheets.

Question B2

Enter the percentage of controlling interest gained in the entity since July 1, 2019.

Question B3

Enter the total ownership percentage after the controlling interest gained indicated on Line B2.

Question B4

Multiply Line B1 by the percentage on Line B2 and enter the result on this line. You will also enter the result on Form PTT-172, Lines J1, J3, and J6. Then use Line J7 to calculate the total tax due, and also enter the result on Line J8.

Contacting the Department

myVTax web notices are the preferred method. www.myvtax.vermont.gov

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