



## 2016 Level II Tutorials

### Personal Property Training



# Personal Property

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



# Personal Property

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



# Year of Acquisition for Personal Property

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- On May 6, 2015, Governor Pence signed into law Senate Enrolled Act 374-2015 (“SEA 374”). Effective July 1, 2015, section 2 of SEA 374 introduces IC 6-1.1-3-22.5 concerning how to determine the year of acquisition for depreciable personal property for purposes of filing personal property returns under IC 6-1.1-3. The year of acquisition for depreciable personal property is the fiscal year determined according to the following guidelines:
  - 1) For personal property acquired after January 1, 2016, the fiscal year beginning January 2 and ending January 1.
  - 2) For personal property acquired after March 1, 2015 and before January 2, 2016, the fiscal year beginning March 2, 2015 and ending January 1, 2016.
  - 3) For personal property acquired before March 2, 2015, the fiscal year beginning March 2 and ending March 1.



# Pooling of Assets

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

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



# Federal Depreciation Schedule

Joe's Manufacturing Company			
Asset Description	Federal Tax Cost	Federal Tax Life	Federal Acquisition Date
Press	\$ 100,000	7	6/2/2014
Conveyor	\$ 50,000	7	2/23/2010
Delivery Truck	\$ 45,000	3	4/15/2008
Fork Lift	\$ 40,000	5	9/30/2012
Cutter Machine	\$ 65,000	8	12/4/2015
Building	\$ 225,000	30	1/15/2008
Totals	\$ 525,000		





# Pooling of Assets

Identify what is Personal Property (assets highlighted in yellow)

Asset Description	Identify Personal Property	Federal Tax Cost	Federal Tax Life	Federal Acquisition Date
Press	Personal	\$ 100,000	7	6/2/2014
Conveyor	Personal	\$ 50,000	7	2/23/2010
Delivery Truck	Excise Tax	\$ 45,000	3	4/15/2008
Fork Lift	Personal	\$ 40,000	5	9/30/2012
Cutter Machine	Personal	\$ 65,000	8	12/4/2015
Building	Real	\$ 225,000	30	1/15/2008



# Pooling of Assets

		Column A	Column B	Column C		Column D
POOL NUMBER 2: (5 TO 8 YEAR LIFE		Total Cost	Adjustments	Adjusted Cost	TTV %	True Tax Value
18	3-2-15 to 1-1-16				40%	
19	3-2-14 to 3-1-15				56%	
20	3-2-13 to 3-1-14				42%	
21	3-2-12 to 3-1-13				32%	
22	3-2-11 to 3-1-12				24%	
23	3-2-10 to 3-1-11				18%	
24	Prior to 3-2-10				15%	
25	TOTAL POOL NUMBER 2					





# Pooling of Assets

Following is the pooling of the depreciable assets that

		Column A	Column B	Column C		Column D
POOL NUMBER 2: (5 TO 8 YEAR LIFE)		Total Cost	Adjustments	Adjusted Cost	TTV %	True Tax Value
18	3-2-15 to 1-1-16	65,000		65,000	40%	26,000
19	3-2-14 to 3-1-15	100,000		100,000	56%	56,000
20	3-2-13 to 3-1-14				42%	
21	3-2-12 to 3-1-13	40,000		40,000	32%	12,800
22	3-2-11 to 3-1-12				24%	
23	3-2-10 to 3-1-11				18%	
24	Prior to 3-2-10	50,000		50,000	15%	7,500
25	TOTAL POOL NUMBER 2	255,000		255,000		102,300





# Pooling of Assets

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- From the pooling of the assets on the previous slide we arrived at a True Tax Value of \$102,300.
- What we have to do next is determine if this is above or below the 30% “Floor”.
- In pooling personal property the taxpayer is not allowed to depreciate their personal property below 30% of adjusted cost in Column C.



