



Guide to Business Personal Property Rendition

Senate Bill 340, passed in the 2003 regular legislative session, took effect January 1, 2004. You can get a copy of the bill from the Texas Legislature's website at www.capitol.state.tx.us. SB 340 made sweeping changes to the laws concerning rendition, or reporting, of business assets for property tax purposes. **If you own a business, you are required by this 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 Jim Wells County Appraisal District has prepared this document to assist you in complying with this new and 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 appraise 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 that you use to produce income – or for business purposes – must be rendered unless the total value of all of the personal property is \$500 or less.** This includes furniture and fixtures, equipment, machinery, computers, inventory held for sale or rental, 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 qualifies 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.

Which forms will I need to file?

For the Jim Wells County Appraisal District, most businesses will need to file the general rendition form. There are additional special forms if your business owns aircraft, pipe stock, or vessels. In addition, we have specific forms for cable company and industrial plant assets. Call our office at (361) 668-9656 if you have questions about these special forms.

When must the rendition be filed?

The last day to file your rendition is April 15, 2004. If you mail it, it must be postmarked on or before April 15. If you hand deliver it or use a private delivery service such as federal express, it must be physically received in our office before close of business on April 15. If your property must be rendered because the chief appraiser has denied or cancelled an exemption, you must render it within 30 days of the date the chief appraiser denies or cancels the exemption.

Where must the rendition be filed?

Renditions for property located within the boundaries of the Jim Wells County Appraisal District must be filed with the appraisal district office. **The mailing address is PO Box 607, Alice, TX 78333-0607.** The street address is 500 E Main St Ste #100, Alice, TX 78332. The street address should only be used for delivery by Federal Express, UPS or some other delivery service other than the US Postal Service. The US Postal Service does not provide street delivery at this time to the appraisal district office. **If your property is appraised by two or more appraisal districts, you must file renditions before the deadline with both districts.**

Can I file electronically or by facsimile?

Renditions can be accepted through facsimile transmission (FAX). However, you must still send in the original rendition by mail. The fax number for the Jim Wells County Appraisal District is (361)668-6423.

What will the appraisal district do with my rendition?

Your rendition will be analyzed and used, along with other information we collect on similar businesses, 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 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 if my personal property is valued at less than \$20,000?

Unless your total business personal property assets are valued at less than \$500, you will have to file the general rendition form. However, you will only be required to complete Page 1 and Schedule A found on Page 2 of the form. Schedule A will allow you to describe your assets and give their location.

What information is required for the rendition?

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 1. If the property was in transit on January 1 or is regularly used in more than one location, you should provide additional information about the property's normal location and circumstances on January 1.

- **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 personal property assets that you own, using the same terminology you would use in reporting to the internal revenue service. You have the option of providing an itemized listing of the various assets in any category. For vehicles, you will need to provide the plate and VIN number, as well as the year, make, and model.

- **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.

- **Good faith estimate of market value**

The appraisal district will estimate the market value of your inventory on the basis of your rendition and other information in its possession. **Under the new rendition law, you must provide for either a good faith estimate of the market value of your items or the historical cost and acquisition date (discussed below) of the 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 is defined as follows:**

"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, Texas 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 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 “historical 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 purchased 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 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 provides a range of value information for these assets. If you chose to use published value information, you must use a value that would reflect the assets worth near January 1st. Developing an estimated useful life and replacement cost of an asset is another method of estimating market value. Divide the actual age of the asset by the estimated useful life in order to calculate the depreciation for the asset. Multiply the depreciation percentage by the replacement cost to estimate an amount of depreciation. Subtract the amount of depreciation from the replacement cost to arrive at an estimate of market value.

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 documents, such as invoices or 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.

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 before the deadline or you do not file it at all, 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. The appraisal district imposes and collects this penalty.

If I can't file on time, what should I do?

The law provides for two extensions of time. If you make the request in writing before the deadline, the chief appraiser must automatically extend your deadline to May 15. If you provide good cause and need a little extra time, the chief appraiser has the discretion to further extend the deadline to May 30.

