

New Jersey Town Takes Verizon to Court for Unpaid Taxes

By Joseph M. Donegan on April 25th, 2012

Verizon may soon be required to pay one New Jersey town hundreds of thousands of dollars in taxes if the court rules that an old statute no longer applies.

West Milford is filing a tax appeal against telecom giant Verizon for \$194,000 in unpaid taxes, which the company says it does not owe due to a New Jersey tax law provision that exempts telecommunications agencies that do not hold a majority presence from paying taxes, according to NorthJersey.com. The company began its tax rescission strategy in 2008, and contacted 31 towns in New Jersey to inform them that the company would stop paying business property tax payments under the statute.

When asked by other municipalities in 2010, such as Riverdale, to demonstrate it does not hold a majority presence, the company was unable to do so, noting that it was unable to release customer names and exchanges.

The company also faces penalties totaling \$100 per day for not completing a PT-10 form that is necessary for identifying exchange company equipment for tax reasons, the newspaper explains.

The tax appeal is expected to not only help local municipalities recoup lost taxes, but also challenge Verizon's interpretation of the statute and set a legal precedent that would help towns collect taxes if they fall outside this provision. However, the news source reports that this statute has been relied on and been effective in other states as well, including Ohio and Virginia.

Given the evolution of mobile technology in recent years, analysts say that the outcome of the case may help lawmakers reinterpret the old statute and expand current tax laws to take the new technology into account.