

## ARTICLE 4.2. ASSESSMENT OF TANGIBLE PERSONAL PROPERTY

NOTE: Reinstated by [IC 6-1.1-3-22](#), effective July 1, 2003.

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### Rule 1. Administration; Procedure

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<a href="#">50 IAC 4.2-1-7</a>	Practice before state board (Repealed)

### 50 IAC 4.2-1-1 Primary definitions (Repealed)

Sec. 1. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

### 50 IAC 4.2-1-1.1 Primary definitions

Authority: [IC 6-1.1-31-1](#)  
Affected: [IC 6-1.1-1-11](#); [IC 6-1.1-3-1.5](#)

Sec. 1.1. (a) The definitions in this section apply throughout this article.

(b) "Assessed value" or "valuation" means an amount equal to the true tax value of property rounded to the nearest ten dollars (\$10).

(c) "Assessing official" means a:

- (1) township assessor, if any;
- (2) county assessor; or
- (3) member of a county property tax assessment board of appeals.

(d) "Assessment date" means January 1.

(e) "Construction in process" means tangible personal property not placed in service. The term includes tangible personal property that has not been depreciated and is not yet eligible for federal income tax depreciation under the Internal Revenue Code.

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The term does not include inventory, special tools, leased property, or returnable containers.

(f) "Critical spare parts" means parts that are maintained for possible future replacement of parts in use in operating equipment. Critical spare parts are maintained on-site, sometimes for a considerable period of time, to avoid a disruption of production if replacement of a failed part cannot otherwise be made immediately.

(g) "Department" means the department of local government finance.

(h) "Depreciable personal property" has the meaning set forth in 50 IAC 4.2-4-1.

(i) "Filing date" means the date on which every person owning, holding, possessing, or controlling tangible personal property with a tax situs within the state of Indiana as of the assessment date of any year is required to file a personal property tax return. As specified in [IC 6-1.1-3-1.5](#), the filing date is May 15, and shall be considered the filing date for a return regardless of any extension period granted or return filed. If the filing date falls on a Saturday, a Sunday, a national legal holiday recognized by the federal government, or a statewide holiday, the next succeeding business day that is not a Saturday, Sunday, or federal or state holiday becomes the filing date.

(j) "Inventory" means:

- (1) materials held for processing or for use in production;
- (2) finished or partially finished goods of a manufacturer or processor;
- (3) property held for sale in the ordinary course of trade or business; and
- (4) items that qualify as inventory under 50 IAC 4.2-5-1.

The term excludes items that are or should be subject to federal tax depreciation and that are or should be reported for Indiana property tax purposes at cost per 50 IAC 4.2-2-2 in Pool 1 (50 IAC 4.2-4-5) including rent to own assets; DVD, CD, and video games held for rent; and equipment held for rent that is fully expensed in its first year.

(k) "Not substantially compliant" means a tax return that:

- (1) omits five percent (5%) or more of the book cost of the tangible personal property at the location in the taxing district for which a return is filed;
- (2) omits leased property and other nonowned personal property assessable under 50 IAC 4.2-2-4(b) where such omitted property exceeds five percent (5%) of the total assessed value of all reported personal property; or
- (3) is filed with the intent to evade personal property taxes or assessment.

(l) "Original personal property return" means a personal property tax return filed with the proper assessing official by May 15 or, if an extension is granted, the extended filing date.

(m) "Personal property":

- (1) has the meaning set forth in [IC 6-1.1-1-11](#); and
- (2) also includes nonautomotive equipment attached to excise vehicles.

(n) "Personal property and real property guide" means a listing of items of machinery, equipment, or structures as to their assessability as real or personal property for Indiana assessment purposes. Generally, if the item is directly used for manufacturing or a process of manufacturing, it is to be considered as personal property. If the item is land or a building improvement, it is to be considered as real property.

(o) "Placed in service" means the asset is ready and available for a specific use whether in a trade or business, the production of income, or a tax exempt activity. An asset is assessed until it is retired from service. An asset is retired property from service when it is permanently withdrawn from use by:

- (1) sale or exchange of the property;
- (2) conversion to personal use;
- (3) abandonment;
- (4) transfer to a supply or scrap account; or
- (5) property is destroyed.

(p) "Special tools" includes, but is not limited to, tools, dies, jigs, fixtures, gauges, molds, and patterns acquired or made for the production of products or product models, which are of such specialized nature that their utility generally ceases with the modification or discontinuance of such products or product models. Those items of "special tools" being manufactured or built for sale or lease to another person must be valued as inventory pursuant to 50 IAC 4.2-5.

(q) "Taxing district" means an area within a township having tax levies and rates different from the tax levies and rates in other areas within the same township.

(r) "True tax value" as used in this article means the resultant value of property determined in accordance with the rules issued

by the department, exclusive of those portions of the rules related to determining assessed value. (*Department of Local Government Finance; 50 IAC 4.2-1-1.1; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-1-2 Powers and duties of the department**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3](#)

Sec. 2. The department is responsible under Indiana law for promulgating rules, appraisal manuals, bulletins, returns, and forms to govern the assessment of personal property subject to the ad valorem (tax on value) property tax. The department promulgates this article as guidelines for the assessment of personal property. Assessing officials and persons filing personal property tax returns shall follow the department's guidance as given in these guidelines, and any subsequent memoranda issued pursuant to these guidelines, as well as applicable Indiana law. (*Department of Local Government Finance; 50 IAC 4.2-1-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 819, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-1-3 All property taxable**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-1](#); Article 10, Section 1 of the Constitution of the State of Indiana

Sec. 3. Unless specifically exempted by law, generally, all property shall be taxed as personal property, real property, public utility, commercial vessel, mobile home, motor vehicle excise, aircraft excise, intangible, or subject to the bank tax act. (*Department of Local Government Finance; 50 IAC 4.2-1-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 820, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-1-4 Amendments to rules (*Repealed*)**

Sec. 4. (*Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-1-5 Memorandums and guidance documents**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-35-1](#)

Sec. 5. (a) The department may issue memorandums and guidance documents. The memorandums and guidance documents are used to instruct taxing officials of their duties and provide administrative forms to be used by taxpayers, local and county officials as required by the various rules of the department. These documents are effective for the year designated and will remain in effect for subsequent tax years unless specifically rescinded or revised by subsequent memorandums and guidance documents.

(b) Copies of memorandums and guidance documents issued pursuant to this article may be obtained from the department's website. (*Department of Local Government Finance; 50 IAC 4.2-1-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 820, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-1-6 Administrative adjudications by the department; effect (*Repealed*)**

Sec. 6. (*Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-1-7 Practice before state board (*Repealed*)**

Sec. 7. (*Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**Rule 2. Filing Requirements**

<a href="#">50 IAC 4.2-2-1</a>	Place of filing; assessment; proper place of assessments
<a href="#">50 IAC 4.2-2-2</a>	Who must file
<a href="#">50 IAC 4.2-2-3</a>	Extension of time to file returns
<a href="#">50 IAC 4.2-2-3.1</a>	Single return (Repealed)
<a href="#">50 IAC 4.2-2-4</a>	Liability
<a href="#">50 IAC 4.2-2-5</a>	Full disclosure
<a href="#">50 IAC 4.2-2-5.1</a>	Amended returns
<a href="#">50 IAC 4.2-2-6</a>	Additional filing requirements (Repealed)
<a href="#">50 IAC 4.2-2-7</a>	Returns filed in duplicate (Repealed)
<a href="#">50 IAC 4.2-2-8</a>	Short form returns
<a href="#">50 IAC 4.2-2-9</a>	Authorized forms
<a href="#">50 IAC 4.2-2-10</a>	Penalties
<a href="#">50 IAC 4.2-2-11</a>	Interest (Repealed)

**50 IAC 4.2-2-1 Place of filing; assessment; proper place of assessments**

Authority: [IC 6-1.1-31-1](#)  
 Affected: [IC 6-1.1-8-3](#)

Sec. 1. (a) A personal property tax return must be filed in each taxing district where property has a tax situs subject to the qualifications contained in this article. A return may cover all business locations in a single taxing district. However, if the property is located in two (2) or more taxing districts within the same township, a separate return must be filed reporting the property in each of the taxing districts.

(b) Personal property that is owned by a person who is a resident of this state shall be assessed at the place where the owner is a resident except where personal property has a tax situs on the assessment date at another location in the state and the property is regularly used or permanently located, in which instance the assessment shall be made in such location.

(c) Personal property that is owned by a person who is a nonresident of this state shall be assessed at the place where the owner's principal office within this state is located, except where personal property has a tax situs on the assessment date at another location within the state where it is regularly used or permanently located. In such an instance, the return or returns should be filed in the taxing district where the property is permanently located or regularly used. When the owner does not have a principal office in the state, the property will be assessed where located on the assessment date.

(d) To the extent that residence determines the place of assessment of personal property held by a fiduciary in its fiduciary capacity, the residence of the fiduciary shall govern, except that in the assessment of personal property of an estate of a deceased person, the actual residence in this state of the deceased person immediately before death shall be applicable until such property has been distributed.

(e) If a controversy arises concerning the appropriate taxing district for assessing personal property, the determination made as follows shall be summary and final:

(1) The county assessor shall determine the correct taxing district for assessment purposes if a question arises as to the appropriate taxing district within the county.

(2) The department shall determine the proper county for assessment if the question arises as to which county within the state is the proper tax situs.

(f) A taxpayer that is described in [IC 6-1.1-8-3](#)(b), that is, a taxpayer whose property is subject to state distributable property assessment under 50 IAC 5.1, may elect to file under [IC 6-1.1-8-3](#)(c)(6) if found eligible under that statute. (*Department of Local Government Finance; 50 IAC 4.2-2-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 821, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: 20100324-IR-050090576FRA; filed Nov 2, 2020, 9:34 a.m.: 20201202-IR-050190636FRA*)

**50 IAC 4.2-2-2 Who must file**

Authority: [IC 6-1.1-31-1](#)  
 Affected: [IC 6-1.1-1-10](#); [IC 6-1.1-2-4](#); [IC 6-1.1-3-7](#)

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Sec. 2. Every person (as defined in [IC 6-1.1-1-10](#)) owning, holding, possessing, or controlling personal property with a tax situs within the state on January 1 of any year is required to file a personal property tax return on or before May 15 of that year unless an extension of time to file a return is obtained under section 3 of this rule. The obligation to file a return is not diminished or affected by the failure of an assessor to deliver or mail forms to a taxpayer. It is the responsibility of the taxpayer to obtain forms from the assessor and file a timely return in compliance with this article. (*Department of Local Government Finance; 50 IAC 4.2-2-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 822, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

### **50 IAC 4.2-2-3 Extension of time to file returns**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3-7](#)

Sec. 3. (a) The township assessor, if any, or the county assessor may grant an extension of not more than thirty (30) days (to June 14) provided an extension is requested in writing prior to May 15 of the current year. The application must clearly state the reason for the request.

(b) The request must be made to the assessor with whom the return should be filed. The assessor may, at their discretion, approve or disapprove the request in writing. The approved request or a copy must be attached to each taxpayer's return required to be filed. (*Department of Local Government Finance; 50 IAC 4.2-2-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 822, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

### **50 IAC 4.2-2-3.1 Single return (Repealed)**

Sec. 3.1. (*Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

### **50 IAC 4.2-2-4 Liability**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3-7](#)

Sec. 4. (a) The owner of any personal property on the assessment date of a year is liable for the taxes imposed for that year on the property. The owner of any personal property is generally the holder of legal title except when:

(1) title passes on January 1 of any year, only the person last obtaining title on said date shall be deemed to have title on January 1; and

(2) personal property is security for a debt and the debtor is in possession of such property, such debtor shall be deemed to be the owner.

(b) A person holding, possessing, or controlling any personal property on the assessment date of a year is liable for the taxes imposed for that year on the property unless the person establishes that the property is being assessed and taxed in the name of owner, or the owner is liable for the taxes under a contract with that person and that person files a correct Form 103-N (section 9 of this rule) supplemental information return on or before the due date (unless an extension is granted). When a person other than the owner pays any property taxes as required by this section, that person may recover the amount paid from the owner unless the parties have agreed to other terms in a contract.

(c) The assessor shall assess the taxable property in the name of the owner of the property to the extent the owner has been identified. A person holding, possessing, controlling, or occupying any personal property on the assessment date of the year is liable for the taxes imposed for that year on the property unless they establish that the property is being assessed and taxed in the name of the owner or the owner is liable for the taxes under contract with that person and that person files a correct Form 103-N (section 9 of this rule) supplemental information return on or before the due date (unless an extension is granted). (*Department of Local Government Finance; 50 IAC 4.2-2-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 822, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-2-5 Full disclosure**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3-7](#)

Sec. 5. (a) The taxpayer shall, in completing the return, make a full and complete disclosure of such information as may be required by the department, relating to the value, nature, and location of all the personal property of which the taxpayer was the owner or which the taxpayer held, possessed, or controlled, in any capacity whatsoever, on the assessment date of the current year.

(b) The owner of any personal property subject to assessment and taxation on the assessment date has the responsibility for reporting such property for assessment and taxation on their personal property tax return on Form 102 or Form 103 (section 9 of this rule), in the taxing district where the property had a tax situs as of the assessment date. In addition to the above reporting requirement, the owner of property, under circumstances in which possession is transferred to another person, but ownership is retained, shall be required to furnish in the taxing district where the property is located a complete listing on Form 103-O (section 9 of this rule), of such property showing the name and address of the person or persons in possession, model, description, location, quantities, date of installation, and value per this article reported for assessment and taxation in order to provide a means of verification and cross reference by the assessing official or officials that all property is being properly reported for assessment and taxation. (See special instructions in 50 IAC 4.2-8 for reporting leased personal property.)

(c) The person holding, possessing, or controlling any tangible property in any capacity, which personal property is subject to taxation under this rule, is required to file and attach with the return a complete listing on Form 103-N (section 9 of this rule), of all not owned property. The listing is to be filed in the taxing district where the property is located and must include the name and address of the owner, model, description, location, quantities on hand, date of installation, value (if known) per this article and any other information requested on the appropriate form. (See special instructions in 50 IAC 4.2-8 for reporting leased personal property.)

(d) A Form 103-N (section 9 of this rule), is required to be filed by the possessor even if the owner is liable for the taxes under a contract to assure that the assessing official has the necessary information to correctly assess the property in question. (*Department of Local Government Finance; 50 IAC 4.2-2-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 823, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-2-5.1 Amended returns**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3-7](#); [IC 6-1.1-3-7.5](#)

Sec. 5.1. (a) A taxpayer may file an amended personal property tax return after the later of the following:

(1) If no extension was granted under [IC 6-1.1-3-7](#)(b), an amended return must be filed within twelve (12) months of the due date of the original timely filed return.

(2) If an extension was granted under [IC 6-1.1-3-7](#)(b), an amended return must be filed within twelve (12) months of the extended filing date.

(b) A taxpayer who files a personal property tax return under [IC 6-1.1-3](#) may file no more than one (1) amended return under [IC 6-1.1-3-7.5](#).

(c) A taxpayer may claim on an amended personal property tax return any adjustment or exemption that would have been allowable as if the adjustment or exemption had been claimed on the original personal property return.

(d) A taxpayer must file the amended return on the same form prescribed by the department for the filing of an original personal property return, indicating that it is amended in a conspicuous place on the front of the return. The amended personal property return must be completed and filed with the township assessor, if any, or county assessor in the same manner as is required for the original personal property return.

(e) Except as provided in this article, an amended return remains subject to the review and adjustment of assessing officials in the same manner as original personal property returns.

(f) A taxpayer that files a personal property tax return under [IC 6-1.1-3](#) is not entitled to petition under this section for the correction of an error made by the taxpayer on the taxpayer's personal property tax return. If the taxpayer wishes to correct an error made by the taxpayer on the taxpayer's personal property tax return, the taxpayer must instead file an amended personal property tax return under [IC 6-1.1-3-7.5](#). (*Department of Local Government Finance; 50 IAC 4.2-2-5.1; filed Feb 26, 2010, 2:43 p.m.:*

[20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))

**50 IAC 4.2-2-6 Additional filing requirements (Repealed)**

Sec. 6. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-2-7 Returns filed in duplicate (Repealed)**

Sec. 7. (Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))

**50 IAC 4.2-2-8 Short form returns**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3-7](#)

Sec. 8. When the assessed value of personal property required to be reported in a township is less than one hundred fifty thousand dollars (\$150,000), the taxpayer may elect to file Form 103-Short Form (section 9 of this rule) if:

- (1) the business is not a manufacturer or processor;
- (2) no exemptions or deductions are claimed that affect the business personal property assessment; and
- (3) no special valuation adjustments, such as equipment not placed in service, special tooling, permanently retired equipment, interstate carrier mileage allocation, or abnormal obsolescence, are claimed in determining the value of the business personal property.

