

Business Personal Property

NOTE: Dates on forms or examples are for illustration purposes only and may not reflect the current year we are in. Where applicable the terms 'current year' and 'prior year' are used to help define pertinent timeframes.

OUR GOAL IS TO:

Provide the citizens of Wasco County with a fair and equitable implementation of the property tax system that consistently meets our citizens' expectations. We are a results-oriented organization that will build value for the community by fostering growth and development of our employees and creating an atmosphere of optimism, teamwork, creativity, and resourcefulness while continuing to have a customer focused attitude when helping the citizens of Wasco County..

What is personal property?

Defining and Understanding

This section will discuss what personal property is and is not and discusses other scenarios such as hobby v. business, ownership changes, 501's, abandoned equipment, and confidentiality.

“Would you define business?”

Do you expect to profit from your activities in Oregon? If so, you are probably doing business in Oregon. A taxpayer having one or more of the following in Oregon is clearly doing business in this state:

- A stock of goods.
- An office.
- A place of business, other than an office, where affairs of the corporation are regularly conducted.
- Employees or representatives providing services, such as accounting or personal services, to customers as the primary business activity.
- Employees or representatives providing services incidental to the sale of tangible or intangible personal property, such as installation, inspection, maintenance, warranty, or repair of a product.
- An economic presence through which the taxpayer regularly takes advantage of Oregon's economy to produce income.
- Failure to make a profit does not exempt you from filing a personal property tax return!

"I don't have a business; I have a hobby."

I often hear the statement above, but the way you think about your hobby is not necessarily the way the state thinks about your business…

- Location has no bearing on whether you are doing business. In-home activities such as daycares, printing products, baked or canned goods, consulting, realty brokers, attorneys, home offices, contractors, on-line sales, craft makers and auto detailers are all businesses that can operate in-home. These are businesses, not hobbies.
- Income does not matter when it comes to personal property reporting- it *may* for state or federal taxes, but not for personal property. If a business only makes $5, $150 or $300 all year, they are still required to report- **there is no minimum or maximum that controls the *need* to file.**
- Hours of operation also do not matter for reporting personal property. If you choose to only operate 2 days a week- that is a business choice and has no bearing on your obligation to file a personal property tax return.
- "But I didn't register as a business with the state or city." Many people don't. Failure to register as a business does not negate the need to file your personal property tax return.
- "But these are my personal items I am using." Not anymore- if the asset is not being held **exclusively** for personal use, it is now taxable. ORS 307.190

“Okay, I may have a business.”

- Do you have a product or service and you sell that product or service?
- Do you have a presence whether physically (farmer’s market, store front, home location, etc.) or online (dedicated site or a social media site) or, do you share someone else’s space in which others can obtain your product or service for a cost?
- You may *feel* like you have a hobby, but you likely have a business and are required to report the assets of that business on a personal property tax return at the county level.

Okay, I have a business- but what is personal Property?



Personal Property IS…

Taxable personal property includes machinery,

equipment, furniture, etc., used previously or presently in a business including any property not

currently being used, placed in storage, or held for

sale. This also includes freight costs!

The characteristic that distinguishes Personal Property from Real Property Machinery & Equipment is mobility.

Personal Property is property that is **not** affixed to, or part of, real estate.

This Includes…

- Non-Inventory Supplies
- Amusement devices/equipment
- Barber and beauty furniture/equipment
- Garage and service station tools/equipment
- Leased equipment
- Medical equipment
- Movable machinery, tools and equipment (such as logging and construction equipment, lift trucks and equipment used in service industries)
- Office furniture/equipment
- Store furniture/equipment
- Libraries (such as repair manuals, electronic media, cd's, videos, tapes, law books)
- Fixed load vehicles and mobile equipment
- Freight costs
- Installation costs
- Any property:
  - Being used in a business (including assets owned by another party- i.e.: mechanics tools or vendor supplied equipment).
  - Items not currently in use.
  - Items placed in storage.



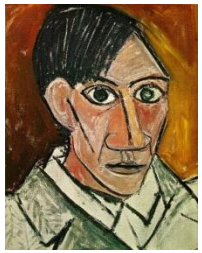
Come in We're
OPEN















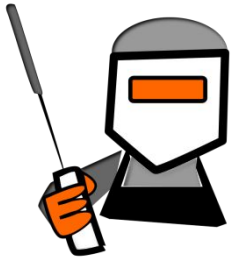











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CLASSIC TROLLEY


































CAT

Machinery & equipment (M&E)

- Machinery and equipment is another type of property that is taxable.
- Think of machinery & equipment as the larger items, affixed to or erected upon the real property. These items are not easily or readily movable or may require plumbing or wiring to function.
- Sometimes it is the sheer size or weight of the equipment that can categorize it as machinery & equipment.

M&E







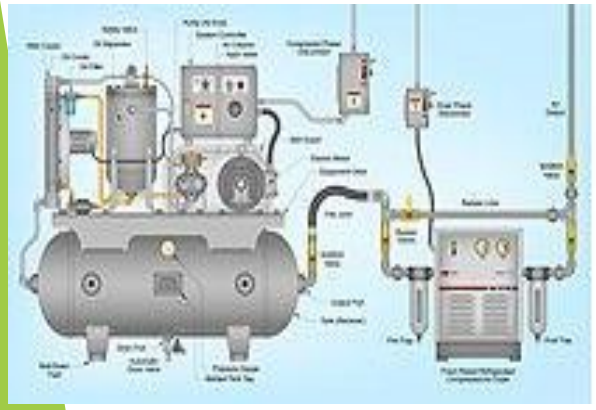












This equipment would be considered M&E due to their size, weight, wiring or plumbing needs, or being part of a processing line with integrated parts.



How do I report m&e?

- Often M&E is originally reported on a personal property return- remember, you must list ALL tangible assets.
- If we determine that the equipment you are reporting is M&E and not PP, we will create a separate account for that equipment.
  - This shift in equipment may create two different tax statements.
  - There is a slide later in this presentation that will help you identify the different statements you may receive from our office.
- While we will make every effort to ensure you have the right returns for your needs available online, **it is ultimately up to the business owner to communicate with our office to see what returns they may need to file.**

**** If you receive a bill for M&E, look on that bill for your eNoticesOnline authorization code so you can file for this equipment online in the next year! More to come later in this presentation.**

Define Leasehold Improvement & Tenant Improvement

- Leasehold: The interests in a property that are associated with the lessee (the tenant) as opposed to the lessor (the property owner).
- Leasehold improvements (LHI): Improvements or additions to leased property that have been made by the lessee.
- Tenant improvements (TI) Changes made to the interior of a commercial or industrial property by its **owner** to accommodate the needs of a tenant such as floor and wall coverings, ceilings, partitions, air conditioning, fire protection, and security.

More Leasehold improvement & tenant improvement definitions

- Items of personal property such as furniture and fixtures associated with a lessee (the tenant) that have been affixed to the real property owned by a lessor.
- Alterations made to rental premises in order to customize it for the specific needs of a tenant. Leasehold improvements include painting, installing partitions, changing the flooring, putting in customized light fixtures and so on. Leasehold improvements can either be undertaken by landlords, who may offer to do so to increase the marketability of their rental units, or by the tenants themselves.
- Temporary leasehold improvements undertaken by tenants can generally be removed at the end of the lease period, as long as it is stipulated in the lease agreement, and removal would not inflict any damage on the rental premises or building structure.
- Leasehold improvements are defined as the enhancements paid for by a tenant to leased space. Examples of leasehold improvements are:
  - Interior walls and ceilings
  - Electrical and plumbing additions
  - Built-in cabinetry
  - Carpeting and tiles
- Leasehold improvements generally revert to the ownership of the landlord upon termination of the lease, unless the tenant can remove them without damaging the leased property or is required to place the property back into its original condition.
- Who bears what portion of LHI/TI costs is negotiated between the lessor and the lessee and is usually documented in the lease agreement.

What does this mean?

- These improvements are taxable and must be reported to the assessors office each year!
- Who is responsible for the tax is generally determined by the lease agreement between the real property owner and the business owner (Lessor and Lessee).
- If the nature of the asset is such that it would not be removed by the tenant when vacating, the value is likely attributed to the real property owner and captured in the valuation of the real property.
- If the nature of the asset is such that it could be removed, the value is likely attributed to the business owner and placed on their personal property account.
- Depending on individual circumstance, LHI's/Tenant Improvements may go on a personal property account or the real property account. In some circumstances, we may place the items on an "A" account for administration purposes. This account acts as a real property account, but the responsible party is the tenant, not the landlord.
- It is important to clarify and describe your LHI or TI improvement to ensure that the value is attributed to the correct accounts. Reporting only "TI" or "LHI" is not a clear description.

on abandonment…

If a tenant abandons their equipment or LHI's and the landlord or other business owner assumes that equipment, the landlord or other business owner also assumes the tax debt and future assessments of that equipment!

- If you purchase equipment with a tax lien attached to it, you also purchase that debt! Do your due diligence; contact our office and check the Secretary of State Lien Search (UCC Search). (Link on our Business Property Hub under Helpful Links section!)
- If your tenant abandons their LHI or any equipment, you should reach out to our office immediately for guidance!

- NOTE ORS 308.105 Personal property.
  - (1) Except as otherwise specifically provided, all personal property shall be assessed for taxation each year at its situs as of the day and hour of assessment prescribed by law.
  - **(2) Personal property may be assessed in the name of the owner or of any person having possession or control thereof.** Where two or more persons jointly are in possession or have control of any personal property, in trust or otherwise, it may be assessed to any one or all of such persons. [Amended by 1955 c.720 §1; 1961 c.683 §1]

Seller Statutory Responsibility

ORS 311.639.

A **seller** of business personal property shall provide a prospective purchaser of the property with a disclosure notice that includes at least the following information:

(1) Whether any property taxes assessed on the property for any property tax year are outstanding;
(2) Whether there are any liens against the property;
(3) If known, the name of any county in which the property has ever been assessed for property tax purposes other than the county in which the property is located at the time of the proposed purchase transaction;
(4) If known, the name and address of any other person that has owned or had possession or control of the property; **and**
(5) The fact that ORS 311.641 (Bona fide purchaser of business personal property) may apply to the purchase transaction. [2015 c.444 §5]

ORS 311.641

(1)For purposes of this section, a bona fide purchaser is a person that purchases business personal property:

(a)In good faith;

(b)For value;

(c)In an arm's-length transaction; and

(d)Without notice of delinquent property taxes on the property, as described in subsection (2) of this section.

