



How to Keep from Paying Too Much in Business Personal Property Taxes

Businesses are taxed in many ways and in the state of Texas all businesses are required to report and pay taxes on any personal property used to produce income. This includes things such as furniture, computers, inventory, equipment, vehicles, and machinery. Only business with personal property totaling less than \$500 are exempt from this rule, which means the majority of companies must report and pay these taxes every year.

In addition to the taxes themselves, there are steep penalties for not properly or timely filing your property information. The notice to file is issued on the first of every year, with the complete rendition due by April 1st for Texas properties (Deadlines vary by state). A 30-day extension can be requested in writing prior to the deadline. However, any rendition not received by the deadline will be levied a penalty equal to 10 percent of the total amount of taxes imposed on the property for that year by the taxing units.

Business personal property (BPP) value can be calculated one of three ways.

Market Value: This is the value the property would garner on the open market, both through a cash purchase and trade.

Book Value: Value based on federal depreciation schedules.

Comptroller Schedule: Values determined by the state comptroller.

For many types of personal property, market, book, and comptroller values can vary significantly, by as much as 70 percent, in some cases. This is why it is critical to protest your BPP values each year.

When it comes to protesting taxes, evidence is your best friend, and the more the better, according to Assessment Technologies COO Stephen Pierce. "They can't argue with a mountain of evidence. Of course, as a busy business owner it's hard to take the time to do the legwork to find the necessary evidence. On the other



hand, business property tax advisors have the information and know where to go to get more and can handle everything for the business owner so they don't have to."

Pierce says that if you do decide to research market value on your own, start by reviewing and citing current sale prices for equipment, furniture, inventory, and machinery from places such as Ebay, local used dealers, Kelly Blue Book, and other market sites and publications where used goods are sold. Also review federal and comptroller schedules and point out any major gaps in valuations between these sources. Take pictures and make note of any necessary repairs, shrinkage, or other items that would affect value. All of this will help you get a fairer and lower valuation.

Just like in real property, businesses of similar size and location can at times have their personal property valued unequally. If unequal value exists, secure documentation of comparable businesses, square footage of operating space, and the assessed value of their personal property to present as evidence.

Pierce said, "Protesting business personal property can be tricky, especially when you have a business to run. Hiring a trusted property tax professional can save you time and money, as well as

give you the peace of mind that every possible avenue and exemption was explored." He explains that business personal property valuations can vary by district, so it's best to speak to an experienced firm that knows the exemptions and regulations for your area and business.



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