

Q: What is the difference between inventory and supplies?

A: Basically, inventory is an item subject to sale, rent or lease. If you are manufacturing a product, then the parts that go into the product are also inventory items. Supplies are things consumed in your normal course of business.

Q: My business is a 501(c)(3) exempt organization. Do I still need to complete the BPS?

A: Yes. You still are required to complete the BPS even if you are an exempt organization. You should contact the Exemption Section at (510) 272-6587 to verify your exempt status or to file an exemption claim.

Q: Is the BPS form subject to audit?

A: Yes, the statement is subject to audit by the Assessor as provided by the statutes and regulations set forth in the California Revenue and Taxation Code. To encourage accurate reporting of business personal property, the Assessor is required to audit a significant number of all businesses who own, claim, possess, or control assessable trade fixtures and business personal property.

e-Filing Information

Electronic filing of the Business Property Statement uses a web-based application that will allow users to view, modify, and submit BPS filings on-line.

Business owners in California may e-file by using SDR or e-SDR. SDR (Standard Data Record) is designed for large businesses with multiple locations in one or more California counties. SDR simplifies the process of filing annual statements by bundling a group of statements into a single file. The SDR system only accepts statements that are filed electronically in the approved XML format. Special programming and/or software is required to create SDR files. SDR is not generally recommended for the small business owner.

e-SDR is the system that was designed with the small business owner in mind. Statements are filed through an interactive system with instructions and no special software or programming is required. e-SDR is recommended for businesses with fewer than five locations, as each location requires a separate statement. The process to file electronically is secure and fast. When you or your authorized representative has completed the form you'll receive an immediate, on-line confirmation of your filing. In addition, you'll have the ability to print a copy for your records.

Appealing an Assessment

Q: What if I disagree with my assessment?

A: If, after receiving your tax bill, you have questions about your business personal property assessment, we recommend that you call our office and speak with an auditor-appraiser. Staff is available Monday through Friday, 8:30 A.M. to 5 P.M. at (510) 272-3848, or in person at 125 12th St., Suite 320, Oakland. However, if you are dissatisfied with the assessed value and believe it is incorrect, you must file a timely "Application for Changed Assessment" (assessment appeal) with the Assessment Appeals Board (AAB) to have the value reconsidered. The AAB is an independent agency representing the Board of Supervisors and is not connected with, nor is it under the control of the Assessor's Office.

Q: Can the Assessor review the value informally, without an Assessment Appeal?

A: No. Once the assessed value is established and surrendered to the Auditor-Controller's Office the Assessor has no legal jurisdiction to change the value without a timely assessment appeal filed.

Q: How do I file an Assessment Appeal?

A: All appeal applications must be filed with the Clerk of the Board, Administration Building 5th Floor, 1221 Oak Street, Oakland, CA 94612. Filing information and the form may be obtained by calling (510) 272-6352 or visiting the Clerk of the Board's website:

www.acgov.org/clerk/assessment.htm

Contact Information

Telephone:

Call (510) 272-3848, Monday through Friday, 8:30 A.M to 5:00 P.M., except holidays.

In Person:

125 12th Street, Suite 320, Oakland.
We are located on the corner of Oak and 12th Streets, across from the County Administration Building.

TELEPHONE NUMBERS

OFFICE OF ASSESSOR

General Information

Assessee Services..... 510 / 272-3787

Base Value Transfers.....510 / 272-3787
(Age 55/ Disabled / Disaster Relief / Eminent Domain)

Exclusions.....510 / 272-3800
(Parent-Child / Grandparent-Grandchild)

Change in Ownership Information...510 / 272-3800

Homeowner's Exemption.....510 / 272-3770

Business Personal Property

General Information.....510 / 272-3848

Boats and Aircraft.....510 / 272-3838

RELATED COUNTY OFFICES

Clerk, Board of Supervisors

Assessment Appeals Information....510 / 272-6352

Tax Collector

Tax Payment Information including
24 Hour Automated System.....510 / 272-6800

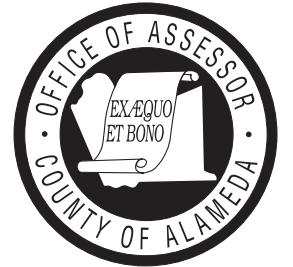
Auditor

Property Tax Rates.....510 / 272-6564

Recorder

Deed Recording Information.....510 / 272-6363

ASSESSMENT OF
BUSINESS PERSONAL
PROPERTY



**Phong La
Assessor**

Business Personal Property Division
Telephone: (510) 272-3848
Monday - Friday, 8:30 A.M. - 5:00 P.M.,
except holidays

125 12th St., Suite 320, Oakland, CA 94612
We are located on the corner of Oak and
12th Streets, across from the County
Administration Building.

All other assessment related business:
Telephone: (510) 272-3787
County Administration Building:
1221 Oak St., Oakland, CA 94612-4288

www.acgov.org/assessor

General information

The Assessor is responsible for the discovery and assessment of all taxable business personal property located in Alameda County as of January 1 every year. Unlike real property, business personal property is not subject to Proposition 13 value limitations and is assessed annually at its fair market value.

All California County Assessors operate on a fiscal year, and that fiscal year is July 1 through June 30. The responsibility for the tax bill rests with the owner in possession of the business personal property as of January 1. For example, property taxes due for the fiscal year July 1, 2017 through June 30, 2018 are assessed on January 1, 2017

The California Constitution states that all property is subject to property tax unless it is specifically exempted by law. Examples of non-taxable business personal property include, household items and personal effects, goods held for sale or lease in the ordinary course of business (business inventory), and motor vehicles that pay licensing fees to the DMV.