(2)A person purchases property without notice of delinquent property taxes on the property if, as of the date of the purchase transaction, the person:

(a)Does not have actual notice of the taxes, from the disclosure notice required under ORS 311.639 (Seller of business personal property to provide purchaser with property tax disclosure notice) or otherwise;

(b)Has completed reasonable diligence with respect to:

(A)The information included on the disclosure notice required under ORS 311.639 (Seller of business personal property to provide purchaser with property tax disclosure notice), or can attest that the seller failed to provide the disclosure notice; **and**

(B)Any other relevant facts that the person knew or should have known about the transaction;

(c)Has searched and found no warrant for delinquent property taxes on the property recorded in the County Clerk Lien Record of the county in which the property is located at the time of the purchase transaction or of any other county in which the person, at the time of the purchase transaction, knew or should have known the property was previously located; and

(d)Has searched the Secretary of State's Uniform Commercial Code system within three business days before the date of the purchase transaction and found no unsatisfied warrant for delinquent property taxes on the property, as evidenced by a screen printout of the search results.

For complete statute information, please research Oregon Statutes

Bona Fide Purchaser

- If the seller does not disclose unpaid taxes and if you do not find evidence of unpaid taxes through your inquiry with the clerk's office and the Secretary of State's UCC system, then you *may* gain bona fide purchaser status.

- This status guarantees you will not be liable for any tax that is owed but was undiscoverable through your due diligence. **However, the buyer is required to keep paper or digital copies of the results of their due diligence inquiries in order to <u>prove their bona fide status.</u>**

- So, what does this mean? It means that when you purchase equipment from another party, you also purchase any tax liens attached to that equipment. To ensure you are not purchasing someone else's tax debt, you MUST contact the county clerk's office and the SOS's office AND document these inquiries appropriately to prove you did your due diligence. Without documentation, you may become the new owner of some equipment & liens! ORS 311.641
  - It is also a great idea to contact your county assessment & tax office, they may be able to provide you more information about tax liens, equipment, and mandatory tax filings regarding the equipment.

Is all Personal Property Taxable?

- Except as otherwise specifically provided, **all personal property shall be assessed for taxation each year** at its situs as of the day and hour of assessment prescribed by law. **ORS 308.105(1)**

- All personal property not exempt from ad valorem taxation or subject to special assessment shall be valued at 100 percent of its real market value, as of **January 1st, at 1:00 a.m.** and shall be assessed at its assessed value determined as provided in ORS 308.146. **ORS 308.250(1)**

- **Exception:** If this date happens to fall on a weekend, the due date will extend to the next business day.

  ORS 305.820(2)

  - There are no extensions for failure to meet the March 15th deadline. Tax returns are DUE March 15th.



Personal Property IS NOT…

Oregon Revised Statute **307.020** defines both **intangible** personal property and tangible personal property.

Intangible personal property is not taxable!

Definition of personal property

- (1) As used in the property tax laws of this state, unless otherwise specifically provided:
  - (a) **Intangible personal property** or intangibles includes but is not limited to:
    - (A) Money at interest, bonds, notes, claims, demands and all other evidences of indebtedness, secured or unsecured, including notes, bonds or certificates secured by mortgages.
    - (B) All shares of stock in corporations, joint stock companies or associations.
    - (C) Media constituting business records, computer software, files, records of accounts, title records, surveys, designs, credit references, and data contained therein. Media includes, but is not limited to, paper, film, punch cards, magnetic tape and disk storage.
    - (D) Goodwill.
    - (E) Customer lists.
    - (F) Contracts and contract rights.
    - (G) Patents, trademarks and copyrights.
    - (H) Assembled labor force.
    - (I) Trade secrets.

Ors 307.020 cont… Personal property is…

- (1) As used in the property tax laws of this state, unless otherwise specifically provided:
  - (b)“Personal property” means “tangible personal property.”
  - (c)“Tangible personal property” includes but is not limited to all chattels and movables, such as boats and vessels, merchandise and stock in trade, furniture and personal effects, goods, livestock, vehicles, farming implements, movable machinery, movable tools and movable equipment.

EXEMPT from property tax!

Tangible personal property used **exclusively** for personal use and enjoyment by the owner is granted exemption from property tax. OAR 150-307-0240

Items of tangible personal property consisting of inventory, including but not limited to materials, supplies, containers, goods in process, finished goods and other personal property owned by or in possession of the taxpayer, that are or will become part of the stock in trade of the taxpayer held for sale in the ordinary course of business, are exempt from ad valorem property taxation. ORS 307.400

Farm animals. Livestock, poultry, fur-bearing animals, and bees. ORS 307.394

Farm machinery and equipment *when used according to ORS 307.394 See Everything is NOT Exempt Power Point Presentation located on the Yamhill County Personal Property Hub for more information!*

Licensed vehicles other than fixed load/mobile equipment. ORS 801.285 ***There are some exceptions here! When in doubt, reach out!**

“I have a 501(c)(3), so I am exempt.”

Not exactly.

- A 501(c)(3) status allows your customers to write off a purchase they made from you via a receipt, but it does **NOT** mean you are exempt from county tax or the obligation to file your personal property return.
- To be exempt from personal property county taxation, you must apply through our office and meet certain criteria. Upon review of your application and supporting documents, our exemptions specialist will notify you of your status.
  - Upon approval, the values you reported on your personal property return are the values we need to exempt you from taxation, so we need a first-year return in many circumstances.
  - **Until this process is complete, you are 100% taxable and should be filling out a personal property tax return each year.**

Don’t panic! There is a threshold!

- After we work the return, if the **depreciated value** does NOT go over the current year threshold, the business is considered under threshold.
- The good news? This means no tax bill will be generated for the coming tax roll!
- **Keep in mind, <u>all businesses</u>, even under threshold accounts, <u>are subject to audit</u>**.
- Even if your business remains under threshold year after year, **you are still required to supply our office with a return each year. ORS 308.290**



Let's recap some key points!

- The definition of business: do you expect to make a profit? You may or may not profit, but there is always an expectation of a profit.
- Your "hobby" is probably a business and required to file; reach out to us for clarification.
- Personal property is **ALL** tangible assets used in the business.
- All business owners have some form of personal property and should be reporting.
- You may own machinery & equipment that must also be reported- reach out to us for clarification.
- LHI/TI's are taxable. Look to your lease agreement to see who is responsible for reporting.
- **The assessment date is January 1st of each year!**
- Personal Property Exemptions are NOT automatic- you must apply through our office and be approved for an exemption to apply.
- A bill is only generated when the depreciated value goes over the taxable threshold.

“I have never, ever, ever, heard of this! Is this new?”

- The first year for taxes on everything- personal property, real property, and inventory- in the state of Oregon was 1844!
- Prior to1859, EVERYTHING was taxable! A man’s pocket watch, his horse, saddle, clothes, and any tools of his trade! ORS 308.290 was amended in 1953- over 69 years ago!
- All business owners should be registered with the Secretary of the State and their website details the responsibilities for all new and existing businesses, including the requirement of filing a personal property return.

What is the difference between federal, state and Personal Property?

Over time, the assets you report on your federal and state returns *may* eventually depreciate to zero, often allowing a business owner to "write off" assets lowering their taxable value.

*Personal Property does not depreciate to zero!

The **Personal Property** tax return must contain a **full** listing of all assets, date of acquisition, cost, and a statement of real market value.

This listing must include items that have fully depreciated for state or federal purposes, in storage, or expensed.

***There are certain types of assets that may depreciate to zero, but they must still be reported. Most assets due not depreciate to zero.**

“Oh, we expense items under $x,xxx.^{xx}…”

- Expensing *may* occur on state or federal tax returns, but for personal property- there is no expensing. ALL tangible assets MUST be reported!
- You may want to check with your CPA/bookkeeper or review your own records to ensure that any items being expensed are still being reported for business personal property tax reporting.
- **All accounts are subject to audit.**

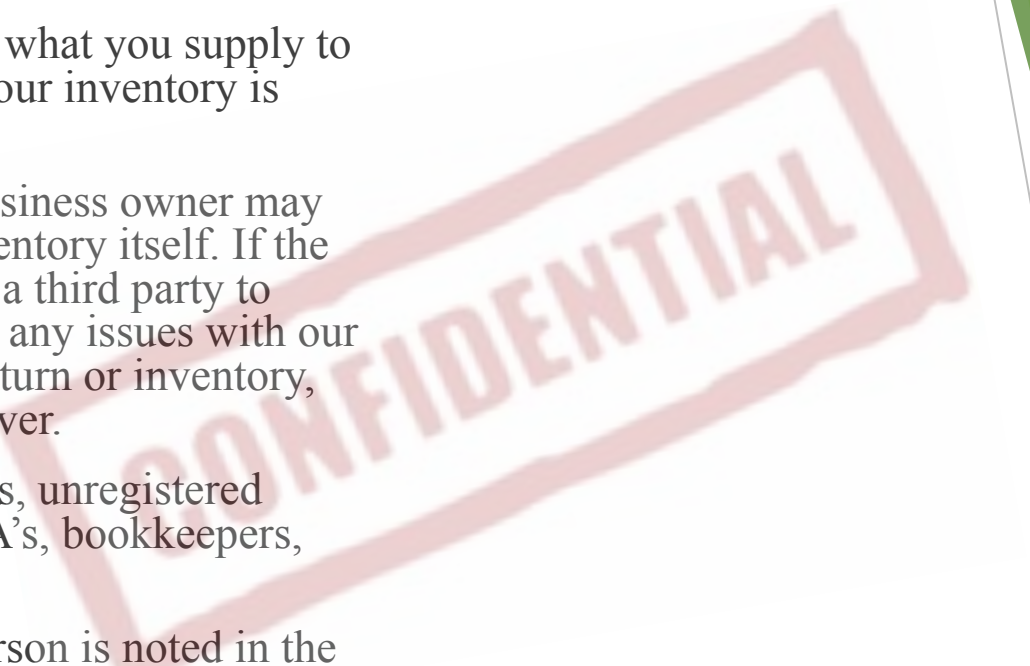
- For more information on expensing, please seek the assistance of a professional.

