

Scurry County Appraisal District

Business Personal Property Rendition Guide

ATTN: RENDITION DEADLINE IS APRIL 15, 2021

Please complete the rendition form accurately to your business as of JANUARY 1, 2021.

If you own a business, you are required by law to report personal property that is used in that business to your county appraisal district. There are substantial penalties for failure to report or for falsification. The Scurry County Appraisal District has prepared this guide of frequently asked questions to assist you in complying with this very important law. **Do not use the option for “SAME AS LAST YEAR” if you chose that option in the previous year.**

What is a rendition?

A rendition is a form that provides information about property that you own. The appraisal district uses the information you provide to appraise your property for taxation. We are mailing a general rendition form. A rendition, also known as 50-144, is available at the Texas State Comptrollers website under property tax.

Who must render?

There are three categories of taxpayers who must render:

- Owners of tangible personal property that is used for the production of income (see below).
- Owners of property on which an exemption has been cancelled or denied.
- Owners who have been formally notified by the chief appraiser that they must render.

What kinds of property must be rendered?

For taxation purposes, your property is classified as either real property (land, buildings, and other items attached to land) or personal property (items that can be owned but are not attached to land). **Personal property that you use to produce income for business purposes – must be rendered unless the total value of all the business personal property is less than \$500. This includes furniture and fixtures, equipment, machinery, computers, inventory held for sale or rental, raw materials, finished goods, and work in process, and vehicles.** You are not required to render intangible personal property, such as items that can be owned but do not have a physical form. Cash, accounts receivable, goodwill, computer software, and other similar items are not assessed. If your organization qualifies for an exemption that applies to personal property- for example, a religious or charitable organization exemption, you are not required to complete a rendition.

Which forms will I need to file?

For Scurry County Appraisal District, most businesses will need to file the general rendition form 50-144. There are additional special forms if your business owns aircraft, pipe stock, or vessels. All these forms are available at the Texas State Comptrollers website under property tax. Call our office at (325) 573-8549 if you have questions.

When must the rendition be filed?

The deadline will be **Thursday April 15, 2021. If you mail the rendition, it must be postmarked on or before April 15.** If you hand deliver it, fax or use a private delivery service such as Federal Express, it must be physically received in our office before the close of business on April 15. If you email the rendition it must be received by April 15 at the close of business. If your property must be rendered because the chief appraiser has denied or cancelled an exemption, you must render it within 30 days of the date the chief appraiser denies or cancels the exemption.

Where must the rendition be filed?

Renditions for property located in Scurry County must be filed with SCAD. The mailing address is Scurry County Appraisal District, 2612 College Avenue, Snyder, Texas 79549. The email address for Business Personal Property renditions is scad@scurrytex.com. The fax number is (325) 573-8458.

You may qualify for an exemption from ad valorem taxation for one passenger car or light truck that is owned by an individual and used by that individual for both professional and personal activities. Vehicles individually owned and used for passenger transportation for hire are NOT eligible for this exemption. To request the exemption, form 50-759, available at the Texas State Comptrollers website, must be filed, postmarked if mailed, on or before April 30. pg 1

The individual who has been granted or has applied for this exemption is not required to render the vehicle for the year in which the exemption has been applied for or granted. Call our office at (325)-573-8549 if you have questions.

If my business property assets are exactly the same as reported in my prior year rendition, do I need to render?

Yes. If your personal property assets on January 1, were exactly the same as those assets contained in your most recent rendition statement you have filed with the appraisal district (with listed assets), then you may check the affirmation box in Part 3 on page 1 on your rendition form and complete the Signature at the bottom of the page.

What will the appraisal district do with my rendition?

Your rendition will be analyzed and utilized; along with other information we collect on similar businesses, to develop an estimate of value for your property. It is confidential information and is not public information.

Is my information confidential?

Yes. Information contained in a rendition cannot be disclosed to third parties except in very limited circumstances. In addition, the Tax Code specifically provides that any estimate of value you provide is not admissible in proceedings other than a protest to the ARB or court proceedings related to penalties for failure to render. The final value we place on your property is public information, but your rendition is not.

Why do I have to file if my business personal property is valued at less than \$20,000?