(Department of Local Government Finance; 50 IAC 4.2-2-8; filed Dec 7, 1988, 9:35 a.m.: 12 IR 824, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-2-9 Authorized forms**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3](#); [IC 6-1.1-10-10](#); [IC 6-1.1-10-44](#); [IC 6-1.1-12.1](#); [IC 6-1.1-12.7](#); [IC 6-1.1-37-3](#); [IC 6-1.1-45](#)

Sec. 9. (a) The department is required by statute to adopt tax return forms and schedules for personal property assessment purposes.

(b) The following are the authorized return forms provided for personal property assessment purposes pursuant to this article:

No.	Forms
102	Farmer's Tangible Personal Property Assessment Return
103-SR	Single Return – Business Tangible Personal Property
103-Short	Business Tangible Personal Property Return (Short Form)
103-Long	Business Tangible Personal Property Return (Long Form)
103-CTP	Schedule of Deduction from Assessed Valuation Personal Property in Certified Technology Park
103-CTP/EL	Equipment List for New Additions to CTP Deduction Personal Property in Certified Technology Park
103-EL	Equipment List for New Additions to ERA Deductions Personal Property in Economic Revitalization Area
103-I	Return for Interstate Carriers
103-IT	Claim for Exemption of Enterprise Information Technology Equipment
103-N	Information Return of Not Owned Personal Property
103-O	Information Return of Owned Personal Property
103-P	Claim for Exemption of Air or Water Pollution Control Facilities
103-P5	Business Tangible Personal Property Depreciable Assets in Pool 5
103-SPD	Supporting Schedule for Deduction of Assessed Valuation on a Personal Property Solar Power Device
103-T	Return of Special Tools
104	Business Tangible Personal Property Return

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104-SR            Single Return Business Tangible Personal Property

106                Schedule of Adjustments to Business Tangible Personal Property Return

(c) In lieu of using the actual return form prescribed in subsection (b), a taxpayer may use a computer or machine prepared substitute tax return form or schedule if that substitute:

- (1) contains all of the information as set forth in the prescribed form; and
- (2) properly identifies the form or schedule being substituted.

(d) The following are certain authorized administrative forms provided for personal property assessment purposes pursuant to this article:

No.	Forms
111/PP	Notice of Review of Current Year's Assessment (For Personal Property by Assessing Official or County Property Tax Assessment Board of Appeals)
113/PP	Notice of Assessment or Change in Assessment by Assessing Official
114/PP	Notice of Hearing on Petition – Personal Property (By County Property Tax Assessment Board of Appeals)
115	Notice of Final Assessment Determination
130	Taxpayer's Notice to Initiate an Appeal
134	Joint Report by Taxpayer/Assessor to the County Board of Appeals of a Preliminary Informal Meeting
MOD-1	Application for Deduction from Assessed Valuation – Maritime Opportunity District
EZ2	Enterprise Zone Investment Deduction Application
103-ERA	Schedule of Deduction from Assessed Valuation for Personal Property in Economic Revitalization Area
CF-1/PP	Compliance with Statement of Benefits – Personal Property
SB-1/PP	Statement of Benefits for Personal Property
103-P5/ERA	Schedule of Deduction from Assessed Valuation for Pool 5 Property in Economic Revitalization Area

(e) Every person required to file a personal property tax return under section 2 of this rule must report all personal property on the form currently authorized as provided herein. The return form as provided in subsections (a) and (b) does not constitute a return unless it is signed under the penalties of perjury by a person authorized to file such return. (*Department of Local Government Finance; 50 IAC 4.2-2-9; filed Dec 7, 1988, 9:35 a.m.: 12 IR 824, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-2-10 Penalties**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3-7](#); [IC 6-1.1-3-7.5](#); [IC 6-1.1-3-9](#); [IC 6-1.1-3-14](#); [IC 6-1.1-5-13](#)

Sec. 10. (a) Any person who willfully makes and subscribes any return, statement, or other document which is verified under oath, which is certified as to the truth of the information contained therein, or which contains a written declaration that is made under the penalties of perjury, and that he or she does not believe to be true and correct in every material respect shall be guilty of a crime and shall be subject to the same penalties as provided by law for perjury.

(b) If a person subject to [IC 6-1.1-3-7](#)(c) fails to include on a personal property return the information, if any, that the department requires under [IC 6-1.1-3-9](#) or [IC 6-1.1-5-13](#), the county auditor shall add a penalty to the property tax installment next due for the return. The amount of the penalty is twenty-five dollars (\$25). The purpose of this penalty is to require a full disclosure of the information related to the value, nature, or location of personal property on the personal property tax return for the year that is necessary for an assessing official to review the return. If this information is not provided, a thorough review of the return as required by law cannot take place.

(c) Failure to file a return or be granted an extension of time to file a return by May 15 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 tax determined to be due will be imposed with respect to the personal property that should have been reported on the return. No return shall be considered due within the meaning of this article until the expiration of a period of any extension of time that may have been granted under section 3 of this rule.

(d) If the total assessed value that a person reports on an original personal property return is discovered by the assessing

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official or the property tax assessment board of appeals during a review conducted under [IC 6-1.1-3-14](#) and 50 IAC 4.2-3.1 to be 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. However, a penalty under this subsection shall not be imposed on a taxpayer who filed an amended personal property return under [IC 6-1.1-3-7.5](#) to correct the taxpayer's undervaluation before Form 111/PP has been mailed to the taxpayer.

(e) The purpose of the twenty percent (20%) penalty is to ensure a complete disclosure of all information required by the department on the prescribed self-assessment personal property forms. This enables the township assessor, county board of review, and department to carry out their statutory duties of examining returns each year to determine if they substantially comply with the rules of the department. This examination cannot take place if all required information is not shown on the self-assessment return form. It is not the purpose of this provision to impose a penalty on a person who has made a complete disclosure of information required on the assessment return form.

(f) If the person filing the self-assessment personal property return shows that the person is claiming an exemption or taking an adjustment for abnormal obsolescence or permanently retired equipment on the return form and has complied with all of the requirements for claiming that exemption or adjustment, no penalty should be added to the extent of the amounts accounted for on the return form.

(g) In considering whether or not a taxpayer has made a full and complete disclosure of information, the complete return package must be considered. A complete return package consists of the return form itself (Form 102 or 103) (section 9 of this rule) and all necessary supplemental forms and supporting schedules that must be filed with the return.

(h) If a person has complied with all of the requirements for claiming an exemption or adjustment for abnormal obsolescence or permanently retired equipment, then the increase in assessed value that results from a denial of the exemption or change in the amount of adjustment is considered to be interpretive difference not subject to the twenty percent (20%) penalty for undervaluation for purposes of this subsection. However, all other amounts not fully disclosed through omission or undervaluation that represent property subject to the reporting requirements of this article and the laws of this state are subject to the twenty percent (20%) penalty.

(i) Claims for deductions, exemptions, abnormal obsolescence, permanently retired equipment, and mathematical errors on the face of the return are excluded from the five percent (5%) undervaluation threshold of subsection (d). (*Department of Local Government Finance; 50 IAC 4.2-2-10; filed Dec 7, 1988, 9:35 a.m.: 12 IR 825, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

### **50 IAC 4.2-2-11 Interest (Repealed)**

Sec. 11. (*Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

### **Rule 3. Review and Appeal Procedures**

<a href="#">50 IAC 4.2-3-1</a>	Township assessor review (Repealed)
<a href="#">50 IAC 4.2-3-2</a>	Direct review of assessment by county board of review (Repealed)
<a href="#">50 IAC 4.2-3-3</a>	Appeal of assessments; stay (Repealed)
<a href="#">50 IAC 4.2-3-4</a>	Schematic of appeal and review procedures (Repealed)
<a href="#">50 IAC 4.2-3-5</a>	Effect of pending review on duty to pay tax (Repealed)
<a href="#">50 IAC 4.2-3-6</a>	Direct review by state board; hearing of appeal (Repealed)
<a href="#">50 IAC 4.2-3-7</a>	Final determination of state board (Repealed)
<a href="#">50 IAC 4.2-3-8</a>	Indiana tax court established (Repealed)
<a href="#">50 IAC 4.2-3-9</a>	Appeal to tax court (Repealed)
<a href="#">50 IAC 4.2-3-10</a>	Rehearing of state board determinations (Repealed)
<a href="#">50 IAC 4.2-3-11</a>	Appeal by county executive (Repealed)
<a href="#">50 IAC 4.2-3-12</a>	Petition for correction of error (Repealed)
<a href="#">50 IAC 4.2-3-13</a>	Time limitation for changes to assessments (Repealed)
<a href="#">50 IAC 4.2-3-14</a>	Refunds; time limitation (Repealed)

**50 IAC 4.2-3-1 Township assessor review (Repealed)**

Sec. 1. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-3-2 Direct review of assessment by county board of review (Repealed)**

Sec. 2. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-3-3 Appeal of assessments; stay (Repealed)**

Sec. 3. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-3-4 Schematic of appeal and review procedures (Repealed)**

Sec. 4. (Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)

**50 IAC 4.2-3-5 Effect of pending review on duty to pay tax (Repealed)**

Sec. 5. (Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)

**50 IAC 4.2-3-6 Direct review by state board; hearing of appeal (Repealed)**

Sec. 6. (Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)

**50 IAC 4.2-3-7 Final determination of state board (Repealed)**

Sec. 7. (Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)

**50 IAC 4.2-3-8 Indiana tax court established (Repealed)**

Sec. 8. (Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)

**50 IAC 4.2-3-9 Appeal to tax court (Repealed)**

Sec. 9. (Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)

**50 IAC 4.2-3-10 Rehearing of state board determinations (Repealed)**

Sec. 10. (Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)

**50 IAC 4.2-3-11 Appeal by county executive (Repealed)**

Sec. 11. (Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)

**50 IAC 4.2-3-12 Petition for correction of error (Repealed)**

Sec. 12. (Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)

**50 IAC 4.2-3-13 Time limitation for changes to assessments (Repealed)**

Sec. 13. *(Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)*

**50 IAC 4.2-3-14 Refunds; time limitation *(Repealed)***

Sec. 14. *(Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)*

**Rule 3.1. Review Process and Appeal Procedures**

<a href="#">50 IAC 4.2-3.1-1</a>	Assessor review (Repealed)
<a href="#">50 IAC 4.2-3.1-2</a>	Examination of property (Repealed)
<a href="#">50 IAC 4.2-3.1-3</a>	Conversion of property (Repealed)
<a href="#">50 IAC 4.2-3.1-4</a>	Delivery of personal property lists (Repealed)
<a href="#">50 IAC 4.2-3.1-5</a>	Change of assessed value; notice
<a href="#">50 IAC 4.2-3.1-6</a>	Examination of property
<a href="#">50 IAC 4.2-3.1-7</a>	Direct review of assessment by county assessor or county property tax assessment board of appeals
<a href="#">50 IAC 4.2-3.1-8</a>	Direct review by the department
<a href="#">50 IAC 4.2-3.1-9</a>	Final determination of the department
<a href="#">50 IAC 4.2-3.1-10</a>	Appeal of assessments (Repealed)

**50 IAC 4.2-3.1-1 Assessor review *(Repealed)***

Sec. 1. *(Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))*

**50 IAC 4.2-3.1-2 Examination of property *(Repealed)***

Sec. 2. *(Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))*

**50 IAC 4.2-3.1-3 Conversion of property *(Repealed)***

Sec. 3. *(Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))*

**50 IAC 4.2-3.1-4 Delivery of personal property lists *(Repealed)***

Sec. 4. *(Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))*

**50 IAC 4.2-3.1-5 Change of assessed value; notice**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3-20](#); [IC 6-1.1-9](#); [IC 6-1.1-16-1](#)

Sec. 5. (a) A township assessor, if any, must make a change in the assessed value and give notice of the change on or before the later of:

- (1) September 15 of the year for which the assessment is made; or
- (2) four (4) months from the date the personal property return is filed.

(b) If the taxpayer has failed to file a return, a notice of assessment must be given within the ten (10) year period after the date on which the return should have been filed. If a fraudulent return has been filed, the assessor has no limitation of time within which to act. If the taxpayer fails to file a personal property return that substantially complies with the provisions of [IC 6-1.1](#) and the rules of the department, the assessment may be changed if notice is given within three (3) years after the date the return is filed. *(Department of Local Government Finance; 50 IAC 4.2-3.1-5; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))*

**50 IAC 4.2-3.1-6 Examination of property**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3-7.5](#); [IC 6-1.1-15](#)

Sec. 6. Upon receiving a notification of estimated value from the township assessor, if any, or the county assessor, the taxpayer may elect to file a personal property return within thirty (30) days from the date of the written notice of assessment by the assessor subject to the penalties imposed under 50 IAC 4.2-2-10. This return cannot be amended by the taxpayer under [IC 6-1.1-3-7.5](#). The notice shall instruct the taxpayer on the procedures necessary to obtain a review before the county property tax assessment board of appeals. (*Department of Local Government Finance; 50 IAC 4.2-3.1-6; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-3.1-7 Direct review of assessment by county assessor or county property tax assessment board of appeals**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-13-1](#); [IC 6-1.1-13-3](#); [IC 6-1.1-16](#)

Sec. 7. (a) The county property tax assessment board of appeals or the county assessor may review, at its own discretion, any assessment of any taxpayer within the county as described in [IC 6-1.1-13-3](#).

(b) The county property tax assessment board of appeals may contract with a private vendor to assist in the review.

(c) The county property tax assessment board of appeals shall give the proper notice as described in [IC 6-1.1-13-1](#).

(d) After the property tax assessment board of appeals has completed the review of the taxpayer's assessment, it shall notify the taxpayer by mail of the assessment on Form 115.

(e) When conducting a review of a taxpayer's personal property tax return, a county assessor or a county property tax assessment board of appeals must make a change in the assessed value, including the final determination by the board of an assessment changed by a township assessor, if any, or the county assessor, and give the notice of the change on or before the later of:

(1) October 30 of the year for which the assessment is made; or

(2) five (5) months from the date the personal property return is filed.

If the taxpayer fails to file a return, a notice of assessment must be given within the ten (10) year period after the date on which the return should have been filed. If a fraudulent return has been filed, there is no limitation of time within which it may act. If the taxpayer fails to file a personal property return that substantially complies with the provisions of this article, the assessment may be increased if notice is given within three (3) years after the date the return is filed. These time limitations apply to the review function of the property tax assessment board of appeals, but not the appeal function under [IC 6-1.1-15](#). (*Department of Local Government Finance; 50 IAC 4.2-3.1-7; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-3.1-8 Direct review by the department**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-14-10](#)

Sec. 8. (a) The department, on its own initiative, may conduct an audit to review a taxpayer's personal property assessment under [IC 6-1.1-14-10](#).

(b) A notice of audit of assessment will be mailed to the taxpayer advising the taxpayer at least ten (10) days in advance of the date, time, and place of the scheduled audit.

(c) The taxpayer is required to make available to the auditor of the department sufficient books, records, federal and state income tax returns, and related data to determine the assessment of the property in question. If the books, records, tax returns, and related data are not made available, a subpoena or a subpoena duces tecum will be issued to obtain this information unless in the judgment of the department other action would be more appropriate.

(d) Upon the completion of the audit, the auditor from the department shall make his or her findings and proposed assessed valuation known to the taxpayer.

(e) Upon the completion of the audit, the auditor from the department shall make a report to the department that includes

recommendations and proposed assessed valuation. (*Department of Local Government Finance; 50 IAC 4.2-3.1-8; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-3.1-9 Final determination of the department**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-14](#); [IC 6-1.1-16-1](#)

Sec. 9. (a) The report required by section 8(e) of this rule, proposed assessment, and related information shall be considered by the department in determining the assessment of the taxpayer.

(b) If the taxpayer does not agree with the assessment recommended by the auditor, the taxpayer may petition the department to consider additional information, provided that the petition is made before the determination of the final assessment.

(c) If the taxpayer wants a hearing, the taxpayer must submit a letter requesting an administrative hearing to the department. Accompanying the letter should be a written brief or statement, along with any evidence, supporting the taxpayer's request for a hearing. The brief or statement should include a concise statement of the question in dispute and a summary of laws, regulations, and facts in support of such question.

(d) The department may hold an administrative hearing or appoint personnel to hold an administrative hearing at its discretion provided that the taxpayer has properly requested a hearing and the department determines that the taxpayer's facts and circumstances warrant an administrative hearing. The discussion at the hearing will be limited to the issues presented in the request for hearing unless, at the discretion of the department, it determines other issues should be discussed.