“We capitalize equipment over $xx,xxx.xx”

- Capitalizing may occur in your books for expensive equipment, but you can not spread these costs out for personal property reporting.
  - You may want to check with your CPA/bookkeeper or review your own records to ensure that any items being capitalized are still being reported for business personal property tax reporting.
  - **All accounts are subject to audit.**
- For more information on capitalizing, please seek the assistance of a professional.

confidentiality

- You should know that what you supply to our office regarding your inventory is confidential!
- Only the registered business owner may have access to the inventory itself. If the business owner wants a third party to have access to discuss any issues with our office regarding the return or inventory, you MUST sign a waiver.
- This applies to spouses, unregistered business partners, CPA's, bookkeepers, etc.
- The exception: if a person is noted in the Taxpayer's Declaration, it is assumed they have authorization- we may reach out to those listed in the Declaration if we have questions.



Let’s recap some key points!

- Personal property taxation has been around since 1844, this is NOT new.
- There are differences in federal, state and personal property taxes regarding reporting.
- 501(c)(3) does not relieve you of your duty to file. Contact our office for more information.
- Returns are due March 15th to avoid any penalties.
- Assets are confidential!

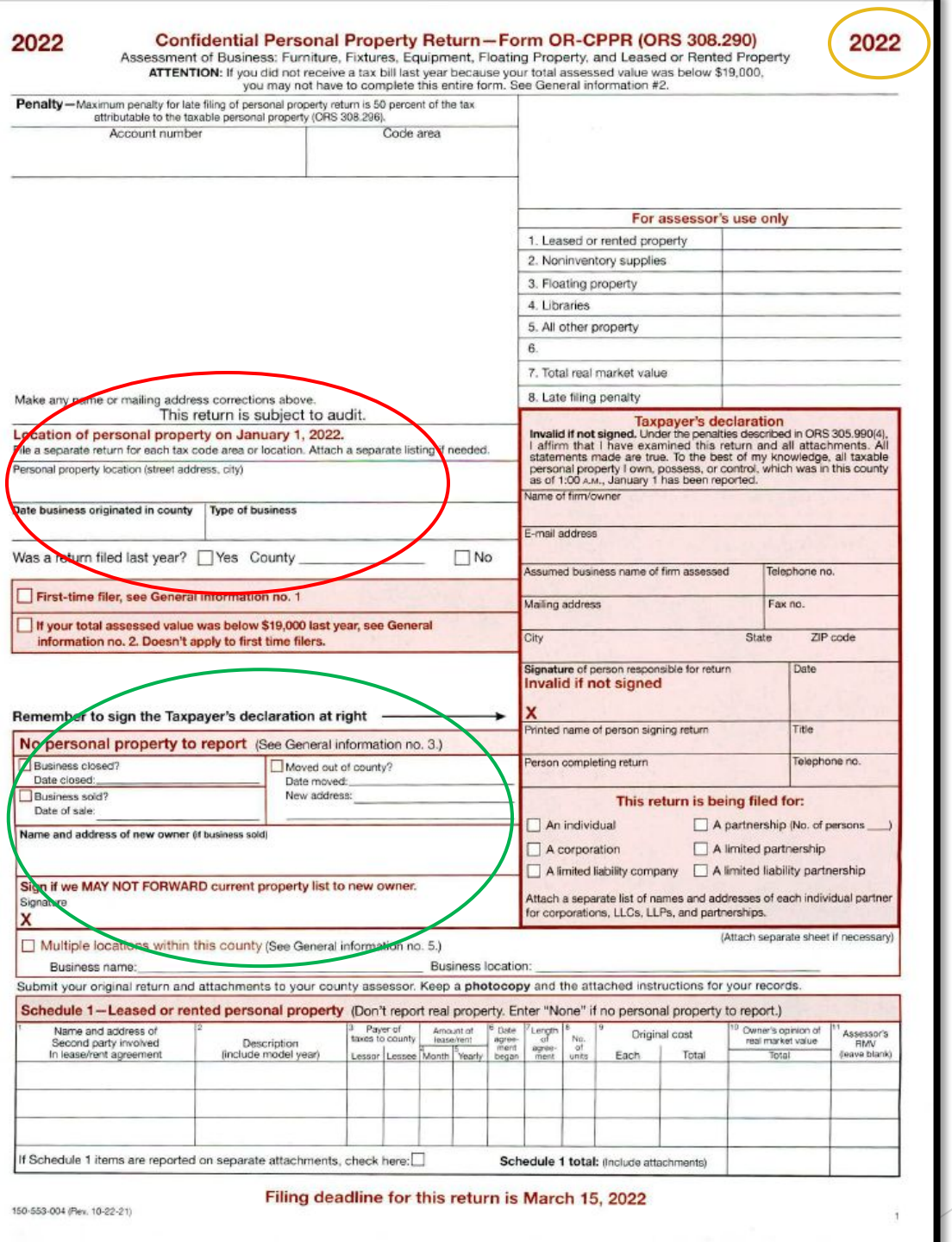
Filling out the personal property tax return…

This section details specifically the tax return, the schedules, and what should be included on this tax return. Further, it details what happens with nonfiler accounts, late penalties, omitted property, and many other PP topics.

The next several slides will step you through the tax return and **how** to fill out each schedule on the return.

Instructions on **where** to file will follow.





2022

Confidential Personal Property Return—Form OR-CPPR (ORS 308.290)

Assessment of Business: Furniture, Fixtures, Equipment, Floating Property, and Leased or Rented Property

ATTENTION: If you did not receive a tax bill last year because your total assessed value was below $19,000, you may not have to complete this entire form. See General information #2.

2022

Penalty—Maximum penalty for late filing of personal property return is 50 percent of the tax attributable to the taxable personal property (ORS 308.296).

Account number | Code area

For assessor's use only

1. Leased or rented property	
2. Noninventory supplies	
3. Floating property	
4. Libraries	
5. All other property	
6.	
7. Total real market value	
8. Late filing penalty	

Make any name or mailing address corrections above.

This return is subject to audit.

Location of personal property on January 1, 2022.

File a separate return for each tax code area or location. Attach a separate listing if needed.

Personal property location (street address, city)

Date business originated in county | Type of business

Was a return filed last year? ☐ Yes County _____ ☐ No

☐ **First-time filer, see General information no. 1**

☐ **If your total assessed value was below $19,000 last year, see General information no. 2. Doesn't apply to first time filers.**

Taxpayer's declaration

Invalid if not signed. Under the penalties described in ORS 305.990(4), I affirm that I have examined this return and all attachments. All statements made are true. To the best of my knowledge, all taxable personal property I own, possess, or control, which was in this county as of 1:00 A.M., January 1 has been reported.

Name of firm/owner

E-mail address

Assumed business name of firm assessed | Telephone no.

Mailing address | Fax no.

City | State | ZIP code

Signature of person responsible for return **Invalid if not signed** | Date

X

Printed name of person signing return | Title

Person completing return | Telephone no.

Remember to sign the Taxpayer's declaration at right →

No personal property to report (See General information no. 3.)

☐ Business closed? Date closed: _____

☐ Business sold? Date of sale: _____

☐ Moved out of county? Date moved: _____ New address: _____

Name and address of new owner (if business sold)

Sign if we MAY NOT FORWARD current property list to new owner.

Signature

X

This return is being filed for:

☐ An individual ☐ A partnership (No. of persons ____)

☐ A corporation ☐ A limited partnership

☐ A limited liability company ☐ A limited liability partnership

Attach a separate list of names and addresses of each individual partner for corporations, LLCs, LLPs, and partnerships.

☐ Multiple locations within this county (See General information no. 5.) (Attach separate sheet if necessary)

Business name: _____ Business location: _____

Submit your original return and attachments to your county assessor. Keep a **photocopy** and the attached instructions for your records.

Schedule 1—Leased or rented personal property (Don't report real property. Enter "None" if no personal property to report.)

1 Name and address of Second party involved In lease/rent agreement	2 Description (include model year)	3 Payer of taxes to county: Lessor	3 Payer of taxes to county: Lessee	4 Amount of lease/rent: Month	4 Amount of lease/rent: Yearly	5 Date agreement began	7 Length of agreement	8 No. of units	9 Original cost: Each	9 Original cost: Total	10 Owner's opinion of real market value: Total	11 Assessor's RMV (leave blank)

If Schedule 1 items are reported on separate attachments, check here: ☐ **Schedule 1 total:** (Include attachments)