# Pooling of Assets

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- Therefore we are required to take the higher of Column D or 30% of the Adjusted Cost in Column C.
- The adjusted cost in Column C is \$255,000. This value times 30% is \$76,500.
- Our Column D value from Slide # 9 is \$102,300 and our 30% floor from above is \$76,500.
- So the True Tax Value in Column D is the greater of the two which is \$102,300.
- \$102,300 would be the value carried to the front of the Form 103 Long Form and is the amount the taxpayer will pay taxes on.





# Personal Property

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



# Personal Property

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



# BUSINESS TANGIBLE PERSONAL PROPERTY ASSESSMENT RETURN

State Form 11405 (R37 / 10-15)  
Prescribed by the Department of Local Government Finance

**FORM  
103 - LONG**

**JANUARY 1, 2016**  
For Assessor's Use Only

### INSTRUCTIONS:

- Please type or print.
- This form must be filed with the Township Assessor, if any, or the County Assessor of the county in which the property is located not later than Monday, May 16, 2016, unless an extension of up to thirty (30) days is granted in writing. Contact information for the Assessor is available at <http://www.in.gov/dlgf/2440.htm>.
- A Form 104 must be filed with the return.

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

NOTE: For taxpayers with less than \$20,000 cost to report within the county, legislation was passed in 2015 which exempts this property. For more information, refer to the "Filing Basics" section on page four of this form.

Name of taxpayer		Federal identification number **
Name under which business is conducted		DLGF taxing district number
Address where property is located (number and street, city, state, and ZIP code)		DLGF taxing district name
Nature of business	NAICS * - Code number	Township
Name and address to which Assessment and Tax Notice are to be mailed (If different than above)		County
		Retail merchants certification number

1. Federal income tax year ends \_\_\_\_\_ Name filed under \_\_\_\_\_
2. Location of accounting records \_\_\_\_\_
3. Form of business  Partnership or Joint Venture  Sole Proprietorship  Corporation  Estate or Trust  
 Other, describe: \_\_\_\_\_
4. Do you have other locations in Indiana?  Yes  No
5. Did you own, hold, possess or control any leased, rented or other depreciable personal property on January 1?  Yes  No (See 50 IAC 4.2-8)
6. Did you own, hold, possess or control any Special Tools on January 1?  Yes  No (See 50 IAC 4.2-6-2)
7. Did you own, hold, possess or control any returnable containers on January 1?  Yes  No (See 50 IAC 4.2-6-4)

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

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

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

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

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

\*\* An individual using his Social Security Number as the Federal Identification Number is only required to provide the last four digits of that number. IC 4-1-10-3.