(e) If a hearing is held by the department, the department shall issue written findings of fact and conclusions of law related to the administrative hearing.

(f) A written notice of the final assessment will be given to the taxpayer, township assessor (if one exists), county assessor, and county auditor when an audit was conducted by the department on its own initiative.

(g) Except as provided in subsection (h), the department must make any preliminary change in the assessed value and give notice of the change on or before the later of:

(1) October 1 of the year immediately following the year for which the assessment is made; or

(2) sixteen (16) months from the date the personal property tax return is filed if the return is filed after the filing date for the personal property tax return.

(h) The general statute of limitations described in subsection (g) does not apply in the following circumstances:

(1) There is a three (3) year limitation on the ability to change an assessment when a taxpayer has filed a property tax return that is not substantially compliant with the provisions of this article.

(2) A ten (10) year limitation on the ability to change an assessment when a taxpayer is required to file a tax return as provided by law under this article and fails to file a return.

(3) An unlimited statute of limitations applies to the ability to change an assessment when the taxpayer files a fraudulent personal property return or files a return with the intent to evade the payment of property taxes.

(*Department of Local Government Finance; 50 IAC 4.2-3.1-9; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-3.1-10 Appeal of assessments (*Repealed*)**

Sec. 10. (*Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**Rule 4. Valuation of Depreciable Tangible Personal Property**

[50 IAC 4.2-4-1](#)

"Depreciable personal property" defined

[50 IAC 4.2-4-2](#)

Book cost determinative

[50 IAC 4.2-4-3](#)

Fully depreciated, retired, or nominally valued property; computer equipment; report and valuation

[50 IAC 4.2-4-4](#)

Adjustments to cost

[50 IAC 4.2-4-5](#)

Pools of property; determination of costs by acquisition year

[50 IAC 4.2-4-6](#)

Determination of the year of acquisition

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<a href="#">50 IAC 4.2-4-7</a>	True tax value determination; exception
<a href="#">50 IAC 4.2-4-8</a>	Adjustment for obsolescence
<a href="#">50 IAC 4.2-4-9</a>	Minimum valuation
<a href="#">50 IAC 4.2-4-9.1</a>	Election of valuation method for special integrated steel mill or oil refinery/petrochemical equipment (Repealed)
<a href="#">50 IAC 4.2-4-10</a>	Determination of property as real or personal

**50 IAC 4.2-4-1 "Depreciable personal property" defined**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-1-11](#)

Sec. 1. In general, "depreciable personal property", as used in this article, is all tangible personal property that is used in a trade or business, used for the production of income, or held as an investment that should be or is subject to depreciation for federal income tax purposes, except to the extent that property is treated otherwise in this article. In general, except as otherwise provided in this article, personal property will be deemed to become depreciable property when a depreciation deduction is allowable for federal income tax purposes. (*Department of Local Government Finance; 50 IAC 4.2-4-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 838, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-4-2 Book cost determinative**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3](#)

Sec. 2. (a) The cost of depreciable property, both real and personal, as recorded on the taxpayer's books and records, must be utilized in determining the value of the depreciable personal property subject to assessment.

(b) The cost of all depreciable property of a taxpayer shall be the total amount reflected on the books and records of the taxpayer as of the assessment date except as provided in section 3 of this rule. Per the provisions of this article and the Internal Revenue Code, the cost of depreciable personal property must include, but not be limited to, direct costs and an appropriate portion of indirect costs attributable to its production or acquisition and preparation for use. The cost of machinery, furniture, tools, computers (excluding application software), and other plant assets includes all costs necessary to place the asset in condition and in place, ready for use. These costs include, but are not limited to, the purchase price, transportation costs to the place of use, and installation costs, foundations and electrical wiring, interest incurred during construction and installation, and sales tax. If the asset is constructed by the company, the original cost must be made up of, but not limited to, the following costs:

- (1) Direct and indirect labor costs and fringe benefits.
- (2) Direct material costs.
- (3) Designing.
- (4) Supervision.
- (5) Insurance.
- (6) Depreciation of equipment used in construction.
- (7) Claims for damage during construction not compensated for by insurance.
- (8) Taxes and insurance during construction.
- (9) Interest incurred during construction.
- (10) Sales taxes.
- (11) Other costs directly chargeable to construction.

No profit should be added to the actual costs since the company cannot make a profit on itself. Any credits in the form of sales of scrap materials, discounts received on purchases of materials, and return premiums on surrender of insurance policies should be subtracted from the gross costs of construction to determine the actual cost of the asset.

(c) The cost of additions and betterments must be added to the original cost of the asset. If an additional part is added or some other change is made in the fixed asset which increases its estimated useful life, its production, or efficiency, or changes it to a different use, such an expenditure is a betterment and should be capitalized by adding it to the original cost of the asset. If a part is replaced with a similar part, the new part would be shown as a new acquisition while the part replaced would be removed from

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the original cost of the asset when acquired. The cost of additions, betterments, or replacements would be reported as an addition, betterment, or replacement in the year the actual expenditure occurred.

(d) In the event a taxpayer cannot determine from its books and records the cost of the depreciable property on the assessment date, they must use:

- (1) the cost per books as of the close of its annual financial period immediately prior to the assessment date and so indicate on their return;
- (2) the book cost as of the close of its last financial period will then be adjusted to reflect all acquisitions and disposals of depreciable property which have occurred between such date and the assessment date;
- (3) this adjustment should be taken as provided in section 4 of this rule; and
- (4) installation costs and foundations applicable to machinery and equipment shall be reported and assessed on the same basis as the asset to which they apply.

(e) A taxpayer must be able to reconcile the cost of the depreciable personal property reported on the tax returns required to be filed with the cost of all depreciable property as recorded on the taxpayer's books and records on the assessment date. A personal property and real property guide is included in section 10 of this rule to assist in the reconciliation.

(f) Taxpayers with locations in more than one (1) taxing district in this state may fulfill the requirements of this section by making one (1) computation as required in subsection (e) for the entire state, provided that the cost of the depreciable personal property for each taxing district where the taxpayer has property on the assessment date is identified in such computation. (*Department of Local Government Finance; 50 IAC 4.2-4-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 839, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-4-3 Fully depreciated, retired, or nominally valued property; computer equipment; report and valuation**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-1-11](#); [IC 6-1.1-3](#)

Sec. 3. (a) Depreciable personal property that has not been retired from use must be reported for personal property assessment purposes whether or not the cost of the property has been:

- (1) removed from;
- (2) recorded on; or
- (3) recorded at a nominal value on;

the taxpayer's books and records.

(b) Any fully depreciated personal property that:

- (1) has been written off the taxpayer's books and records; and
- (2) is:

- (A) on hand at the tax situs; and
- (B) not permanently retired;

on the assessment date;

must be reported in the return at its original acquisition cost or its cost basis. The cost of the property must be clearly shown as an adjustment in the space provided on the tax return as provided in section 4 of this rule.

(c) "Permanently retired depreciable personal property" means depreciable personal property that has been removed from service on the assessment date, and is awaiting disposition and must be scheduled to be scrapped, removed, or disposed of and will be considered to be permanently retired providing the taxpayer actually scraps or sells such property. The term includes the following:

(1) Depreciable personal property that is:

- (A) on hand at the tax situs on the assessment date, included in the cost per books as reported by the taxpayer in its return; and
- (B) permanently retired on the assessment date;

is subject to an adjustment if the taxpayer so elects.

(2) The cost per books of permanently retired depreciable property can be taken as an adjustment from book cost of depreciable property on the return provided the cost of the property is included in the cost per books actually reported on the return.

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(3) In order to qualify for this adjustment, a taxpayer will need to substantiate that the property was:

- (A) permanently retired; and
- (B) not in use.

(d) Permanently retired depreciable personal property should be valued at its net scrap or net sale value. The valuation of this property:

- (1) should be shown separately on the tax return; and
- (2) will not be subject to the thirty percent (30%) limitation of original cost.

(e) Depreciable personal property recorded on the books and records at a nominal or no value must be recorded at its actual acquisition cost determined by reference to the insurable value or other reliable information in the year of acquisition for Indiana property tax assessment purposes. This category of property includes, but is not limited to, bulk purchase or the acquisition of a going business concern.

(f) Computers are made up of the following three (3) elements:

- (1) Hardware.
- (2) Operational software.
- (3) Application software.

Computers (including hardware and operational software) must be reported at the actual acquisition cost regardless of how this property may be valued on the taxpayers' books and records.

(g) Computers are made up of the following elements:

- (1) Hardware, composed of:
  - (A) mechanical;
  - (B) magnetic;
  - (C) electrical; and
  - (D) electronic;

devices and other components that constitute the physical computer assembly.

(2) Operational software. The operational program:

- (A) controls the hardware;
- (B) actually makes the machine operational;
- (C) is fundamental and necessary to the functioning of the computer hardware itself;
- (D) performs such functions as loading, scheduling, supervision, and data management;
- (E) represents the internalized instruction codes that translate information into a form usable by the equipment;
- (F) controls the basic operations of the central processing unit to perform arithmetic or logical operations, or both, automatically by means of programmed instructions; and
- (G) is not normally accessible or modifiable by the user.

(3) Application software. The application program is a written sequence of instructions that details the operations the equipment is to perform in order to achieve a specific objective of the user.

(h) If the value recorded on the books and records reflects charges for customer support services such as educational services, maintenance, or application software that relate to future periods and not to the value of the tangible personal property, the charges may be deducted as nonassessable intangible personal property (to the extent that a separate charge or value can be identified).

(i) The true tax value at the time of acquisition of computer application software may be identified using the following:

(1) An independent, professional appraisal:

- (A) must be made in conformance with generally accepted standards for appraisal practice;
- (B) shall not be based on a contingent fee arrangement;
- (C) shall include consideration of the cost, market, and income approaches; and
- (D) shall distinguish the boundary in the equipment between exempt intangible application software and nonexempt tangible operational software.

The appraiser must have demonstrated competence in the valuation of software.

(2) In lieu of an independent professional appraisal, the taxpayer can evaluate existing assets already listed on its books and records and adjust them accordingly to reflect the software content using the valuation methods described in subdivision (1)(C).

(j) The allocation of interest incurred during construction and installation must be made (capitalized) for personal property

tax purposes regardless of the fact that Section 263 of the Internal Revenue Code is not applicable in certain cases. (*Department of Local Government Finance; 50 IAC 4.2-4-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 840, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Jul 31, 2006, 8:30 a.m.: [20060830-IR-050050252FRA](#); filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))*

**50 IAC 4.2-4-4 Adjustments to cost**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3](#)

Sec. 4. (a) The adjusted costs of the assessable depreciable personal property as computed in subsection (d) must be reported at the tax basis of such property as defined in the Internal Revenue Code unadjusted by Sections 167 (depreciation) and 179 (expense deduction) of that Code or any credits (such as investment tax credit) that diminished the cost basis of the property. Therefore, if the tax basis of the taxpayer's assessable depreciable personal property is different than the cost per books of such property, except for the depreciable personal property defined and required to be reported by section 3 of this rule, an adjustment must be made to the cost per books of the assessable depreciable personal property reported on the Indiana property tax return.

(b) The adjustment from book to tax basis must be computed on Form 106 (50 IAC 4.2-2-9) and shown in the taxpayer's return on line 2 of Form 103 - Long Form (50 IAC 4.2-2-9), Schedule A.

(c) The adjustment is required to be made regardless of whether it is an increase or decrease of the cost per books.

(d) The adjusted cost of depreciable personal property is the resultant amount obtained by adjusting the cost per books, as defined in section 2 of this rule (cost per books), 50 IAC 4.2-11.1-3 (air pollution control system), and 50 IAC 4.2-11.1-4 (industrial waste control facility). (*Department of Local Government Finance; 50 IAC 4.2-4-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 841, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))*

**50 IAC 4.2-4-5 Pools of property; determination of costs by acquisition year**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3](#)

Sec. 5. (a) The adjusted cost of depreciable personal property as computed in section 4 of this rule is required to be segregated for Indiana property tax purposes into four (4) separate pools. The depreciable life utilized for federal income tax purposes determines the pool to be utilized for Indiana property tax purposes. The pools to be utilized for Indiana property tax purposes are as follows:

(1) Pool No. 1: All assets that have a life of one (1) through four (4) years for federal income tax purposes.

(2) Pool No. 2: All assets that have a life of five (5) through eight (8) years for federal income tax purposes.

(3) Pool No. 3: All assets that have a life of nine (9) through twelve (12) years for federal income tax purposes.

(4) Pool No. 4: All assets that have a thirteen (13) years or longer life for federal income tax purposes.

(b) The useful life used to determine the proper classification of the pool in which an asset must be included is to be based upon the actual life utilized to compute depreciation on the federal income tax return of the taxpayer unless as follows:

(1) The department determines that such life is either unrealistic in relation to all of the taxpayer's facts and circumstances or when the life used on the federal tax return has been changed by the Internal Revenue Service on audit.

(2) The useful lives utilized by taxpayers for a particular category of assets are varied and the department, in order to obtain equalization in assessments, determines that a uniform life should be used by all such taxpayers in the state, the department may prescribe the useful life of such assets for all of these taxpayers in the state pursuant to 50 IAC 4.2-7-2.

(*Department of Local Government Finance; 50 IAC 4.2-4-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 841, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))*

**50 IAC 4.2-4-6 Determination of the year of acquisition**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3](#)

Sec. 6. (a) After the allocation of adjusted cost of depreciable tangible personal property, as provided in section 5 of this rule,

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it will be necessary to determine the cost by year of acquisition for each pool. The number of years that are required to be segregated by year of acquisition will depend upon the particular pool.

(b) Each pool is required to be segregated as follows:

(1) Pool No. 1 requires the cost to be determined by year of acquisition for the three (3) years immediately preceding the assessment date. The balance of the cost of the assets in this pool will be includable in the fourth category.

(2) Pool No. 2 requires the cost by year of acquisition be determined for the six (6) years preceding the assessment date. The balance of the cost would be includable in the seventh category.

(3) Pool No. 3 requires that cost by year of acquisition be determined for the ten (10) years preceding the assessment date. The balance of such account would be includable in the eleventh category.

(4) Pool No. 4 requires that the cost by year of acquisition be determined for the twelve (12) years preceding the assessment date with the balance of the cost of such pool includable in the thirteenth category.

(c) For Indiana property tax purposes it will be presumed that the disposal of depreciable personal property occurs on a first-in, first-out basis unless the taxpayer establishes that such was not the case. Therefore, absent evidence to the contrary, all disposals will be deemed to occur from the remaining category in each pool. (*Department of Local Government Finance; 50 IAC 4.2-4-6; filed Dec 7, 1988, 9:35 a.m.: 12 IR 842, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)) NOTE: 50 IAC 4.2-4-6(c) was voided by P.L.245-2015, SECTION 1, effective July 1, 2015.*

**50 IAC 4.2-4-7 True tax value determination; exception**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-31](#)

Sec. 7. (a) The true tax value for Indiana property tax purposes is computed by multiplying the adjusted cost of each year's acquisitions in the respective pool by a percentage factor obtained in subsection (b). The percentage factors in the table automatically reflect all adjustments for Indiana property tax purposes, except abnormal obsolescence, as provided in section 8 of this rule.

(b) Table to compute true tax value. The following table provides for each of the four (4) pools by year of acquisition the percentage of adjusted cost to compute true tax value. The sum of the true tax value for each of the four (4) pools is the true tax value of the personal property at the tax situs in question.