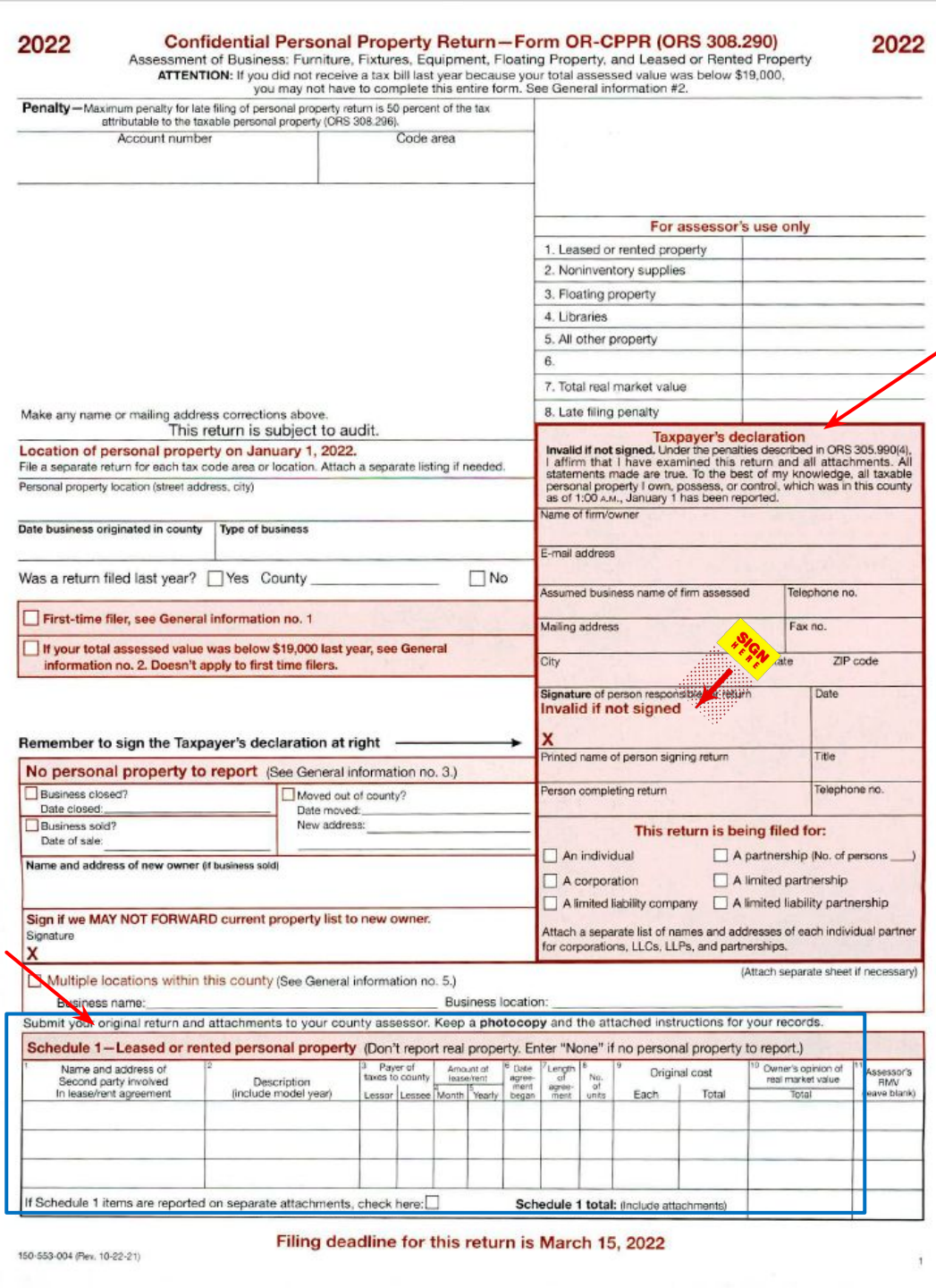
Filing deadline for this return is March 15, 2022

150-553-004 (Rev. 10-22-21) 1

The year at the top represents the assessment year and you will report all additions and disposals as of 1/1/Current Year-this date looks to seek and capture all purchases and disposals **made in the prior year**. Think of personal property reporting as 1 year behind.

The filer for this 2022 return would be reporting all tangible assets as of 1/1/2022 which looks to seek and capture all additions or disposals made in 2021. If a tax bill is generated from this returns, it will not be seen until much later in the year- October 2022!

The information in the red & green circles is important! This information is used to identify the situs (location) and status of the business, please fill out completely as it applies.



2022 **Confidential Personal Property Return—Form OR-CPPR (ORS 308.290)** 2022

Assessment of Business: Furniture, Fixtures, Equipment, Floating Property, and Leased or Rented Property

ATTENTION: If you did not receive a tax bill last year because your total assessed value was below $19,000, you may not have to complete this entire form. See General information #2.

Penalty—Maximum penalty for late filing of personal property return is 50 percent of the tax attributable to the taxable personal property (ORS 308.296).

Account number | Code area

For assessor's use only

1. Leased or rented property
2. Noninventory supplies
3. Floating property
4. Libraries
5. All other property
6.
7. Total real market value
8. Late filing penalty

Make any name or mailing address corrections above.

This return is subject to audit.

Location of personal property on January 1, 2022.

File a separate return for each tax code area or location. Attach a separate listing if needed.

Personal property location (street address, city)

Date business originated in county | Type of business

Was a return filed last year? ☐ Yes County _____ ☐ No

☐ **First-time filer, see General information no. 1**

☐ **If your total assessed value was below $19,000 last year, see General information no. 2. Doesn't apply to first time filers.**

Taxpayer's declaration

Invalid if not signed. Under the penalties described in ORS 305.990(4), I affirm that I have examined this return and all attachments. All statements made are true. To the best of my knowledge, all taxable personal property I own, possess, or control, which was in this county as of 1:00 A.M., January 1 has been reported.

Name of firm/owner

E-mail address

Assumed business name of firm assessed | Telephone no.

Mailing address | Fax no.

City | State | ZIP code

Signature of person responsible for return **Invalid if not signed** | Date

X

Printed name of person signing return | Title

Person completing return | Telephone no.

Remember to sign the Taxpayer's declaration at right

No personal property to report (See General information no. 3.)

☐ Business closed? Date closed: _____

☐ Business sold? Date of sale: _____

☐ Moved out of county? Date moved: _____ New address: _____

Name and address of new owner (if business sold)

Sign if we MAY NOT FORWARD current property list to new owner.

Signature

X

This return is being filed for:

☐ An individual ☐ A partnership (No. of persons ____)

☐ A corporation ☐ A limited partnership

☐ A limited liability company ☐ A limited liability partnership

Attach a separate list of names and addresses of each individual partner for corporations, LLCs, LLPs, and partnerships.

(Attach separate sheet if necessary)

☐ Multiple locations within this county (See General information no. 5.)

Business name: _____ Business location: _____

Submit your original return and attachments to your county assessor. Keep a **photocopy** and the attached instructions for your records.

Schedule 1—Leased or rented personal property (Don't report real property. Enter "None" if no personal property to report.)

1 Name and address of Second party involved In lease/rent agreement	2 Description (include model year)	3 Payer of taxes to county: Lessor	Lessee	4 Amount of lease/rent: Month	Yearly	5 Date agreement began	6 Length of agreement	7 No. of units	8 Original cost: Each	Total	9 Owner's opinion of real market value: Total	10 Assessor's RMV (leave blank)

If Schedule 1 items are reported on separate attachments, check here: ☐ **Schedule 1 total:** (Include attachments)

Filing deadline for this return is March 15, 2022

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The TAXPAYERS DECLARATION box must be filled out completely or your return will be sent back to you.
If we can't send it back due to the lack of information, the return will not be processed, and the account will reflect an incomplete return and will incur late fees!

SCHEDULE 1
LEASED ITEMS
If you have new leased assets to report, record them here.

If you own the assets and lease to someone else, you will not record them on this schedule, you would record those on Schedule 5A.

Schedule 1 Leased items

- These are items you do not own but are using in your business.
- This would not include your monthly “rent” for the building, but rather the tangible items you are leasing.
- Examples may include copiers, point of sale machines, water coolers, rugs, coffee makers, or maybe even larger equipment such as forklifts and wine tanks.
- **It is important to note the Lessors information and to note who is paying the taxes- lessee or lessor in column 3. This is generally found in your lease agreement.**
- Keep in mind, the lessor is also required to file a return. We match up their information with what you provide to help ensure accuracy.

NON-INVENTORY SUPPLIES ARE:

- Consumable items that do not become a part of the finished product and will not be sold to the customer.
- This is a required field. If no supplies are reported, a value is attached to the account.
  - Example: $50,000 RMV x 3% =$1500.00
- Think: "As of January 1, I had X amount of dollars' worth of general office supplies." "As of January 1, I had X amount of dollars' worth of maintenance supplies." "As of January 1…"





Schedule 2—Noninventory supplies (See instructions for examples.)

Report total cost on hand as of January 1

1 General office supplies	2 Maintenance supplies	3 Operating supplies	4 Spare parts	5 Other noninventory supplies	6 Assessor's RMV (leave blank)

If Schedule 2 items are reported on separate attachments, check here: ☐ **Schedule 2 total:** (Include attachments)

Schedule 3—Floating property (Include docks and pilings. Enter "None" if no property to report.)

Registration no.	Oregon Marine Board no.	Date purchased	Purchase price $	Owner's opinion of real market value	Assessor's RMV (leave blank)
Own: ☐ Fee simple ☐ Contract	Contract holder:	Exact moorage location on January 1			
If you have remodeled your floating property during the past year, please describe in the space to the right. (This may include a room or story addition, stringer replacement, or acquisition of a tender house or swim float.) Also report partially completed structures. Approximate date of remodeling: _____					
All other vessels	Does this vessel ply the high seas? ☐ Yes ☐ No				
Registration no.	Date purchased	Purchase price $	Name of vessel		
Primary moorage		Length of vessel	Type of fishing or activity		
If Schedule 3 items are reported on separate attachments, check here: ☐ **Schedule 3 total:** (Include attachments)					

Schedule 4—Professional libraries (Use this format and report on a separate sheet. Enter "None" if no property to report.)

1 Type of library*	2 Title of book or set	3 If set, is it complete? No	4 Yes	5 Number of volumes	6 Cost when purchased	7 Owner's opinion of real market value Total	8 Assessor's RMV (leave blank)
*For example, books, tapes, videos, compact discs				**Schedule 4 total:** (Include attachments)			

Schedule 5A—All other taxable personal property (Include all items not reported on schedules 1, 2, 3, or 4. Report any added or deleted items.)

1 Item of property	2 Identification (manufacturer and serial no.)	3 N=New U=Used	4 Manuf. year	5 Purchased Mo.	Yr.	6 No. of units	7 Cost when purchased Each	Total	8 Owner's opinion of real market value Total	9 Assessor's RMV (leave blank)
Sample Item	Brand Name/123456789	N	2010	6	10	2	150	300	300	
(Attach separate sheet if necessary)								Subtotal 5A →		

Schedule 5B—Small hand tools (Not reported elsewhere on this return; indicate type.)