Unless your total business personal property assets are valued at less than \$500, you are required to file at least the general rendition form. However, you will only be required to fill out a short table generally describing your assets and giving their location.

What information is required for the rendition?

Depending on the type of property you own and its value, you can expect to provide the following information:

****Location***

You will need to give the address where the property was located on January 1. If the property was in transit on January 1, or is regularly used in more than one location, you should provide additional information about the property's normal location and circumstances on January 1.

****General description***

A general description should give enough information to identify the property and distinguish it from other items that you own. At minimum, you should identify the major categories of personal property assets that you own, using the same terminology you would use in reporting to the internal revenue service. You have the option of providing an itemized listing of the various assets in any category. For vehicles, you will need to provide the plate and VIN number, as well as the year, make, and model.

****Quantity of items***

If you own an inventory of items that you hold for sale or rental, you will need to provide an estimate of the quantity of each type of item that you hold in inventory. Again, you can provide an itemized list if you prefer for any category.

****Good faith estimate of market value***

The appraisal district will estimate the market value of your items on the basis of your rendition and other information in its possession. Under the rendition law, you must include in your rendition either a good faith estimate of the market value of your items or the historical cost and acquisition date (discussed below) of the items, if the value of your items is \$20,000 or more.

If you choose to give a market value estimate, you should be aware that there are several different definitions of market value that may apply. For items other than inventory, market value is defined as follows:

"Market value" means the price a property would transfer for cash or equivalent under prevailing market conditions if:

- (A) exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- (B) both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the constraints of the other. (Sec. 1.04, Texas Tax Code)

For inventory, market value is defined by the Tax Code as “the price for which it would sell as a unit to a purchaser who would continue the business.” Sec. 23.12, Texas Tax Code. If your business has 50 or fewer employees, you may base **your estimate of value** on federal income tax depreciation schedules. You will need to be prepared to defend your market value estimate and explain how it was developed. In using your federal income tax return, your depreciation methods may not reflect market value, such as fully depreciating your asset. Therefore, our value will be different due to the property tax code requirement of appraising at a “fair market value” to a purchaser continuing the business. There is a value remaining, such as “salvage” value.

****Original cost***

Instead of providing a good faith estimate of market value, you may provide the original cost and date you acquired the property. Original cost (the Tax Code uses the term “historical cost when new”) refers to the amount you paid to acquire the property. Your cost would include transportation and any other necessary expenses incurred in acquiring the property. If you purchased a used item, you should note on the form that you purchased it used and give the amount you paid.

****Date of acquisition***

Date of acquisition is simply the date you bought or acquired ownership of the property.

How should I estimate market value?

Publications that provide value information on assets are helpful tools in estimating market value. For example, there are numerous publications on vehicles and computer equipment that provide a range of value information for these assets. If you choose to use published value information, you must use a value that would reflect the assets worth near January 1st. Developing an estimated useful life and replacement cost of an asset is another method of estimating market value. Divide the actual age of the asset by the estimated useful life in order to calculate the depreciation for the asset. Multiply the depreciation percentage by the replacement cost to estimate an amount of depreciation. Subtract the amount of depreciation from the replacement cost to obtain an estimate of market value. If your business has 50 employees or less, you are allowed to base your good faith market value estimate on depreciation schedules used for your federal income tax.

How should I determine original cost?

To determine original cost, you need to refer to your accounting records, such as original journal entries and account ledgers. Use original purchase documents, such as invoices or purchase orders to determine the original cost of the asset. You need to add all cost that is attributed to getting the asset functioning, such as freight and set-up cost.

Should I include fully depreciated or expensed assets on my rendition?

Yes. The rendition should include assets that have been fully depreciated on your books and assets which were expensed rather than capitalized for income tax purposes, so that all tangible personal property used for the production of income is reported.

What are the penalties for failure to comply?

There are two levels of penalties for failure to comply. If you fail to file your rendition or explanatory statement before the deadline or you do not file it at all, the penalty is equal to 10% of the amount of taxes ultimately imposed on the property. If a court determines that you have committed fraud or done other acts with the intent of evading taxes on the property, a penalty equal to 50% of the taxes ultimately imposed on the property will be levied. The penalty will be a separate line item on your tax bill. Fraud could also result in criminal prosecution.