TABLE TO DETERMINE TRUE TAX VALUE FOR DEPRECIABLE PERSONAL PROPERTY BY PERCENTAGE OF ORIGINAL COST

Year of Acquisition	Indiana Pools of Assets by Lives Utilized on Federal Tax Return			
	Pool #1 (1-4 yrs)	Pool #2 (5-8 yrs)	Pool #3 (9-12 yrs)	Pool #4 (13 yrs and longer)
1	65%	40%	40%	40%
2	50%	56%	60%	60%
3	35%	42%	55%	63%
4	20%	32%	45%	54%
5		24%	37%	46%
6		18%	30%	40%
7		15%	25%	34%
8			20%	29%
9			16%	25%
10			12%	21%
11			10%	15%
12				10%
13				5%

(c) The true tax value of the depreciable personal property for the taxpayer on a December 31 federal tax year making the election to use federal tax year to compute the year of acquisition (see the EXAMPLES in sections 5 and 6 of this rule) would be computed as follows:

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Jan 1 to March 1,	Pool No. 1			Pool No. 3		
1989	\$None	65%	\$-0-	\$4,000	40%	\$1,600
1988	3,000	65%	1,950	12,000	40%	4,800
1987	4,000	50%	2,000	10,000	60%	6,000
1986	None	35%	-0-	2,000	55%	1,100
1985	13,000	20%	2,600	4,000	45%	1,800
1984				1,000	37%	370
1983				None	30%	-0-
1982				5,000	25%	1,250
1981				30,000	20%	6,000
1980				None	16%	-0-
1979				None	12%	-0-
1978				12,000	10%	1,200
	<u>\$20,000</u>		<u>\$6,550</u>	<u>\$80,000</u>		<u>\$24,120</u>

Pool No. 1 \$6,550  
 True tax value of all depreciable personal property \$30,670

(d) Exception. If personal property is leased, such property will not be valued for Indiana property tax purposes in accordance with this rule. Such personal property is to be reported in accordance with the provisions of 50 IAC 4.2-8. (*Department of Local Government Finance; 50 IAC 4.2-4-7; filed Dec 7, 1988, 9:35 a.m.: 12 IR 843, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003*)

**50 IAC 4.2-4-8 Adjustment for obsolescence**

Authority: [IC 6-1.1-31-1](#)  
 Affected: [IC 6-1.1-3](#)

Sec. 8. (a) A taxpayer may claim an adjustment for abnormal obsolescence as defined in 50 IAC 4.2-9-3, on business personal property provided that such taxpayer follows the procedures and meets the requirements regarding an adjustment for abnormal obsolescence contained in 50 IAC 4.2-9. It includes the impairment of desirability and usefulness brought about by new inventions and improved processes for production, or the impairment of functional capacity or efficiency if the inadequacy or overadequacy causes a loss in value and has made the property incapable of continued use for a prolonged period during the assessment year.

(b) No adjustment will be allowed for normal obsolescence as defined in 50 IAC 4.2-9. The table to determine true tax value, as provided in section 7(b) of this rule, automatically makes allowance for this type of obsolescence. The values arrived at as a result of this table reflect the application of the double declining balance depreciation method to the point where straight line depreciation would be more beneficial to the taxpayer. This accelerated depreciation, and use of a short useful life and historical cost reflect any physical, functional, or economic obsolescence except to the extent that these items qualify for abnormal obsolescence as defined.

(c) The term "abnormal obsolescence" will be strictly construed and be limited to a situation where unforeseen changes in market values, exceptional technological obsolescence, or destruction by catastrophe occurs, providing that such events have a direct effect upon the valuation of the depreciable personal property of the taxpayer on a going concern basis at the tax situs in question.

(d) The dollar amount of the adjustment for the depreciable personal property pursuant to this section in no event can exceed the tentative true tax value as computed in section 7 of this rule, for the specific unit or units of depreciable personal property on which the taxpayer claims the adjustment. If the property has been incapable of continued use for a prolonged period during the assessment year, for a reason identified as qualifying for abnormal obsolescence, it will be eligible for an adjustment to be computed as follows:

(1) If the cost-to-cure the cause of the abnormal obsolescence is equal to or less than the anticipated increase in utility, and hence value, it is economically feasible to repair or replace the impaired item and is thus deemed curable. The dollar amount of the cost-to-cure shall be the basis for determining the amount of abnormal obsolescence.

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(2) If the cause of the impairment cannot be corrected, or the cost-to-cure the cause of abnormal obsolescence is in excess of its contribution to the value of the property, it shall be deemed to be incurable. The amount of adjustment therefore shall be based upon the scrap or salvage value of the affected item and shall be limited to the true tax value before adjustment for abnormal obsolescence of the affected item itself.

EXAMPLE 1

Taxpayer ABC has depreciable personal property qualifying for an adjustment for abnormal obsolescence. The cost-to-cure the cause of the abnormal obsolescence is eight hundred thousand dollars (\$800,000) and is less than the anticipated benefits to be obtained from the use of the affected asset. The depreciable asset has an adjusted basis of six million five hundred thousand dollars (\$6,500,000) and an acquisition date and depreciable life that result in a true tax value factor of twenty percent (20%) (the total true tax value, of all of ABC's depreciable personal property in this taxing district, computed by the application of the prescribed pool percentages is greater than thirty percent (30%) of the total adjusted cost). The taxpayer should compute the abnormal obsolescence adjustment as follows:

Reported basis of asset qualifying for abnormal obsolescence adjustment	\$6,500,000	
Prescribed true tax valuation factor	x 20%	
True tax value of item prior to adjustment for abnormal obsolescence		\$1,300,000
Less: cost-to-cure cause of abnormal obsolescence	\$800,000	
Prescribed true tax valuation factor	x 20%	
Allowable adjustment for abnormal obsolescence-to Line 61, Schedule A, Form 103		- \$160,000
True tax value of item		<u>\$1,140,000</u>

In no instance may the adjustment for abnormal obsolescence exceed the true tax value of the affected item prior to such adjustment or result in a true tax value less than the scrap or net realizable value of the affected asset.

EXAMPLE 2

Taxpayer XYZ has depreciable personal property qualifying for an adjustment for abnormal obsolescence. The cost-to-cure the cause of the abnormal obsolescence is four hundred sixty thousand dollars (\$460,000) and exceeds the benefits expected from any further use of the affected asset. The depreciable asset has an adjusted basis of two million three hundred thousand dollars (\$2,300,000) and an acquisition date and depreciable life that result in a tentative true tax value factor of twelve percent (12%) (the total true tax value, of all of XYZ's depreciable personal property in this taxing district, computed by the application of the prescribed pool percentages is less than thirty percent (30%) of the total adjusted cost). The taxpayer is able to demonstrate that the salvage value of the affected item is seventy-two thousand dollars (\$72,000). The taxpayer should compute the adjustment as follows:

Reported basis of asset qualifying for abnormal obsolescence adjustment	\$2,300,000	
Prescribed true tax valuation factor	x 30%	
True tax value of item prior to adjustment for abnormal obsolescence		\$690,000
Less: documented net realizable value		- 72,000
Allowable adjustment for abnormal obsolescence		<u>\$618,000</u>

*(Department of Local Government Finance; 50 IAC 4.2-4-8; filed Dec 7, 1988, 9:35 a.m.: 12 IR 843, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))*

**50 IAC 4.2-4-9 Minimum valuation**

Authority: [IC 6-1.1-31-1](#)  
Affected: [IC 6-1.1-31](#)

Sec. 9. (a) Notwithstanding the foregoing provisions of this rule, the total valuation of a taxpayer's assessable depreciable personal property in a single taxing district cannot be less than thirty percent (30%) of the adjusted cost of all such property of the taxpayer.

(b) Exception. This limitation shall be applied prior to any special adjustment for abnormal obsolescence as provided in section 8 of this rule. The limitation does not apply to equipment not placed in service, special tooling, and permanently retired

depreciable personal property. (*Department of Local Government Finance; 50 IAC 4.2-4-9; filed Dec 7, 1988, 9:35 a.m.: 12 IR 845, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003*)

**50 IAC 4.2-4-9.1 Election of valuation method for special integrated steel mill or oil refinery/petrochemical equipment (Repealed)**

Sec. 9.1. (*Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-4-10 Determination of property as real or personal**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3](#)

Sec. 10. (a) The following guide is intended to assist in the identification of property as either real or personal. The use of a unit of machinery, equipment, or a structure determines its classification as real or personal property. If the unit is directly used for manufacturing or a process of manufacturing, it is personal property. If the unit is a land or building improvement, it is real property.

(b) Land improvement – Real includes the following:

- (1) Retaining walls, piling and mats for general improvement of site, private roads, walks, paved areas, culverts, bridges, viaducts, subways and tunnels, fencing, reservoirs, dikes, dams, ditches, canals, and drainage.
- (2) Fixed river, lake, or tidewater wharves and docks.
- (3) Permanent standard gauge railroad trackage, bridges, and trestles.
- (4) Walls forming storage yards and fire protection dikes.

Note that on-site utility piping, such as sanitary and storm sewers, potable water and fire prevention lines, and gas lines are considered as on-site improvement costs and are valued with the land.

(c) Buildings – Real includes structural and other improvements to buildings, including:

- (1) foundations;
- (2) walls;
- (3) floors;
- (4) roof;
- (5) insulation;
- (6) stairways;
- (7) partitions;
- (8) loading and unloading platforms;
- (9) canopies;
- (10) areaways;
- (11) systems for heating;
- (12) air conditioning;
- (13) ventilation systems for employee comfort;
- (14) sanitation;
- (15) fixed fire protection;
- (16) lighting;
- (17) plumbing, and drinking water; and
- (18) building elevators and escalators.

(d) Miscellaneous includes the following:

Property	Type
Agricultural irrigation system including distribution system above or below ground	Personal
Air conditioning	
Building air conditioning for comfort of occupants	Real

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	Package units, through the wall commercial	Real
	Special process to maintain controlled temperature and humidity	Personal
	Window units, through the wall or inserted in window	Personal
Air lines for machinery and equipment		Personal
Alarm systems		
	Fire alarm system	Personal
	Security alarm system	Personal
Aluminum pot lines		Personal
Anhydrous ammonia tanks and equipment		
	Stationary	Real
	Portable	Personal
Appliances for income producing properties		Personal
Ash handling system, pit and framing related to system		Personal
Asphalt mixing plant and equipment (movable)		Personal
Auto-call and telephone system		Personal
Bar and equipment		Personal
Bins, permanently affixed for storage		Real
Boilers		
	Manufacturing process	Personal
	Building service	Real
Booths for welding		Personal
Bowling alley lanes		Personal
Bucket elevators (open or enclosed including casings)		Personal
Building, such as specially constructed storage, poultry, or livestock processing buildings – (not including machinery or equipment)		Real
Bulkheads making additional land area to be assessed with and as part of the improved land		Real
Carpeting, commercial The real property assessment includes a finished floor. If the carpet is installed over an existing finished floor, then carpeting becomes personal property. If, as in the case of many newer buildings, carpeting has been specified and is the only finished floor, then carpeting is assessed as real property.		Real or Personal depending on the circumstances
Cistern		Real
Coal, handling system		Personal
Cold storage		
	Built-in cold storage rooms	Real
	Cold storage refrigeration equipment	Personal
	Cold storage, prefab walk-in type	Personal
Control booth		Personal
Conveyor		
	Housing	Personal
	Tunnels	Real
	Unit including belt and drives	Personal
Cooling Towers		
	Primary use for manufacturing	Personal
	Primary use for building	Real

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Crane		
	Moving crane	Personal
	Runways, including supporting columns or structure and foundation, inside or outside of buildings	Personal
Dock levelers		Personal
Drapes		Personal
Drying rooms		
	Structure	Real
	Heating System	Personal
Dust catchers		Personal
Fence, security		Real
Fire walls, masonry		Real
Floors, computer room		Real
Foundations for machinery and equipment		Personal
Gaming riverboats		Real
Gas lines for equipment or processing		Personal
Grain bins, storage		Real
Grain drying equipment		Personal
Grain drying equipment (such as: augers, aerators)		Personal
Grain elevators (commercial, industrial), storage, silos, tanks, cupolas, working house, head-house, milling space		Real
Grain elevator machinery and equipment (commercial, industrial) such as legs (inside or outside), conveyors, spouting, hopper scales, man lifts, aeration systems, grain cleaners, grain dryers, mechanical grain dumping equipment, loading and unloading systems, truck scales, all processing machinery and equipment		Personal
Grain storage tents (blow-up)		Personal
Gravel plant – machinery and equipment		Personal
Greenhouses		
	Building	Real
	Building, plastic cover, in place on assessment date	Personal
	Benches and heating system	Personal
Heating system		
	Building heating for comfort of occupants	Real
	Special purpose to maintain controlled temperature	Personal
Hoist, hoist pits		Personal
Hoop buildings		
	Year-round use (a building improvement)	Real
	Short-term use (seasonal or not a building improvement)	Personal
Hydraulic lines		Personal
Irrigation equipment		Personal
Kilns		
	Lumber, drying kiln structure	Real
	Concrete block, drying kiln structure	Real
	Circular down draft, beehive	Real
	Heating or drying system	Personal
Landscaping, priced with land		Real
Laundry, steam-generating equipment		Personal
Lighting		

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	Yard	Personal
	Special purpose, inside	Personal
	Service station (except building)	Personal
	Mixers and mixing houses	Personal
	Nonautomotive equipment attached to excise vehicles	Personal
	Ore bridge foundation	Personal
	Ovens, processing	Personal
	Piping, process piping above or below ground	Personal
	Pits for equipment or processing	Personal
	Pools, swimming, in-ground or above-ground	Real
	Power generators	Personal
	Power lines and auxiliary equipment	Personal
	Pumps and motors	Personal
	Pump house (including substructure)	Real
	Racks and shelving (portable or removable)	Personal
	Railroad siding (except belonging to railroad)	Real
	Ready-mix concrete batch plant and equipment	Personal
	Refrigeration equipment	Personal
	Refrigerated display cabinets	Personal
	Sanitary system	Real
	Satellite dishes	
	Commercial use	Personal
	Residential use	Personal
	Scale houses	Real
	Scales	
	Truck or railroad scales, including pit	Personal
	Dormant scales	Personal
	Septic system (priced with land)	Real
	Sheds or buildings	
	Permanent, affixed or portable confinement buildings	Real
	Agricultural open portable pull-type	Personal
	Detached storage structures	Real
	Portable utility sheds	Real
	Signs, including supports and foundation	Personal
	Silos	
	Containing a manufacturing process	Personal
	Farm storage silos	Real
	Silo equipment	Personal
	Storage	Real
	Spray pond	
	Masonry reservoir	Real
	Piping and equipment	Personal
	Sprinkler system	Real
	Stacks	
	Supported individually and servicing heating boilers	Real
	Servicing personal property units or a process	Personal

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Steam electric generating facility		
	Equipment	Personal or Distributable Property
	Building	Real
Stone crushing plant, equipment		Personal
Storage facilities, permanent of masonry or wood		Real
Storage vaults and doors, including bank vaults and doors		Real
Substation		
	Building	Real
	Equipment	Personal
Tanks		
	Short term, portable	Personal
	Storage only (except as indicated below) above or below ground	Real
	Used as a part of a manufacturing process	Personal
	Underground gasoline tanks at service stations	Personal
Towers, cellular, TV or radio broadcasting		Personal
Transformers		Personal
Tunnels		Real
Tunnels, waste heat, or processing		Personal
Unit heaters, nonportable		Real
Unit heaters, portable		Personal
Unloader runway		Personal
Ventilating		
	Ventilating system for manufacturing equipment	Personal
	Ventilating system for comfort of employees	Real
Walls, portable partitions		Personal
Water lines, for processing above or below ground		Personal
Water pumping station, building and structure		Real
Water pumps and motors		Personal
Water treating and softening plant		
	Building and structure	Real
	Water treating and softening equipment	Personal
Wells used for potable water, priced with land		Real
Wells, pumps, motors, and equipment		Personal
Wiring – power wiring		Personal

*(Department of Local Government Finance; 50 IAC 4.2-4-10; filed Dec 7, 1988, 9:35 a.m.: 12 IR 845, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))*

**Rule 5. Valuation of Inventory**

- [50 IAC 4.2-5-1](#) "Inventory" defined
- [50 IAC 4.2-5-1.1](#) Inventory not subject to assessment
- [50 IAC 4.2-5-2](#) Inventory subject to assessment (Repealed)
- [50 IAC 4.2-5-3](#) Book cost (Repealed)
- [50 IAC 4.2-5-4](#) Mandatory adjustments (Repealed)
- [50 IAC 4.2-5-5](#) Definitions (Repealed)

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<a href="#">50 IAC 4.2-5-6</a>	Inventory not on a perpetual basis (Repealed)
<a href="#">50 IAC 4.2-5-7</a>	Alternative method
<a href="#">50 IAC 4.2-5-8</a>	Reporting of inventory not carried on books of taxpayer (Repealed)
<a href="#">50 IAC 4.2-5-9</a>	Average method of valuation (Repealed)
<a href="#">50 IAC 4.2-5-10</a>	Average inventory election for perishable horticultural processors (Repealed)
<a href="#">50 IAC 4.2-5-11</a>	Optional method of valuation for retailers (Repealed)
<a href="#">50 IAC 4.2-5-12</a>	"Gross value of inventory subject to taxation before valuation adjustments" defined (Repealed)
<a href="#">50 IAC 4.2-5-13</a>	Valuation adjustment
<a href="#">50 IAC 4.2-5-14</a>	Abnormal obsolescence adjustment (Repealed)
<a href="#">50 IAC 4.2-5-15</a>	Determination of true tax value of inventory (Repealed)

**50 IAC 4.2-5-1 "Inventory" defined**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1](#)

Sec. 1. (a) As used in this article, "inventory" means the aggregate of those elements of cost incurred to acquire or produce items of personal property that are:

- (1) held for sale in the ordinary course of business;
- (2) currently in the process of production for subsequent sale;
- (3) ultimately to be consumed in the production of the goods or services to be available for sale; or
- (4) utilized in marketing or distribution activities.