List business type, (dealership, service garage, dental, medical, beauty/barber shop, landscape etc.):	Owner's opinion of real market value	Assessor's RMV (leave blank)
Who is responsible for taxes? ☐ Company/Owner ☐ Employee Please provide contact information _____ **Subtotal 5B** →		
If Schedule 5 items are reported on separate attachments, check here: ☐ **Schedule 5 total (A+B):** (Include attachments)		
Improvements on federal lands, mining claims, etc., on which final proof has not yet been made: Location: Township _____ Range _____ Section _____		

Submit your original return and attachments to your county assessor. Keep a **copy** of the return for your records.

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Schedule 2 non-inventory
Examples of supplies

Office Supplies	Operating Supplies	Maintenance Supplies	Spare Parts	Other Non-Inventory Supplies
Business cards Paper Floppy disks CD's Forms Pens/pencils Printer cartridges Copier toner Stationary Staples Paper clips Other small office supplies…	Cleaning supplies Toilet paper Paper towels Fuels Protective clothing Protective equipment Solvents Reserve tanks of glycol, ammonia, CO2, etc… Glassware Silverware Plates, bowls, etc	Abrasives Absorbent materials for spills Axle grease Belts & hoses Drill bits Rock salt for ice & snow Saw blades Tires Welding rods Wire & cable Paper towels Toilet paper Hand soap	Automotive parts Bearings Circuit breakers Computer parts Fuses Light fixtures Machine parts Motors Repair parts Gears Production and maintenance machine parts	Carpet samples Paint samples Wallpaper samples Fuels/gasses in storage Gasoline, diesel Hog fuel Nitrogen Propane Items not covered in other categories

SCHEDULE 3 FLOATING PROPERTY

Schedule 2—Noninventory supplies (See instructions for examples.)

Report total cost on hand as of January 1					Assessor's RMV (leave blank)
1 General office supplies	2 Maintenance supplies	3 Operating supplies	4 Spare parts	5 Other noninventory supplies	

If Schedule 2 items are reported on separate attachments, check here: ☐ **Schedule 2 total:** (Include attachments)

Schedule 3—Floating property (Include docks and pilings. Enter "None" if no property to report.)

Registration no.	Oregon Marine Board no.	Date purchased	Purchase price	Owner's opinion of real market value	Assessor's RMV (leave blank)
			$		

Own: ☐ Fee simple ☐ Contract — Contract holder: — Exact moorage location on January 1

If you have remodeled your floating property during the past year, please describe in the space to the right. (This may include a room or story addition, stringer replacement, or acquisition of a tender house or swim float.) Also report partially completed structures. Approximate date of remodeling: _____

All other vessels — Does this vessel ply the high seas? ☐ Yes ☐ No

Registration no.	Date purchased	Purchase price	Name of vessel
		$	

Primary moorage	Length of vessel	Type of fishing or activity

If Schedule 3 items are reported on separate attachments, check here: ☐ **Schedule 3 total:** (Include attachments)

Schedule 4—Professional libraries (Use this format and report on a separate sheet. Enter "None" if no property to report.)

1 Type of library*	2 Title of book or set	3 If set, is it complete? No	4 If set, is it complete? Yes	5 Number of volumes	6 Cost when purchased	7 Owner's opinion of real market value Total	8 Assessor's RMV (leave blank)

*For example, books, tapes, videos, compact discs — **Schedule 4 total:** (Include attachments)

Schedule 5A—All other taxable personal property (Include all items not reported on schedules 1, 2, 3, or 4. Report any added or deleted items.)

1 Item of property	2 Identification (manufacturer and serial no.)	3 N=New U=Used	4 Manuf. year	5 Purchased Mo.	5 Purchased Yr.	6 No. of units	7 Cost when purchased Each	7 Cost when purchased Total	8 Owner's opinion of real market value Total	9 Assessor's RMV (leave blank)
Sample Item	Brand Name/123456789	N	2010	6	10	2	150	300	300	

(Attach separate sheet if necessary) — Subtotal 5A →

Schedule 5B—Small hand tools (Not reported elsewhere on this return; indicate type.) — Owner's opinion of real market value | Assessor's RMV (leave blank)

List business type, (dealership, service garage, dental, medical, beauty/barber shop, landscape etc.):

Who is responsible for taxes? ☐ Company/Owner ☐ Employee
Please provide contact information _____ — Subtotal 5B →

If Schedule 5 items are reported on separate attachments, check here: ☐ **Schedule 5 total (A+B):** (Include attachments)

Improvements on federal lands, mining claims, etc., on which final proof has not yet been made: Location: Township _____ Range _____ Section _____

Submit your original return and attachments to your county assessor. Keep a **copy** of the return for your records.

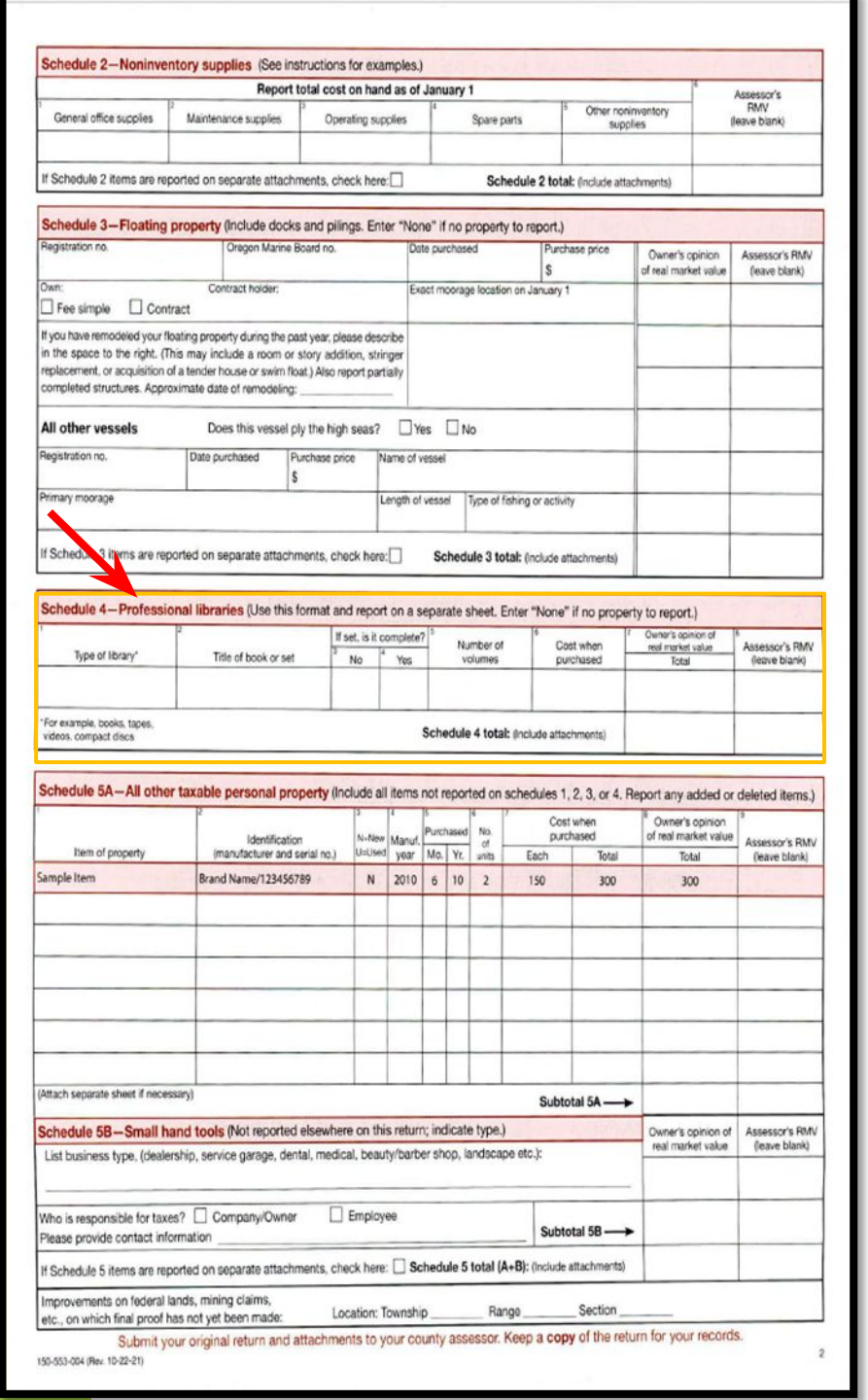
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Assessable floating property includes:
Floating homes
Boat houses
Floating home / Boat house combinations
Shops
Hangars
Restaurants
Moorages

This is NOT your private recreational boat. If you think you have floating property, contact our office for guidance.

If you own rental kayaks, boats, canoes, SUP boards, etc as part of your business, those items would be reported on Schedule 5A, not on Schedule 3.



Schedule 2—Noninventory supplies (See instructions for examples.)

Report total cost on hand as of January 1					Assessor's RMV (leave blank)
1 General office supplies	2 Maintenance supplies	3 Operating supplies	4 Spare parts	5 Other noninventory supplies	

If Schedule 2 items are reported on separate attachments, check here: ☐ **Schedule 2 total:** (include attachments)

Schedule 3—Floating property (Include docks and pilings. Enter "None" if no property to report.)

Registration no.	Oregon Marine Board no.	Date purchased	Purchase price $	Owner's opinion of real market value	Assessor's RMV (leave blank)
Own: ☐ Fee simple ☐ Contract	Contract holder:	Exact moorage location on January 1			
If you have remodeled your floating property during the past year, please describe in the space to the right. (This may include a room or story addition, stringer replacement, or acquisition of a tender house or swim float.) Also report partially completed structures. Approximate date of remodeling: _____					
All other vessels	Does this vessel ply the high seas? ☐ Yes ☐ No				
Registration no.	Date purchased	Purchase price $	Name of vessel		
Primary moorage		Length of vessel	Type of fishing or activity		

If Schedule 3 items are reported on separate attachments, check here: ☐ **Schedule 3 total:** (include attachments)

Schedule 4—Professional libraries (Use this format and report on a separate sheet. Enter "None" if no property to report.)

1 Type of library*	2 Title of book or set	3 If set, is it complete? No	4 Yes	5 Number of volumes	6 Cost when purchased	7 Owner's opinion of real market value Total	8 Assessor's RMV (leave blank)
*For example, books, tapes, videos, compact discs				**Schedule 4 total:** (include attachments)			

Schedule 5A—All other taxable personal property (Include all items not reported on schedules 1, 2, 3, or 4. Report any added or deleted items.)