If I can't file on time, what should I do?

If you need more time to complete your rendition, you have the right to an automatic extension to May 15, and a further 15-day extension if you show good cause. You can complete and return an extension form. The May 15 extension form must be mailed or delivered no later than April 15. If you need the additional two-week extension for good cause, that form must be mailed or delivered no later than May 15.

How do I find out whether the appraisal district received my rendition on time?

Call Scurry County Appraisal District at (325) 573-8549. If we are provided with your account number or the name of your business, we can enter it into our system and inform you of the date your rendition was received. You may also email scad@scurrytex.com.

What are my rights if a penalty is assessed against me?

If a penalty is assessed, you can file a request for waiver of the penalty. You must file the request in writing with the chief appraiser within 30 days after you receive the notice that the penalty has been imposed. Your request must include

documentation showing either that you substantially complied with the rendition law or that you made a good faith effort to do so. The documentation should also address:

- (1) your compliance history with respect to paying taxes and filing statements or reports;
- (2) the type, nature, and taxability of the specific property involved;
- (3) the type, nature, size, and sophistication of the person's business or other entity for which property is rendered;
- (4) the completeness of your records;
- (5) your reliance on advice provided by the appraisal district that may have contributed to your failure to comply and the imposition of the penalty;
- (6) any change in appraisal district policy during the current or preceding tax year that may affect how property is rendered; and
- (7) any other factors that may have caused you to fail to timely file a statement or report.

The chief appraiser is required by law to consider these factors and notify you in writing. If the chief appraiser declines to waive a penalty and you have made a timely request for waiver, you may protest the imposition of the penalty to the appraisal review board. The board may waive the penalty if it finds that you substantially complied with the rendition law or made a good faith effort to do so.

When can the chief appraiser request an explanatory statement from me?

If you provide a good faith estimate of market value instead of original cost and acquisition date for any items, the chief appraiser may request an explanatory statement from you. The chief appraiser must make the request in writing, and you must provide the statement within 21 days of the date you receive the chief appraiser's request.

What must I include in an explanatory statement?

The explanatory statement must set out a detailed explanation of the basis for the estimate(s) of market value given in your rendition. The statement must include adequate information to identify the property. It must describe the physical and economic characteristics of the property that are relevant to its market value. It must give the source(s) of information used in valuing the property and explain the basis for the value estimate.

What happens if I don't file my statement on time?

If you don't file your statement on time, a penalty equal to 10% of the amount of taxes on the property will be imposed. There is also a 50% penalty if a court finds you engaged in fraud or other actions with intent to evade taxes. You have the same waiver and appeal rights discussed above.

What if the appraisal district values my property at a higher amount than what I render?

You may file a protest with the appraisal review board.

Can I report all my properties on one rendition?

If the appraisal district has already set up accounts covering your property, you should file a rendition corresponding to each account. If the district does not have accounts set up for your property, it is generally best to file a rendition applicable to each location where your property is kept. For example, if you own three separate convenience stores, file three renditions, one for each store.

Can I request an extension to file the rendition?

Yes. See what to do if you can't file on time, on the previous page.

Can I fax my rendition?

Yes, but the appraisal district must receive it before the close of business on April 15. The fax number is (325)-573-8458. Please call to be sure that we received it. The burden of proof of fax will be on the owner.

Can I e-mail my rendition?

Yes, but the appraisal district must receive it before the close of business on April 15. The email address for renditions is scad@scurrytex.com. Please make sure that it was received. The burden of proof of emailing will be on the owner.

If I can't file by the extension deadline, what should I do?

You should file your rendition as soon as you can and include with it a request for waiver of penalty and explanation of your reasons for missing the deadline as described above. If you receive a notice from the chief appraiser regarding the imposition of a penalty, be sure to file the request for waiver within 30 days of the date you receive it.

For more information, or to schedule an appointment for someone to help you fill out the required rendition form please contact the Scurry County Appraisal District at (325) 573-8549. The district's website is www.scurrytex.com.