Personal Property Assessments

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Disclaimer

- This presentation and other Department of Local Government Finance materials are not a substitute for the law. The following is not legal advice, just an informative presentation. The Indiana Code always governs.

General Concepts of a Self-Assessment System

- Taxpayer is responsible for reporting their assessment.
- Assessors do not have the authority to file a return for the taxpayer; however, the assessor can assist the taxpayer.
- The taxpayer **MUST** sign the return. 50 IAC 4.2-2-9 (e)

Assessor's Requirement to Notify Taxpayer

- IC 6-1.1-3-6 requires the assessor to provide notice to each person who is subject to assessment for that year.
- It must be sent within 30 days of the return's filing date.
- The notice must include: the filing date of the return, the phone number & email address of the assessor's office, and instructions on how to obtain the forms.
- Notice must be sent by mail unless the taxpayer consents to an email in its place.

Personal Property Defined 50 IAC 4.2-4-1

- “Depreciable personal property” means 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 (with some exceptions).

Real vs. Personal Property

The determination of whether an asset is to be assessed as real or personal property, or as an intangible asset or is subject to excise tax is an important aspect of verifying the correctness of a return.

Real vs. Personal Property Guide

- Personal Property Rule
  - 50 IAC 4.2-4-10

- “Real Property Guidelines”
  - Chapter 1, Table 1-1

Real vs. Personal Property – Examples

- Boilers:
  - Manufacturing process – Personal
  - Building service – Real
- Foundations for machinery & equipment – Personal
- Gas lines & piping for equipment or processing – Personal
- Power lines & generators for manufacturing process - Personal

Real Property Assessment Guidelines – Ch. 1, Page 8-11

Real vs. Personal Property – Ag Examples

- Grain Bins – Real
- Grain Dryer – Personal
- Grain Legs – Personal
- Livestock/Poultry Building – Real
- Farrowing Crates, Watering & Feeding Systems – Personal
- Irrigation System & Well – Personal

Real Property Assessment Guidelines – Ch. 1, Page 8-11

Federal Guidelines on the Depreciation of Assets

- “Depreciation may not be claimed until the property is placed in service for either production income or use in a trade or business. Depreciation of an asset ends when the asset is retired from service by sale, exchange, abandonment, or destruction.”

- US Master Depreciation Guide, Chapter 3

50 IAC 4.2-1-1.1 Primary definition for “Placed in service”

(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.

IBTR Decision on “Placed in service”

- Dakalt LLC v. Howard County 7-11-2016
- Basically, the taxpayer operated a restaurant for a few years and then closed the business. He failed to file a PP tax return for the following assessment date so the assessor placed a Form 113/PP assessment on him since the equipment was still there. The assessment stood. The decision contains good discussion on the topic and is worth consideration.
- https://www.in.gov/ibtr/files/Dakalt-LLC-34-002-14-1-7-20486-15.pdf

Frequently Asked Question

- *Question: If I sold my business or I moved out of the county, do I have to file a return and inform the assessor of that?*

- Answer: While the statutes do not require it, it could be helpful for the taxpayer to notify the assessor of this type of change since the assessor could assume the taxpayer simply failed to file a return and could place an estimated assessment on the business.

Personal Property Not Placed in Service 50 IAC 4.2-6-1

- Personal property not placed in service is defined as property which has not been depreciated and is not eligible for federal income tax depreciation.
- Construction in Process (CIP) is an example of equipment not placed in service. It is physically there on the assessment date but is not completely assembled and functioning.
- It is not reported in the pooling schedule and is valued at 10% of cost (Page 2 Form 103-Long).

Frequently Asked Question

- *Question: How would an assessor know when the equipment is actually installed?*

- Answer: Federal guidelines for depreciation state that depreciation cannot be claimed until the property is placed in service so their books and records will reflect the date installed.

Permanently Retired Equipment
50 IAC 4.2-4-3 (c) & (d)

- Permanently retired equipment is defined as being removed from the process or service use on or before the assessment date and is awaiting disposition.
- Its cost is reported and deducted off of the pooling schedule and then re-valued on the Form 106 along with a detailed explanation.
- It is valued at its net scrap value or net sale value (not an automatic 10% like equipment not placed in service).