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

### SIGNATURE AND VERIFICATION

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

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

FORM 103 - LONG See 50 IAC 4.2-4		TANGIBLE PERSONAL PROPERTY CONFIDENTIAL			SCHEDULE A JANUARY 1, 2016
Line	Report all personal property assessable to this taxpayer below. (Round all figures below to nearest dollar)				Federal Identification Number
1	Total cost of tangible depreciable personal property. (50 IAC 4.2-4-2)				\$
2	Adjustment to federal tax basis per Form 106. (50 IAC 4.2-4-4)				
3	Total cost and base year value of tangible depreciable personal property. (Line 1 plus 2)				\$
<b>Deduct Exempt Property (See 50 IAC 4.2-11.1)</b>				<b>COST</b>	
4	Stationary industrial air purification systems. (Attach Form 103-P)			\$	
5	Industrial waste control facilities. (Attach Form 103-P)				
6	Enterprise information technology equipment. (Attach Form 103-IT)				
7	Vehicles / airplanes subject to excise tax.	Number of Units		\$	
<b>Total cost of exempt property (Deduct from Line 3 and enter on Line 8)</b>					
8	<b>Subtotal</b>				\$
<b>Additions: See 50 IAC 4.2-1-1.1 and 50 IAC 4.2-4-3(b) and 4</b>					
9	Cost of all depreciable personal property still in use but written off. (50 IAC 4.2-4-3(b))				\$
10	Cost of installation and foundations applicable to depreciable personal property. (50 IAC 4.2-4-2(d))				
11	Cost of interest incurred during construction and installation applicable to depreciable personal property. (50 IAC 4.2-4-3(j))				
12	<b>Total cost and base year value of assessable depreciable personal property.</b> (add Lines 8, 9, 10 and 11. Line 12 must agree with Line 52 Column A)				\$
<b>POOLING SUMMARY</b> (From Schedule A-1 or Form 103-P5)		<b>TOTAL COST</b> <b>COLUMN A</b>	<b>ADJUSTMENTS</b> <b>COLUMN B</b>	<b>ADJUSTED COST</b> <b>COLUMN C</b>	<b>TRUE TAX VALUE</b> <b>COLUMN D</b>
52	<b>Total All Pools</b>	\$	\$	\$	\$
53	30% of Adjusted Cost (Line 56, Column C) (enter zero (0) if filing 103-P5 and entity is a qualified steel mill or oil refinery per IC 6-1.1-3-23).				\$
54	Greater of Lines 52D or 53.				\$
<b>Adjustments to True Tax Value</b>					
55	Equipment not placed in service and/or critical spare parts (50 IAC 4.2-6-1 & 6) per Form 106.	Cost \$		X 10%	\$
56	Tools, dies, jigs, fixtures, etc., per Form 103-T. (50 IAC 4.2-6-2)		Cost \$		\$
57	Permanently retired equipment (50 IAC 4.2-4-3) and/or returnable containers (50 IAC 4.2-6-4) per Form 106.		Cost \$		\$
58	Commercial aircraft and commercial bus line fleet, not subject to excise tax per Form 103-I. (50 IAC 4.2-10)		Cost \$		\$
59	<b>Total additions to True Tax Value. (Lines 55, 56, 57 and 58)</b>				\$
60	<b>Total True Tax Value before adjustments for "Abnormal Obsolescence." (Line 54 plus Line 59)</b>				\$
61	Abnormal Obsolescence Adjustment per Form 106. (50 IAC 4.2-4-8)				\$
62	<b>Total True Tax Value of personal property. (To page 1, Form 103 Summary)</b>				\$

\* \* The total cost of special tools, dies, jigs, fixtures, etc., permanently retired equipment; commercial aircraft, and commercial bus line fleet, not subject to excise tax is to be deducted in full in Column B below. The true tax value of such property is to be computed on the proper Form(s) (103-T, 106 AND 103-I, respectively) and recorded on Line(s) 56, 57 and 58.

ROUND ALL FIGURES BELOW TO THE NEAREST DOLLAR.					
YEAR OF ACQUISITION	COLUMN A	COLUMN B	COLUMN C	T.T.V.%	COLUMN D
<b>POOL NUMBER 1: (1 TO 4 YEAR LIFE)</b>					
13	3-2-15 To 1-1-16			65	
14	3-2-14 To 3-1-15			50	
15	3-2-13 To 3-1-14			35	
16	Prior To 3-2-13	\$	\$	20	\$
17	<b>TOTAL POOL NUMBER 1</b>				
<b>POOL NUMBER 2: (5 TO 8 YEAR LIFE)</b>					
18	3-2-15 To 1-1-16			40	
19	3-2-14 To 3-1-15			56	
20	3-2-13 To 3-1-14			42	
21	3-2-12 To 3-1-13			32	
22	3-2-11 To 3-1-12			24	
23	3-2-10 To 3-1-11			18	
24	Prior To 3-2-10	\$	\$	15	\$
25	<b>TOTAL POOL NUMBER 2</b>				
<b>POOL NUMBER 3: (9 TO 12 YEAR LIFE)</b>					
26	3-2-15 To 1-1-16			40	
27	3-2-14 To 3-1-15			60	
28	3-2-13 To 3-1-14			55	
29	3-2-12 To 3-1-13			45	
30	3-2-11 To 3-1-12			37	
31	3-2-10 To 3-1-11			30	
32	3-2-09 To 3-1-10			25	
33	3-2-08 To 3-1-09			20	
34	3-2-07 To 3-1-08			16	
35	3-2-06 To 3-1-07			12	
36	Prior To 3-2-06	\$	\$	10	\$
37	<b>TOTAL POOL NUMBER 3</b>				
<b>POOL NUMBER 4: (13 YEAR AND LONGER LIFE)</b>					
38	3-2-15 To 1-1-16			40	
39	3-2-14 To 3-1-15			60	
40	3-2-13 To 3-1-14			63	
41	3-2-12 To 3-1-13			54	
42	3-2-11 To 3-1-12			46	
43	3-2-10 To 3-1-11			40	
44	3-2-09 To 3-1-10			34	
45	3-2-08 To 3-1-09			29	
46	3-2-07 To 3-1-08			25	
47	3-2-06 To 3-1-07			21	
48	3-2-05 To 3-1-06			15	
49	3-2-04 To 3-1-05			10	
50	Prior To 3-2-04	\$	\$	5	\$
51	<b>TOTAL POOL NUMBER 4</b>				
52	<b>TOTAL ALL POOLS</b>				

