



Bandera Central Appraisal District

1206 Main Street – P.O. Box 1119

Bandera, TX 78003

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www.bancad.org

Guide to Rendering Personal Property

If you own a business, you are required by law to report personal property that is used in that business to your county appraisal district. There are substantial penalties for failure to report or for falsification and tax evasion. The Bandera Central Appraisal District has prepared this document to assist you in complying with this very important law.

What is a rendition?

A rendition is a form that provides information about property that you own. The appraisal district uses the information you provide to assist in appraising your property for taxation.

Who has to render?

There are three categories of taxpayers who must render:

- Owners of tangible personal property that is used for the production of income (see below).
- Owners of property on which an exemption has been cancelled or denied.
- Owners who have been formally notified by the chief appraiser that they must render.

What kinds of property must be rendered?

For taxation purposes, your property is classified as either real property (land, buildings, and other items attached to land) or personal property (items that can be owned but are not attached to land). **Personal property used for the production of income, or for business purposes (including home-based businesses), must be rendered.** This includes furniture and fixtures, tools and equipment, machinery, computers and office electronics, motor vehicles, inventory held for rental or sale, raw materials, finished goods, and work in process. You are not required to render intangible personal property, items that can be owned but do not have a physical form- such as cash, accounts receivable, goodwill, custom computer software, and other similar items. If your organization has been approved for an exemption that applies to personal property, for example, a religious or charitable organization exemption, you are not required to render the exempt property.

- As of January 1, 2006, a property owner is not required to render a vehicle if:
 1. The vehicle is owned by an individual, not a corporation or other business entity;
 2. The owner is the primary operator of the vehicle in the course of the owner's occupation or profession; **and**
 3. The owner also operates the vehicle for personal activities that do not involve the production of income.

According to the Texas Attorney General, this law does **not** exempt the vehicle from taxation; it exempts the vehicle owner from the requirement of rendering the vehicle. All three of the above conditions must be met for the vehicle to qualify under this law. We recommend that you continue to render such vehicles to ensure that they are properly appraised and that you do not become liable for back assessment.

Can I exempt my vehicle if I use it for personal and business use?

As of January, 2007, you may file an exemption on a light truck or passenger car that is owned by an individual and used for personal and business use. This must be mailed or delivered by April 30th. Once applied, the exemption will remain in place in subsequent years for that specific vehicle for as long as the exemption is applicable. If the vehicle is replaced, you will need to file a new form for the new vehicle. The form to file is located on our website, www.banccad.org/forms or at our office.

What forms will I need to file?

For the Bandera Central Appraisal District, most businesses will need to file the business personal property rendition form, which is located at our office or at www.banccad.org (under the forms tab).

When must the rendition be filed?

The last day to timely file your rendition is April 15th of each year, if the deadline falls on a Saturday, Sunday, or other legal holiday, it is postponed until the next working day.

Where must the rendition be filed?

Renditions for property located in Bandera County must be filed with the Bandera Central Appraisal District. The physical location and mailing address are: Bandera Central Appraisal District, 1206 Main Street – P.O. Box 1119, Bandera, TX 78030.

Can I file on-line or electronically?

No, electronic filing is not available.

What will the appraisal district do with my rendition?

Your rendition will be analyzed and used, along with other similar type business renditions, to develop an estimate of value for your property.

Is my information confidential?

Yes. Information contained in a rendition cannot be disclosed to third parties except in very limited circumstances. In addition, the code specifically provides that any estimate of value you provide is not admissible in proceedings other than a protest to the ARB or court proceedings related to penalties for failure to render. The final value we place on your property is public information, but your rendition is not.

What do I have to file in my personal property rendition?

You will only be required to fill out a business personal property rendition form. However, if the information contained in the most recent rendition statement filed in a prior tax year is still accurate with respect to the current tax year, then you can check the appropriate box on the current tax year's rendition that affirms that the information continues to be complete and accurate. Depending on the type of property you own and its value, you can expect to provide the following information:

Location: You will need to give the address where the property was located on January 1st. If the property was in transit on January 1st or is regularly used in more than one location, you should provide additional information about the property's normal location and circumstances on January 1st.