(b) The term "inventory" embraces the following:

- (1) Goods or commodities awaiting sale which include, but are not limited to, the following:
  - (A) The merchandise of a retail or wholesale concern.
  - (B) The finished goods of a manufacturer.
  - (C) Commodities from farms, mines, and quarries.
  - (D) Goods that are used or trade-in merchandise and byproducts of a manufacturer.
- (2) Goods or commodities that are in the course of production at the Indiana location, that is, items needing further processing to be considered finished or ready for shipment.
- (3) Goods that will be consumed or used in either the Indiana manufacturing process or in any other manner by the taxpayer, directly or indirectly. This category would include, but not be limited to, raw materials, supplies, repair parts, expendable tools, and samples.

*(Department of Local Government Finance; 50 IAC 4.2-5-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 848, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))*

**50 IAC 4.2-5-1.1 Inventory not subject to assessment**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-1-11](#); [IC 6-1.1-2-7](#)

Sec. 1.1. (a) Inventory is not subject to assessment and taxation under [IC 6-1.1](#) pursuant to [IC 6-1.1-2-7](#).

(b) Inventory is not personal property pursuant to [IC 6-1.1-1-11](#). *(Department of Local Government Finance; 50 IAC 4.2-5-1.1; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))*

**50 IAC 4.2-5-2 Inventory subject to assessment (Repealed)**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-1-11](#); [IC 6-1.1-31-1](#); [IC 26-1](#)

Sec. 2. *(Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))*

**50 IAC 4.2-5-3 Book cost (Repealed)**

Sec. 3. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-5-4 Mandatory adjustments (Repealed)**

Sec. 4. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-5-5 Definitions (Repealed)**

Sec. 5. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-5-6 Inventory not on a perpetual basis (Repealed)**

Sec. 6. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-5-7 Alternative method**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-31](#)

Sec. 7. (a) As an alternative to any other method described in this article, a manufacturer or processor in this state who is in possession of inventory on the assessment date, which it manufactured or processed at the tax situs for which the return is prepared, may value finished goods and work in process inventory as follows:

(1) The cost of raw materials and supplies, which must include the total cost directly or indirectly incurred, including freight, to bring the property to the location where it will be utilized in the manufacturing process. Manufacturers or processors acquiring manufactured products from related entities shall include in the accountability cost the sum of all costs directly or indirectly incurred in bringing the article to its existing condition and location on the assessment date.

(2) The cost of all direct production labor.

(3) The thirty-five percent (35%) valuation adjustment will not be allowed for work in process and finished goods inventory.

(4) Raw materials and supplies inventories will qualify for the thirty-five percent (35%) valuation adjustment, provided that such items have not entered the manufacturing process.

(5) Any adjustment taken from inventory valuation must be the same basis on which it was included in the tax return.

(6) This election must be applied to all locations within this state, except as noted in subdivision (7). If this alternative method is elected, the taxpayer may not use any other method to value inventory for any subsequent year unless a written request has been approved by the department prior to the due date of the return.

(7) This election is available only for manufacturers' or processors' finished goods or work in process inventories to the extent that the goods have not entered another level of trade.

(b) Computations of the adjustments outlined in this section are required to be attached to the tax return or computed on Form 106, or both, provided by the department pursuant to 50 IAC 4.2-2-9. (Department of Local Government Finance; 50 IAC 4.2-5-7; filed Dec 7, 1988, 9:35 a.m.: 12 IR 853, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))

**50 IAC 4.2-5-8 Reporting of inventory not carried on books of taxpayer (Repealed)**

Sec. 8. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-5-9 Average method of valuation (Repealed)**

Sec. 9. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-5-10 Average inventory election for perishable horticultural processors (Repealed)**

Sec. 10. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-5-11 Optional method of valuation for retailers (Repealed)**

Sec. 11. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-5-12 "Gross value of inventory subject to taxation before valuation adjustments" defined (Repealed)**

Sec. 12. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-5-13 Valuation adjustment**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-31-7](#)

Sec. 13. Thirty-five percent (35%) of the adjusted cost of inventory shall be allowable as a valuation adjustment for Indiana property tax purposes. This adjustment is in lieu of all other valuation adjustments except for the abnormal obsolescence adjustment. The amount of this adjustment constitutes an inventory valuation reserve to provide for the normal valuation aspects provided by statute. The prices for farm products prescribed by the department under 50 IAC 4.2-7-1 are computed using the alternative method (section 7 of this rule), therefore, the thirty-five percent (35%) valuation adjustment will not be allowed for those items. (Department of Local Government Finance; 50 IAC 4.2-5-13; filed Dec 7, 1988, 9:35 a.m.: 12 IR 856, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))

**50 IAC 4.2-5-14 Abnormal obsolescence adjustment (Repealed)**

Sec. 14. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-5-15 Determination of true tax value of inventory (Repealed)**

Sec. 15. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**Rule 6. Valuation of Other Tangible Personal Property**

<a href="#">50 IAC 4.2-6-1</a>	Tangible personal property not placed in service; reporting
<a href="#">50 IAC 4.2-6-2</a>	Reporting of special tools
<a href="#">50 IAC 4.2-6-3</a>	Improvement to leased real or personal property
<a href="#">50 IAC 4.2-6-4</a>	Returnable containers; reporting
<a href="#">50 IAC 4.2-6-5</a>	Duties of assessing officials
<a href="#">50 IAC 4.2-6-6</a>	Reporting critical spare parts

**50 IAC 4.2-6-1 Tangible personal property not placed in service; reporting**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-31-7](#)

Sec. 1. (a) Tangible personal property, other than inventory as defined in 50 IAC 4.2-5-1, with a tax situs within the state on

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the assessment date that has not been placed into service must be reported for property assessment purposes.

(b) "Tangible personal property not placed in service on the assessment date" means all property that has not been depreciated and is not eligible for federal income tax depreciation under Section 167 of the Internal Revenue Code of 1986. Real property as defined by law and rules of the department, inventory, special tools, leased property, returnable containers, and property described in subsection (d) are not included in this category.

(c) "Construction in process" means "tangible personal property not placed in service." This does not include the inventory of a contractor that is not a part of the real or personal property under construction. A contractor's inventory must be valued and reported as provided in 50 IAC 4.2-5-1.

(d) Tangible personal property, normally assessed as inventory and held in abeyance or stored temporarily, and which possession may be transferred to another person to be attached to or become a part of an asset subject to assessment for personal property tax purposes, is taxable as inventory as provided in 50 IAC 4.2-5-1, and is not included in the definition of tangible personal property not placed in service.

(e) The value of personal property not placed in service, including construction in process as defined in subsection (c), is the cost recorded on the taxpayer's books and records that is attributable to such personal property including all expenses incurred in acquiring or producing the assets not yet placed in service, and includes the following:

(1) Acquisitions. In the event the cost as recorded on the regular books and records of the taxpayer does not reflect acquisitions and transfers since the end of the financial period immediately preceding the assessment date, such acquisitions and transfers are required to be included.

(2) Advance payments or deposits. If the cost as recorded on the regular books and records of the taxpayer reflects advance payments or deposits, and if such amounts were attributable to tangible personal property, this amount shall be allowed as a deduction from book cost.

(f) The true tax value of "tangible personal property not placed in service" as defined in subsection (b) is ten percent (10%) of the cost of such property. (*Department of Local Government Finance; 50 IAC 4.2-6-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 857, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

#### **50 IAC 4.2-6-2 Reporting of special tools**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3-23](#); [IC 6-1.1-31](#)

Sec. 2. (a) "Special tools", as defined in 50 IAC 4.2-1-1.1(p), must be reported for Indiana property assessment purposes at the tax situs where located on the assessment date. The owner of any personal property subject to assessment and taxation on the assessment date has the responsibility for reporting such property for assessment and taxation on the owner's personal property tax return.

(b) Special tools are assessable whether the taxpayer elects to depreciate, amortize, treat as deferred cost, or expense at time of purchase or manufacture, and recovers cost through an increased unit price or any other method utilized in recapturing the costs. The owner is required to report special tools on Form 103-T (50 IAC 4.2-2-9), as an attachment to Form 103 (50 IAC 4.2-2-9). In addition to the requirement in this subsection, the owner is required to furnish a complete listing on Form 103-T (50 IAC 4.2-2-9) of all the owner's special tools in the possession of another person under 50 IAC 4.2-2-5. The person holding, possessing, or controlling special tools, not owned, is required to furnish a complete listing on Form 103-T (50 IAC 4.2-2-9), of all not owned personal property under 50 IAC 4.2-2-5.

(c) The total value of special tools, as defined in subsection (b), must be allocated in two (2) groups. The total value of special tools acquired between January 2 of the prior year and January 1 of the assessment year must be allocated in one (1) group, and the balance of the total value of the special tools on hand that were acquired prior to this period must be allocated into the other group. For purposes of this section, expenditures incurred by a taxpayer to refurbish existing special tools are deemed to be special tools acquired during the period in which such special tools were refurbished as follows:

(1) Special tools owned by taxpayer. The total cost of producing or acquiring special tools regardless of the nature, whether capitalized or expensed, must be reported on Form 103-T (50 IAC 4.2-2-9), and attached to Form 103 (50 IAC 4.2-2-9).

(2) Special tools not owned by taxpayer. The total value of special tools not owned by the taxpayer must be based on the original cost to the owner of such special tools, if available. If the original cost to the owner is not available, the value shall be based upon the best information available; however, the true tax value of the special tools not owned by the taxpayer cannot

be less than the insured value of such property. Special tools not owned must be reported on Form 103-T (50 IAC 4.2-2-9), and attached to Form 103 (50 IAC 4.2-2-9).

(d) The total true tax value of special tools is the sum of thirty percent (30%) of the total valuation of "special tools" acquired between January 2 of the prior year and January 1 of the current assessment year which are on hand on the assessment date and three percent (3%) of the total valuation of all other special tools on hand. (*Department of Local Government Finance; 50 IAC 4.2-6-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 858, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

#### **50 IAC 4.2-6-3 Improvement to leased real or personal property**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1](#)

Sec. 3. (a) Whenever a taxpayer makes any expenditure for an improvement to real or personal property not owned by such taxpayer, such expenditure shall be assessable as personal property to the extent it is not real property.

(b) The following examples of leasehold improvements that are personal property:

(1) Leasehold improvements to personal property are personal property. Leasehold improvements will include, but not be limited to, foundations and pilings related to the installation and use of personal property.

(2) Improvements to real property that are personal property include, but are not limited to, personal property attached to the real property to the extent such items are related to activities or processes conducted in the building if the personal property is an integral part of such activity. For example, improvements to real property would include shelving, bins, counters, and related items; nonpermanent partitions; supplemental heating and air conditioning; extraordinary lighting; electrical and plumbing facilities; carpeting and draperies.

(c) The taxpayer must report and value the property for personal property assessment purposes and in the same manner as any other depreciable personal property that it may own in accordance with provisions of 50 IAC 4.2-4. (*Department of Local Government Finance; 50 IAC 4.2-6-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 859, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

#### **50 IAC 4.2-6-4 Returnable containers; reporting**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-31](#)

Sec. 4. (a) Returnable containers, as defined in subsection (b), must be reported for property assessment purposes at the tax situs where located on the assessment date by the taxpayer owning the returnable containers. In addition to the filing requirement above, the owner is required to furnish a complete listing, on Form 103-O (50 IAC 4.2-2-9), of all their personal property which is in possession of another person(s) pursuant to 50 IAC 4.2-2-5. The person(s) holding, possessing, or controlling returnable containers, not owned, is required to furnish a complete listing on Form 103-N (50 IAC 4.2-2-9), of all not owned personal property pursuant to 50 IAC 4.2-2-5.

(b) "Returnable containers" means those items of tangible personal property which are used to package inventory or other property while in transit which are reusable. Returnable containers include, but are not limited to, cooperage, skids, bottles, cases, and other packaging devices.

(c) Valuation. The owner of any personal property subject to assessment and taxation on the assessment date has the responsibility for reporting such property for assessment and taxation pursuant to 50 IAC 4.2-2-5. The value of returnable containers is computed by extending the quantity of such property on hand by:

(1) the amount of deposit required for such item;

(2) the refund entitled thereto when such returnable containers are returned to the owner;

(3) the sales price of the returnable property; or

(4) the cost of such returnable containers in the hands of the owner since the owner is liable to assessment.

The resultant cost must then be valued pursuant to 50 IAC 4.2-4-5 through 50 IAC 4.2-4-7, in the same manner as any other depreciable personal property. (*Department of Local Government Finance; 50 IAC 4.2-6-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 859, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003*)

**50 IAC 4.2-6-5 Duties of assessing officials**Authority: [IC 6-1.1-31-1](#)Affected: [IC 6-1.1-2-4](#)

Sec. 5. The township assessor, if any, or county assessor, county property tax assessment board of appeals, or the department shall assess personal property in the name of the owner of the property in the taxing district where the property is situated as of the assessment date to the extent that the owner of said property is identified. However, if as of the filing date (May 15 with extension) the owner of the property as of the assessment date is unknown by the assessor, said property shall be assessed to the person in possession of such property. The complete reporting requirements for property not in the owner's possession are contained in 50 IAC 4.2-2-5. (*Department of Local Government Finance; 50 IAC 4.2-6-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 860, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-6-6 Reporting critical spare parts**Authority: [IC 6-1.1-31-1](#)Affected: [IC 6-1.1-31](#)

Sec. 6. (a) Critical spare parts must be reported for Indiana property assessment purposes at the tax situs where located on the assessment date. The owner of any personal property subject to assessment and taxation on the assessment date has the responsibility for reporting such property for assessment and taxation on their personal property tax return. Critical spare parts are assessable whether the taxpayer elects to depreciate, amortize, treat as deferred cost, or expense at time of purchase or manufacture and recovers cost through an increased unit price or any other method utilized in recapturing the costs.

(b) The owner of any personal property subject to assessment and taxation on the assessment date has the responsibility for reporting such property for assessment and taxation pursuant to section 1(e) of this rule. (*Department of Local Government Finance; 50 IAC 4.2-6-6; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**Rule 7. Other**[50 IAC 4.2-7-1](#)

Lists of readily ascertainable values

[50 IAC 4.2-7-2](#)

Uniform useful lives of assets; publication

**50 IAC 4.2-7-1 Lists of readily ascertainable values**Authority: [IC 6-1.1-31-1](#)Affected: [IC 6-1.1-3](#); [IC 6-1.1-31-7](#)

Sec. 1. (a) In the case of certain types of personal property, which it determines has a readily ascertainable value, the department may determine the true tax value of such property and so designate in 50 IAC 4.2-15 or issue memorandums and guidance documents for the unit valuations of such property to be used for personal property tax purposes.

(b) The unit valuations will be issued pursuant to 50 IAC 4.2-1-5. However, in providing for the classification of personal property and included in the factors used to determine the true tax value of personal property the department shall not include the value of land as a cost of producing tangible personal property subject to assessment.

(c) The types of personal property to be valued pursuant to this section will be so designated in 50 IAC 4.2-15 or a memorandum or guidance document. (*Department of Local Government Finance; 50 IAC 4.2-7-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 860, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-7-2 Uniform useful lives of assets; publication**Authority: [IC 6-1.1-31-1](#)Affected: [IC 6-1.1-3](#)

Sec. 2. The department may prescribe and publish the useful life of assets if it determines that a uniform life should be required for all taxpayers in order to obtain equalization of assessments as provided in 50 IAC 4.2-4-5 and 50 IAC 4.2-4-6.

