Indiana
Department of Local Government Finance

Committed to a fair and equitable property tax system for Hoosier taxpayers.

Personal Property Training

Level II Tutorials

2015

Personal Property

- We are going to take a look at how business tangible personal property is pooled into our pooling system.
- The pooling system is found on the Form 103 Long Form, Schedule A. (provided at the end of this program)
- There are four (4) separate pools and are established as follows:

Personal Property

- Pool # 1: this pool is for assets with a Federal Tax Life of one (1) to four (4) years.
- Pool # 2: this pool is for assets with a Federal Tax Life of five (5) to eight (8) years.
- Pool # 3: this pool is for assets with a Federal Tax Life of nine (9) to twelve (12) years.
- Pool # 4: this pool is for assets with a Federal Tax Life of thirteen (13) years and longer.

Pooling of Assets

There are four (4) things you need to know and do to pool assets.

1. Identify what is Personal Property
2. Determine the Federal Tax Life
3. Determine the Federal Tax Date of Acquisition
4. Determine the Federal Tax Cost

Federal Depreciation Schedule

Joe's Manufacturing Company

Asset Description	Federal Tax Cost	Federal Tax Life	Federal Tax Purchase Date
Press	$100,000	7	6/2/2008
Conveyor	$50,000	7	2/23/2007
Delivery Truck	$45,000	3	4/15/2008
Fork Lift	$40,000	5	9/30/2005
Cutter Machine	$65,000	8	12/4/2009
Totals	$300,000		

Pooling of Assets

Identify what is Personal Property

Asset Description	Identify Personal Property	Federal Tax Life	Federal Acquisition Date	Federal Tax Cost
Press	Personal	7	06/02/2008	$100,000
Conveyor	Personal	7	02/23/2007	$50,000
Delivery Truck	Excise	3		
Fork Lift	Personal	5	09/30/2005	$40,000
Cutter Machine	Personal	8	12/04/2009	$65,000

Pooling of Assets

The following is Pool # 2 from Form 103 Long.

	Pool 2 (5 - 8 Yr Life)	Column A Total Cost	Column B Adjustments	Column C Adjusted Cost	 TTV %
19	From To 01-Mar-10				40%
20	02-Mar-09 To 01-Mar-10				40%
21	02-Mar-08 To 01-Mar-09				56%
22	02-Mar-07 To 01-Mar-08				42%
23	02-Mar-06 To 01-Mar-07				32%
24	02-Mar-05 To 01-Mar-06				24%
25	02-Mar-04 To 01-Mar-05				18%
26	Prior To 01-Mar-04				15%
27	Total Pool Number 2				

Pooling of Assets

Following is the pooling of the depreciable assets that we determined were Personal property in the previous slides.

	Column A	Column B	Column C		Column D
Pool 2 (5 - 8 Yr Life)	Total Cost	Adjustments	Adjusted Cost	TTV %	True Tax Value
From To 01-Mar-10				40%	
02-Mar-09 To 01-Mar-10	$65,000	$0	$65,000	40%	$26,000
02-Mar-08 To 01-Mar-09	$100,000	$0	$100,000	56%	$56,000
02-Mar-07 To 01-Mar-08				42%	
02-Mar-06 To 01-Mar-07	$50,000	$0	$50,000	32%	$16,000
02-Mar-05 To 01-Mar-06	$40,000	$0	$40,000	24%	$9,600
02-Mar-04 To 01-Mar-05				18%	
Prior To 01-Mar-04				15%	
Total Pool Number 2	$255,000	$0	$255,000		$107,600

Pooling of Assets

- From the pooling of the assets on the previous slide we arrived at a True Tax Value of $107,600.
- What we have to do next is determine if this is above or below the 30% “Floor”.
- In pooling personal property the taxpayer is not allowed to depreciate their personal property below 30% of adjusted cost in Column C.