General description: A general description should give enough information to identify the property and distinguish it from other items that you own. At minimum, you should identify the major categories of the personal property assets that you own, using the same terminology you would use in reporting to the internal revenue service. You also have the option of providing an itemized listing of the various assets in any category.

Quantity of items: If you own an inventory of items that you hold for sale or rental, you will need to provide an estimate of the quantity of each type of item that you hold in inventory. Again, you can provide an itemized list if you prefer for any category.

Market Value - Good faith estimate: The appraisal district will estimate the market value of your items on the basis of your rendition, per on-site/field inspection (Sec. 22.07, Texas Property Tax Code), and other information in its possession. Under the rendition law, you must include a good faith estimate of the market value, or the historical cost and acquisition date of these items. If you choose to give a market value estimate, you should be aware that there are several different definitions of market value that may apply. For items other than inventory:

“Market value” means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- (A) exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- (B) both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- (C) both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other (Sec. 1.04 (7), Texas Property Tax Code).

For inventory, market value is defined by the tax code as “the price for which it would sell as a unit to a purchaser who would continue the business” (Sec. 23.12, Texas Property Tax Code). If your business has 50 or fewer employees, you may base your estimate of value on federal income tax depreciation schedules. You will need to be prepared to defend your estimate and explain how it was developed.

Original Cost: Instead of providing a good faith estimate of market value, you may provide the original cost and date you acquired the property. Original cost (the code uses the term “historic cost when new”) refers to the amount you paid to acquire the property. Your cost would include transportation and any other necessary expenses incurred in acquiring the property. If you purchase a used item, you should note on the form that you purchased it used and give the amount you paid.

Date of acquisition: Date of acquisition is simply the date you bought or acquired ownership of the property.

How should I determine original cost?

To determine original cost, you need to refer to your accounting records, such as original journal entries and account ledgers. Use original purchase orders to determine the original cost of the asset. You need to add all cost that is attributed to getting the asset functioning, such as freight and set-up cost.

How should I estimate Market Value?

Publications that provide value information on assets are helpful tools in estimating market value. For example, there are numerous publications on vehicles and computer equipment that provide a range of value information for these assets. If you choose to use published value information, you must use a value that would reflect the assets worth near January 1st. You can use the Bandera Central Appraisal District's depreciation table if you have the original cost and acquisition year. The personal property depreciation schedule is located at our office or online at www.bancad.org/new-forms (under the information tab). As previously stated, if your business has 50 or fewer employees, you may base your estimate of value on federal income tax depreciation schedules (Sec. 22.07 (C3), Texas Property Tax Code).

What are the penalties for failure to comply?

There are two levels of penalties for failure to comply. If you fail to file your rendition or explanatory statement before the deadline, do not file it at all, or fail to comply with (Sec. 22.07, Texas Property Tax Code) regarding property inspection, the penalty is equal to 10% of the amount of taxes ultimately imposed on the property. If a court determines that you have committed fraud or done other acts with the intent of evading taxes on the property, a penalty equal to 50% of the taxes ultimately imposed on the property will be levied (Sec. 22.29, Texas Property TaxCode). The enforced penalty will be a separate line item on your tax bill.

If my total business value is less than \$20,000, what parts of the form do I complete?

If the total fair market value of your business assets, including any vehicles, inventory, and supplies, are less than \$20,000, you may check the under \$20,000 box in Step 5. You then have two options:

Option 1 is to fill out Schedule A, and where applicable, Schedule F.

Option 2 is to fill out Schedule C and E and, where applicable, B, C, D and F.

What should I do if I am unable to file on time, can I receive an extension?

