

## **Some Q&A About the New Business Personal Property Rendition Statute**

*Since adoption, the Texas Property Tax Code required that business owners file an annual rendition statement listing their business personal property. Because the Property Tax Code did not penalize a taxpayer who failed to file, many property owners opted to not file.*

*Senate Bill 340 was passed by the Legislature in 2003 and is effective January 1, 2004. Adoption of this bill brings many changes to the laws related to business personal property renditions. The following are some frequently asked questions and answers about these changes:*

### ***Who must file a rendition report?***

A person who owns tangible personal property used for the production of income, or who manages or controls such property as an authorized agent, must file a report annually.

### ***What must the rendition statement contain?***

- property owner's name and address
- description of the property by type or category
- description and quantity of each type of inventory
- property's physical location or taxable situs
- property owner's option of providing either a "good faith estimate" of market value or historical cost new and year of acquisition of individual items

### ***Are there any exceptions to this reporting requirement?***

Exempt property does not have to be rendered, unless it becomes taxable. For property that in the owner's opinion has an aggregate value of less than \$20,000, the owner may file a simplified statement containing only the owner's name and address, general description of the property by type of category, and the physical location or taxable situs of the property. Properties regulated by the Texas Public Utility Commission, Railroad Commission, Federal Surface Transportation Board or the Federal Energy Regulatory Commission are already subject to reporting requirements. These reports along with information sufficient to allocate value to appropriate tax units may suffice for meeting the new requirements.

### ***Can the appraisal district request additional information?***

Yes. The chief appraiser may request a statement of supporting information indicating how the property owner determined the value rendered. This statement must summarize information identifying the property, including the source of the information reported. If the owner provided a "good faith" value estimate, the statement must summarize the physical and economic characteristics relevant to their opinion of value. It must also state the effective date of the opinion and explain the basis of the value rendered. Businesses with 50 or fewer employees may base the value estimate on its federal tax depreciation schedules.

### ***What are the filing deadlines?***

The rendition statement must be filed between January 1 and April 15 each tax year. By written request, an automatic extension to May 15 may be obtained. The chief appraiser may further extend the deadline an additional 15 days if the property owner files a written request showing a good cause reason for the additional extension.

### ***What happens if someone files late or not at all?***

A property owner, who fails to file a timely rendition statement, may be assessed a penalty of 10% of the total taxes imposed on the property for the tax year.

If the property owner fails to file a rendition and subsequently files a notice of protest, the owner bears the burden of proof at the Appraisal Review Board hearing.

### ***Can there be any other penalties?***

Yes. SB 340 imposes a penalty of 50% of the total amount of tax imposed on the property for the tax year if a court finally determines that a person filed a false statement with intent to commit fraud or evade tax. A 50% penalty is also imposed if a person alters, destroys, or conceals a record, a document, or otherwise engages in fraudulent conduct for the purpose of affecting the course or outcome of an inspection, investigation, determination, or other proceeding before the appraisal district.

### ***Are these statements confidential?***

Yes. The Legislature did not change the statutes governing confidentiality of rendition statements and supporting statements. SB 340 does not prohibit a chief appraiser from using the rendition and supporting statement as a part of the evidence presented in a protest before the Appraisal Review Board. In this case, it does become a part of the public record.

### ***What if it is determined that some property escaped taxation in past years?***

Normally, if it is determined that some property was not on the tax roll in the past, the chief appraiser has the obligation to add it to the appraisal roll as omitted property. The chief appraiser may add omitted business personal property for the current year and the two previous years.

As a one-time exception, the Legislature prescribed the time period between September 1, 2003 and December 1, 2003 for property owners to report any property that was omitted from the tax roll, and it would be added for the 2003 tax year only. This provision is only in effect during this window of time; and after December 1, 2003, property will be subject to the normal rules governing omitted property.