

Tips for Taxpayers

BOSMA GROUP
BUSINESS TAX ACCOUNTING

Property Tax Paradox

Action item:
**Review your
personal
property listing
for correct**

Businesses are required to report the adjusted purchase price of the tangible personal property they use in their business, and will be taxed accordingly. Most businesses do not have staff trained on the intricacies of this annual filing.

Common Personal Property Tax Errors

- Incorrect “cost”: Most taxpayers report the same amount on their property declaration as their tax depreciation schedules. You must **REDUCE** purchase price by certain adjustments (most notably sales tax).
- Ghost Assets: If assets are fully depreciated, you are still taxed on a residual percentage of cost (think salvage value). Make sure you remove any assets from your declaration that are no longer in service.
- Wrong lives: You are required to select the appropriate asset class for the assets. Many taxpayers are not aware that a detailed manual is on the Assessor’s website that contains information on how the lives are selected. Also note that assets in certain industries get favorable lives.
- Exempt Assets: Many assets are not required to be reported on the declaration.
- Business is Broke: You can request a reduction in your property tax values if the asset’s (or the overall business’s) fair market value is less than the taxable value.

Remember, you are taxed based on what you report. If you over report, you will be over taxed. Personal property declarations are due July 31, 2008, and can be extended.

This memo is not designed to answer specific questions. Contact your tax advisor to get details on your specific situation.

Mike Bosma founded Bosma Group, a CPA firm dedicated to serving closely held growing businesses. Bosma Group is the ONLY CPA firm in Northern Nevada that specializes in Property Tax. Contact Mike at 775-786-4900 or by email at mbosma@thebosmagroup.com