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, and taxability of the specific property involved;
- (3) the type, nature, size, and sophistication of your operation;
- (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.

When can the chief appraiser request an explanatory statement from me?

If you provide a good faith estimate of market value instead of original cost and acquisition date for any items, the chief appraiser may request an explanatory statement from you. The chief appraiser must make the request in writing, and you must provide the statement within 20 days of the date you receive the chief appraiser's request.

What must I include in an explanatory statement?

The explanatory statement must set out a detailed explanation of the basis for the estimate(s) of 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.

What happens if I don't file my statement on time?

If you don't 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?

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.

If I can't file by the extension deadline, what should I do?

You should file your rendition as soon as you can, and include with it a request for waiver of penalty and explanation of your reasons for missing the deadline as described above. If you receive a notice from the chief appraiser regarding the imposition of a penalty, be sure to file the request for waiver within 30 days of the date you receive it.

For more information, contact the Jim Wells County Appraisal District at (361)668-9656 and speak to the Personal Property appraiser.



Appraisal Year _____

CONFIDENTIAL
BUSINESS PERSONAL PROPERTY RENDITION OF TAXABLE PROPERTY

LEGAL DESCRIPTION:

If ownership and/or mailing address information is incorrect on label above (if applicable), please make corrections below. Please complete all applicable sections.

<i>Business Name</i>	<i>Property Owner's Name</i>	<i>Manager's Name</i>
<i>Business Present Mailing Address</i>	<i>City, State, Zip Code</i>	<i>Business Phone #(area code and number)</i>
		<i>Other Phone #(area code and number)</i>
<i>Authorized Agent's Name</i>		
<i>Agent's Present Mailing Address</i>	<i>City, State, Zip Code</i>	<i>Agent's Phone #(area code and number)</i>

Check the total market value of your property: Under \$20,000 Over \$20,000
 If you checked "Under \$20,000", please complete only Schedule A. Otherwise, complete Section B and/or C, whichever is applicable.

Yes No Are you the property owner, an employee of the property owner, or an employee of a property owner on behalf of an affiliated entity of the property owner?

This form must be signed and dated. By signing this document, you attest that the information contained on it is true and correct to the best of your knowledge and belief.

If you checked "Yes" above, please sign and date on the first signature line below. No notarization is required.

Sign Here ▶	<small>Signature</small>	<small>Title</small>	<small>Date</small>
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If you checked "No" above, you must complete the following:

I swear that the information provided on this form is true and correct to the best of my knowledge and belief.

Sign Here ▶	<small>Signature</small>	<small>Title</small>	<small>Date</small>
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Subscribed and sworn before me this the _____ day of _____, 20____.

 Notary Public, State of _____

When required by the chief appraiser, you must render any taxable property that you own or manage and control as a fiduciary on January 1. [Section 22.01(b), Tax Code] For this type of property, complete Schedule A, B or C, whichever is applicable.

When required by the chief appraiser, you must file a report listing the name and address of each owner of property that is in your possession or under your management on January 1 by bailment, lease, consignment, or other arrangement. [Section 22.04(a), Tax Code] For this type of property, complete Schedule A, B or C, whichever is applicable.

PLEASE SEE PAGE 4 FOR ADDITIONAL INFORMATION, INSTRUCTIONS AND DEFINITIONS

SCHEDULE A: PERSONAL PROPERTY VALUED LESS THAN \$20,000

List all taxable personal property by type/category of property (see “definitions”). If needed you may attach additional sheets. Or, you may attach a computer-generated copy listing the information below. If you manage or control property as a fiduciary on January 1, also list the names and addresses of each property owner.

General Property Description by Type/Category	Property Address or address where taxable	Good faith estimate of market value (optional)*	Property owner name/address, if you manage or control property as a fiduciary
TOTALS			

*"Good faith estimate of market value" is not admissible in subsequent protest, hearing appeal, suit, or other proceeding involving the property except for: (1) proceedings to determine whether a person complied with rendition requirement; (2) proceedings for determination of fraud or intent to evade tax; or (3) a protest under Section 41.41, Tax Code.

