

Business Personal Property Taxes

Utah State Tax Commission

Property Tax Division

210 North 1950 West
Salt Lake City, Utah 84134
801-297-3600
1-800-662-4335
www.tax.utah.gov



If you need an accommodation under the Americans with Disabilities Act, contact the Tax Commission at 801-297-3811, or TDD 801-297-2020. Please allow three working days for a response.

Definitions

Most business property, real and personal, is subject to property tax. Real property consists of land, buildings and other improvements. Personal property is everything not treated as real property, including:

- furniture
- fixtures
- machinery
- equipment
- supplies

The following items are exempt from property tax:

- tangible personal property with a **total aggregate** fair market value of \$3,800 or less per taxpayer.
- goods held for resale in the normal course of business (inventory);
- raw materials that become part of a finished product in the manufacturing process;
- franchise agreements; and
- farm equipment and machinery used primarily in the production of agricultural products.

Assessment

Under Utah law, county assessors are empowered to collect information on business personal property by using an annual signed statement to determine property value (See Utah Code Ann. 59-2-306).

A taxpayer must apply for the personal property exemption for tangible personal property with a **total aggregate** fair market value of \$3,800 or less. The taxpayer must apply within 30 days by completing the *Application for Exemption* section on the *Signed Statement of Personal Property Tax Notice* supplied by the county assessor. If the county assessor has not requested a *Signed Statement*, the taxpayer must apply within 30 days from the day the taxpayer is requested to indicate whether the taxpayer has \$3,800 or less of taxable tangible personal property in the county.

If a business fails to provide the requested information, the assessor must impose a penalty of \$25 or 10 percent of the tax due, whichever is greater. If the signed statement is not filed after a second written notice, sent by certified mail, the property value will be estimated by the assessor. Estimates cannot be changed by the county board of equalization or by the State Tax Commission (See Utah Code Ann. 59-2-307(3)(b)).

Property intentionally concealed, removed, transferred, or misrepresented in order to avoid taxation is subject to a penalty of 100 percent of the tax due. Any property not assessed may be valued and taxed as far back as five years prior to the time the property is discovered (See Utah Code Ann. 59-2-309).

Valuation

Business personal property is valued based on percent good schedules developed by the State Tax Commission. For most property, value is based on acquisition or original cost multiplied by a percent good factor. Original cost includes installation, shipping and sales tax. The percent good factor is developed from IRS economic life estimates, which provide for the equivalent of straight-line depreciation to a residual value over the economic life of the property.

Please Note

- Appraisal depreciation is different than accounting depreciation. Appraisal depreciation is defined as the loss of value of an asset over time from all sources including physical wear and tear, functional obsolescence and economic obsolescence. Accounting depreciation is the recovery of capital cost over a defined period.
- Economic life is not the same as the depreciation period allowed for federal income tax purposes. For example, medical equipment has an economic life of 11 years with a residual value of 11 percent. Medical equipment purchased in 1994 for \$200,000 would have a 2008 market value of \$22,000 ($200,000 \times .11 = 22,000$). Each year the schedules are adjusted using an overall economic index.

- The percent good factor for heavy equipment is developed from a trade publication called the *Green Guide*. Cost new is compared to an average of retail and wholesale prices for each year.
- Property used in the business that is fully depreciated for accounting purposes is taxable and must be reported.
- Leased property is usually assessed to the lessor. If the lessee is a tax exempt entity, property tax may still be due.
- Conditional sales agreements which are termed leases are taxable to the lessee.

Assessor's Office Phone Numbers

For more information about business personal property assessment and taxation, please contact your local county assessor, listed below.

County	Assessor	Telephone
Beaver	Trent Brown	435-438-6402
Box Elder	Rodney Bennett	435-734-3337
Cache	Kathleen Howell	435-755-1590
Carbon	Julie Medley	435-636-3249
Daggett	Lesa Asay	435-784-3222
Davis	Dennis Yarrington	801-451-3252
Duchesne	Gregory Garff	435-738-1115
Emery	Kris Bell	435-381-2474
Garfield	Joe Thompson	435-676-1152
Grand	Debbie Swasey	435-259-1329
Iron	Cindy Bullock	435-477-8311
Juab	Shirl Nichols	435-623-3425
Kane	Linda Little	435-644-2647
Millard	Pat Manis	435-743-5719
Morgan	Gwen Rich	801-845-4000
Piute	Dale Bagley	435-577-2988
Rich	Kim Wilson	435-793-5215
Salt Lake	Lee Gardner	801-468-3050
San Juan	Howard Randall	435-587-3221
Sanpete	Ken Bench	435-835-2111
Sevier	Gail DeMille	435-893-0430
Summit	Steve Martin	435-336-3248
Tooele	Wendy Shubert	435-843-3138
Uintah	Rolene Rasmussen	435-781-5347
Utah	Kris Poulson	801-851-8286
Wasatch	Peggy McKenzie	435-657-3181
Washington	Art Patridge	435-634-5703
Wayne	Carolyn Moosman	435-836-1305
Weber	John Ulibarri	801-399-8122

Taxation

Taxes are based upon the location and status of property as of January 1 of each year. For example, a business must pay 2011 taxes on all personal and real property acquired before January 1, 2011. Property acquired in 2010 is not taxed until January 1, 2011.

Property taxes are a primary source of revenue to local government entities including counties, school districts, cities and towns, and a variety of special districts.

Taxes are due within 30 days of the time the bill is mailed. If taxes are not paid on time, interest accrues until taxes are paid. Interest is equal to the Target Federal Funds Rate plus six percentage points and may not be less than 7 percent or more than 10 percent. In addition to the interest accumulated, the assessor must seize and sell the personal property in order to meet the tax liability or attach it to the real property owned by the business to secure the payment of the taxes.

Appeals

A business may appeal any property valuation to the county board of equalization. Appeals must be filed within 30 days of the date the tax notice is mailed by the assessor (See Utah Code Ann. 59-2-1005).

The county board of equalization is required to issue a written decision to the taxpayer. If the property owner disagrees with the county decision, an appeal may be filed with the State Tax Commission within 30 days of the county decision.

The Tax Commission schedules may not be appealed to nor changed by the county board of equalization. However, the county board may deviate from the schedules on a case-by-case basis when local circumstances and evidence warrant an adjustment.

Audits

The Property Tax Division of the State Tax Commission audits personal property accounts throughout the state. Audits are selected based on a variety of criteria, including failure to file the annual *Personal Property Signed Statement*. A business selected for an audit is notified by mail two weeks in advance of the audit. The auditor will call to schedule an on-site inspection of the property and the accounting records. Audit results may be appealed to the county board of equalization.