



The Personal Property Tax Review

An Opportunity To Recover Overpaid Taxes

EHTC State and Local Tax Services

INCOME & FRANCHISE TAX

- Tax Minimization Studies
- Business Structure Reviews
- Allocation and Apportionment Planning
- Combined, Consolidated, & Unitary Planning
- Nexus Studies
- Amended State Tax Returns from IRS Audits
- Single Business Tax Training

SALES & USE TAX

- Reverse Audits
- Compliance System Review
- Direct Pay & Compliance Agreements
- Exemption Certificate Documentation
- Industrial Processing / Manufacturing Exemption
- Utility Studies
- Nexus Studies
- Sales & Use Tax Training
- Transportation Company
- Procurement Company

PROPERTY (AD VOLEM) TAX

- Real Property Tax Reviews
- Personal Property Tax Reviews

TAX AUDIT & APPEALS

- Sales & Use Tax Audit Defense & Appeals
- Income & Franchise Tax Audit Defense & Appeals
- Property Tax Audit Defense & Appeals
- State and Local Tax Litigation Support
- Merger & Acquisition Due Diligence Reviews
- Voluntary Disclosure

BUSINESS INCENTIVE SERVICES

- Business Relocation & Expansion Services
- Tax Credits, Exemptions, & Abatements
- Grants, Financing, & Infrastructure Assistance

Personal property tax administration and compliance are difficult. Most state statutes assess the tax on the value of property. Value is difficult to determine when dealing with tangible personal property. Unlike real property, tangible personal property may depreciate and certain types of property may depreciate faster or slower based on the industry or use of the property. Where comparable sales are readily available for real estate to determine market value, no such data bank exists for tangible personal property.

Most states that impose a personal property tax determine assessed value by using tables and multipliers to convert the original cost of assets to the current value. This is not an exact science and deviations from true value can occur. Unlike the treatment for income tax purposes, all assets retain significant residual value using these tables. Coupled with most business record keeping practices, this valuation method can easily result in overpayment of tax.

Maintenance of detailed fixed asset schedules is necessary to compile the information necessary for an accurate personal property tax assessment. Oftentimes the fixed asset schedules are not as accurate and detailed as we would like. Assets are often grouped and disposals are not recorded. Since the personal property return and ultimately the assessment and tax bill are prepared from the fixed asset schedules, errors in the fixed asset schedules frequently result in overpayment of tax.

Many states offer exemptions from personal property taxes for some types of property. It is very important that the fixed asset schedules separately identify these types of property so that the proper exemptions may be claimed. Other property may be assessed at a different rate. Failure to claim the authorized exemptions or classify personal property correctly can result in overpayment of tax.

The EHTC Personal Property Tax Review is designed to identify assets subject to tax and assure proper valuation as well as to identify assets exempt from tax or those that can be taxed at a lower rate. The review includes a complete audit of the fixed asset schedules and involves discussion with operating personnel as to the existence and location of assets.