NOTE: If you are a dealer/retailer of inventory that is subject to Sections 23.121, 23.124, 23.1241, or 23.127, Tax Code (alternate methods of appraising vehicles, vessels, outboard motors, and trailers, manufactured housing, and heavy equipment), list this type of property on the appropriate Dealer’s Inventory Declaration rather than this schedule.

SCHEDULE B: PERSONAL PROPERTY, OTHER THAN INVENTORY, VALUED AT \$20,000 OR MORE

List all taxable personal property by type/category of property (see “definitions”). If needed you may attach additional sheets. Or, you may attach a computer-generated copy listing the information below. If you manage or control property as a fiduciary on January 1, also list the names and addresses of each property owner. If you carry consigned goods, also list below the names and addresses of each consignor. If needed, attach additional sheets.

Property Description by Type/Category	Property Address or address where taxable	Good faith estimate of market value* (or)	Historical cost when new** (and)	Year acquired**	Property owner name/address, if you manage or control property as a fiduciary
TOTALS					

*If you provide an amount in the “good faith estimate of market value”, you need not complete a “historical cost when new” and “year acquired”. “Good faith estimate of market value” is not admissible in subsequent protest, hearing, appeal, suit, or other proceeding involving the property except for: (1) proceedings to determine whether a person complied with rendition requirement; (2) proceedings for determination of fraud or intent to evade tax; or (3) a protest under Section 41.41, Tax Code.

**If you provide an amount in a “historical cost when new” and “year acquired”, you need not complete “good faith estimate of market value”.

SCHEDULE C: INVENTORY

List all taxable inventory by type of property (example: merchandise, supplies, etc.). If needed you may attach additional sheets. Or, you may attach a computer-generated copy listing the information below. If you manage or control property as a fiduciary on January 1, also list the names and addresses of each property owner. If needed, attach additional sheets. If you carry consigned goods, also list below the names and addresses of each consignor. If needed, attach additional sheets

Property Description by Type/Category	Property Address or address where taxable	Estimate of Quantity of Each Type	Good faith estimate of market value* (or)	Historical cost when new** (and)	Year acquired**	Property owner name/address, if you manage or control property as a fiduciary
TOTALS						

*If you provide an amount in the “good faith estimate of market value”, you need not complete a “historical cost when new” and “year acquired”. “Good faith estimate of market value” is not admissible in subsequent protest, hearing, appeal, suit or other proceeding involving the property except for: (1) proceedings to determine whether a person complied with rendition requirement; (2) proceedings for determination of fraud or intent to evade tax; or (3) a protest under Section 41.41, Tax Code.

**If you provide an amount in a “historical cost when new” and “year acquired”, you need not complete “good faith estimate of market value”.

NOTE: If you are a dealer/retailer of inventory that is subject to Sections 23.121, 23.124, 23.1241, or 23.127, Tax Code (alternate methods of appraising vehicles, vessels, outboard motors, and trailers, manufactured housing, and heavy equipment), list this type of property on the appropriate Dealer’s Inventory Declaration rather than this schedule.

SCHEDULE D: PROPERTY UNDER BAILMENT, LEASE, CONSIGNMENT OR OTHER ARRANGEMENT

List the name and address of each property owner of taxable property that is in your possession or under your management on January 1 by bailment, lease, consignment or other arrangement. If needed you may attach additional sheets. Or, you may attach a computer-generated copy listing the information below.

