

# Form TPP-651 & Schedule TPP-653 Instructions

## Telephone Personal Property Tax Return and Schedule

### General Information

Please print in BLUE or BLACK ink only.

These instructions apply to every person or entity owning or operating a telephone line or business within Vermont. This includes every person or entity conducting a telecommunications business, or owning property used in whole or in part for conducting a telecommunications business.

#### What is the Telephone Personal Property Tax?

Every person or entity owning a telephone line or business is subject to a tax equal to 2.37 percent of net book value as of the preceding December 31st of all personal property located in Vermont, used in whole or in part for conducting a telecommunications business.

#### What is the *taxable year*?

The taxable year is the year in which tax is paid, based on the net book value of personal property as of the preceding December 31st.

#### What property is subject to this tax?

All personal property used in whole or in part for conducting a telecommunications business is subject to this tax, including personal property under construction, materials, and supplies. Property subject to tax as real property is not subject to the Telephone Personal Property Tax.

#### What does *Net Book Value* mean?

*Net book value* of personal property means the original cost less depreciation of the property as computed for the federal income tax return required to be filed with the federal authorities for the corresponding tax year, but not including any bonus depreciation as may be allowed by federal authorities.

#### What information must be submitted with or in connection with the return?

Each person or entity subject to this tax must also with this return submit a list of *all property* within Vermont as of the preceding December 31st, in the format as set forth in Schedule TPP-653.

List all of the property the corporation or business owns in Vermont, whether personal or real property, as set forth in Schedule TPP-653. Include all property that is actually used or is available for use or capable of being used during the taxable year, and until its permanent withdrawal is established by an identifiable event such as its sale or disposal.

#### What is the due date?

##### Monthly Payments

Beginning January 1, 2017, Telephone Personal Property Tax is paid monthly, with a payment due on the **25th day of each month of the calendar year**. The first monthly payment will be due January 25, 2017, for the personal property valued as of December 31, 2016. For the first two months of each year, make estimated payments.

In order to avoid an underpayment of your estimated tax, which may result in penalty and interest charges, your estimated monthly payments for each of the first two months of the calendar year must either be equal to:

- One-twelfth (1/12th) of 100% of the tax due for the previous year's tax, or
- One-twelfth (1/12th) of 90% of the year's actual tax liability.

Use the **Payment Voucher** at <http://tax.vermont.gov/business-and-corp/miscellaneous-taxes> to make the installment payments for each month in 2017, except for the payment due March 25, 2017, which is paid with Form TPP-651.

### Forms TPP-651 and TPP-653

Form TPP-651, Telephone Personal Property Tax Return, and Form TPP-653, Telephone Personal Property Schedule, are filed annually, by March 25th.

On Form TPP-651, Telephone Personal Property Tax Return, reconcile the amount due as the March 25th payment with amounts paid as estimates for the first two months in the year, and pay the reconciled third monthly payment with the return.

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**Complete the detailed information requested.**

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## Form TPP-651, Line-by-Line Instructions

<b>Line 1</b>	Enter the original cost of buildings and depreciable personal property located in Vermont.
<b>Line 2</b>	Enter the original cost of buildings located in Vermont.
<b>Line 3</b>	Enter the total original cost of depreciable personal property located in Vermont (Line 1 minus Line 2).
<b>Line 4</b>	Enter the personal property located in Vermont under construction.
<b>Line 5</b>	Enter the materials and supplies and other personal property located in Vermont.
<b>Line 6</b>	Total (Add Lines 3 through 5).
<b>Line 7</b>	Enter the depreciation on depreciable personal property, as computed for the federal income tax return required to be filed with the federal authorities for the corresponding tax year, but not including any bonus depreciation as may be allowed by federal authorities.
<b>Line 8</b>	Enter total taxable personal property (Net Book Value) (Line 6 minus Line 7).
<b>Line 9</b>	Tax rate of 2.37%.
<b>Line 10</b>	Enter total tax due (Multiply Line 8 by Line 9).
<b>Line 11</b>	Total Due per month (Line 10 divided by 12).
<b>Line 12</b>	Estimated tax paid in January and February of the current year.
<b>Line 13</b>	Payment due with this return (Multiply Line 11 by 3, then subtract Line 12).

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## Schedule TPP-653, Line-by-Line Instructions Telephone Personal Property Schedule

<b>Column A</b>	<b>Town in which Property is Located</b>
<b>Column B</b>	<b>Description of Property</b>
<b>Column C</b>	<b>“PP” or “RP”</b> Whether the property is personal property (“PP”) or real property (“RP”).
<b>Column D</b>	<b>Depreciation Table Year</b> This will be, for example, <b>12-year</b> property if the federal depreciation schedule for this type of personal property is 12 years.
<b>Column E</b>	<b>Base Year</b> The year acquired, constructed, available for use, or capable of being used by the corporation or business.
<b>Column F</b>	<b>Original Cost</b> The basis of the property for federal income tax purposes, prior to any federal adjustments, at the time of acquisition by the corporation or business. The original cost is adjusted by subsequent capital additions or improvements, special deductions, and partial disposition because of sale, exchange, abandonment, etc. Depreciation does not reduce original cost.
<b>Column G</b>	<b>Net Book Value</b> Original cost minus accumulated federal tax depreciation (but without any federal accelerated depreciation).