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*(Department of Local Government Finance; 50 IAC 4.2-7-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 860, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))*

**Rule 8. Valuation of Leased Personal Property**

<a href="#">50 IAC 4.2-8-1</a>	"Leased personal property" defined
<a href="#">50 IAC 4.2-8-2</a>	"Capital and operating leases" defined
<a href="#">50 IAC 4.2-8-3</a>	Operating leases
<a href="#">50 IAC 4.2-8-4</a>	Capital leases
<a href="#">50 IAC 4.2-8-5</a>	Liability for taxes
<a href="#">50 IAC 4.2-8-6</a>	Assessment of leased personal property
<a href="#">50 IAC 4.2-8-7</a>	Valuation; base year value defined
<a href="#">50 IAC 4.2-8-8</a>	Pools for base year values; summation by year placed in service
<a href="#">50 IAC 4.2-8-9</a>	Determination of true tax value
<a href="#">50 IAC 4.2-8-10</a>	Abnormal obsolescence adjustment

**50 IAC 4.2-8-1 "Leased personal property" defined**

Authority: [IC 6-1.1-31-1](#)  
Affected: [IC 6-1.1](#)

Sec. 1. In general, leased personal property includes those units of tangible personal property, excluding inventory, as defined in 50 IAC 4.2-5-1, special tools, as defined in 50 IAC 4.2-6-2, and returnable containers, as defined in 50 IAC 4.2-6-4, which are leased, rented, or otherwise made available to a person other than the owner under a bailment agreement, written or unwritten, on the assessment date. Leased personal property includes, but is not limited to, business machines, postage meters, machinery, equipment, furniture, fixtures, coin-operated devices, tools, burglar alarms, signs and other advertising devices, and motor vehicles to the extent taxable as personal property which are loaned, leased, used, or otherwise held in the possession of a person other than the owner on the assessment date whether or not any fees are charged. *(Department of Local Government Finance; 50 IAC 4.2-8-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 860, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))*

**50 IAC 4.2-8-2 "Capital and operating leases" defined**

Authority: [IC 6-1.1-31-1](#)  
Affected: [IC 6-1.1-31](#)

Sec. 2. (a) Types of leases. Generally, agreements which convey the right to use property for a stated period of time are termed leases and are usually classified as either capital leases or operating leases.

(b) "Capital leases" includes sales-type leases, direct financing leases, and leveraged leases. These leases must meet one (1) or more of the following conditions to be so classified and are or should be capitalized by the lessee for federal income tax purposes:

- (1) Ownership of the property is transferred to the lessee at or before the end of the lease term.
- (2) The lease permits the lessee to purchase the property or renew the lease at a price or rental which is substantially less than the estimated market value or fair rental of the leased property at the time the option to purchase or renew the lease is exercised.
- (3) The lease term is equal to seventy-five percent (75%) or more of the estimated economic life of the leased property.
- (4) The present value of the minimum lease payments equals or exceeds ninety percent (90%) of the fair market value of the leased property at the inception of the lease.

(c) "Operating leases" includes all other leases. *(Department of Local Government Finance; 50 IAC 4.2-8-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 860, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003)*

**50 IAC 4.2-8-3 Operating leases**

Authority: [IC 6-1.1-31-1](#)  
Affected: [IC 6-1.1-2-4](#)

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Sec. 3. (a) Operating leases must be reported for assessment and taxation by the owner (lessor) of the personal property on Form 103 (50 IAC 4.2-2-9), Schedule A, in the taxing district where the property was situated as of the assessment date.

(b) In addition to the reporting requirement stated in subsection (a), the owner is required to furnish a complete listing, on Form 103-O (50 IAC 4.2-2-9), of all their personal property that was the subject of an operating lease on the assessment date in each taxing district where the property is located showing the name and address of the person or persons in possession, model, description, location, quantities, date of installation, and value per this article reported for assessment and taxation.

(c) The person holding, possessing, or controlling (lessee) tangible personal property subject to the conditions of an operating lease shall file and attach with their return in the taxing district where such property was situated a complete listing, on Form 103-N (50 IAC 4.2-2-9), of all not owned (leased) personal property. The listing must include the name and address of the owner (lessor), model, description, location, quantities on hand, date of installation, and value (if known) per this article. (*Department of Local Government Finance; 50 IAC 4.2-8-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 861, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

### **50 IAC 4.2-8-4 Capital leases**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-2-4](#)

Sec. 4. (a) Capital leases must be reported for assessment and taxation by the person holding, possessing, or controlling (lessee) the personal property on Form 103 (50 IAC 4.2-2-9), Schedule A, in the taxing district where the property was situated as of the assessment date. The value of the property must be computed in accordance with sections 7 through 9 of this rule, rather than 50 IAC 4.2-4.

(b) In addition to the reporting requirement stated in subsection (a), the lessee is required to furnish a complete listing, of all not owned personal property, on Form 103-N (50 IAC 4.2-2-9), in each taxing district where the property was situated. This listing must include the name and address of the owner (lessor), model, description, location, quantities on hand, date of installation, and value per this article.

(c) The owner of personal property that is termed capital leases above must file a complete listing showing the name and address of the person or persons in possession, model, description, location, quantities, date of installation, and value per this article, on Form 103-O (50 IAC 4.2-2-9), in each taxing district where the property was situated as of the assessment date. (*Department of Local Government Finance; 50 IAC 4.2-8-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 861, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

### **50 IAC 4.2-8-5 Liability for taxes**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-2-4](#); [IC 6-1.1-31](#)

Sec. 5. (a) The owner (lessor) of personal property covered by operating leases has the responsibility for reporting such property for assessment and taxation in the taxing district where the property was situated on the assessment date. This section does not relieve the person holding, possessing, or controlling personal property covered by operating leases of the responsibility to file a complete listing, on Form 103-N (50 IAC 4.2-2-9), of not owned personal property and the responsibility to pay such taxes if they are not paid by the owner of the property as provided in 50 IAC 4.2-2-2.

(b) The person holding, possessing, or controlling (lessee) personal property covered by capital leases has the responsibility for reporting such property for assessment and taxation in the taxing district where the property was situated on the assessment date. This section does not relieve the owner (lessor) of the responsibility to file a complete listing, on Form 103-O (50 IAC 4.2-2-9), in the taxing district where the property was situated on the assessment date of all owned personal property which was in the possession of another person nor does it relieve the owner of the tax liability if not paid by the lessee. (*Department of Local Government Finance; 50 IAC 4.2-8-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 861, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003*)

### **50 IAC 4.2-8-6 Assessment of leased personal property**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-2-4](#)

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Sec. 6. The assessor, county property tax assessment board of appeals, or the department shall assess leased or rented personal property in the manner described in sections 3 through 5 of this rule in the taxing district where the property is situated as of the assessment date. (*Department of Local Government Finance; 50 IAC 4.2-8-6; filed Dec 7, 1988, 9:35 a.m.: 12 IR 861, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-8-7 Valuation; base year value defined**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3](#)

Sec. 7. (a) The base year value of the leased or rented property plus freight and installation costs must be utilized in determining the value of leased or rented property subject to assessment.

(b) "Base year value" means the amount, measured in money, that a willing buyer in an arm's length transaction would pay to acquire the item of tangible personal property subject to the lease under consideration at the time the lease or bailment was first consummated. For purposes of applying this definition to a specific factual situation, the amount stated in the agreement as the amount which the lessee would have had to pay to acquire the leased property instead of leasing the property will be deemed to be the base year value, provided that the department does not determine that such amount is unrealistically low in relation to the other terms contained in the agreement.

(c) If an alternative acquisition cost is not shown in the lease agreement, the base year value will be the factory delivered price for the tangible personal property subject to the lease plus freight, installation costs, and a profit factor.

(d) If the factory delivered price cannot be determined, the base year value will be the present value of the lease payments at the inception of the lease computed in accordance with 50 IAC 4.2-15-14.

(e) If the present value of the lease payments cannot be determined, the following alternative factors will be used to determine the base year value:

- (1) the insurable value in the year the lease was first consummated; or
- (2) the capitalized value at eight (8) times the annual lease or rental payments.

(f) If the department issues an instructional bulletin or administrative adjudication prescribing the base year value of certain property pursuant to 50 IAC 4.2-7-1, such prescribed value shall be the base year value of the property. (*Department of Local Government Finance; 50 IAC 4.2-8-7; filed Dec 7, 1988, 9:35 a.m.: 12 IR 862, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-8-8 Pools for base year values; summation by year placed in service**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-31-7](#)

Sec. 8. (a) The base year value of all leased personal property being reported in a tax return is required to be segregated for Indiana property tax purposes into four (4) separate pools. The determination of the proper classification of the pool in which leased property should be included is to be based upon the useful life of property determined in accordance with the ADR regulation guideline life published by the Internal Revenue Service in Regulation 1.167(a)-11. The pools to be utilized for Indiana property tax purposes are:

- (1) Pool No. 1: One (1) through four (4) year life.
- (2) Pool No. 2: Five (5) through eight (8) year life.
- (3) Pool No. 3: Nine (9) through twelve (12) year life.
- (4) Pool No. 4: Thirteen (13) year or longer life.

(b) Summation of base year value by pool by the year the leased personal property is placed in service. After the appropriate pool is determined for each unit of leased property, the base year values must be summarized by the year during which the leased property is placed into service. (*Department of Local Government Finance; 50 IAC 4.2-8-8; filed Dec 7, 1988, 9:35 a.m.: 12 IR 862, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003*)

**50 IAC 4.2-8-9 Determination of true tax value**

Authority: [IC 6-1.1-31-1](#)  
 Affected: [IC 6-1.1-31-7](#)

Sec. 9. (a) Computation. The true tax value of leased personal property for Indiana property tax purposes is computed by multiplying the base year values of leased personal property in the respective pool by the percentage factor obtained in subsection (b). The percentage factor in the table automatically reflects all adjustments, except for abnormal obsolescence, as provided in section 10 of this rule.

(b) Table to compute true tax value of leased personal property. The following table provides for each of the four (4) pools, the percentage factors of which, when applied to base year value, compute true tax value. The sum of the true tax values in each of the four (4) pools is the true tax value of the leased personal property at the tax situs in question.

TABLE TO DETERMINE TRUE TAX VALUE FOR  
 LEASED PERSONAL PROPERTY BY PERCENTAGE  
 OF BASE YEAR VALUE

Year Leased Property is Placed In Service	Pool #1 (1-4 yrs)	Pool #2 (5-8 yrs)	Pool #3 (9-12 yrs)	Pool #4 (13 yrs and longer)
1	65%	40%	40%	40%
2	50%	56%	60%	60%
3	35%	42%	55%	63%
4	20%	32%	45%	54%
5		24%	37%	46%
6		18%	30%	40%
7		15%	25%	34%
8			20%	29%
9			16%	25%
10			12%	21%
11			10%	15%
12				10%
13				5%

(c) Limitation of the total valuation of a taxpayer's depreciable personal property.

(1) General limitation. Notwithstanding the foregoing provisions of this rule, the total valuation of a taxpayer's assessable depreciable personal property in a single taxing district cannot be less than thirty percent (30%) of the adjusted cost of all such property of the taxpayer.

(2) Exception. This limitation shall be applied prior to any special adjustment for abnormal obsolescence as provided in section 10 of this rule. This limitation does not apply to equipment not placed in service, special tooling, and permanently retired equipment.

*(Department of Local Government Finance; 50 IAC 4.2-8-9; filed Dec 7, 1988, 9:35 a.m.; 12 IR 862, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003)*

**50 IAC 4.2-8-10 Abnormal obsolescence adjustment**

Authority: [IC 6-1.1-31-1](#)  
 Affected: [IC 6-1.1-31-7](#)

Sec. 10. (a) The tentative true tax value computed in section 9 of this rule should be adjusted for abnormal obsolescence to the extent that the property meets the qualifications as set forth in 50 IAC 4.2-9-3.

(b) Adjustment. For the purposes of this section, abnormal obsolescence will be determined in accordance with the provisions of 50 IAC 4.2-9-3. Providing a taxpayer has abnormal obsolescence, as defined in 50 IAC 4.2-9-3, they may claim an adjustment for abnormal obsolescence for leased personal property at the tax situs in question subject to the requirements, conditions, and

provisions of 50 IAC 4.2-9-3. In no event shall any adjustment for abnormal obsolescence exceed the true tax value of the specific unit or units of property involved.

(c) Limitation. No adjustment will be allowed for normal obsolescence, as defined in 50 IAC 4.2-9-2. The table contained in section 9 of this rule automatically reflects this type of obsolescence. (*Department of Local Government Finance; 50 IAC 4.2-8-10; filed Dec 7, 1988, 9:35 a.m.: 12 IR 863, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003*)

**Rule 9. Obsolescence**

<a href="#">50 IAC 4.2-9-1</a>	"Obsolescence" defined
<a href="#">50 IAC 4.2-9-2</a>	"Normal obsolescence" defined
<a href="#">50 IAC 4.2-9-3</a>	"Abnormal obsolescence" defined
<a href="#">50 IAC 4.2-9-4</a>	Allowance of obsolescence claim
<a href="#">50 IAC 4.2-9-5</a>	Full disclosure
<a href="#">50 IAC 4.2-9-6</a>	Adjustment
<a href="#">50 IAC 4.2-9-7</a>	Administrative adjudication on adjustment for abnormal obsolescence

**50 IAC 4.2-9-1 "Obsolescence" defined**

Authority: [IC 6-1.1-31-1](#)  
 Affected: [IC 6-1.1-31-7](#)

Sec. 1. "Obsolescence" means the reduction in value of business personal property that occurs through use, technological improvements, passage of time, changes in market values, and physical deterioration or destruction. (*Department of Local Government Finance; 50 IAC 4.2-9-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 863, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003*)

**50 IAC 4.2-9-2 "Normal obsolescence" defined**

Authority: [IC 6-1.1-31-1](#)  
 Affected: [IC 6-1.1-31-7](#)

Sec. 2. "Normal obsolescence" means the anticipated or expected reduction in the value of business personal property that can be foreseen by a reasonable, prudent businessman when property is acquired and placed into service. In general, it includes the expected, declining value through use, gradual decline in value because of expected technological improvements, the gradual deterioration or obsolescence through the mere passage of time, and the general assumption that such property will have a minimum value at the end of its useful life. (*Department of Local Government Finance; 50 IAC 4.2-9-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 863, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003*)

**50 IAC 4.2-9-3 "Abnormal obsolescence" defined**

Authority: [IC 6-1.1-31-1](#)  
 Affected: [IC 6-1.1-31-7](#)

Sec. 3. (a) "Abnormal obsolescence" means that obsolescence which occurs as a result of factors over which the taxpayer has no control and is unanticipated, unexpected, and cannot reasonably be foreseen by a prudent businessman prior to the occurrence. It is of a nonrecurring nature and includes unforeseen changes in market values, exceptional technological obsolescence, or destruction by catastrophe that has a direct effect upon the value of the personal property of the taxpayer at the tax situs in question on a going concern basis.

(b) An example of unforeseen change in market value is a government ban on the sale of a drug or chemical due to a new discovery or determination may cause that item or the production equipment used to produce it to be abnormally obsolete. A specific example of this would be cyclamate. In this case the equipment used to produce it may be eligible for abnormal obsolescence.

(c) An example of exceptional technological obsolescence is abnormal obsolescence due to exceptional technological obsolescence should be recognized to the extent that it causes the subject property to be incapable of use for current production or adaption to a different use. The invention of a newer, more productive piece of equipment which would produce a better quality item

or utilization of state of the art technology that produces more efficiently at a lower cost of production does not cause an older, currently used asset to be considered abnormally obsolete. If the asset is still capable of performing the function for which it was acquired, and is producing both on and before the assessment date, no adjustment shall be allowed. The use of historical cost, short useful life, and accelerated depreciation in developing the prescribed true tax value percentages result in an equitable assessment on the property in question.

(d) An example of destruction by catastrophe is abnormal obsolescence due to catastrophe should be recognized to the extent that it has a direct effect on the value of a particular item. Property which has been destroyed or damaged by catastrophe as of the assessment date would qualify for such an adjustment. A chemical or production process which, due to an irreparable malfunction, emits a toxic gas or deadly chemical into the outside atmosphere, would qualify for such an adjustment to the extent the property is incapable of use.

(e) An example of abnormal obsolescence due to government action is a government order to shut down certain production equipment due to improper emission levels may result in abnormal obsolescence if the cost to cure the delinquent equipment results in incurable obsolescence, that is, the cost-to-cure exceeds the contribution or increase in value of the impaired item or the impairment cannot be corrected. (*Department of Local Government Finance; 50 IAC 4.2-9-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 863, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

#### **50 IAC 4.2-9-4 Allowance of obsolescence claim**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-31-7](#)

Sec. 4. (a) Abnormal obsolescence should be recognized to the extent that the property qualifies for the adjustment and the taxpayer is able to substantiate the facts, circumstances, and amount of the claim in order to properly determine the true tax value of the subject property.

(b) A taxpayer wishing to claim an adjustment for abnormal obsolescence must provide documentation of the resulting valuation of the personal property at the tax situs in question on the assessment date on a going concern basis.