Fully Depreciated Assets-Still In Use 50 IAC 4.2-4-3 (a)

- Fully depreciated personal property that has not been retired from use must be reported for assessment purposes.
- If the cost of these assets has been removed from the taxpayer's books and records or recorded at a nominal value, it should be added back as an adjustment in the space provided on the personal property tax return.

Assets With A Nominal or No Value
50 IAC 4.2-4-3 (e)

- Personal property that has been recorded on the books at a nominal or no value must be reported at its actual value determined by reference to the insurable value or other reliable information concerning the value of the equipment in the year of acquisition.
- This includes the purchase or acquisition of a going-concern business.

Computer Equipment
50 IAC 4.2-4-3 (f) & (g)

- These subsections cover the valuation of computer equipment and software.
- It explains that the hardware is to be assessed as personal property.
- It explains that the operational software which is required to make the hardware function is assessed as personal property.
- It also explains that the application software is used to achieve a specific objective and is classified as an intangible asset.

Like Kind Exchanges (Trade-Ins)

IC 6-1.1-3-2.5 Like kind exchanges of depreciable personal property

Sec. 2.5. (a) This section applies to a like kind exchange of depreciable personal property for which:

(1) the exchange would have been eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017;

(2) the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code currently in effect; and

(3) the taxpayer made an election to take deductions under Section 179 or Section 168(k) of the Internal Revenue Code with regard to the acquired property in the year that the property was placed into service.

Like Kind Exchanges (Trade-Ins)

(b) In determining the cost of the depreciable personal property described in subsection (a) that is used to determine the value of the depreciable personal property subject to an assessment, the acquisition cost of the depreciable personal property acquired in the like kind exchange shall be reported as:

(1) the net book value of the depreciable personal property traded in; plus

(2) any cash boot added to the exchange;

- as if the exchange was eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017.
- As added by P.L.257-2019, SEC.12.

Excise Tax or Personal Property

- 50 IAC 4.2-1-1.1(m) states that non-automotive equipment attached to excise vehicles is classified as personal property.

Excise Tax or Personal Property

- A fundamental question to consider when making this determination involves the vehicle's "intended service use" and the equipment's function.
- Was the vehicle hauling a product from Point A to Point B or was a secondary service unrelated to the transportation aspect performed once the vehicle arrived at its destination?

Less Than $80,000 PP Exemption IC 6-1.1-3-7.2

- If the acquisition cost of a taxpayer's total business personal property in a county is less than eighty thousand dollars ($80,000) for that assessment date, the taxpayer's business personal property in the county for that assessment date is exempt from taxation.
- If a taxpayer has multiple locations in the same county & operates under the same federal i.d. number, the exemption would be based on the total sum of them.

Less Than $80,000 PP Exemption IC 6-1.1-3-7.2

- Beginning after December 31, 2022, a taxpayer that has included the information required on the taxpayer's personal property tax return to claim the exemption is not required to file a personal property return for the taxpayer's business personal property for an assessment date that occurs after the assessment date for which the information is first provided, unless or until the taxpayer no longer qualifies for the exemption for a subsequent assessment date.

Frequently Asked Question

- *Question: So if an assessor believes that a taxpayer is no longer eligible for the exemption and they don't file a return, what can the assessor do?*

- Answer: IC 6-1.1-3-15 allows the assessor to place an estimated assessment on the taxpayer when no return has been filed and it is believed that an assessment was due. A Form 113/PP Notice of Assessment is sent to the taxpayer which can be challenged if desired.

Leased Equipment 50 IAC 4.2-8

- For Indiana property tax purposes, leases are classified as either a “capital lease” or an “operating lease”.

- The type of lease determines which party, the owner or the possessor, is responsible to report the personal property for assessment and taxation.

“Capital Lease” defined 50 IAC 4.2-8-2(b)

(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.

“Capital Lease” defined 50 IAC 4.2-8-2(b)

(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.