Property Owner's Name	Property Owner's Address	General property description
TOTALS		

ADDITIONAL INFORMATION, INSTRUCTIONS AND DEFINITIONS

This rendition covers property you own or manage and control as a fiduciary on January 1 of this year. **You must file this rendition with the County Appraisal District after January 1 and not later than April 15 of this year.** On written request, the chief appraiser must extend the deadline to May 15. You may receive an additional 15-day extension if you request it in writing and show good cause for the extension. If the chief appraiser denies an exemption or an exemption applicable to a property on January 1 terminates during the tax year, you must file a rendition form within 30 days after the termination date. If you provide information substantially equivalent to a rendition to a company contracted with the appraisal district to appraise property, you are not required to file this rendition form. If your property is regulated by the Texas Public Utility Commission, Railroad Commission, the Federal Surface Transportation Board, or Federal Energy Regulatory Commission, you are not required to file this rendition. The chief appraiser may request a copy of the annual regulatory report.

When required by the Tax Code or by the chief appraiser, the person rendering property shall use the model form adopted by the Comptroller of Public Accounts, or use a form containing information that is in substantial compliance with the model form if approved by the Comptroller.

The chief appraiser may request, either in writing or by electronic means, that you provide a statement containing supporting information indicating how the value rendered was determined. **The statement must:**

1. Summarize information sufficient to identify the property including the physical and economic characteristics relevant to the opinion of value, if appropriate, and the source of the information used;
2. State the effective date of the opinion of value; and
3. Explain the basis of the value rendered. If your business has 50 or less employees, you may base the value estimate on the depreciation schedules used for federal income tax purposes.

You must deliver the statement within 21 days of the request.

Section 22.26 of the Property Tax Code states:

- (a) *Each rendition statement or property report required or authorized by this chapter must be signed by an individual who is required to file the statement or report.*
- (b) *When a corporation is required to file a statement or report, an officer of the corporation or an employee or agent who has been designated in writing by the board of directors or by an authorized officer to sign in behalf of the corporation must sign the statement or report.*

If you make a false statement on this form, you could be found guilty of a Class A misdemeanor or a state jail felony under Section 37.10, Penal Code.

If you fail to timely file a rendition or property report required by Texas law, the chief appraiser must impose a penalty in an amount equal to 10 percent of the total taxes due on the property for the current year. If the court determines that you filed a false rendition or report with the intent to commit fraud or to evade the tax or you alter, destroy, or conceal any record, document, or thing or present to the chief appraiser any altered or fraudulent record, document, or thing, or otherwise engage in fraudulent conduct for the purpose of affecting the outcome of an inspection, investigation determination, or other proceeding before the appraisal district, the chief appraiser must impose an additional penalty equal to 50 percent of the total taxes due on the property for the current year.

DEFINITIONS

Personal Property: Every kind of property that is not real property; generally, property that is movable without damage to itself or the associated real property.

Inventory: Personal property that is held for sale to the public by a commercial enterprise.

Type/Category: Functionally similar personal property groups. Examples are: furniture, fixtures, machinery, equipment, vehicles, and supplies. Narrower groupings such as personal computers, milling equipment, freezer cases, and forklifts should be used, if possible.

Estimate of Quantity: For each type or category listed, the number of items, or other relevant measure of quantity (e.g., gallons, bushels, tons, pounds, board feet).

Property Address: The physical address of the personal property on January 1 of the current tax year. Normally, the property is taxable by the taxing unit where the property is located.

Address Where Taxable: In some instances, personal property that is only temporarily at its current address may be taxable at another location (taxable situs). If you know that this is the case, please list the address where taxable.

Good Faith Estimate of Market Value: Your best estimate of what the property would have sold for in U.S. dollars on January 1 of the current tax year if it had been on the market for a reasonable length of time and neither you nor the purchaser was forced to buy or sell. For inventory, it is the price for which the property would have sold as a unit to a purchaser who would continue the business.

Historical Cost When New: What you paid for the property when it was new, or if you bought the property used, what the original buyer paid when it was new. If you bought the property used, and do not know what the original buyer paid, state what you paid with a note that you purchased it used.

Year Acquired: The year that you purchased the property.

Consigned Goods: Personal property owned by another person that you are selling by arrangement with that person. If you have consigned goods, report the name and address of the owner in the appropriate blank.

Fiduciary: A person or institution who manages property for another and who must exercise a standard of care in such management activity imposed by law or contract.