(c) The adjustment for abnormal obsolescence must be computed in accordance with this rule and 50 IAC 4.2-4-8, 50 IAC 4.2-8-10, or 50 IAC 4.2-10-4. (*Department of Local Government Finance; 50 IAC 4.2-9-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 864, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

#### **50 IAC 4.2-9-5 Full disclosure**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-31-7](#)

Sec. 5. When the reporting requirements for an adjustment for abnormal obsolescence have been met (a full disclosure), but for some reason the adjustment is not allowed or the value is changed, the amount disallowed is considered to be an interpretive difference and is not subject to the undervalued personal property tax penalty as set forth in 50 IAC 4.2-2-10(d). (*Department of Local Government Finance; 50 IAC 4.2-9-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 864, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003*)

#### **50 IAC 4.2-9-6 Adjustment**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-31-7](#)

Sec. 6. No adjustment will be allowable for normal obsolescence. The methods of valuation of business tangible personal property automatically reflect this type of obsolescence by using historic cost, short depreciable life, and accelerated depreciation on depreciable assets. An adjustment for abnormal obsolescence will be allowed provided a taxpayer can substantiate abnormal obsolescence. The provisions of this part of the regulation and the specific portions of this regulation applicable to the class of property involved must be followed and the books and records of the taxpayer must not have reflected the abnormal obsolescence on the assessment date. (*Department of Local Government Finance; 50 IAC 4.2-9-6; filed Dec 7, 1988, 9:35 a.m.: 12 IR 864, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-9-7 Administrative adjudication on adjustment for abnormal obsolescence**

Authority: [IC 6-1.1-31-1](#)  
 Affected: [IC 6-1.1-31-7](#)

Sec. 7. (a) The taxpayer may, prior to the filing of the property tax return for the year in question, petition the department for an administrative adjudication determination regarding an abnormal obsolescence adjustment. If this determination is granted, it will be effective only for the tax year in question and will not be effective for subsequent assessments.

(b) If an administrative adjudication determination is obtained, a copy of the determination is required to be attached to the tax return claiming the adjustment. If the taxpayer has not requested an administrative adjudication determination, the taxpayer may, if the taxpayer's circumstances meet the requirements contained in this section, request an adjustment on the form prescribed by the department when filing the tax return for the year in question. The adjustment or adjustments, if requested, must:

- (1) identify specifically all property for which an adjustment is requested;
- (2) indicate the original cost of the property;
- (3) indicate the true tax value of the property if no adjustment would be allowed; and
- (4) quantify and document the true tax value of the property as a result of the requested adjustment.

*(Department of Local Government Finance; 50 IAC 4.2-9-7; filed Dec 7, 1988, 9:35 a.m.: 12 IR 864, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))*

**Rule 10. Interstate Carriers**

<a href="#">50 IAC 4.2-10-1</a>	Valuation of carriers' property
<a href="#">50 IAC 4.2-10-2</a>	Commercial airlines; allocation and tax value of aircraft
<a href="#">50 IAC 4.2-10-3</a>	Reporting by interstate motor truck carriers; allocation factor; true tax value (Repealed)
<a href="#">50 IAC 4.2-10-3.1</a>	Commercial busline; allocation and true tax value
<a href="#">50 IAC 4.2-10-4</a>	Abnormal obsolescence adjustment for commercial airlines and commercial buslines
<a href="#">50 IAC 4.2-10-5</a>	Scope of rule

**50 IAC 4.2-10-1 Valuation of carriers' property**

Authority: [IC 6-1.1-31-1](#)  
 Affected: [IC 6-1.1-1-11](#)

Sec. 1. In general, commercial airlines and commercial buslines, as defined in sections 2 and 3 of this rule, must compute the true tax value of aircraft and transportation equipment required to be reported for the Indiana personal property assessment purposes in accordance with the provisions of 50 IAC 4.2-4. However, if such property is leased, the tentative true tax value is required to be computed in accordance with 50 IAC 4.2-8. The tentative true tax value thus computed is then subject to allocation as provided herein. *(Department of Local Government Finance; 50 IAC 4.2-10-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 865, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))*

**50 IAC 4.2-10-2 Commercial airlines; allocation and tax value of aircraft**

Authority: [IC 6-1.1-31-1](#)  
 Affected: [IC 6-1.1-31](#); [IC 6-6-6.5](#)

Sec. 2. (a) In general, commercial airlines must value the aircraft required to be reported for Indiana property tax purposes pursuant to section 1 of this rule.

(b) "Commercial airlines" means an airline with regularly scheduled flights and routes authorized and approved by the federal aeronautics administration.

(c) In general, commercial airlines are required to report the total value of the fleet of aircraft operating in this state. For this purpose, the commercial airline is required to report the value of all aircraft which it owns or operates of the type of aircraft operating in the taxing district. For example, if the airline owns or operates twenty (20) aircraft of type "x", ten (10) aircraft of type "y", and five (5) aircraft of type "z" and only type "x" aircraft are operated in the taxing district, the commercial airline is required

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to determine the tentative true tax value of all type "x" aircraft in its fleet of aircraft as provided in section 1 of this rule and report the value of all type "x" aircraft on its personal property tax return.

(d) The value of the aircraft required to be reported for Indiana property tax purposes is subject to allocation. This allocation must be made for each type of aircraft operated. The allocation factor for each type of aircraft is computed by dividing the total ground time of each type of aircraft for the preceding twelve (12) months in the taxing district by the total ground time of each type of aircraft operated in the system. In the example provided in subsection (c), the type "x" aircraft would be subject to allocation. The allocation is determined by computing a percentage obtained by dividing the total ground time for the preceding twelve (12) months of all type "x" aircraft in the taxing district by the total ground time for the preceding twelve (12) months of all type "x" aircraft in the fleet.

(e) The true tax value of the aircraft is determined by multiplying the percentages as computed in subsection (d) times the tentative true tax value of the aircraft computed in accordance with section 1 of this rule. For example, assume that the type "x" aircraft provided in the example in subsection (c) had a tentative true tax value of twenty million dollars (\$20,000,000). Furthermore, assume that the percentage determined in subsection (d) was five percent (5%). The true tax value of the aircraft for Indiana property tax purposes would be one million dollars (\$1,000,000). (*Department of Local Government Finance; 50 IAC 4.2-10-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 865, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-10-3 Reporting by interstate motor truck carriers; allocation factor; true tax value (*Repealed*)**

Sec. 3. (*Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-10-3.1 Commercial busline; allocation and true tax value**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-1-11](#)

Sec. 3.1. (a) As used in this rule, "commercial busline" means a company for hire that is principally engaged in the business of transporting persons by bus, and exclusively operates charter buses, which do not have scheduled routes.

(b) The fleet of the commercial busline includes the buses the taxpayer owns, holds, possesses, or controls that are used and operated in interstate commerce.

(c) The fleet of the commercial busline is required to be valued pursuant to section 1 of this rule.

(d) The allocation factor for the fleet is computed by dividing the total Indiana miles of the fleet for the preceding twelve (12) months by the total miles of the fleet for the same period.

(e) As an alternative to maintaining a mileage log of all trips, individual lessors, who do not maintain adequate records to compute their allocation factor, may use the same allocation factor as their lessee provided that the lessor's property is predominantly leased to that lessee. The lessor must meet the predominant use requirement in order to use the lessee's allocation factor. If the lessor does not meet the predominant use requirement, the lessor must use the actual allocation factor as determined in subsection (d). As used in this section, "predominant use" means:

(1) during the course of the year, more than fifty percent (50%) of the total mileage logged by the lessor's buses is logged by buses under lease to that lessee; or

(2) during the course of the year, the leased property is leased to that lessee for more than one-half (1/2) the number of days in that year.

(f) The total true tax value of the fleet subject to assessment under this section is determined by multiplying the true tax value as determined in section 1 of this rule by the allocation factor determined in subsection (d) or (e). (*Department of Local Government Finance; 50 IAC 4.2-10-3.1; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-10-4 Abnormal obsolescence adjustment for commercial airlines and commercial buslines**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-31-7](#)

Sec. 4. (a) Commercial airlines and the buses of commercial buslines used and operated in interstate commerce may claim

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an adjustment for abnormal obsolescence, as defined in 50 IAC 4.2-9-3, on the tangible personal property reported pursuant to this section, if the taxpayer follows the procedures and meets the requirements regarding an adjustment for abnormal obsolescence contained in 50 IAC 4.2-9.

(b) No adjustment will be allowed for normal obsolescence as defined in 50 IAC 4.2-9. The determination of the tentative true tax value pursuant to 50 IAC 4.2-4 automatically makes an allowance for this type of obsolescence.

(c) The term abnormal obsolescence will be strictly construed and limited to a situation where unforeseen changes in market values, exceptional technological obsolescence, or where destruction by a catastrophe occurs if such events have a direct effect upon the valuation of the property at the tax situs in the state of Indiana.

(d) The dollar amount of the adjustment may not exceed the allocatable portion of the true tax value of the particular unit of property as determined pursuant to this section for which the carrier claims an adjustment. (*Department of Local Government Finance; 50 IAC 4.2-10-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 867, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

#### **50 IAC 4.2-10-5 Scope of rule**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3](#)

Sec. 5. This section is applicable only to the aircraft of the commercial airline and the buses of commercial buslines used and operated in interstate commerce and is not applicable to the other classes of business personal property which the taxpayer may own, possess, or control at the tax situs in question. The other classification of business personal property must be reported and valued pursuant to the other provisions of this article. (*Department of Local Government Finance; 50 IAC 4.2-10-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 867, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

### **Rule 11. Deductions and Exemptions for Tangible Personal Property Other than Inventory (*Repealed*)**

(*Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

#### **Rule 11.1. Deductions and Exemptions for Business Personal Property**

[50 IAC 4.2-11.1-1](#)

Stationary or unlicensed mobile air pollution control system

[50 IAC 4.2-11.1-2](#)

Industrial waste control facility

[50 IAC 4.2-11.1-3](#)

Industrial waste facilities; action on exemption claim (Repealed)

[50 IAC 4.2-11.1-4](#)

Industrial waste control facility; action on exemption claim treated as assessment (Repealed)

[50 IAC 4.2-11.1-5](#)

Waiver of exemption

[50 IAC 4.2-11.1-6](#)

Personal property in economic revitalization area

[50 IAC 4.2-11.1-7](#)

Waiver of noncompliance (Repealed)

[50 IAC 4.2-11.1-8](#)

Enterprise zone investment deduction primary definitions (Repealed)

[50 IAC 4.2-11.1-9](#)

Enterprise zone investment deduction filing requirements; extension of time to file; late filings (Repealed)

[50 IAC 4.2-11.1-10](#)

Amount of enterprise zone investment deduction (Repealed)

[50 IAC 4.2-11.1-11](#)

Review and appeal procedures for enterprise zone investment deduction (Repealed)

#### **50 IAC 4.2-11.1-1 Stationary or unlicensed mobile air pollution control system**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-10-12](#); [IC 6-1.1-10-13](#); [IC 36-5-1](#)

Sec. 1. (a) Personal property is exempt from property taxation if:

(1) it is part of a stationary or unlicensed mobile air pollution control system of a private manufacturing, fabricating, assembling, extracting, mining, processing, generating, refining, or other industrial facility;

(2) it is not primarily used in the production of property for sale;

- (3) it is employed predominantly in the operation of the air pollution control system;
- (4) the air pollution control system is designed and used for the improvement of public health and welfare by the prevention or elimination of air contamination caused by industrial waste or contaminants;
- (5) a sanitary treatment or elimination service for the waste or contaminants is not provided by public authorities; and
- (6) it is acquired for the purpose of complying with any state, local, or federal environmental quality statutes, regulations, or standards.

(b) The property that is exempt under this section includes the following personal property:

- (1) Personal property that is under construction or in the process of installation and that will be used for the purposes described in subsection (a) when placed in service.
- (2) Spare parts held exclusively for installation in or as part of personal property that qualifies for the exemption under this section.

(c) The owner of personal property which is part of a stationary or unlicensed mobile air pollution control system who wishes to obtain the exemption provided in this section shall claim the exemption on the owner's annual personal property return. On the return, the owner shall describe and state the assessed value of the property for which the exemption is claimed.

(d) The township assessor, if any, or county assessor shall:

- (1) review the exemption claim; and
- (2) allow or deny it in whole or in part.

In making the decision, the township assessor, if any, or county assessor shall consider the requirements stated in subsection (a).

(e) The township assessor, if any, or county assessor shall reduce the assessed value of the owner's personal property for the year for which the exemption is claimed by the amount of exemption allowed. (*Department of Local Government Finance; 50 IAC 4.2-11.1-1; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

#### **50 IAC 4.2-11.1-2 Industrial waste control facility**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-10](#)

Sec. 2. (a) For purposes of this section, "industrial waste control facility" means personal property that is:

- (1) included either as a part of or an adjunct to a privately owned manufacturing or industrial plant or coal mining operation; and
- (2) used predominantly to:
  - (A) prevent, control, reduce, or eliminate pollution of a stream or a public body of water located within or adjoining this state by treating, pretreating, stabilizing, isolating, collecting, holding, controlling, or disposing of waste or contaminants generated by the plant; or
  - (B) meet state or federal reclamation standards for a coal mining operation.

The term includes personal property that is under construction or in the process of installation and that will be used for the purposes described in this subsection when placed in service. The term also includes spare parts held exclusively for installation in or as part of personal property that qualifies for the exemption under this section.

(b) An industrial waste control facility is exempt from property taxation if it is not used in the production of property for sale.

(c) The owner of an industrial waste control facility who wishes to obtain the exemption provided in section 9 of this chapter shall file an exemption claim along with the owner's annual personal property return. The claim shall describe and state the assessed value of the property for which an exemption is claimed.

(d) The owner shall, by registered or certified mail, forward a copy of the exemption claim to the Indiana department of environmental management. The department shall acknowledge its receipt of the claim.

(e) The Indiana department of environmental management may investigate any claim. The department may also determine if the property for which the exemption is claimed is being utilized as an industrial waste control facility. Within one hundred twenty (120) days after a claim is mailed to the department, the department may certify its written determination to the township or county assessor with whom the claim was filed.

(f) The determination of the department remains in effect:

- (1) as long as the owner owns the property and uses the property as an industrial waste control facility; or
- (2) for five (5) years;

whichever is less. In addition, during the five (5) years after the department's determination the owner of the property must notify the county assessor and the department in writing if any of the property on which the department's determination was based is disposed of or removed from service as an industrial waste control facility.

(g) The department may revoke a determination if the department finds that the property is not predominantly used as an industrial waste control facility.

(h) The township assessor, if any, or county assessor, in accord with the determination of the department, shall allow or deny in whole or in part each exemption claim. However, if the owner provides the assessor with proof that a copy of the claim has been mailed to the department, and if the department has not certified a determination to the assessor within one hundred twenty (120) days after the claim has been mailed to the department, the assessor shall allow the total exemption claimed by the owner.

(i) The assessor shall reduce the assessed value of the owner's personal property for the year for which an exemption is claimed by the amount of exemption allowed. (*Department of Local Government Finance; 50 IAC 4.2-11.1-2; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-11.1-3 Industrial waste facilities; action on exemption claim (*Repealed*)**

Sec. 3. (*Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-11.1-4 Industrial waste control facility; action on exemption claim treated as assessment (*Repealed*)**

Sec. 4. (*Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-11.1-5 Waiver of exemption**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-11-1](#)

Sec. 5. An exemption is a privilege which may be waived by a person who owns property that would qualify for the exemption. If the owner does not comply with the statutory procedures for obtaining an exemption, it waives the exemption. If the exemption is waived, the property is subject to taxation ([IC 6-1.1-11-1](#)). (*Department of Local Government Finance; 50 IAC 4.2-11.1-5; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-11.1-6 Personal property in economic revitalization area**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3](#); [IC 6-1.1-12.1](#)

Sec. 6. Provisions related to personal property in economic revitalization areas are provided under 50 IAC 10. (*Department of Local Government Finance; 50 IAC 4.2-11.1-6; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-11.1-7 Waiver of noncompliance (*Repealed*)**

Sec. 7. (*Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-11.1-8 Enterprise zone investment deduction primary definitions (*Repealed*)**

Sec. 8. (*Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-11.1-9 Enterprise zone investment deduction filing requirements; extension of time to file; late filings (*Repealed*)**

Sec. 9. (*Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-11.1-10 Amount of enterprise zone investment deduction (Repealed)**

Sec. 10. (Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))

**50 IAC 4.2-11.1-11 Review and appeal procedures for enterprise zone investment deduction (Repealed)**

Sec. 11. (Repealed by Department of Local Government Finance; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))

**Rule 12. Deductions, Exemptions, and Credits for Inventory (Repealed)**

(Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**Rule 13. Tax Abatement Provisions; New Manufacturing Equipment in Approved Economic Revitalization Areas or Maritime Opportunity District (Repealed)**

(Repealed by Department of Local Government Finance; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1300)

**Rule 14. Principal Business Activity Codes**

[50 IAC 4.2-14-1](#)

Principal business activity codes (Repealed)

[50 IAC 4.2-14-2](#)

Principal business activity codes

**50 IAC 4.2-14-1 Principal business activity codes (Repealed)**

Sec. 1. (Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))

**50 IAC 4.2-14-2 Principal business activity codes**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3](#)

Sec. 2. (a) This section prescribes the use of the principal business activities and their associated six-digit codes based upon the North American Industry Classification System (NAICS), and used on a taxpayer's federal tax return.