“Operating Lease” defined 50 IAC 4.2-8-2(c)

(c) "Operating leases" includes all other leases

- For the vast majority of leases, the determination of which type of lease it is hinges on whether title is transferred at the end of the term of the lease agreement. If title transfers or has the option to be transferred, it is a capital lease and if title does not transfer, it is an operating lease.

Responsible Party for Assessment & Taxation

- 50 IAC 4.2-8-3 states that operating leases must be reported for assessment and taxation by the owner (lessor) of the personal property.

- 50 IAC 4.2-8-4 states that capital leases must be reported for assessment and taxation by the person holding, possessing, or controlling (lessee) the personal property.

Valuation of Leased Equipment

- 50 IAC 4.2-8-7 covers the valuation of leased equipment. The most reliable value is if the lease agreement contains the base year value (What it could have been purchased for if not leased). If that value is not provided, then there are a variety of options to consider which includes:
  - The factory delivered price plus freight, installation & a profit factor; the present value of the lease payments, the insurable value, or the total of 8 years of the annual lease payments.

FORM 103-N & Form 103-O (IC 6-1.1-2-4)

- The owner of any tangible property on assessment date is liable for taxes.
- A person owning, holding, possessing, or controlling any tangible property is liable for taxes unless they establish the property is being assessed in the name of owner.
- The Forms 103-N & 103-O are used to establish/disclose the party responsible for the taxes on the equipment.

Review of the Form 103-N's & 103-O's

- These forms are designed where both parties disclose which party holds the liability for the assessment and taxes. There could be times where both parties report the asset as their responsibility which creates a double assessment and other times when neither party accepts that responsibility and the asset is not included in either party's assessment.
- When conducting desk audits, many assessors include this as a part of their review process.

Frequently Asked Question

- *Question: There is a nonprofit or exempt entity (i.e. church, school, or other organization) that leases a copy machine in my county. Do they have to pay taxes on it?*

Frequently Asked Question

- Answer: Since an operating lease is assessed to the owner of the copier and the lessee is assessed for the copier if it is a capital lease, we don't have enough information to make that determination.
- A capital lease would be assessed to the nonprofit or exempt organization and their exempt status would be considered. An operating lease would be assessed to the owner and the owner does not hold exempt status.
- This means if an operating lease is involved and the lease agreement contains a term that the lessee will reimburse the owner for any expenses incurred, the entity may be reimbursing the owner for the taxes that the for-profit owner was required to pay. In other words, the nonprofit entity was simply honoring the terms of the lease agreement or contract that they entered into.

Normal Obsolescence 50 IAC 4.2-9-2

- 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.

Abnormal Obsolescence 50 IAC 4.2-9-3

- 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.

Obsolescence & the Two-Prong Test

- The determination of obsolescence is a two-step inquiry. For a taxpayer to show that he is entitled to receive an adjustment for abnormal obsolescence, he must first identify the cause of obsolescence that he believes is present (the first prong). Once he is able to prove that the obsolescence exists, he must quantify the amount of the obsolescence that he believes should be applied to the property (the second prong). Clark v. State Bd. of Tax Commissioners, 694 N.E.2d 1230 (Ind. Tax Ct. 1998).

Abnormal Obsolescence - Resources

- A claim for abnormal obsolescence should be checked to see if it complies with 50 IAC 4.2-9.

- IBTR decisions can provide helpful guidance. Some decisions include: Applied Extrusion - August 2009, Koppers Inc. – June 2010, and Evansville Courier – September 2016.

Reviewing Returns – Abnormal Obsolescence

- The most common mistake made by a taxpayer when claiming an adjustment for abnormal obsolescence is that he calculates the true tax value and then calculates a factor to drive the true tax value lower without ever establishing the documented net realizable value (or market value). The adjustment is the difference between the two numbers if the market value is lesser than the true tax value.

Frequently Asked Question

- *Question: A taxpayer filed a return with us and used an inutility penalty in his calculation. What is an inutility penalty?*

- Answer: An inutility penalty can be used by an appraiser to measure a loss in value for equipment that is being operated at less than its rated or design capability. It can be used to estimate one form of economic obsolescence within the cost approach.

