



Bill Johnson, 11/12/09

State of Vermont
Department of Taxes
133 State Street
Montpelier, VT 05633-1401

Agency of Administration

On-line Property Transfer Tax (PTT) Return System The PTT and Advantages of Developing an On-line System

The PTT is a tax on the price paid for the transfer of real estate that is assessed to the buyer of real property at a rate of 1.25 percent. There are many exemptions and limits on the rate imposed on various types of property. For example, the rate for most primary residences is lowered to .5 percent on the first \$100,000 of value and 1.25 percent on the remaining value.

The following are statistics for the PTT for the most recent high and low revenue receipt years.

<u>Fiscal Year</u>	<u>Number Paid / Total Returns</u>		<u>Revenue</u>
2005	20,775	36,256	\$45,213,536
2008	16,083	26,869	\$33,991,555

Advantages of implementing an on-line PTT system.

- **Expedite revenues to State.** Currently PTT receipts are routed through municipalities to the State often sitting in municipal offices for 30 days or more before being forwarded to the State. Occasionally, this results in long period of non-reporting which can result in non-negotiable checks and other problems. By moving to an on-line system, PTT Returns and revenues can be sent directly to the State improving our visibility of outstanding returns as well as the State's cash-flow position and interest income.
- **Complete and accurate returns.** Currently one of the most common concerns about the PTT system is that information on many of the returns is incomplete and inaccurate. This concern, shared by municipalities and the Tax Department, could be greatly reduced with the implementation of an on-line system that requires the completion of all mandatory information fields before the preparer can submit a return.
- **Control access to confidential information.** It is important for the Tax Department to know the Social Security Number (SSN) of people engaged in real estate transactions so the form requires this information for both sellers and buyers. This creates a problem as this information flows through municipal offices where the PTT Return is a public document. An on-line system would allow us to eliminate the SSN on the document that goes to towns but preserve that information for returns electronically sent to the Department.
- **Improve operational efficiency.** Currently the processing of PTT Returns requires significant manual handling by the Tax Department. An on-line system will create numerous opportunities such as the electronic capture of data that will allow the Department to achieve needed operational efficiencies.