1 Item of property	2 Identification (manufacturer and serial no.)	3 N=New U=Used	4 Manuf. year	5 Purchased Mo.	Yr.	6 No. of units	7 Cost when purchased Each	Total	8 Owner's opinion of real market value Total	9 Assessor's RMV (leave blank)
Sample Item	Brand Name/123456789	N	2010	6	10	2	150	300	300	

(Attach separate sheet if necessary) **Subtotal 5A** →

Schedule 5B—Small hand tools (Not reported elsewhere on this return; indicate type.) — Owner's opinion of real market value | Assessor's RMV (leave blank)

List business type, (dealership, service garage, dental, medical, beauty/barber shop, landscape etc.):

Who is responsible for taxes? ☐ Company/Owner ☐ Employee
Please provide contact information _____ **Subtotal 5B** →

If Schedule 5 items are reported on separate attachments, check here: ☐ **Schedule 5 total (A+B):** (Include attachments)

Improvements on federal lands, mining claims, etc., on which final proof has not yet been made: Location: Township _____ Range _____ Section _____

Submit your original return and attachments to your county assessor. Keep a **copy** of the return for your records.

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SCHEDULE 4 LIBRARIES

- Books, Tapes, VHS, DVD, Blu-ray, Chilton, Law Libraries, Disks, Compact Disks, and other types of media are considered libraries and should be listed.
- Libraries include, but are not limited to, those held by accountants, architects, attorneys, consultants, doctors, health science professionals, other science professionals, surveyors, and title companies. Electronic, mechanical, and other technical professionals should also use this schedule.
- ***Canned software is not taxable, and therefore should **not** be included. **Canned software** is software that you go to a store and buy off the shelf, opposite from software that someone would make just for your needs and not the average user. (More information about software coming up!)

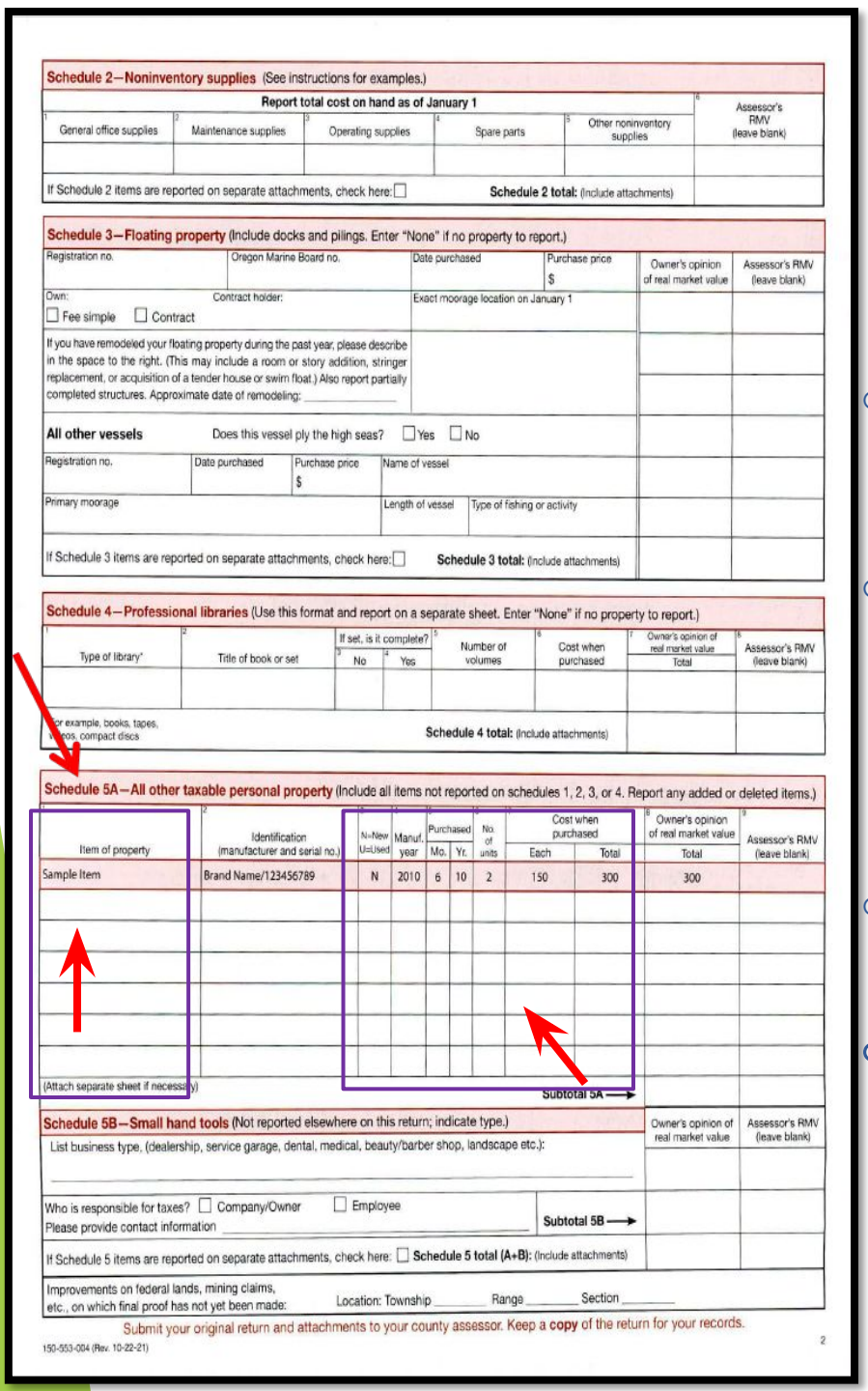
Taxable software

- Canned software is not taxable? CORRECT!
- All software is not taxable? INCORRECT!
- Software that provides a function to a piece of equipment is taxable. If the equipment can not run without the software, the software and any upgrades are taxable and should be reported.
- Examples of taxable software: An operating system, various medical equipment, mechanics diagnostic scanners, machinery and equipment that uses software to operate, etc.

Law Libraries

- Law Libraries are different and generally apply to attorneys or others who may utilize a law library.
- If you have a law library, you are responsible for using the law library depreciation schedule found in the Valuation Guidelines to arrive at the value of your library.
- You can find this on the Yamhill County Business Property Hub in the Information Station by clicking Forms and Manuals, on the Oregon State Bar site, or the Department of Revenue site.
- You can also find specific directions in the Frequently Asked Questions section.

SCHEDULE 5A ALL OTHER PROPERTY



Schedule 2—Noninventory supplies (See instructions for examples.)

Report total cost on hand as of January 1					6 Assessor's RMV (leave blank)
1 General office supplies	2 Maintenance supplies	3 Operating supplies	4 Spare parts	5 Other noninventory supplies	

If Schedule 2 items are reported on separate attachments, check here: ☐ **Schedule 2 total:** (Include attachments)

Schedule 3—Floating property (Include docks and pilings. Enter "None" if no property to report.)

Registration no.	Oregon Marine Board no.	Date purchased	Purchase price $	Owner's opinion of real market value	Assessor's RMV (leave blank)
Own: ☐ Fee simple ☐ Contract	Contract holder:	Exact moorage location on January 1			
If you have remodeled your floating property during the past year, please describe in the space to the right. (This may include a room or story addition, stringer replacement, or acquisition of a tender house or swim float.) Also report partially completed structures. Approximate date of remodeling: _____					
All other vessels	Does this vessel ply the high seas? ☐ Yes ☐ No				
Registration no.	Date purchased	Purchase price $	Name of vessel		
Primary moorage		Length of vessel	Type of fishing or activity		
If Schedule 3 items are reported on separate attachments, check here: ☐ **Schedule 3 total:** (Include attachments)					

Schedule 4—Professional libraries (Use this format and report on a separate sheet. Enter "None" if no property to report.)

1 Type of library*	2 Title of book or set	3 If set, is it complete? No	3 If set, is it complete? Yes	4 Number of volumes	5 Cost when purchased	7 Owner's opinion of real market value Total	8 Assessor's RMV (leave blank)
*For example, books, tapes, videos, compact discs					**Schedule 4 total:** (Include attachments)		

Schedule 5A—All other taxable personal property (Include all items not reported on schedules 1, 2, 3, or 4. Report any added or deleted items.)

1 Item of property	2 Identification (manufacturer and serial no.)	3 N=New U=Used	4 Manuf. year	5 Purchased Mo.	5 Purchased Yr.	6 No. of units	7 Cost when purchased Each	7 Cost when purchased Total	8 Owner's opinion of real market value Total	9 Assessor's RMV (leave blank)
Sample Item	Brand Name/123456789	N	2010	6	10	2	150	300	300	
(Attach separate sheet if necessary)								Subtotal 5A →		

Schedule 5B—Small hand tools (Not reported elsewhere on this return; indicate type.)

List business type, (dealership, service garage, dental, medical, beauty/barber shop, landscape etc.):	Owner's opinion of real market value	Assessor's RMV (leave blank)
Who is responsible for taxes? ☐ Company/Owner ☐ Employee Please provide contact information _____ **Subtotal 5B →**		
If Schedule 5 items are reported on separate attachments, check here: ☐ **Schedule 5 total (A+B):** (Include attachments)		

Improvements on federal lands, mining claims, etc., on which final proof has not yet been made: Location: Township _____ Range _____ Section _____

Submit your original return and attachments to your county assessor. Keep a **copy** of the return for your records.