Frequently Asked Question

- Answer – Continued:
- There are three types of appraisal depreciation that are traditionally recognized by appraisers. These types are physical deterioration, functional obsolescence, and economic obsolescence so calculating economic obsolescence with the inutility penalty is just one part of calculating all forms of appraisal depreciation. If not done properly by a qualified person, the results could be questioned.

Frequently Asked Question

- *Question: Can I deny an abnormal obsolescence adjustment even if a taxpayer has claimed and received it in the past?*

- Answer: The courts have consistently ruled that each tax year stands on its own, so mistakes, errors, or the failure to take an action on past returns do not have to continue. It has been ruled that past assessments that granted obsolescence are not relevant and do not help make the petitioners' case for the assessment year in question.

Frequently Asked Question

- *Question: Would the fact that a piece of equipment is five-years old and there is a newer, faster line of equipment available be enough to justify an abnormal obsolescence deduction?*

Frequently Asked Question

- Answer: 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, it would be highly unlikely that it would qualify for an adjustment.

Frequently Asked Question

- *Question: I have heard that an improperly calculated abnormal obsolescence adjustment is a form of "double dipping". What is meant by double dipping?*

Frequently Asked Question

- Answer: 50 IAC 4.2-4-8(b) explains that the true tax value percentages include adjustments for normal obsolescence which includes functional and economic obsolescence.
- If the taxpayer cannot prove that abnormal obsolescence exists and is claiming an adjustment, then he is claiming an adjustment that has already been received through the true tax value percentages; thus, the defense of double dipping is presented as an argument.

Frequently Asked Question

- *Question: I received a tax return from a company who has been claiming an abnormal obsolescence adjustment for the last five years. This year's return shows new acquisitions of $2,000,000 and they are claiming abnormal obsolescence on new equipment. Does this seem right?*

Frequently Asked Question

- Answer: Of course, you would review the information provided in the return before making a determination, but you could consider the following:
  - Was it of a nonrecurring nature & includes unforeseen changes?
  - Could it have been reasonably foreseen by a prudent businessman?
  - Did it pass the two-prong test? (identify the cause)
  - Was the adjustment correctly calculated?

Reviewing Returns With An Abatement Deduction

- While the Department offers a three-hour class on Indiana's tax abatement program, here are the basics to consider:
  - A Form SB-1/PP is submitted for the project.
  - If the designating body approves the project, a resolution is adopted that provides the required information.
  - The equipment for the project is then installed.
  - The equipment is reported for taxation on the next assessment date and the deduction is claimed.

Reviewing Returns With An Abatement Deduction

- Assessors typically check the following:
  - If the equipment claimed for the deduction has been approved by the designating body on the Form SB-1/PP.
  - If the equipment is located in an ERA (see the resolution).
  - If the taxpayer filed a Form 103-EL which lists the equipment receiving its Year #1 deduction.
  - If the taxpayer filed the Form CF-1/PP to show compliance with the Form SB-1/PP.

Reviewing Returns With An Abatement Deduction

- Form 103-ERA: The important thing to understand about this form is that it is used to claim a deduction from the cost reported on the pooling schedule of the Form 103-Long.
- If a taxpayer reports a number greater on a particular line of the Form 103-ERA than what is reported on the pooling schedule of the Form 103-Long, that would require further consideration.

Reviewing Returns With An Abatement Deduction

- Remember that the abatement deduction should be denied if it is attached to a property tax return that was filed late. Like other deduction applications, the timely filing of it is required.
- The Waiver of Noncompliance Process allows the designating body to hold a public hearing and adopt a resolution in order to forgive the late filing and allow the deduction to be given, if desired. IC 6-1.1-12.1-11.3

Waiver of Noncompliance – FAQ

- *Question: Why does the waiver process only forgive the failure to file a timely deduction application and not the failure to file a timely personal property tax return?*

- Answer: There are penalties applied to returns filed late and those penalties cannot be waived with this process. The process can only allow the deduction to be given, if the designating body desires to do so.