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

**Filing Basics:**

- Effective July 1, 2015, IC 6-1.1-3-7.2 was amended to allow an exemption for taxpayers with less than \$20,000 cost to be reported within a county. Taxpayers may not be required to file a personal property return; however, the statute does require them to file a notarized certification annually. Failure to timely file this certification will result in a \$25 penalty. For more information, refer to this link: <http://www.in.gov/dlgf/7576.htm>.
- Taxpayers may request up to a thirty (30) day extension of time to file their return. The written request should be sent to the Assessor before the filing deadline of Monday, May 16, 2016, and should include a reason for the request. The Assessor may, at their discretion, approve or deny the request in writing.
- Personal property must be assessed in each taxing district where property has a tax situs.
- Inventory located in the State of Indiana is exempt and is not required to be reported per IC 6-1.1-11(b)(3).
- It is the responsibility of the taxpayer to obtain forms from the Assessor and file a timely return. The forms are also available on-line at the Indiana Department of Local Government Finance's website at [www.in.gov/dlgf](http://www.in.gov/dlgf).
- If you hold, possess, or control not-owned personal property on the assessment date, you have a liability for the taxes imposed for that year unless you establish that the property is to be assessed to the owner. This is done by completing a Form 103-N, attaching it to the Form 103-Long, and filing it with the Assessor.  
NOTE: Failure to properly disclose lease information may result in a double assessment. (IC 6-1.1-2-4(a))
- Taxpayers who discover an error was made on their original timely filed personal property tax return have the right to file an amended return. The amended return must be filed within twelve (12) months of the due date or the extended due date (if up to a thirty (30) day extension was granted) of their original return.

**Frequently Asked Questions:**

- A. How do I find out my Taxing District Name and Number?**  
You will need to contact your County Assessor for assistance since heavily populated areas can have several taxing districts within a single township.
- B. How do I find out my NAICS number?**  
This six-digit code number appears on the federal returns filed for businesses. For a complete list of the codes, go to [www.census.gov](http://www.census.gov).
- C. Will my local Assessor fill this form out for me?**  
Indiana's personal property tax system is a self-assessment system. An Assessor can offer assistance with the filing; however, an authorized person representing the business must sign the form under penalties of perjury that it is true and correct so the responsibility of filing an accurate return remains with the taxpayer.
- D. How can I find contact information for the various county offices (Assessor, Auditor, or Treasurer) throughout the State of Indiana, locate forms or learn more about Indiana's personal property tax system?**  
Go to the Indiana Department of Local Government Finance's website at [www.in.gov/dlgf](http://www.in.gov/dlgf). Contact information for the Assessor is available at <http://www.in.gov/dlgf/2440.htm>.

**INFORMATION OF NOT-OWNED PERSONAL PROPERTY WHICH IS TO BE ASSESSED TO THE OWNER**

NOTE: This form is for the reporting of two or less Operating Leases. For all other leases, the Form 103-N (for the lessee) and the Form 103-O (for the lessor) should be utilized. For more information on the reporting of leased equipment, refer to 50 IAC 4.2-8. Failure to properly disclose lease information may result in a double assessment.

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



# Level II Personal Property

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

Please send emails to [Level2@dlgf.in.gov](mailto:Level2@dlgf.in.gov).