



February 12, 2010

TO: Telephone and Telegraph Filers  
FROM: Marilyn H. Browne, Chief  
Bureau of Local Assessment  
COPY: Boards of Assessors  
TOPIC: **Landline Telephone and Telegraph Return for FY2011**

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### **Filing Deadline**

On or before March 1, 2010, telephone and telegraph companies doing business in the Commonwealth are required to make a return (Form 5941) to the Commissioner of Revenue listing taxable machinery, poles, wires, underground conduits, wires and pipes located in each municipality as of January 1, 2010, pursuant to M.G.L. c. 59, §41. (If the due date for the return falls on a Sunday or legal holiday, it is automatically extended by law to the following business day. See also M.G.L. c. 4, §9.)

On March 3, 2008 the Appellate Tax Board (ATB) issued an Order in the Verizon New England, Inc. Consolidated valuation appeals case. The Order in part states that Verizon is taxable on all of its poles and wires erected upon public ways. The March 13, 2008 ATB Decision and Findings of Fact Report in the MCI Consolidated Central Valuation Appeals cases for Boston & Newton found that "all tangible personal property" includes construction work in progress and property owned but not necessarily "in service." "The Board further stressed the importance of reporting Original Cost in keeping a level playing field.

On April 28, 2008 the Supreme Judicial Court affirmed the ATB decision that Bell Atlantic Mobile of Massachusetts, a wireless telecommunications carrier, was not a telephone company. Since all judicial appeals are complete, wireless telecommunications carriers must file Form 2MT (Mobile Telecommunications Form of List) with local boards of assessors, and should not file Form 5941 and 5941 Appendix.

Any company that is submitting a Form 5941 Appendix, is filing a return for the first time, has filed in the past and has not been centrally valued, or is not sure whether it must file a central return may also need to file timely local returns of property under M.G.L. c. 59, §29, or seek authority to file such return late, in order to protect its rights in the event the Commissioner determines that the company is not substantially a telephone/telegraph company and therefore not subject to central valuation. Any company that has taxable non-telephone property subject to local valuation must file a State Tax Form 2 (local return) with the local boards of assessors on such property as well as Form 5941 for centrally valued telephone property.

## Important Clarifications

Please see Return - Section 3. *Taxable Personal Property Subject to Valuation by the Commissioner of Revenue*. Clarifications are as follows:

1. Taxable telephone and telegraph property includes:
  - network property constructed and in service,
  - cable without lit fiber (aka dark fiber or dark cable),
  - construction work in progress (CWIP),
  - all emergency and backup electric generators,
  - spare parts,
  - property retired from service and scheduled for removal.
2. All cellular/mobile telecommunications service providers will report to local boards of assessors in the communities where the property is situated and be **locally** valued.

As a reminder, all personalty that is listed as new for calendar year 2009 and all personal property that is new to a community, whether it is new, used or transferred from another community, must be noted by placing a checkmark in the New Asset column on the spreadsheet "List of Telephone and Telegraph Personal Property" for the purposes of determining new tax base levy growth.

## FY2011 Central Valuation Reporting Forms

State Tax Form 5941 and State Tax Form 5941 Appendix, are available on the Internet. Personalty will be valued by the cost approach using property identification codes that mirror those of the Federal Communications Commission (FCC) and generally accepted cost indices. All returns must be complete, submitted in the prescribed format and signed by the treasurer. Current year returns will be compared with previous years' returns and you must be able to account for discrepancies.

The spreadsheet portion of the return uses drop down menus to assist you in the selection process. After entering the property cost data the spreadsheet will generate, once updated, proposed values for the upcoming year. These proposed values are subject to review, verification and modification by the Bureau of Local Assessment.

When using the spreadsheet portion of the return you should be aware of the following:

1. Data entry or upload capacity is 65,000 lines. If you need more lines please use an additional spreadsheet.
2. Installation years must be entered or uploaded as numbers. Text values will appear in red and proposed values will not be calculated.
3. Personal property descriptions must be selected from the list provided. Property identification code categories mirror those of the FCC and can be selected alphabetically or numerically.
4. Community names that are incorrect will appear in red. You must select the correct community name from the list provided in the spreadsheet.
5. Installation years earlier than 1960 will be highlighted in green to assist in discovery of any error in data entry or upload.
6. The nature of use column has three choices and only one must be selected.

State Tax Form 5941 must be submitted electronically in the Excel format requested to [bladata@dor.state.ma.us](mailto:bladata@dor.state.ma.us) along with a printed and signed copy. The treasurer of the company, by statute, must sign the return. The owner of the property and not the lessee, user or holder, regardless of whether there is an indefeasible right of use (IRU), is responsible for reporting the personal property to the Commissioner. Returns must be filed timely. Failure to provide all required information will cause the return to be treated as an incomplete filing.

### Central Valuation Reporting Requirements Based on Company Entity Status

Property listed includes only machinery, poles, wires, underground conduits, wires and pipes used for providing telephone or telegraph service, which includes such property used for telephone and cable TV or telephone and Internet, but not property used solely for Cable TV or Internet. Taxable machinery not used for telephone or telegraph service, including machinery used solely for Cable TV or Internet, and other taxable personal property must be reported to the local boards of assessors where the property is situated using State Tax Form 2 (Form of List).

The following chart identifies the taxable status of telephone or telegraph personal property subject to *central valuation* based on the entity status of the company. If you have any questions contact John Gillet at 617-626-3605 or Walter Sandoval Dusza at 617-626-4087.

Legal Form of Owner of Property	Taxable Telephone Personal Property Reported to the Commissioner (Form 5941)
Corporation	<ul style="list-style-type: none"> <li>• Poles and wires over private and public property</li> <li>• Underground conduits, wires and pipes in public or private property</li> <li>• Electric generating machinery</li> </ul>
Limited Liability Company (LLC) or other non-incorporated legal entity treated as a corporation or disregarded entity for federal income tax purposes  Other legal entity, including: <ul style="list-style-type: none"> <li>• Partnership</li> <li>• Association</li> <li>• Trust</li> </ul>	<ul style="list-style-type: none"> <li>• Poles and wires over private and public property</li> <li>• Underground conduits, wires and pipes in public or private property</li> <li>• All machinery, including electric generators, switching equipment and routers, used for telephone and telegraph service purposes</li> </ul>