The Timeframe to Change Assessments

- The township assessor, if any, has until September 15 or four (4) months from the extended due date to make any changes to the assessment (original personal property returns). IC 6-1.1-16-1
- Both the county assessor and the County Board of Appeals (PTABOA) have until October 30 or five (5) months from the due date to change an assessment (original personal property returns). IC 6-1.1-16-1

The Timeframe to Change Assessments

- IC 6-1.1-9-3 also allows an assessor to make a change to an assessment within three (3) years after the return is filed; however, it requires a full and complete audit of the taxpayer's books and records in order to determine if substantial compliance guidelines are met so the requirements to change an assessment are more exact.

Non-Compliant Return defined

50 IAC 4.2-1-1.1

(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 non-owned 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.

The Timeframe to Change Assessments

- IC 6-1.1-9-3(b) If a taxpayer fails to file a personal property return for a particular year, the taxpayer's personal property may be assessed for that year only if the notice is given within ten (10) years after the date on which the return for that year should have been filed.

- Note: Requests for a previous year's blank personal property return can be made with the Department.

The Timeframe to Change Assessments

- If the assessing official fails to change an assessment within the time prescribed, the assessed value claimed by the taxpayer is final. IC 6-1.1-16-1(b)
- This section of the law is why it is very important for assessing officials to give timely notice of a change with the use of the Form 113/PP. In-person or written communications, phone calls, or emails cannot be substituted for the Form 113/PP.

Amended Returns IC 6-1.1-3-7.5

- Taxpayer can amend an original personal property return.
- The amended return is filed by the taxpayer.
- The taxpayer files an amended return by writing ***AMENDED*** on top of the return.
- It must be filed within twelve (12) months of filing date of that return which is May 15 of the following year unless an extension has been granted which would make it twelve (12) months from the extended due date.

Amended Returns IC 6-1.1-3-7.5

- 50 IAC 4.2-1-1.1(l) defines an "Original personal property return" as a personal property tax return filed with the proper assessing official by May 15 or, if an extension is granted, the extended filing date.
- Late returns or returns filed within the 30 days after a Form 113/PP is sent cannot be amended.
- Taxpayer may only amend the original personal property return one time. The statutes do not allow a taxpayer to amend an amended return.

Amended Returns IC 6-1.1-3-7.5

- A timely filed amended return becomes a taxpayer's assessment of record. The county assessor or PTABOA would have 5 months to review it & make changes, if desired. (Township assessor would have 4 months.)
- If a taxpayer files an amended return after the statutory deadlines have passed, assessors are encouraged to notify the taxpayer on a Form 113/PP of the defect so the taxpayer could challenge if desired. Is it required? The issue has not been challenged by an appeal.

Frequently Asked Question

- *Question: If I filed a timely original return and the assessor sent me a notice (Form 113/PP) that changed my assessment, can I still file an amended return?*

Frequently Asked Question

- Answer: When you receive a notice (Form 113/PP) that changes your assessment, you should review the changes made and decide if you would like to file a timely appeal to challenge those changes. Since the assessed value claimed on your original return is no longer the current assessment of record, the proper course of action would be to file a timely appeal and not to file an amended return in an attempt to void the notice sent by the assessor. If a timely appeal is filed, an amended return could be submitted as evidence during the appeal process, if desired.

Frequently Asked Questions

- *Question: Can you explain the function of the Form 130 (Notice to Initiate Appeal) concerning a personal property assessment?*

- Answer: If an assessing official changed the assessed value and sent notice on the Form 113/PP, the taxpayer would have the right to challenge that change in assessment by filing the Form 130.

Frequently Asked Question

- *Question: As a follow-up to that question, so if an assessing official did not make any changes to the assessment reported by the taxpayer, and the taxpayer desires to change that assessment, how would he do that?*

Frequently Asked Question

- Answer: IC 6-1.1-3-7.5 allows a taxpayer to amend his timely filed personal property return within twelve (12) months of the filing date for that return. After this time period has passed, the taxpayer's right to initiate an action to change that assessment will have expired. This means that he can amend an assessment that he calculated but he cannot appeal his own assessment.