Examples of taxable business property include:

- Office furniture and equipment
- Machinery
- Computers
- Supplies
- Property leased to others

If you own business property with a combined acquisition cost of \$100,000 or greater, or if the Assessor makes a written request that you report your property (regardless of the cost or value), you are required to file a **Business Property Statement (BPS)** by April 1. The BPS should detail the acquisition costs of all supplies, machinery, equipment, fixtures, and if applicable, improvements under construction at your business location as of January 1. Businesses with multiple locations must file a separate BPS for each location where the property is situated.

Frequently Asked Questions

Business Personal Property and Filing Form 571L

Q: Why do I have to pay taxes on my Business Personal Property?

A: The California Constitution states in part that, “Unless otherwise provided by this Constitution or the laws of the United States, (a) All property is taxable...” In other words, unless otherwise exempted by law, all tangible property is taxable in California and the Assessor has the legal responsibility to assess it.

Q: What is the definition of “Business Personal Property”?

A: Tangible property owned, claimed, possessed or controlled in the conduct of a profession, trade or business may be subject to property tax. Business property includes such items as supplies, machinery, equipment, furnishing, and computers. Business inventory and vehicles owned by the business and licensed with the Dept. of Motor Vehicles are not subject to business personal property tax.

Q: Why did I receive a “Notice to File the Business Property Statement”?

A: You received a “Notice to File” letter because our records indicate that you were in business on or before the lien date, January 1. Property in your possession on January 1 must be reported on the **Business Property Statement (BPS)**. This year some business owners will receive a BPS in the mail, others will not. In an on-going effort to increase efficiency, reduce costs, and be environmentally responsible, we have begun phasing out mailing of statements. All business owners, regardless of size, are encouraged to take full advantage of electronic filing by using SDR or e-SDR. To learn more about SDR and e-SDR, visit our webpage at www.acgov.org/assessor. If you are unable to file electronically, please call our office at (510) 272-3848 and a BPS will be mailed to you.

Q: Who must file the Form 571L, Business Property Statement (BPS)?

A: If the Assessor sends a “Notice to File”, then you are required to file the BPS for the current year. However, any business that owns business personal property with a combined cost or current fair market value of \$100,000 or more must file annually, even if the Assessor does not make a formal request to do so.

Q: How is the assessed value of my property determined?

A: The Assessor is required to annually assess most taxable business personal property at 100% of fair market value. In order to determine fair market value, the assessor employs a number of methodologies. For example:

- The Assessor often relies on various trade publications and “Blue Books” that provide current open market sales price and/or cost data for various types of both new and used equipment, non-licensed vehicles, aircraft and boats.

- The Assessor trends actual owner-reported costs to a present replacement cost estimate using trending tables provided by the State Board of Equalization (or developed in-house). We then reduce the trended costs to reflect normal or actual depreciation and derive a market value estimate.

Unlike real property, which is assessed under Proposition 13, most personal property does not fall under Proposition 13’s umbrella (although it does enjoy the same maximum 1% tax rate).

Q: Is my Business Property Statement (BPS) a confidential document?

A: Yes, it is confidential and not open to public inspection.

Q: What is the filing deadline?

A: The BPS is due on April 1 and is considered delinquent if it is postmarked after 5:00 P.M. on May 7. If May 7 falls on a legal holiday or weekend, the BPS must be postmarked by 5:00 P.M. of the next business day.

Q. What would happen if I didn’t file the BPS or I filed after the deadline?

A: Failure to File: If the BPS is not filed as required by law or requested by the Assessor, the Assessor must rely on the best information available in order to estimate the value of any business personal property owned by the non-reporting business. In the absence of a BPS, an average assessed value (based upon businesses of a similar size and use) may be used to derive such an estimate. Our office may also perform a field inspection of your business property, during which an estimate of the lien date and fair market value of the business personal property discovered will be made. Additionally, a 10% penalty must also be added to any assessment made as a result of a failure to file the BPS.

B: Incomplete Filing: It is important that you complete each section of the BPS, and properly sign and date it. If you file an incomplete BPS before May 7, and the Assessor returns it to you for completion, you must file the corrected BPS on or before May 31 to avoid the 10% penalty. If the completed or corrected BPS is not filed by May 31, it is treated the same as a **failure to file** and the 10% penalty must be added in that circumstance. The penalty is prescribed by law and the Assessor is statutorily required to apply it.

Completing the Business Property Statement (Form 571L)

What if the printed information on the BPS is incorrect?

If your business has moved or changed its mailing address, then draw a single line through the incorrect information. Legibly print or type the new information on the form, and also indicate the effective date of the move or when the change became effective. When reporting a sale, include the new owner’s name and mailing address. When reporting that the business has been closed, provide the date(s) and information relating to the disposition of any taxable personal property. Complete the BPS, sign and return it to the Assessor’s Office.

What records do I need to complete the BPS?

The most useful item to aid in completing the form is an accurate and up to date asset listing as of December 31. This list should include:

- The date of acquisition of the equipment
- The total cost (purchase price plus sales tax, freight and installation charges)
- Location of the equipment if you have multiple locations
- Disposal dates of equipment removed

Other records that could be helpful in completing the Business Property Statement are the *Federal Income Tax Depreciation Form 4562 with depreciation schedule*, and/or *California State Tax Depreciation Form FTB 3885A*, General Ledger or Trial Balance, Balance Sheet and Income Statement. Some business owners may have purchased an existing business. The information needed in that situation would be the purchase agreement or the escrow papers that would show the breakdown of the equipment, fixtures and leasehold improvements acquired through the purchase of the business.

I have a business in my home. Do I still have to complete the BPS?

Yes. Any equipment used for a home business is considered to be business personal property and must be reported on the BPS.