Pooling of Assets

- Therefore we are required to take the higher of Column D or 30% of the Adjusted Cost in Column C.
- The adjusted cost in Column C is $255,000. This value times 30% is $76,500.
- Our Column D value from Slide # 8 is $107,600 and our 30% floor from above is $76,500.
- So the True Tax Value in Column D is the greater of the two which is $107,600.
- $107,600 would be the value carried to the front of the Form 103 Long Form and is the amount the taxpayer will pay taxes on.

Personal Property

- The example that was just presented is a very simplified version of pooling assets and arriving at a True Tax Value for depreciable assets.
- As an assessing official you will not be involved directly with filling out the pooling schedules of taxpayers. However, you may need to review some schedules due to the taxpayer possibly not reporting properly.
- You as assessing officials, have the right to request that taxpayers present you with records to backup the amounts they have reported to you.

Personal Property

- Some of the records you would request are as follows:
- The latest Federal Tax Return
- A detailed Depreciation Schedule
- A Balance Sheet
- General Ledger
- If you make any changes, as a result of this review, you must notify the taxpayer via a Form 113/PP.
- This form shows the original filing amount and the value you have established after reviewing the requested records.

BUSINESS TANGIBLE PERSONAL PROPERTY ASSESSMENT RETURN

State Form 11405 (R29 / 12-09)
Prescribed by the Department of Local Government Finance

FORM 103 - LONG

MARCH 1, 2010
For Assessor's Use Only

GET COUNTED IN 2010! Learn more at www.census.indiana.edu.

INSTRUCTIONS: This form must be filed with the assessor not later than May 15 unless an extension of up to thirty (30) days is granted in writing. Please type or print. Form 104 must be filed with the return.

PRIVACY NOTICE: The records in this series are confidential according to I. C. 6-1.1-35-9.

Name of taxpayer		Federal Identification Number
Name under which business is conducted		DLGF Taxing district number
Address where property is located *(number and street, city, state, and ZIP code)*		DLGF Taxing district name
Nature of business	NAICS * - Code number	Township
Name and address to which Assessment and Tax Notice is to be mailed *(if different than above)*		County
		Retail Merchants Certification Number

1. Federal Income Tax Year ends _____ Name filed under _____
2. Location of accounting records _____
3. Form of business ☐ Partnership or Joint Venture ☐ Sole Proprietorship ☐ Corporation ☐ Estate or Trust
   ☐ Other, describe: _____
4. Do you have other locations in Indiana? ☐ Yes ☐ No
5. Did you own, hold, possess or control any leased, rented or other depreciable personal property on March 1? ☐ Yes ☐ No *(See 50 IAC 4.2-8)*
6. Did you own, hold, possess or control any Special Tools on March 1? ☐ Yes ☐ No *(See 50 IAC 4.2-6-2)*
7. Did you own, hold, possess or control any returnable containers on March 1? ☐ Yes ☐ No *(See 50 IAC 4.2-6-4)*
8. Total sales for this location during the prior fiscal or calendar year. $ _____

If taxpayer answers "yes" to question 5, the owner must file Form 103-O and the possessor must file Form 103-N. Failure to properly disclose lease information may result in a double assessment. *(See 50 IAC 4.2-2 and 50 IAC 4.2-8).*

Duplicate Return Requirement. Every taxpayer whose total combined assessed value of business personal property in a single taxing district is $150,000 or more must file each return in duplicate including the confidential returns and schedules attached thereto. *(IC 6-1.1-3-7 (c))*

Failure to file a return on or before the due date, as required by law, will result in the imposition of a twenty-five dollar ($25) penalty. In addition, if the return is not filed within thirty (30) days after such return is due, a penalty equal to twenty percent (20%) of the taxes finally determined to be due with respect to the property which should have been reported will be imposed. A personal property return is not due until the expiration of any extension period granted by the assessing official under IC 6-1.1-3-7 (b). If the total assessed value that a person reports on a personal property return is less than the total assessed value that the person is required by law to report and if the amount of the undervaluation exceeds five percent (5%) of the value that should have been reported on the return, then the county auditor shall add a penalty of twenty percent (20%) of the additional taxes finally determined to be due as a result of the undervaluation.