Frequently Asked Question

- *Question: How do I handle a taxpayer's claim that a double assessment has occurred?*

- Answer: The IBTR ruled in the AEL Financial vs. Lawrence Co. decision (10-2013) that the remedy for a taxpayer to correct his assessment is to file a timely amended return. The Indiana Tax Court also ruled in Will's Far-Go Coach Sales v. Nusbaum (847 N.E. 2d 1074) that double assessments cannot be corrected if not challenged in a timely manner so compliance with Indiana law is required in both cases.

Penalties on Late Returns

- In the 2024 Legislative Session, IC 6-1.1-37-7 was changed to revise the way that penalties are calculated on returns filed late.
- A $25 penalty remains for any return filed late.
- If the late return is filed more than 30 days late and on or before November 15, the penalty is the lesser of 10% of the taxes due or $10,000.
- If the late return is filed more than 30 days late and after November 15, the penalty is the lesser of 20% or $50,000.

Penalties on Late Returns

- The $25 penalty for failure to file a timely return is applicable to both the taxpayer required to file a return to establish eligibility for the under $80,000 PP Exemption or the Form 136 entities who are required to file a return.

- Assessors do not have the statutory authority to waive penalties for the late filing of tax returns.

Penalties on Omitted Assessed Value

- IC 6-1.1-37-7(e) If 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. If a person has complied with all of the requirements for claiming a deduction, an exemption, or an adjustment for abnormal obsolescence, then the increase in assessed value that results from a denial of the deduction, exemption, or adjustment for abnormal obsolescence is not considered to result from an undervaluation for purposes of this subsection. (a.k.a. Interpretive Difference)

SOP's to document if a penalty is due.

- Assessors should be prepared to defend a challenge by the taxpayer that the return was filed timely once the tax statements are mailed.
- Sometimes the date that the taxpayer signed the return indicates a late filing.
- Other times the postmarked envelope should be attached to the form as evidence. Note: A postage meter date stamp is not a postmark. IC 6-1.1-36-1.5
- Many assessors also place the date received on the return.

Frequently Asked Question

- These next few slides are frequently asked questions that the Department receives.

Searching for a taxing district by address

- *Question: I file multiple tax returns throughout the state. What's the easiest way to obtain the taxing districts for each location?*

- Answer: Here is the link to the Gateway feature where you can enter an address anywhere in the state and obtain that information: http://budgetnotices.in.gov/

Retention Schedule of Forms

- *Question: How long are we required to keep personal property returns?*

- Answer: The Indiana Archives and Records Administration says that personal property returns can be destroyed after five (5) calendar years and after receipt of the State Board of Accounts Audit Report and satisfaction of unsettled charges. Each county has a Public Records Commission, so an assessing official should consult with them before destroying any of these records.

Retention Schedule of Forms

- Answer (continued): This does not mean that an official must destroy these records after five years, only that he/she can begin the process of destroying them after five years have passed, if desired. Sometimes an assessor may desire to maintain personal property assessment records which contain a ten-year tax abatement deduction in case future reference is warranted.
- Records retention schedules are available at: http://www.in.gov/iara/files/county_assessing.pdf

Frequently Asked Question

- *Question: Can an assessor create a filing requirement that any personal property tax returns filed in their county must report the acquisition and the disposal of assets so that a reconciliation can be done between last year's return and this year's return?*

Frequently Asked Question

- Answer: Taxpayers are not required to explain the changes made on the pooling schedule from the prior year's return to the current year's return on a Form 106. (Each year stands alone.)
- It is not required in the statutes or in the Department rules and assessors do not have the authority to create this policy in their jurisdictions.
- The assessor may request information from a taxpayer during the review of the current year's return on a case-by-case basis.

Pooling of Assets FAQ

- *Question: What if an assessor needs to calculate an estimated assessment and knows the cost and the date of acquisition but not the federal life of the asset, what pool should be used?*

- Answer: Many assessors elect to use Pool 2 since the majority of the assets depreciated for federal tax purposes have a 7-year life.

Questions/Contact Us

- Steve McKinney, Assessment Field Representative
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  - smckinney@dlgf.in.gov
  - Website: www.in.gov/dlgf
    - “Contact Us” https://www.in.gov/dlgf/contact-us/