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- Schedule 5A is where you will put the bulk of your items; this is where the depreciation occurs. (See next slide for depreciation example.)
- Computers, tablets, chairs, desks, wine barrels, kegs, conveyors, forklifts, stereos, bank vault doors, cell phones, décor, filing cabinets, lathes, linens, pinball machines, restaurant equipment, lawn mowers, vending carts, workbenches, trashcans, fire extinguishers, etc.
- This is also where you would record **freight costs, installation, fees and setup costs** associated with your assets.
- **Vital information here: item description, new or used, manufacture year if pertinent to equipment, year of purchase, number of units, & cost when purchased. Our system depreciates from that information!**

depreciation examples…

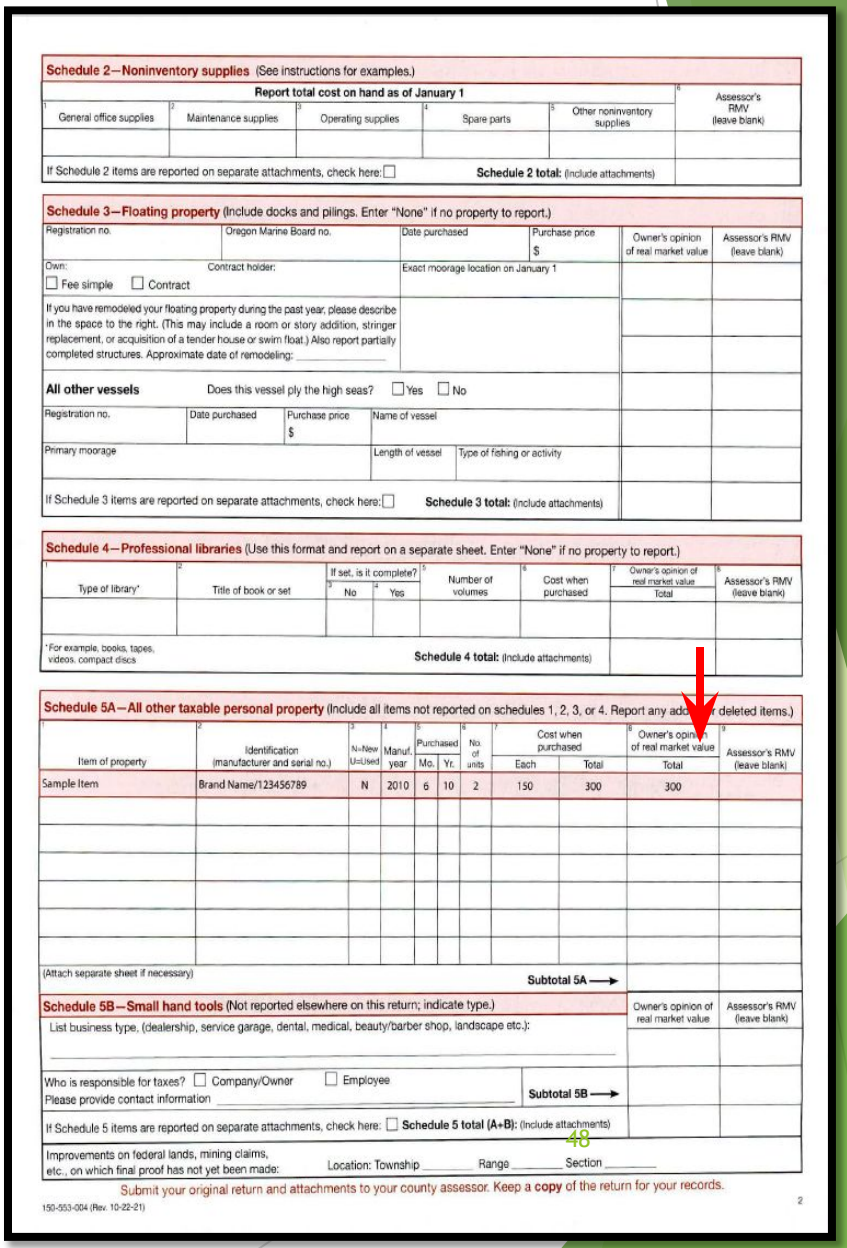
- The business owner buys a computer in 2021 for $1500.00.
- According to Department of Revenue Depreciation Schedules, a computer is coded as a 5A. The valuation factor for this is .58 in the first year.

Cost x Factor=RMV

- For Year 1 ($1500.00 x .58 = $870 Real Market Value)
- For Year 2 ($1500.00 x .32 = $480 Real Market Value)
- For Year 3($1500.00 x .19 = $285 Real Market Value)
- For Year 4($1500.00 x .10 = $150 Real Market Value)
- For Year 5($1500.00 x .07 = $105 Real Market Value)
- All years following Year 5: the asset will remain at $105.00 until the asset is replaced which would begin new depreciation based on the new figures, or it is disposed.
- **Assets do not depreciate to zero**! If it is being used in the business, the item retains some value. If there was no value, the item would naturally be disposed.

“But I don’t know the cost!”

- No need to worry. That issue is taken into consideration!
- The owner's opinion of market value is used for these circumstances.
  - Items gifted to you and used in business.
  - Items gifted to your business.
  - Items donated to your business.
  - No record of purchase.
  - Newly acquired used assets from bulk sale <u>with no previous record available</u>
  - <u>Picked up on the side of the road.</u>
- Real market value of all property, real and personal, means the amount in cash that could reasonably be expected and sold by an informed buyer to an informed seller, each acting without compulsion in an arms-length transaction occurring as of the assessment date for the tax year.
  - Think: “If I sell this, what would I hope to get for it.” Will the person you would sell to think it is a fair deal; not too low or too high?



Schedule 2—Noninventory supplies (See instructions for examples.)

Report total cost on hand as of January 1					
1 General office supplies	2 Maintenance supplies	3 Operating supplies	4 Spare parts	5 Other noninventory supplies	6 Assessor's RMV (leave blank)

If Schedule 2 items are reported on separate attachments, check here: ☐ **Schedule 2 total:** (Include attachments)

Schedule 3—Floating property (Include docks and pilings. Enter "None" if no property to report.)

Registration no.	Oregon Marine Board no.	Date purchased	Purchase price $	Owner's opinion of real market value	Assessor's RMV (leave blank)
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All other vessels	Does this vessel ply the high seas? ☐ Yes ☐ No				
Registration no.	Date purchased	Purchase price $	Name of vessel		
Primary moorage		Length of vessel	Type of fishing or activity		
If Schedule 3 items are reported on separate attachments, check here: ☐ **Schedule 3 total:** (Include attachments)					

Schedule 4—Professional libraries (Use this format and report on a separate sheet. Enter "None" if no property to report.)

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*For example, books, tapes, videos, compact discs **Schedule 4 total:** (Include attachments)

Schedule 5A—All other taxable personal property (Include all items not reported on schedules 1, 2, 3, or 4. Report any add… deleted items.)

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Sample Item	Brand Name/123456789	N	2010	6	10	2	150	300	300	

(Attach separate sheet if necessary) **Subtotal 5A** →

Schedule 5B—Small hand tools (Not reported elsewhere on this return; indicate type.) Owner's opinion of real market value | Assessor's RMV (leave blank)

List business type, (dealership, service garage, dental, medical, beauty/barber shop, landscape etc.):

Who is responsible for taxes? ☐ Company/Owner ☐ Employee Please provide contact information **Subtotal 5B** →

If Schedule 5 items are reported on separate attachments, check here: ☐ **Schedule 5 total (A+B):** (Include attachments)

Improvements on federal lands, mining claims, etc., on which final proof has not yet been made: Location: Township _____ Range _____ Section _____

Submit your original return and attachments to your county assessor. Keep a **copy** of the return for your records.

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SCHEDULE 5B SMALL HAND TOOLS

- Report **value** of all small hand tools and non-power tools not reported elsewhere on the return. This is not itemized like schedule 5A is.
- In the blue circle, you will include an **estimate** of real market value. Think, "As of January 1st, I had X amount of value in small hand tools."
- This schedule is beneficial for ease of reporting!
- Mechanics shops, doctors' offices, restaurants, dental practices, manufacturers, offices, etc.
- After you input your values, check to see if any of the other information in Schedule 5B applies to your business.



Let’s recap some key points!

- Schedules 1-5B need to be completed as they apply to your business.
- We depreciate from original cost and year, so providing that information is **vital**.
- We will not process an unsigned tax return.
- Make sure you fill the tax return out completely or it may be sent back to you potentially causing late fees.

"You didn't mail me a return, so do I need to file?"

YES!!!

- Counties are not required to mail out tax returns and many are going paperless and online like Yamhill County. Failure to receive a tax return does not negate the need to file.

- ORS 308.290(6)A return is not in any respect controlling on the county assessor or on the Department of Revenue in the assessment of any property. On any failure to file the required return, **the property shall be listed and assessed from the best information obtainable from other sources.**

- ORS 308.290(1)(a) …every person and the managing agent or officer of any business, firm, corporation or association owning, or having in possession or under control taxable personal property **shall** make a return of the property for ad valorem tax purposes to the assessor of the county in which the property has its situs for taxation.

"WHAT IF I FILE MY RETURN LATE?"

ORS 308.296

- After March 15th but on or before June 1st, you will be assessed a penalty of 5% of the tax.
  - (March 16th-June 1st) ORS 308.296
- After June 1st but on or before August 1st, you will be assessed a penalty of 25% of the tax.
  - (June 2nd – August 1st) ORS 308.296
- After August 1st, you will be assessed a penalty of 50% of the tax.
  - (August 2nd – December 31st) ORS 308.296

What is the tax rate for pp?

- The tax rate varies and depends on the Levy Code the assets were reported in as of 1/1/current year.
- Yamhill County has appropriately 70 Levy Codes, each made up of the combined taxing districts for that area. The tax rate for each Levy Code is the sum of the rates for the taxing districts included in that Levy Code.
  - Your levy code is located on your tax bill. You can use this code to search for your rate using our current year Consolidated Rates form in our Forms & Manuals section. https://www.co.yamhill.or.us/content/personal-property-forms-and-manuals
- *Value x rate ÷ 1,000 = **approximate tax**.

*The exact amount of tax remains unknown until the roll is certified by the assessor.

"What if I choose not to file a return?"