In completing a personal property return for a year, a taxpayer must make a complete disclosure of all information relating to the value, nature or location of personal property owned, held, possessed or controlled on the assessment date. *(IC 6-1.1-3-9 (a))*. This information would include, but not be limited to, completion of the heading and related information, answers to all questions on the face of the return, and entries on all of the appropriate lines of Schedule A. If such information is not provided, the taxpayer will be contacted and directed to provide that information. In addition, a penalty of $25 may be imposed. *(IC 6-1.1-37-7(d))*

* NAICS - North American Industry Classification System - A complete list of codes may be found at www.census.gov. The Indiana Code (IC) and Indiana Administrative Code (IAC) may be found on-line at the DLGF website - www.in.gov/dlgf. For further questions, contact the County Assessor *(available on the DLGF website)*.

NOTE: The NAICS Code Number appears on your federal income tax return.

SUMMARY *(Round all numbers to nearest ten dollars)*		REPORTED BY TAXPAYER	CHANGE BY ASSESSOR	CHANGE BY THE COUNTY BOARD
Schedule A - Personal Property	+	$	$	$
Deduction per Form 103 ERA *(Economic Revitalization)*	-	$	$	$
Final Assessed Valuation	=	$	$	$

SIGNATURE AND VERIFICATION

Under penalties of perjury, I hereby certify that this return *(including accompanying schedules, deduction claims and statements)*, to the best of my knowledge and belief, is true, correct, and complete; reports all tangible personal property, subject to taxation, owned, held, possessed or controlled by the named taxpayer, in the stated taxing district, on the assessment date, as required by law; and is prepared in accordance with IC 6-1.1 *et seq.*, as amended, and regulations promulgated with respect thereto.

Signature of authorized person	Telephone number ( )	Date *(month, day, year)*
Name and title of authorized person *(please type or print)*	E-mail contact	
Signature of person preparing return, if different than authorized person	Name and contact information of preparer *(please type or print)*	

FORM 103 - LONG See 50 IAC 4.2-4	TANGIBLE PERSONAL PROPERTY CONFIDENTIAL			SCHEDULE A MARCH 1, 2010
Line	Report all personal property assessable to this taxpayer below. *(Round all figures below to nearest dollar)*			Federal Identification number
1	Total cost of tangible depreciable personal property. *(50 IAC 4.2- 4-2)*			$
2	Adjustment to federal tax basis per Form 106. *(50 IAC 4.2-4-4)*			
3	Total cost and base year value of tangible depreciable personal property. *(Line 1 plus 2)*			$
	Deduct Exempt Property *(See 50 IAC 4.2-11)*		COST	
4	Stationary industrial air purification systems *(Attach Form 103-P.)*		$	
5	Industrial waste control facilities *(Attach Form 103-P.)*			
6	Enterprise information technology equipment *(Attach Form 103-IT)*			
7	Vehicles / airplanes subject to excise tax	Number of Units	$	
	Total cost of exempt property *(Deduct from Line 3 and enter on Line 8)*			
8	Subtotal			$
	Additions: *See 50 IAC 4.2-1-1 and 50 IAC 4.2-4-3 (b) and 4*			
9	Cost of all depreciable personal property still in use but written off. (50 IAC 4.2-4-3(b))			$
10	Cost of installation and foundations applicable to depreciable personal property. (50 IAC 4.2-4-2(d))			
11	Cost of interest incurred during construction and installation applicable to depreciable personal property. (50 IAC 4.2-4-3(h))			
12	Total cost and base year value of assessable depreciable personal property. *(add Lines 8, 9, 10 and 11. Line 12 must agree with Line 56 Column A)*			$

