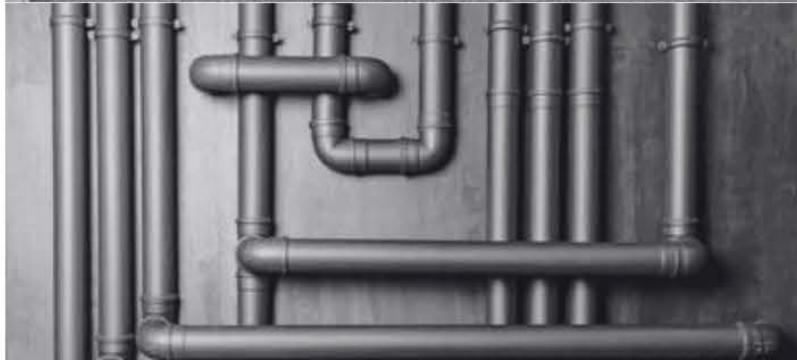


*Personal Property*



# Personal Property

Like all municipalities in Massachusetts, Needham taxes personal property separately from real estate. All goods, objects, and other tangible items are not permanently attached to the land or building of a property are considered **taxable personal property**.

## HERE ARE SOME EXAMPLES OF PERSONAL PROPERTY:



**Poles, underground conduits, wires, and pipes** - Parking lot lights, electrical wires in a business owned parking lot, or pipes going into and throughout a business are part of this category.



**Machinery** - Manufacturing machines, copy machines, typewriters, computers, scanner/printers, appliances, cellphones/landline phones, and any other machines and devices are considered machinery.



**Tools and Equipment** - Tools used in the trades are exempt from taxation. Tools used in non-trade professions are taxable.

### Trade Profession

For example: mechanic, plumber, electrician, mason, carpenter



**TOOLS EXEMPT**

### Non-Trade Profession

For example: accountant, lawyer, doctor, dentist, chef



**NO EXEMPTIONS**



**Furniture and fixtures** - Desks, tables, cabinets, shelves and display cases are all examples of furniture and fixtures that are taxable



**Merchandise** - Merchandise is any finished product that is for sale, lease, or used to produce a finished good. Clothing in a clothing store and the paint of a painter are examples.



**Leased Equipment** - Leased equipment is considered personal property. The type of lease dictates if the lessor or the lessee pays the personal property tax.

## PERSONAL PROPERTY VALUATION AND TAX ASSESSMENT

State law requires that municipalities assess taxes on all non-exempt personal property situated in a specific town or city as of January 1st of a calendar year. In rare instances, for personal property that is mobile and doesn't stay in one location for long periods of time, like construction equipment, personal property is taxed in the town in which the property owner resides. Leased personal property is generally taxed by the municipality the lessee resides in, not the municipality the lessor resides in.

State law requires that owners of personal property file a Form of List, an inventory of all tangible personal property owned by a person or entity as of January 1st of the calendar year. Property owners must give their Form of List to the assessor by March 1st of the calendar year, unless the board of assessors grants an extension, typically until April 1st. Even businesses that close after January 1st of the calendar year need to file a Form of List, as well as a Closed Business Form.

Importantly, a **Form of List is not public information** - only the taxpayer, their designated representatives, and local and state government employees that need to review the Form of List as part of their duties can view the Form of list.



State Tax Form 2  
(In General)

### January 1st

Tangible assets owned by taxpayer as of this date will be taxed.

### March 1st

Form of List due.

### July 1st

New fiscal year begins.

### August 1st

1st preliminary personal property tax bill payment due.

### November 1st

2nd preliminary personal property tax bill payment due.

### February 1st

3rd quarter actual personal property tax bill payment due. This bill reflects the fiscal year's new commercial tax rate.

### May 1st

4th quarter actual personal property tax bill payment due. Final payment for the fiscal year.

# FORM OF LIST EXAMPLE

For most assets, the FORM of List solicits specific information for each item listed.

The type of item

The year of manufacture

The model of the item

**A. POLES, UNDERGROUND CONDUITS, WIRES AND PIPES**

* Own/ Other	Type	Quantity/ Run feet	Size	Make	Nature of use	Years installed	** Year of Manufacture	Year of purchase	Purchase price	Estimated market value
Continue list on attachment, in same format, as necessary.									Subtotal Schedule A	0
									Subtotal attachment	0
									TOTAL	0

The manufacturer of the item

**B. MACHINERY**

* Own/ Other	No.	Description	Nature of use	Manufacturer	Model	** Year of Manufacture	Year of purchase	Purchase price	Estimated market value	
OWN	4	COMPUTERS	BUSINESS	DELL	LATITUDE	2022	2023	6,000		
OWN	1	PHONE SYSTEM	BUSINESS	CISCO	CP 9951	2022	2022	4,000		
OWN	1	PRINTER	BUSINESS	XEROX	WORKCENTR	2020	2020	3,000		
Continue list on attachment, in same format, as necessary.									Subtotal Schedule B	13,000
									Subtotal attachment	0
									TOTAL	13,000

A description of the item and the nature of use

**C. TOOLS AND EQUIPMENT**

* Own/ Other	No.	Description	Nature of use	Type/model	** Year of Manufacture	Year of purchase	Purchase price	Estimated market value		
OWN	2	DENTAL CHAIRS	DENTAL EXAM	MONET ELECTRIC	2022	2023	10,000			
OWN	2	X-RAY	DENTAL EXAM	EXTRA ORAL	2021	2021	24,000			
OWN	1	AUTO CLAVE	STERILIZATION	MIDMARK 11	2021	2022	5,000			
Continue list on attachment, in same format, as necessary.									Subtotal Schedule C	39,000
									Subtotal attachment	0
									TOTAL	39,000

