



PROPERTY TAX FOR ALL BUSINESS OWNERS

February 2016

Under the State Constitution, items like furniture and equipment used to run a business are subject to property tax. This kind of property is called Business Personal Property or “BPP”.

What is Business Personal Property (BPP)?

Business Personal Property includes any tangible items like machinery, equipment, fixtures, and leasehold improvement held or used in connection with a trade or business. Please see the following examples.

Common BPP

- ✓ **Machinery** e.g.: washer & dryer, stove, refrigerator
- ✓ **Office furniture** e.g.: couch, desk, table, filing cabinet
- ✓ **Office equipment** e.g.: telephone, fax machine, computer
- ✓ **Supplies** e.g.: stationary, cleaning supplies, medical & dental supplies
- ✓ **Fixtures** e.g.: plumbing, wiring



Not Considered as BPP

- ✗ **Business inventory**
e.g.: clothing or food you intend to sell
- ✗ **Intangible assets**
e.g.: application software, patents, liquor license
- ✗ **DMV licensed vehicles**
e.g.: limousine, work truck, delivery truck, company car
- ✗ **Home furnishing** if you use your home as your work place, the portion of your home that is not used in connection with a trade or business is not considered BPP

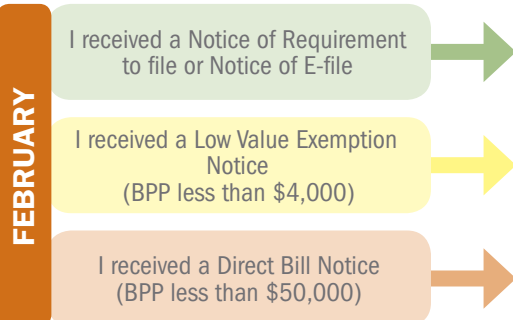


Requirement to File Form 571-L

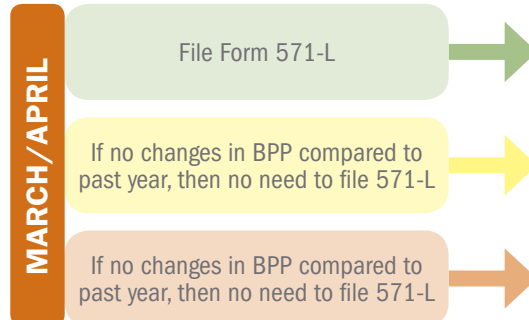
Unlike real property, Business Personal Property must be reported to our office and valued annually for property tax purposes. Generally, this begins every February when our office mails you a notice to inform you of your requirement to file a business property statement called Form 571-L.

Form 571-L instructs business owners to detail the acquisition cost of all Business Personal Property for each business location in our county. This information assists us to arrive at an accurate assessed value for calculating your property tax. Please see below for more details.

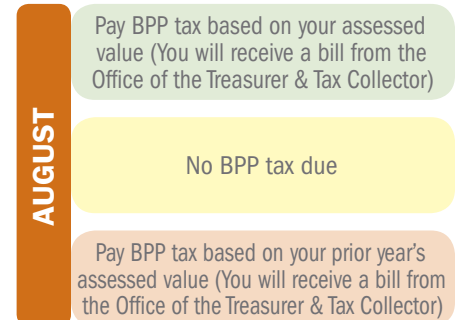
Types of Notices You May Get



Action You Should Take



Impact on Property Tax



Checklist for New Business Owners

- ✓ Register your business with the Office of the Assessor-Recorder even if you have registered with the Office the Treasurer & Tax Collector (separate office)

Download a New Business Registration form from our website. Complete and submit it to the Office of the Assessor- Recorder, Business Personal Property Division, 1155 Market Street #500, San Francisco, CA 94103.



- ✓ Keep good records of the acquisition of Business Personal Property.
- ✓ Pay attention and make sure you receive a Form 571-L notice in February from our office if your business operated as of Jan 1 of the same year.
- ✓ To learn more, you can attend a Form 571-L Workshop (Details will be on your annual Form 571-L notice)
- ✓ IMPORTANT: File Form 571-L before the annual deadline of April 1st.

FAQ

Q1: How to file Form 571-L?

A1: The easiest way is to E-file. Logon to our online portal www.sfassessor.org/efile using the Account # and Online PIN # provided on your annual notice. Complete and submit your statement online before April 1. You can also download the form using your PIN and account information, complete and mail it to us.

Q2: How is the assessed value determined?

A2: Assessment begins with the acquisition cost of the Business Personal Property, including sales tax, freight and installation. Our office applies a valuation factor to this cost to determine the assessed value. The valuation factor is based on the expected economic life of the asset and is provided by the State Board of Equalization. It is important to note that it may be different from the valuation factors used by various tax accountants.

Q3: All the equipment I use in my business was given to me and I don't know what to report on my property statement?

A3: Equipment gifted to you for use in your business is still taxable and must be reported on Form 571-L. If you don't know the equipment cost and/or year of acquisition, provide a good description including make and model and the general condition of each piece of equipment.

Q4: Do I need to pay Business Personal Property (BPP) taxes even if I don't own the real property where my business is located?

A4: Yes. Business Personal Property and Real Property are two separate types of property and both are taxable per state law. Business Personal Property are items you own as a business owner to run your business. For example, if you are a restaurant owner, the stove, refrigerator, and/or furniture used for the business would be Business Personal Property.

IMPORTANT DATES FOR BUSINESS OWNERS

January 1:

Lien date (the date which BPP value is determined)

February:

BPP notices mailed to business owners

April 1:

Deadline to file Form 571-L

*May 7:

Last day to file Form 571-L without a penalty

July 2:

First day to file an assessment appeal to the Assessment Appeals Board (AAB) (more info at www.sfgov.org/aab)

July:

BPP tax bill mailed out by the Office of the Treasurer & Tax Collector (separate office)

August 31:

Deadline to pay BPP tax bill to the Office of the Treasurer & Tax Collector (separate office)

September 15:

Deadline to file an assessment appeal (www.sfgov.org/aab)

*** Disclaimer: Information on this document is not constructed as legal advice but merely to inform the public on Business Personal Property filing. If you have any questions regarding your personal finance, please consult with an attorney or a certified accountant.*