POOLING SUMMARY (From Schedule A-1 or Form 103-P5)		TOTAL COST COLUMN A	ADJUSTMENTS COLUMN B	ADJUSTED COST COLUMN C	TRUE TAX VALUE COLUMN D
56	Total All Pools	$	$	$	$
57	30% of Adjusted Cost *(Line 56, Column C) (enter zero (0) if filing 103-P5 and entity is a qualified steel mill or oil refinery per IC 6-1.1-3-23)*				$
58	Greater of Lines 56D or 57				$
	Adjustments to True Tax Value				
59	Equipment not placed in service at cost	Cost $		X 10%	$
60	Tools, dies, jigs, fixtures, etc., per Form 103-T. *(50 IAC 4.2-6-2)*			Cost $	$
61	Permanently retired equipment per Form 106. *(50 IAC 4.2-4-3 (c) and (d))*			Cost $	$
62	Commercial aircraft and commercial bus line fleet, not subject to excise tax per Form 103-I. *(50 IAC 4.2-10)*			Cost $	$
63	Total additions to True Tax Value. *(Lines 59, 60, 61 and 62)*				$
64	Total True Tax Value before adjustments for "Abnormal Obsolescence." *(Line 58 plus Line 63)*				$
65	Abnormal Obsolescence Adjustment per Form 106. *(50 IAC 4.2-4-8)*				$
66	Total True Tax Value of personal property. *(To page 1, Form 103 Summary)*				$

FORM 103 - LONG See 50 IAC 4.2-4	TANGIBLE PERSONAL PROPERTY CONFIDENTIAL	SCHEDULE A MARCH 1, 2010

** The total cost of special tools, dies, jigs, fixtures, etc., permanently retired equipment; commercial aircraft, and commercial bus line fleet, not subject to excise tax is to be deducted in full in Column B below. The true tax value of such property is to be computed on the proper Form(s) (103-T, 106 AND 103-I, respectively) and recorded on Line(s) 60, 61 and 62.

ROUND ALL FIGURES BELOW TO THE NEAREST DOLLAR.

	YEAR OF ACQUISITION	COLUMN A	COLUMN B	COLUMN C		COLUMN D
	POOL NUMBER 1: (1 TO 4 YEAR LIFE)	TOTAL COST OR BASE YEAR VALUE	ADJUSTMENTS ** (See Note Above)	ADJUSTED COST	T.T.V.%	TRUE TAX VALUE
13	From To 3-1-10*				65	
14	3-2-09 To 3-1-10				65	
15	3-2-08 To 3-1-09				50	
16	3-2-07 To 3-1-08				35	
17	Prior To 3-2-07	$	$	$	20	$
18	TOTAL POOL NUMBER 1					
	POOL NUMBER 2: (5 TO 8 YEAR LIFE)					
19	From To 3-1-10 *				40	
20	3-2-09 To 3-1-10				40	
21	3-2-08 To 3-1-09				56	
22	3-2-07 To 3-1-08				42	
23	3-2-06 To 3-1-07				32	
24	3-2-05 To 3-1-06				24	
25	3-2-04 To 3-1-05				18	
26	Prior To 3-2-04	$	$	$	15	$
27	TOTAL POOL NUMBER 2					
	POOL NUMBER 3: (9 TO 12 YEAR LIFE)					
28	From To 3-1-10 *				40	
29	3-2-09 To 3-1-10				40	
30	3-2-08 To 3-1-09				60	
31	3-2-07 To 3-1-08				55	
32	3-2-06 To 3-1-07				45	
33	3-2-05 To 3-1-06				37	
34	3-2-04 To 3-1-05				30	
35	3-2-03 To 3-1-04				25	
36	3-2-02 To 3-1-03				20	
37	3-2-01 To 3-1-02				16	
38	3-2-00 To 3-1-01				12	
39	Prior To 3-2-00	$	$	$	10	$
40	TOTAL POOL NUMBER 3					
	POOL NUMBER 4: (13 YEAR AND LONGER LIFE)					
41	From To 3-1-10 *				40	
42	3-2-09 To 3-1-10				40	
43	3-2-08 To 3-1-09				60	
44	3-2-07 To 3-1-08				63	
45	3-2-06 To 3-1-07				54	
46	3-2-05 To 3-1-06				46	
47	3-2-04 To 3-1-05				40	
48	3-2-03 To 3-1-04				34	
49	3-2-02 To 3-1-03				29	
50	3-2-01 To 3-1-02				25	
51	3-2-00 To 3-1-01				21	
52	3-2-99 To 3-1-00				15	
53	3-2-98 To 3-1-99				10	
54	Prior To 3-2-98	$	$	$	5	$
55	TOTAL POOL NUMBER 4					
56	TOTAL ALL POOLS					