(b) It is a requirement that each taxpayer determine the business activity and the associated six-digit activity code referenced in subsection (a) and enter it on the front page of the Form 102, Form 103-Short, Form 103-Long, Form 103-SR, and Form 104-SR in the box titled "NAICS Code number". (Department of Local Government Finance; 50 IAC 4.2-14-2; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))

**Rule 15. Prescribed Methods of Valuation; Specific Types of Property**

[50 IAC 4.2-15-1](#)

Subjects covered; incorporation of "directives"; availability

[50 IAC 4.2-15-2](#)

Assessment of boats, motors, boat trailers, campers, camping trailers, travel trailers, pick-up truck campers, fold down campers, snowmobiles, off-road vehicles, self-propelled motor homes, nonfactory produced units (homemade), antique cars, and aircraft (Repealed)

[50 IAC 4.2-15-3](#)

Penalty provisions which apply to Form 101, Individual's Tangible Personal Property Return, place of assessment, and evidence of filing (Repealed)

[50 IAC 4.2-15-4](#)

Assessment of servicemember's personal property

[50 IAC 4.2-15-5](#)

Assessment of grain in storage (Repealed)

[50 IAC 4.2-15-6](#)

Assessment of farm commodities and livestock (Repealed)

[50 IAC 4.2-15-7](#)

Assessment of marketing equipment of refined petroleum products

[50 IAC 4.2-15-8](#)

Assessment of leased data processing equipment

[50 IAC 4.2-15-9](#)

Assessability of state and federal taxes on liquor, wine, beer, and cigarettes including goods held in bonded warehouse (Repealed)

[50 IAC 4.2-15-10](#)

Assessment of used equipment, appliances, vehicles, and other tangible personal property

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	(Repealed)
<a href="#">50 IAC 4.2-15-11</a>	Reporting requirements and disclosure of information (Repealed)
<a href="#">50 IAC 4.2-15-12</a>	Assessment of outdoor advertising signs (Repealed)
<a href="#">50 IAC 4.2-15-12.5</a>	Assessment of outdoor advertising signs
<a href="#">50 IAC 4.2-15-13</a>	Assessment of interstate motor truck carriers under the international registration program (Repealed)
<a href="#">50 IAC 4.2-15-14</a>	Present value of personal property leases

**50 IAC 4.2-15-1 Subjects covered; incorporation of "directives"; availability**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3](#)

Sec. 1. The following summarizes the remaining sections of this rule:

50 IAC 4.2-15-4	Assessment of servicemen for personal property
50 IAC 4.2-15-7	Assessment of refined petroleum products, marketing equipment, crude oil, and natural gas at wellhead
50 IAC 4.2-15-8	Assessment of leased data processing equipment
50 IAC 4.2-15-14	Present value of personal property leases

*(Department of Local Government Finance; 50 IAC 4.2-15-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 888, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))*

**50 IAC 4.2-15-2 Assessment of boats, motors, boat trailers, campers, camping trailers, travel trailers, pick-up truck campers, fold down campers, snowmobiles, off-road vehicles, self-propelled motor homes, nonfactory produced units (homemade), antique cars, and aircraft (Repealed)**

Sec. 2. *(Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))*

**50 IAC 4.2-15-3 Penalty provisions which apply to Form 101, Individual's Tangible Personal Property Return, place of assessment, and evidence of filing (Repealed)**

Sec. 3. *(Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))*

**50 IAC 4.2-15-4 Assessment of servicemember's personal property**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-31](#); [IC 6-1.1-37-7](#)

Sec. 4. (a) This section clarifies the liability of persons in the military or naval service for assessment and payment of personal property taxes in the state of Indiana. The Federal Soldiers' and Sailors' Civil Relief Act, as found in 50 U.S.C.A. Appendix, Section 574, provides as follows:

"(1) For the purposes of taxation in respect of any person, or of his personal property, income, or gross income, by any State, Territory, possession, or political subdivision of any of the foregoing, or by the District of Columbia, such person shall not be deemed to have lost a residence or domicile in any State, Territory, possession, or political subdivision of any of the foregoing, or in the District of Columbia, solely by reason of being absent therefrom in compliance with military or naval orders, or to have acquired a residence or domicile in, or to have become a resident in or a resident of, any other State, Territory, possession, or political subdivision of any of the foregoing, or the District of Columbia, while, and solely by reason of being, so absent. For the purposes of taxation in respect of the personal property, income or gross income of any such person by any State, Territory, possession, or political subdivision of any of the foregoing, or the District of Columbia, of which such person is not a resident or in which he is not domiciled, compensation for military and naval service shall not be deemed income for services performed within, or from sources within, such State, Territory, possession, political subdivision, or District, and personal property shall not be deemed to be located or present in or to have a situs for taxation in such State,

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Territory, possession, political subdivision, or District. Where the owner of personal property is absent from his residence or domicile solely by reason of compliance with military or naval orders, this section applies with respect to personal property, or use thereof, within any tax jurisdiction other than such place of residence or domicile, regardless of where the owner may be serving in compliance with such orders: Provided, That nothing contained in this section shall prevent taxation by any State, Territory, possession, or political subdivision of any of the foregoing, or the District of Columbia in respect of personal property used in or arising from a trade or business, if it otherwise has jurisdiction. This section shall be effective as of September 8, 1939, except that it shall not require the crediting or refunding of any tax paid prior to October 6, 1942."

The purpose thereof was to protect servicemembers from having to pay taxes to states in which they were serving pursuant to military order, which state was not the state of residence by choice of the servicemember.

(b) Indiana law does not provide an exemption from tax liability with respect to servicemembers who are residents of Indiana but rather provides that all personal property shall be assessed to the owner in the township, town, or city which is that of his or her residence on the first day of January each year.

(c) Mobile homes, if classified and assessed pursuant to 50 IAC 3.3 and when owned by a servicemember who is a nonresident of Indiana, on duty in Indiana pursuant to military or naval orders, such mobile home is exempt from taxation by the state of Indiana even though physically located in this state, pursuant to the Soldiers' and Sailors' Civil Relief Act. Based upon the foregoing, we are summarizing below the effect of the Soldiers' and Sailors' Civil Relief Act and the laws of the state of Indiana upon the assessment and payment of taxes by a servicemember in the state of Indiana as follows:

(1) Any servicemember who is a resident of another state, but who is temporarily stationed in Indiana pursuant to military or naval orders, is exempt from assessment and payment of personal property taxes in this state, except that used in a trade or business. However, the burden of proof is upon the servicemember and the servicemember should exhibit to the assessor evidence of the fact that the servicemember is a legal resident of another state. This evidence may be either a statement from the commanding officer, copy of orders to report for active duty, official military personnel identification card, or any other document that would disclose the place of the servicemember's residence or domicile to be other than Indiana.

(2) Personal property located in Indiana belonging to a nonresident servicemember, not used in trade or business, is exempt from assessment and taxation even though such is left with the servicemember's spouse, dependents, or others, in those situations where the servicemember has been transferred to another state or overseas pursuant to military order.

(3) The exemption under subdivisions (1) and (2) would also extend to a mobile home of any nonresident servicemember.

(4) The exemptions in subdivisions (1) through (3) do not extend to personal property used in or arising from a trade or business, in which case a nonresident servicemember is subject to assessment therefore in the same manner as an Indiana resident.

(5) Any servicemember who is a legal resident of the state of Indiana is subject to assessment in this state.

(6) By the provisions of [IC 6-1.1-37-7](#), the penalties for failure to file an assessment return shall not be applicable to any person, or the dependents of any person, in the military or naval forces of the United States on the assessment date covered by the provisions of the Federal Soldiers' and Sailors' Civil Relief Act.

*(Department of Local Government Finance; 50 IAC 4.2-15-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 892, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#))*

**50 IAC 4.2-15-5 Assessment of grain in storage (Repealed)**

Sec. 5. *(Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))*

**50 IAC 4.2-15-6 Assessment of farm commodities and livestock (Repealed)**

Sec. 6. *(Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#))*

**50 IAC 4.2-15-7 Assessment of marketing equipment of refined petroleum products**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3](#)

Sec. 7. (a) Under 50 IAC 4.2-7-1, the following procedures will be utilized by the department to determine the prices to be

used for the assessment of certain marketing equipment of petroleum products.

(b) Under 50 IAC 4.2-7-2, the department has determined in order to provide for a uniform method of assessment as set out in 50 IAC 4.2-4-5 and to obtain equalization in the assessment of petroleum industry marketing facilities, the department establishes the useful life of all tangible personal property used in the marketing of petroleum products as being twelve (12) years with all such property being segregated into Pool No. 3 for Indiana property tax purposes. (*Department of Local Government Finance; 50 IAC 4.2-15-7; filed Dec 7, 1988, 9:35 a.m.: 12 IR 895, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-15-8 Assessment of leased data processing equipment**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3](#)

Sec. 8. In recognition of the fact that certain intangible charges may be included in the base year value of the subject equipment, the department has authorized the following adjustment procedure:

(1) Base year value for leased data processing equipment shall be the current commercial published selling price for new equipment.

(2) If the current selling price as defined in subdivision (1) includes charges for one (1) or more of the following customer support services, such charges shall be allowable as an adjustment to base year value in Column B, Form 103-Long (50 IAC 4.2-2-9), to the extent that such charges can be segregated from the total selling price, supported by adequate records and such adjustments clearly shown on Form 106 (50 IAC 4.2-2-9). Customer support services shall be limited to the following:

(A) Educational services. Training and instruction in the use of electronic data processing equipment provided to the user thereof, such as on-site education, classroom instruction, and educational publications.

(B) Maintenance. This would be tests, measurements, replacements, adjustments, and repairs intended to keep data processing equipment in satisfactory working condition.

(C) Application software. The application program is a written sequence of instructions that details the operations the equipment is to perform in order to achieve a specific objective of the user.

Any adjustment for the purposes in clauses (A) through (C) must be factually documented by the taxpayer and shall not exceed ten percent (10%) of the total base year valuation of subject equipment.

(*Department of Local Government Finance; 50 IAC 4.2-15-8; filed Dec 7, 1988, 9:35 a.m.: 12 IR 895, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-15-9 Assessability of state and federal taxes on liquor, wine, beer, and cigarettes including goods held in bonded warehouse (Repealed)**

Sec. 9. (*Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-15-10 Assessment of used equipment, appliances, vehicles, and other tangible personal property (Repealed)**

Sec. 10. (*Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-15-11 Reporting requirements and disclosure of information (Repealed)**

Sec. 11. (*Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-15-12 Assessment of outdoor advertising signs (Repealed)**

Sec. 12. (*Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-](#)*

[050090576FRA](#))

**50 IAC 4.2-15-12.5 Assessment of outdoor advertising signs**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3-24](#)

Sec. 12.5. (a) The outdoor advertising sign valuation schedule issued by the department on a quadrennial basis listing signs by structure and type will provide the assessing officials adequate information to ensure all signs are being properly reported in the corresponding taxing jurisdiction.

(b) The total true tax value from the outdoor advertising sign valuation schedule issued by the department on a quadrennial basis is to be transferred to Form 103-Long, Schedule A, line 62 or Form 103-Short, Schedule A, line 14, and added to the value of other depreciable property, if any, for each taxing district where the property is located. (*Department of Local Government Finance; 50 IAC 4.2-15-12.5; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-15-13 Assessment of interstate motor truck carriers under the international registration program (*Repealed*)**

Sec. 13. (*Repealed by Department of Local Government Finance; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#)*)

**50 IAC 4.2-15-14 Present value of personal property leases**

Authority: [IC 6-1.1-31-1](#)

Affected: [IC 6-1.1-3](#)

Sec. 14. Pursuant to 50 IAC 4.2-8-7(d), the department has prescribed the following for the computation of the present value of leased personal property:

(1) If ownership of the property is transferred to the lessee (or may transfer if one (1) of the parties exercises an option) at or before the end of the lease, the term of the lease shall be the term used for computation of the present value.

(2) If title to the property is not transferred to the lessee, the prescribed federal tax depreciable life of the asset at the inception of the lease shall be the term for computing the present value.

(3) If the length of the lease is not specific, the prescribed federal tax depreciable life of the asset at the inception of the lease shall be the term for computing the present value.

(4) If the lease contains a "balloon" or "bubble" payment, such payment must be included in the present value computation. A "balloon" or "bubble" payment is a lump sum payment scheduled at the inception of, during, or at the conclusion of the lease.

(5) If the lease indicates the rate of interest included in the payments, such rate shall be used for computing the present value.

(6) If no interest rate is stated in the lease, the rate to be used in the computation shall be the prime commercial bank loan rate on the January 1 nearest to the inception of the lease. The interest rates to be used for January 1 of certain years will be issued each year by the department.

(7) If the amount of any payment or payments (including balloon payments) is not known at the inception of the lease, the present value of the lease payments cannot be computed and therefore may not be used as the base year value for personal property tax reporting purposes.

(8) If the present value computed in accordance with this section does not result in a reasonable valuation when other facts and circumstances are considered, the computed present value may not be used as the base year value.

(*Department of Local Government Finance; 50 IAC 4.2-15-14; filed Dec 7, 1988, 9:35 a.m.: 12 IR 906, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003; filed Feb 26, 2010, 2:43 p.m.: [20100324-IR-050090576FRA](#); filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**Rule 16. Severability**

[50 IAC 4.2-16-1](#)

Severability

**50 IAC 4.2-16-1 Severability**

Authority: [IC 6-1.1-31-1](#)  
 Affected: [IC 1-1-1-8](#)

Sec. 1. If any section or part of any rule of this article or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect the other sections, parts, or applications of this article which can be given effect without the invalid section of any rule; and to this end the provisions of this article are severable. (*Department of Local Government Finance; 50 IAC 4.2-16-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 907, eff Mar 1, 1989; reinstated by [IC 6-1.1-3-22](#), eff Jul 1, 2003*)

**Rule 17. Business Personal Property Exemption Filing Requirements**

[50 IAC 4.2-17-1](#) Business personal property exemption  
[50 IAC 4.2-17-2](#) How to file for exemption  
[50 IAC 4.2-17-3](#) Changes to personal property assessment

**50 IAC 4.2-17-1 Business personal property exemption**

Authority: [IC 6-1.1-31-1](#)  
 Affected: [IC 6-1.1-3-7.2](#)

Sec. 1. (a) The business personal property tax exemption under [IC 6-1.1-3-7.2](#) applies to old and new personal property located in an applicable county.

(b) In order to be eligible for the business personal property tax exemption under [IC 6-1.1-3-7.2](#), the total acquisition cost of all business personal property must be below forty thousand dollars (\$40,000) by the assessment date.

(c) The business personal property exemption only applies to taxpayers with a countywide business personal property cost of less than forty thousand dollars (\$40,000). (*Department of Local Government Finance; 50 IAC 4.2-17-1; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-17-2 How to file for exemption**

Authority: [IC 6-1.1-31-1](#)  
 Affected: [IC 6-1.1-3-7.2](#)

Sec. 2. (a) In order to claim the business personal property tax exemption, every person, including any firm, company, partnership, association, corporation, fiduciary, or individual owning, holding, possessing, or controlling business personal property with a total acquisition cost that is less than forty thousand dollars (\$40,000) within the county on January 1 of any year is required to declare the exemption using a personal property return Form 103-Short, Form 103-Long, Form 102, or Form 104, as applicable.

(b) An eligible taxpayer is not required to complete the entire personal property return to claim the business personal property tax exemption. However, a taxpayer claiming the exemption on Form 103 or Form 102 is required to attach a completed Form 104. (*Department of Local Government Finance; 50 IAC 4.2-17-2; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

**50 IAC 4.2-17-3 Changes to personal property assessment**

Authority: [IC 6-1.1-31-1](#)  
 Affected: [IC 6-1.1-3-7.2](#); [IC 6-1.1-15](#)

Sec. 3. (a) If a taxpayer timely files a fully completed personal property tax return with a countywide total acquisition cost of less than forty thousand dollars (\$40,000) and does not claim the business personal property tax exemption, the assessor shall reduce the assessment to zero (\$0).

(b) If the assessor reduces an assessment as outlined in subsection (a), Form 113/PP shall be sent to the taxpayer notifying the taxpayer of this change in assessment.

(c) Taxpayers that wish to claim the business personal property tax exemption may submit an amended personal property tax return. (*Department of Local Government Finance; 50 IAC 4.2-17-3; filed Nov 2, 2020, 9:34 a.m.: [20201202-IR-050190636FRA](#)*)

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