Items may be submitted on additional worksheets

**D. BUSINESS FURNITURE AND FIXTURES**

* Own/ Other	No.	Description	** Year of Manufacture	Year of purchase	Purchase price	Estimated market value	
OWN	6	WAITING ROOM CHAIRS	2020	2020	600		
OWN	1	CONFERENCE ROOM TABLE	2020	2020	2,500		
OWN	2	BREAK ROOM SOFA	2021	2021	600		
Continue list on attachment, in same format, as necessary.						Subtotal Schedule D	3,700
						Subtotal attachment	0
						TOTAL	3,700

The year the item was purchased

**E. MERCHANDISE**

* Own/ Other	Type	Description	** Year of Manufacture	Year of purchase	Purchase price	Estimated market value	
	Finished goods or products						
	Work in progress						
	Materials or supplies	DENTAL TOOTH BRUSHES		2021	500		
Continue list on attachment, in same format, as necessary.						Subtotal Schedule E	500
						Subtotal attachment	0
						TOTAL	500

The purchase price

**F. UNREGISTERED MOTOR VEHICLES AND TRAILERS**

* Own/ Other	Model, name, letter or number	Make	Type: Describe sufficiently for identification giving number of passengers, number of doors and type of body. If not required to be registered, so state and name use.	No. of cylinders or rated capacity	** Year of Manufacture	Year of purchase	Purchase price	Estimated market value	
Continue list on attachment, in same format, as necessary.								Subtotal Schedule F	0
								Subtotal attachment	0
								TOTAL	0

The estimated \*market\* value of the item (the replacement cost, not the book value)

\* Specify if property owned, leased, consigned, etc. and attach copies of lease or other agreement with owner.  
\*\* List property by most recent to earliest year of manufacture.

The assessor uses this information and other sources of information to determine the fair market value (FMV) of the personal property.

**!** Personal property is taxed at the commercial property tax rate.

The final tax assessment is calculated using the following equation:

$$\frac{\text{FMV}}{\$1000} \times \text{Tax Rate} = \text{Tax Assessment}$$

## VERIFYING AND VALIDATING PERSONAL PROPERTY

The assessor has two methods to verify and validate the personal property reported by a taxpayer - property revaluation inspections and audits.

### Personal Property Revaluation Inspections

Voluntary, onsite, personal property inspections are one way the assessor verifies that a Form of List is correct. During a personal property inspection, data collectors inventory the tangible assets onsite and provide the inventory to the assessor for analysis.

If you have questions during the personal property inspection, please feel free to ask the data collector for clarification.

### Audits

Sometimes the assessor needs additional verification of reported personal property. In such cases, under M.G.L. Ch. 59 Section 31A, the assessor conducts a personal property audit. Any person or entity that needs to file a Form of List can be subject to an audit.

### Causes of an Audit

Personal Property audits happen for a variety of reasons, including:

- Non-filing of a Form of List by a taxpayer which has filed in prior years;
- Filing a Form of List without the necessary documentation;
- Large increases and decreases in the value of personal property accounts;
- New filing that reports old equipment;
- Threshold reviews, where personal property accounts over a threshold value are automatically reviewed;
- Specific line of business reviews.

## Revaluation Inspection



The data collector meets the owner at the business - explains the personal property inspection process.

After explaining the process, owner and data collector walk through the building together as the data collector inventories



The data collector completes the inventory and gives it to the assessor for analysis.

The assessor reviews the inventory and adjusts the Form of List as necessary.



When an audit is necessary, assessors may request the books and records within the previous 3 years of when the Form of List was filed or due to be filed.

## Summons

Audits begin when the assessor issues a summons to the taxpayer to produce the books, papers, records, and other data that will allow the assessor to verify the current tax filing. Documents and data may include fixed asset listings, financial statements, federal tax returns, lease agreements for personal property, receipts of purchases made during the audit period, and inventory records.

A summons may be served by mailing a copy to the taxpayer at the taxpayer's last known address or served personally by an officer authorized to serve process. When served personally to the last known address of a taxpayer, the summons can be left with a person of suitable age or discretion.

## Audit Results

If an audit reveals that not all personal property was reported for a fiscal year or that a Form of List was incomplete, the assessor can assess taxes on the unreported property, so long as the omitted or revised assessments for a particular fiscal year are made no later than 3.5 years after the Form of List was filed or was due to be filed.

## PENALTIES

Assessors are required to find, value, and assess all taxable personal property in their city or town, even if owners fail to file a Form of List. If you fail to file a Form of List, the assessor must estimate the value of your personal property based on their best information and belief and no abatements are possible for overvalued personal property. Even if you file your personal property Form of List late, and have a reasonable excuse for your tardiness, the assessor can abate your assessment only if the values assessed were 150% over the actual amount.

In addition to not qualifying for an abatement, tax payers who fail to file a Form of List and are delinquent in paying their personal property taxes open themselves up to:



Interest accrual at a **14% annual rate** until the tax is paid;



The **denial, revocation, suspension, or non-renewal** of licenses and permits;



The **withholding of any monies owed the taxpayer** by the city until the personal property tax is paid.

## ABATEMENTS

Taxpayers can contest their personal property tax assessment by filing an abatement before February 1st, the due date of the first tax payment installment. The assessors have three months after receiving an application to act by granting or denying the abatement. If the assessors do not act on your application within the three month date, the application is considered denied and the only recourse is to appeal the tax with the Appellate Tax Board (ATB).



To appeal, you must file with the ATB **within three months** of the date the application was granted, denied, or deemed denied. 50% of the personal property tax must be paid for the ATB to act on the appeal.



**Town of Needham  
Board of Assessors**

PERSONAL PROPERTY TAX