Election to report cost of Depreciable Assets by Federal tax year _____ ☐ Yes ☐ No

Election available only when federal tax year ends December 31 or January 31. See 50 IAC 4.2-4-6 (c).

* If taxpayer elects to report cost above on federal tax year basis, assets acquired from the prior federal tax year end to March 1 are to be reported on the first line of the appropriate pool.

NOTE: All Column B adjustments above must be supported on Form 106, Form 103 - T, or Form 103 - I.

Filing Basics:

- Every person owning, holding, possessing, or controlling personal property in Indiana on March 1st is required to file a form by May 15th.
- Taxpayers may request up to a thirty (30) day extension of time to file their return. The written request should be sent to the assessor before the filing deadline of May 15th and should include a reason for the request. The assessor has the authority to approve, deny, or set a different deadline of less than thirty (30) days for each request received.
- Personal property must be assessed in each taxing district where property has a tax situs.
- Inventory located in the State of Indiana is exempt and is not required to be reported.
- It is the responsibility of the taxpayer to obtain forms from the assessor and file a timely return. The forms are also available on-line at the department's website. www.in.gov/dlgf
- If you hold, possess, or control not-owned personal property on the assessment date, you have a liability for the taxes imposed for that year unless you establish that the property is to be assessed to the owner. This is done by completing a Form 103-N, attaching it to the Form 103 - Long, and filing it with the assessor. NOTE: Failure to properly disclose lease information may result in a double assessment.
- Taxpayers who discover an error was made on their original timely filed personal property tax return have the right to file an amended return. The amended return must be filed within six (6) months of the due date or the extended due date (if up to a thirty (30) day extension was granted) of their original return.

Frequently Asked Questions:

A. How do I find out my Taxing District Name & Number?
You will need to contact your County Assessor for assistance since heavily populated areas can have several taxing districts within a single township.

B. How do I find out my NAICS number?
This 6 digit code number appears on the federal returns filed for businesses. For a complete list of the codes, go to www.census.gov.

C. Will my local assessor fill this form out for me?
Indiana's personal property tax system is a self-assessment system. An assessor can offer assistance with the filing; however, an authorized person representing the business must sign the form under penalties of perjury that it is true and correct so the responsibility of filing an accurate return remains with the taxpayer.

D. How can I find contact information for the various county offices (Assessor, Auditor, or Treasurer) throughout the State of Indiana, locate forms or learn more about Indiana's personal property tax system?
Go to the Indiana Department of Local Government Finance's website at www.in.gov/dlgf.

INFORMATION OF NOT-OWNED PERSONAL PROPERTY WHICH IS TO BE ASSESSED TO THE OWNER
NOTE: This form is for the reporting of two or less Operating Leases. For all other leases, the Form 103-N (for the lessee) and the Form 103-O (for the lessor) should be utilized. For more information on the reporting of leased equipment, refer to 50 IAC 4.2-8. Failure to properly disclose lease information may result in a double assessment.

Name and Address of the Owner	Location of Property	Date of Lease *(month, day, year)*	Model Number and Description	Quantity	Cost, If Known

Level II Personal Property

This concludes the Personal Property tutorial and is a reminder that should you have questions you can email these questions to the DLGF.

Please send emails to Level2@dlgf.in.gov.