

Dear Business Owner,

You have two responsibilities to the Town of Brattleboro as a business owner. One is to obtain a Brattleboro General Business License (if applicable), and the second is to fill out and return this 2016 Business Personal Property Form to determine if you are responsible for personal property tax this year. Business Personal Property is reassessed annually because businesses may have acquired new or disposed of existing personal property during the course of the year. If you obtained a Business License, you will be exempt from the first \$5,000 of business personal property.

**Why are you taxing my business assets?**

Under Vermont Law, EQUIPMENT, MACHINERY, FURNITURE, FIXTURES, and their ACCESSORIES used in a business are taxed by the Town on the basis of its depreciated value. Inventory offered for resale, registered motor vehicles, and a limited number of other items are exempt from this tax. Homeowners are familiar with the property taxes on their home. The assets of a business are also subject to assessment and taxation.

**What is Business Personal Property?**

Business Property is any tangible property owned, claimed, used, possessed, managed or controlled in the conduct of a trade or business. This includes all machinery, fixtures, office furniture and equipment. In general, business personal property is all property owned or leased by a business except exempt items.

**Examples** of business property that would be assessed as personal property would include, but is not limited to: operating supplies, machinery & equipment, tools, office furniture, copiers and fax machines, telephones, computers, laptops, phones, desks, chairs, shelving, apparatus, restaurant equipment, cameras, printing equipment, exercise equipment, implements, books, file cabinets, etc.

In essence, Business Personal Property is all property used in the course of doing business that is not exempt.

**When is the filing deadline?**

All property statements are due April 1st annually. The statements are accepted as timely filed until April 20th at 5:00 p.m. When mailed through the post office the forms are required to be postmarked April 20th.

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**What if I do not file at all?**

The Town Assessor is also allowed by law to estimate the value of the property based on the information in his possession. This generally is based on the prior year's filing, or a site inspection of the business at the physical location. You will also be subject to a \$100 fine.

(Please see reverse side for depreciation information)

Explanation of the Alternative Methods of Assessment (Depreciation):

**1) Fifty (50%) Percent Method**

Under this method, the assessment is simply calculated at one half of the original cost (purchase price) of the reported item. When this item has been fully depreciated on the federal income tax return, the item **must** continue to be reported on the Business Personal Property Asset Report at ten (10%) percent of the original cost. The item will continue to be reported until the business no longer owns it.

This method has the advantage of being simple and easy to compute, and may result in tax savings for a new business in its early years of operation. The advantage may turn into a disadvantage in later years, please seek competent tax advice before making a decision on this matter. This Report is completed as follows:

**Example of 50% Method (for a small office)**

| Category           | Describe Item         | Year Acquired | Original Cost | Accumulated Depreciation (Include Prior & Current Year) | Net Depreciated Value (or Salvage) | Assessor Use |
|--------------------|-----------------------|---------------|---------------|---|------------------------------------|--------------|
| Computer Equipment |                       |               |               |   |                                    |              |
|                    | IBM Personal Computer | 2002          | \$ 5,000      | N/A   | \$ 2,500                           |              |
|                    | HP Laser Printer      | 2000          | 2,600         | N/A   | 1,300                              |              |
|                    |                       |               |               |   |                                    |              |
| Office Equipment   |                       |               |               |   |                                    |              |
|                    | Toshiba Fax           | 1998          | \$ 600        | Fully Depreciated                                       | \$ 60                              |              |
|                    | HP Copier             | 1997          | 2,000         | Fully Depreciated                                       | 200                                |              |
|                    | Sharp Calculator      | 1996          | 80            | Fully Depreciated                                       | 8                                  |              |
| Machinery          |                       |               |               |   |                                    |              |
|                    | None                  |               |               |   |                                    |              |
|                    |                       |               |               |   |                                    |              |

**2) Net Book Value Method:**

This method uses various methods of depreciation allowed under the Federal Income Tax Laws and Regulations. The "straight-line" method is perhaps the most commonly used because it is easy to apply. This approach simply divides the original cost (purchase price) by the "life expectancy" (i.e., normal period of time in which the item is deemed useful before it becomes "worn out" or obsolete) of the item as defined by IRS standards. Book value (or "Net Depreciated Value") is the original cost less Accumulated Depreciation allowed by the IRS. See example below:

| Category           | Describe Item         | Year Acquired | Original Cost | Accumulated Depreciation (Included Prior & Current Year) | Net Depreciated Value (or Salvage) | Assessor Use |
|--------------------|-----------------------|---------------|---------------|--|------------------------------------|--------------|
| Computer Equipment | IBM Personal Computer | 2002          | \$ 5,000      | \$ 1,000   | \$ 4,000                           |              |
|                    |                       |               |               |  |                                    |              |

In the second year of reporting this same item (i.e., the 2003 Report), this Report is completed as follows:

| Category           | Describe Item         | Year Acquired | Original Cost | Accumulated Depreciation (Included Prior & Current Year) | Net Depreciated Value (or Salvage) | Assessor Use |
|--------------------|-----------------------|---------------|---------------|--|------------------------------------|--------------|
| Computer Equipment | IBM Personal Computer | 2002          | \$ 5,000      | \$ 2,000   | \$ 3,000                           |              |
|                    |                       |               |               |  |                                    |              |

After this computer has been fully depreciated in the fifth year of use, the Report, filed in the sixth year will be completed as follows:

| Category           | Describe Item         | Year Acquired | Original Cost | Accumulated Depreciation (Included Prior & Current Year) | Net Depreciated Value (or Salvage) | Assessor Use |
|--------------------|-----------------------|---------------|---------------|--|------------------------------------|--------------|
| Computer Equipment | IBM Personal Computer | 2002          | \$ 5,000      | \$ 5,000   | \$ 500 (10% of Cost)               |              |
|                    |                       |               |               |  |                                    |              |

**\*\* Once the item has been fully depreciated on the Federal Income Tax Return, it must be reported at ten (10%) percent of its original cost. Thereafter, the item will remain at ten (10%) percent of its original cost until the business no longer owns it.**

**\*\*\* Once the initial selection of appraisal method has been chosen, the method may not be changed in any subsequent year without first obtaining the written permission of the Brattleboro Board of Listers.**