

BUSINESS PERSONAL PROPERTY TAX

The Colorado Personal Property Tax is a levy on Personal Property for a business or organization. The procedure for applying this tax is similar to that used for Real Property: The Assessor places a value on the property and consolidates the levies. The Treasurer then mails a tax bill to the property owner.

What is Business Personal Property?

Business Personal Property is everything that is not "Real Property", typically portable or moveable items. Business Personal Property includes equipment, machinery, furniture, security devices, signs and personal effects not otherwise exempt by law.

Assessment Date:

Colorado law states that January 1 is the assessment date. The owner of the property is considered the owner for that entire assessment year.

How Property is Valued:

The County Assessor's duty is to value Business Personal Property for assessment purposes. The property owner files a Declaration Schedule with the Assessor, listing information regarding the Personal Property that enables the Assessor to estimate the actual value (market value as estimated by Statutory Appraisal Methods) of the property.

Assessed Value:

The Assessor multiplies the actual value of the Business Personal Property by the assessment rate of 27.9% to arrive at an assessed value. The assessed value is multiplied by the tax rate to calculate the taxes for the property.

ASSESSED VALUE: $\$40,000 \times 27.9\% = \$11,200$
ASSESSED VALUE \times TAX RATE = TAX BILL
TAX BILL: $\$11,200 \times .0700 = \784

NOTE: In this example, \$40,000 worth of Business Personal Property in a tax district with a mill levy of 0.700 would result in a tax bill of \$784.

Proration of Value:

Proration is not generally allowed. Business Personal Property owned on the assessment date of January 1, is taxable for the entire year even if the tax status of the property changes or the property is destroyed, transferred or removed from the state during the year.

DECLARATION SCHEDULES

What is Required by Law?

Owners of Business Personal Property must declare the taxable property (over \$350 in value) they own to, the Assessor's Office.

- ◆ **NOTE:** Declaration Schedules must list Personal Property in detail, to include deleting previously reported items that are no longer in use.

Who Must File?

Owners of taxable Business Personal Property such as equipment, machinery, furnishings, signs and personal effects not otherwise exempt by law if the total actual value (market value as estimated by Statutory Appraisal Methods) of the Business Personal Property is greater than \$52,000. If in doubt as to the actual value an itemized listing of the Business Personal Property should be filed with the Assessor. The Assessor will then estimate the actual value and notify the taxpayer with a Notice of Valuation of their estimated actual value by June 15.

When to File:

The Assessor mails Declaration Schedules on or before January 1, and taxpayers must return them to the Assessor by April 15.

- ◆ **IT IS THE RESPONSIBILITY OF THE BUSINESS OWNER TO OBTAIN AND FILE A DECLARATION SCHEDULE, IF ONE IS NOT RECEIVED IN THE MAIL.**

Extension for Filing Business Personal Property Declarations:

An extension may be obtained from the Assessor's Office by submitting a letter or request and payment of \$20 for ten days or \$40 for twenty days. The extension request must be received by the April 15 deadline.

Failure to File a Business Personal Property Declaration Schedule:

Any owner of Business Personal Property failing to file a Declaration Schedule by April 15 or by the end of the extension time requested will be fined \$50 or 15% of the taxes due, whichever is the lesser amount. If a Declaration Schedule is not received, the Assessor shall estimate the property value according to the "Best Information Available" assessment method.

- ◆ **Failure to make a complete disclosure of Personal Property will result in an additional penalty of 25% of the undisclosed property.**

Confidential Documents:

All Business Personal Property Declaration Schedules and enclosed forms returned to the Assessor are considered private, confidential documents by law.

TYPES OF PERSONAL PROPERTY

All Business Personal Property used in the business, organization or rental property at any time during the year must be reported to the Assessor for the Business Personal Property Assessment. The following is an example of typical items that must be reported:

- ◆ **Machinery:** Equipment, and other articles related to a commercial or industrial operation, including components of fixtures that are required for business operations.
- ◆ **Computer Equipment:** (computer software is exempt from Business Personal Property).

- ◆ **Leasehold improvements:** Certain leasehold improvements are considered Business Personal Property. Property owners report leasehold improvements on the Declaration Schedule and the Assessor determines if they are Business Personal Property, as opposed to Real Property Improvements.
- ◆ **Signs:** Any type of signage that represents the business, organization or property.

Portable or Moveable Equipment to be Located in more than one County:

The owner must show the following information with his Business Personal Property Schedule:

- ◆ Type, description, and serial number of equipment.
- ◆ The counties in which the equipment will be located.
- ◆ Estimated time in each county.
- ◆ Examples of this type of equipment include drilling rigs, forklifts, and trench diggers.

The Assessor will estimate a value that is apportioned to each county. It is highly recommended that all mobile equipment be licensed with the Department of Motor Vehicles.

NOTE:

Some equipment is classified as type "F" or special mobile equipment and is valued and taxed by the local County Clerk. This property should be declared as such on the Business Personal Property Declaration Schedule.

Consumable Business Personal Property Exemption under \$350:

In 2000, C.R.S. 39-3-119 was amended to exempt "Consumable Business Personal Property." To be classified as "consumable" and item of Personal Property must fall under one of the two criteria listed below:

- ◆ The item must have an economic life of one (1) year or less. The criteria apply to any item of Business Personal Property regardless of the original acquisition cost. This category also includes nonfunctional Business Personal Property items used as a source of parts for the repair of operational machinery and equipment.
- ◆ The item of Business Personal Property has an economic life exceeding one (1) year, and has an acquisition cost including installation, sales tax, and freight expense, of \$350 or less. If an item is acquired or is provided to the business owner at nominal or no cost, the \$350 per item shall apply to the fair market value at the time of acquisition. The \$350 applies to each Personal Property item as completely assembled for use in the business.

NOTE:

All items equaling \$350 or less are exempt from Business Personal Property tax and should not be declared unless the above criteria has been met.