Yes, the property tax code requires the chief appraiser to extend the rendition filing deadline for 30 days upon written request. The 30-day extension would extend the deadline date to May 15th. If more time is needed to complete your rendition, you must submit your request in writing before the extended deadline of May 15th, and must show good cause. Upon review and discretion of the chief appraiser you may/may not qualify for an additional 15-day extension making the final deadline date May 30th.

What are my rights if a penalty is assessed against me?

If a penalty is assessed against you, you can file a request for a waiver of the penalty. You must file the request in writing with the chief appraiser within 30 days after you receive the notice that the penalty has been imposed. Your request must include documentation showing that either you substantially complied with the rendition law or that you made a good faith effort to do so. The documentation should also address:

- (1) Your compliance history with respect to paying taxes and filing statements or reports;
- (2) The type, nature, taxability of the specific property involved;
- (3) The type, nature, size, and sophistication of the person's business or other entity for which property is rendered;
- (4) The completeness of your records;
- (5) Your reliance on advice provided by the appraisal district that may have contributed to your failure to comply and the imposition of the penalty;

- (6) Any change in appraisal district policy during the current or preceding tax year that may affect how property is rendered; and
- (7) Any other factors that may have caused you to fail to timely file a statement or report.

The chief appraiser is required by law to consider these factors and notify you in writing. If the chief appraiser declines to waive a penalty and you have made a timely request for waiver, you may protest the imposition of the penalty to the appraisal review board. The board may waive the penalty if it finds that you substantially complied with the rendition law or made a good faith effort to do so.

Can the chief appraiser request an explanatory statement from me?

The chief appraiser may request you to provide a statement containing supporting information indicating how the value rendered was determined. The chief appraiser must make the request in writing, and you must provide the statement within 21 days of the date you receive the chief appraiser's request.

What must I include in an explanatory statement, and penalty for non-compliance?

The explanatory statement must set out a detailed explanation of the basis for the market value given in your rendition. The statement must include adequate information to identify the property. It must describe the physical and economic characteristics of the property that are relevant to its market value. It must give the source(s) of information used in valuing the property, and explain the basis for the value estimate. If you do not file your statement on time, a penalty equal to 10% of the amount of taxes on the property will be imposed. There is also a 50% penalty if a court finds you engaged in fraud or other actions with intent to evade taxes. You have the same waiver and appeal rights discussed above.

What if the appraisal district values my property at a higher amount than what I render?

The Bandera Central Appraisal District is not required to accept your rendered value as the correct market value of your property. However, if you feel the appraisal district has overvalued your property, you may file a protest with the appraisal review board.

Can I report all my properties on one rendition?

If the appraisal district has already set up accounts covering your property, you should file a rendition corresponding to each account. If the district does not have accounts set up for your property, it is generally best to file a rendition applicable to each location where your property is kept. For example, if you own three separate convenience stores, file three renditions, one for each store.

What if I move, sell, or close my business during the year?

Property is appraised and the tax liability is determined according to its location and ownership as of January 1st of each year. Taxes are not prorated if the business closes after January 1st. Please contact our office if you move, sell, or close your business. This will assist us in making sure our records are correct and limit problems in future years.

What if I lease out my lot/building, and do not have any personal property, but my tenants do?

The appraisal district regularly mails out vendor/tenant surveys to businesses that may be leasing out space. Please complete and return the survey and/or submit a list of occupants with the address and/or

space leased as well as their contact information, or contact our office. This will help ensure that the correct owners of the property are being assessed and avoid future issues.

Is business personal property automatically exempt if owned by a non-profit organization?

No, often non-profit organizations mistakenly believe they are entitled to a property tax exemption because they have received a federal income tax exemption under Section 501(c) (3) of the Internal Revenue Code or an exemption from State sales taxes. The constitution requirements for property tax exemptions are different than the provisions covering income and sales taxes. A non-profit organization may qualify for an exemption from business personal property taxes, but they must apply with the Bandera Central Appraisal District, by April 30th for the exemption.

For more information contact:

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