1. ORS 308.290(6)On any failure to file the required return, the property shall be listed and assessed **from the best information obtainable from other sources.**
2. If you are a **new business**, we will use comparable values and average them out to assess a value. The 50% late/non-file penalty will apply. The comparable values may or may not reflect values that are close to your actual value.
3. If you have an **existing account**, we will take the last value on the account and apply a percentage. Example: $20,000 in value x 1.25 = $25,000 in value.
    a. Your tax rate will be applied based on the levy code your business is in. Using McMinnville's code for 2021: 25,000 x 16.5854 = 414,635 ÷ 1000 = **$414.63** the result will be your tax liability.
    b. ORS 308.296 A 50% penalty will be attached to the account for late/non-file accounts. The penalty is 50% of the tax: $414.63 / 2 = $207.315.
    c. $414.63 + 207.31 = Your total is now $621.94.
4. Each year you do not file, a new forced value will be attached to the account, and the value will increase.
5. Penalties apply whether you have an existing account or a new business when forced value occurs.

“If my equipment is only used part of the year, is it still taxable?”

YES!

- Any tangible personal property held by the owner wholly or partially for use or sale in the ordinary course of a trade or business, for the production of income, or solely for investment is taxable. ORS 307.190(2)(a)
- Tangible personal property used **exclusively** for personal use and enjoyment by the owner is granted exemption from property tax. OAR 150-307-0240

- Note: We **do not** recognize percentage of use for most assets. If it is used in the business, it must be reported.

Let’s recap some key points!

- You are responsible for getting your tax returns to our office.
- Late returns will receive penalties. Penalties are in statute. Late filing = penalties up to 50% of tax.
- If you choose not to file, a forced value will be placed on your account. We have a statutory obligation to value a business when we have knowledge of that business.
- We do not recognize percentage of use in most scenarios.

“I closed, sold, or will be selling my business. What do I need to do?”

- Review ORS 311.639 (earlier in this presentation)! A seller has some requirements during a sale that are statutorily required!
- Prior to closing the sale, notify the county and request an ‘advanced demand’ to get any pending taxes paid if necessary. Look at the timeline on the hub to learn more!
- Authorize release of confidential asset lists to new owner if applicable. Form is on our site in the forms & manuals section.
- Complete a return the following January to officially reflect status of assets (storage, disposed, donated, sold, etc.) and indicate the buyer, sale date and contact info.
- Upon payment of any due taxes, we will update the account to reflect new ownership so future tax bills are sent to the new owner.
  - You need to contact us directly regarding your sale/closure. There is no other entity in the state of Oregon that is going to do this for you including the Secretary of State office.

FAILURE TO NOTIFY US YOU HAVE CLOSED OR SOLD WILL RESULT IN TAX AND PENALTIES CONTINUING TO ACCRUE ON THE ACCOUNT WITH INTEREST!

"I closed, sold, or will be selling my business. What do I need to do?" cont…

- The County does not pro-rate taxes, this is a private matter between the parties.
- Be aware, the tax bill reflects the business assets as of the assessment date 1/1/any given year.
- The tax year is a split year and goes from 7/1/any given year through 6/30/the following year.
- If you own the assets as of 1/1/any given year, and sell anytime that year, you would typically be the responsible party.
- Asking your buyer to pay the tax is really asking them to pay for equipment they did not yet own and are not required to report to us until the following year!
- The buyer wouldn't be expected to submit a return until 1/1/of the following year after purchase; THEIR FIRST TAX BILL WOULD BE THE FOLLOWING OCTOBER.
- Example: Buyer purchased 3/1/2022. Their first return will be due 3/15/2023 and would reflect all assets as of 1/1/2023. Any tax generated wouldn't be billed until October 2023.

“I am purchasing a ‘new to me’ business, what should I know?”

- Make sure your seller has complied with ORS 311.639
- If you are purchasing used personal property from another business, you should check to see if there are any tax or liens owing on the property **before purchasing it!** See our earlier slides about Bona Fide Purchaser status and seller responsibility.
- Check with the tax collector in the Oregon county where you are planning to purchase the equipment **and**, conduct a Uniform Commercial Code (UCC) search with the Secretary of State. The link is found on the Yamhill County Business Property Hub in the Information Station, Helpful Links.
- A lien means we (or another party) has an interest in the equipment **until the debt is paid**. This equipment is **collectable**!
- Purchasing someone else’s property with liens means that you are now responsible for those liens! **We follow equipment, not owners! ORS 311.405, ORS 311.410**
- We cannot provide relief for business owner’s who purchased equipment with liens. **When you purchase equipment with liens, you are purchasing the lien as well.** Do your due diligence and check with our office, the county clerk’s office and the Secretary of States UCC site prior to your purchase and document your results!

Omitted Property

- Omitted property is defined as any part of any real, personal, or centrally assessed property that has been omitted from taxation due to the assessor's lack of knowledge of its existence.
- Example: Lucy opened her business in 2014 but did not know she had to file a personal property return. She failed to file 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022. During a 2022 site visit, the assessor's office found she was in business and instructed Sally to file a return. Sally filed a return in 2022. Sally is liable for taxes that would have been levied in 2017, 2018, 2019, 2020, 2021 and 2022.
  - The five years she should have filed plus the current year. 2014 2015 and 2016 are dropped off because it extends too far back.
- **50% of each tax owed would attach as a penalty to <u>each</u> filing year.**
- Value for each year is taxed and penalties are attached for each year. A bill is sent.
- The state recognizes that failure to know the laws does not alleviate the necessity to file.
- If you are unsure whether you need to file or not, contact our office.

- When the assessor discovers omitted property, the property *may* be added to the current roll and up to the five years proceeding rolls (OAR 150-311-0210(2)).
- Upon discovering omitted property, the assessor *must* notify the property owner of the intention to add the omitted property to the roll (ORS 311.219).
- The taxpayer has 20 days to show cause why the omitted property shouldn't be added to the roll (ORS 311.219).

Appeals

Request for Review

This is generally the first step in communicating with our office that you feel your account needs a review. In October, the form becomes available in our office after statements are mailed. Submit the form to our office to have your account reviewed and discuss any issues you feel need to be addressed.

BoPTA (Board of Property Tax Appeals)

If desired, the next step in the appeals process is generally a BoPTA review. The filing deadline is December 31st for current tax year only. Contact the Clerk's Office for guidance.

Magistrate

30-days to file appeal of BoPTA decision, filing fee applies. More information online.

Magistrate-omitted property

90-days to file appeal on omitted property correction from date of corrected tax notice, filing fee applies.

Late Penalty Waivers

- **Filed with Assessor**
  - Forms are available in office. You will need information on your statement to fill out the form. Submitting a waiver does not guarantee the penalty will be waived. The Assessor may choose to waive all, part of, or none of the penalty. The assessor's decision is final, there is no appeal of the late fee once decided.
- **ORS 308.295(7)**(a) Upon application of the taxpayer, the assessor **may** waive the liability for property tax late filing penalties under this subsection if the taxpayer:
  - **(A)**Has never filed a personal property tax return in this state;
  - **(B)**Has failed to file a property tax return for one or more consecutive years;
  - **(C)**Has not previously received relief from property tax late filing penalties under this subsection; and
  - **(D)**Files an application for relief from property tax late filing penalties that satisfies the requirements of paragraph (b) of this subsection.
- All the conditions above must be met for consideration.

Late penalty waivers

- **Filed with Clerk's Office for BoPTA to review**
  - Forms are available on the County Clerk's website and filed with the County Clerk. Please contact them for guidance.
- ORS 308.295(5)(a) Unless the penalty is the subject of an appeal under ORS 311.223 (Correction of rolls), the county board of property tax appeals, upon application of the taxpayer, **may** waive the liability:
  - **(A)**For all or a portion of the penalty upon a proper showing of **good and sufficient cause**; or
  - **(B)**For all of the penalty if the year for which the return was filed was both the first year that a return was required to be filed by the taxpayer and the first year for which the taxpayer filed a return.
- **(b)**Unless the taxpayer files a timely application in the same manner as an appeal under ORS 309.100 (Petitions for reduction of property value), the board may not consider an application made under this subsection.
- **(c)**An appeal may not be taken from the determination of the board under this subsection.

Good & Sufficient Cause

*Good and sufficient cause is defined as an extraordinary circumstance that includes, but is not limited to:

- Illness, absence, or disability which substantially impairs a taxpayer's ability to make a timely application.
- Reasonable reliance on misinformation provided by county assessment and taxation staff or Department of Revenue personnel.

*Per DOR form OR-B-WLFP

Final recap

- If you closed or sold your business, you need to contact our office so we can close your account.
- If you want to purchase used equipment, you are responsible for doing your due diligence.
- Omitted property can be very costly, make sure to report accurately.
- You can request a review and file an appeal should you disagree with our values.
- Understanding your tax bill will help make paying taxes a bit less confusing!

Personal Property timeline!

- **Jan. 1** Assessment date at 1:00 a.m.
- Jan. 2 Returns can start coming in, the earlier the better!
- **March 15** Returns are due.
- **March 16** Late returns subject to 5% pena
- **April 1** Deadline for taxpayer to file exem
- **June 2** Late returns subject to 25% penal
- **Mid June - Late June** is wrap of processi All returns should be filed for the assessm internal deadlines.
- **Late June to early August** Non-filers rece visits and audits begin.
- **July 1** Lien date for personal property (n from **previous** October statement.)
- **Aug. 2** Late returns subject to 50% penalt
- **Sep.** Roll occurs
- **Oct. 25** Tax statements are mailed or made available online on or before this date.
- **Oct. 25** First day to file appeals is the date tax statements are mailed.
- **Nov. 15** Payment is DUE
- **Dec. 31** Last day to petition BOPTA



When in doubt, reach out!

We are here for you! If you are unsure about reporting your business assets, contact us. With a few quick questions, our appraiser will know if you need to file a return, and what return you will need.

It is our goal to provide the citizens of Wasco County with an accurate, effective, fair, and equitable property tax program by a team that is driven with a passion to exceed the expectations of the citizens we serve.

Email your Personal Property or

Machinery & Equipment Questions to:

- marthar@co.Wasco.or.us

Additional Contact Information

Business Personal Property Appraiser

- Martha Ramos
- (541) 506-2519
- marthar@co.Wasco.or.us

Assessment and Tax Manager

- Shannon Hansell
- (541)506-2517
- shannonh@co.Wasco.or.us

General Questions?

- assessor@co.Wasco.or.us
- Office: (503) 506-2510

THANK YOU