Applicable Personal Property Codes

Due May 15, 2018

Business Personal Property Exemption from Property Tax under Utah Code Annotated Section 59-2-1115

Tangible personal property of a taxpayer is exempt from taxation if the property has a total value for 2018 of $10,500 or less. **Important note:** This exemption is determined by ownership. If you have tangible personal property at different locations and file more than one personal property statement in Davis County, your eligibility will be determined based on the total value of all tangible personal property at all locations using the same FEIN. Exemption will not be given when we have had to estimate the value of your equipment and you have not filed a list of your equipment as required. Taxpayer must sign for exemption in appropriate section provided on the front page of the Personal Property Statement and return paperwork to our office no later than **May 15, 2018.** If prior year's taxes are outstanding, no exemption will be given unless payment for delinquent taxes accompanies the filing statement.

Exemption of individual item of personal property per Utah Code 59-2-1115

An item of taxable tangible personal property is exempt from taxation in 2018 if the **"acquisition cost"** (*see definition below) of that **"item"** **see definition below) was $1,000 or less and is currently valued at a percent good of 15% or less. The exemption **only applies** to personal property valued by personal property schedules having reached a percent good rate of 15% or less. Please note the definition of an item of taxable tangible personal property and what should be included in acquisition cost.

Definitions:

***Acquisition Cost defined (Utah Code Annotated 59-2-108):**

Acquisition Cost must include all costs required to put an item into service. These costs include the following costs:

1. The purchase price for a new or used item;
2. The cost of freight and shipping. Shipping costs includes, loading at origin, unloading at destination, crating, skidding and other applicable costs;
3. The cost of installation, engineering, erection, or assembly. Erection and assembly includes foundations, pilings, utility connections, and any other costs.
4. Sales and use taxes.
5. Any other costs related to putting an item of personal property into service are to be included in acquisition costs.

****Item of Taxable Tangible Personal Property is defined as (Admin Rule R884-24P-33(1) (d) :**

A piece of equipment, machinery, furniture, or other piece of tangible personal property that is functioning at its highest and best use for the purpose for which it was designed and constructed and is generally capable of performing that function without being combined with other items of personal property. An item of taxable tangible personal property is not an individual component part of a piece of machinery or equipment, but the piece of machinery or equipment. For example, a fully functioning computer is an item of taxable tangible personal property but the motherboard, hard drive, tower or sound card are not.

Utah Code Annotated 59-2-108

Class 28: Non-Capitalized Personal Property: Non Capitalized Personal Property is an item of machinery, equipment, furniture, computers, or any other tangible personal property that the acquisition cost has been totally expensed or written off in the year of acquisition. Any item of personal property whose acquisition cost is or has been depreciated using MACRS, Straight Line, or ACRS over several years for federal tax purposes does not qualify as being treated as Non-Capitalized Personal Property (Class 28)

"Non-Capitalized Personal Property" is an item of personal property that meets the following criteria:

1. Has an acquisition cost of $1,000 or less;
2. Is claimed as allowed on a federal tax return as a deductible expense under Section 162 or Section 179, Internal Revenue Code, in the year of acquisition.
3. All Classes of Property qualify for the election to Class 28 (Non-Capitalized Personal Property).

Please note:

1. Any person who elects to designate personal property as "Non-Capitalized Personal Property" under Class 28 would need to provide proof of the acquisition cost of all non-capitalized personal property if selected for State Audit in accordance to Utah Code Ann. 59-2-306(3).
2. Any person who sells or disposes an item of taxable tangible personal property which has been designated as Non-Capitalized Personal Property or Class 28 must continue to pay taxes on such property until it reaches the 4th year on the Class 28 schedule.
3. Any person who elects to designate personal property as Non-Capitalized Personal Property or Class 28 property may not appeal the value of the property determined by the Class 28 Schedule.
4. An election to use Non-Capitalized Personal Property or Class 28 may not be revoked or transferred to any other Recommended Personal Property Valuation Schedule.

Due date of Signed Statement: Utah Code 59-2-306(2)(a) A signed statement "shall be filed on or before May 15 of the year the statement … is requested by the county assessor."

Penalty for failure to file signed statement: Utah Code 59-2-307) "Each person who fails to file the signed statement required by Section 59-2-306 … shall pay a penalty equal to 10% of the estimated tax due **but not less than $25** for each failure to file a signed and completed statement."

Supplies

Supplies on hand as of January 1st shall be valued and assessed at total cost including freight-in. Included are all office supplies, shipping supplies, maintenance supplies, replacement parts, lubricating oils, fuel and consumable items not held for sale in the ordinary course of business.

We have a trained staff available to answer your questions on the phone or in person. We appreciate your patience as during the months surrounding the filing deadline call volume is extremely high. Our office hours are 8 a.m. to 5 p.m. Monday through Friday.