



Business Personal Property Tax in Texas

Most people know that property tax applies to real property. However, some people may not be aware that property tax also applies to personal property unless specifically exempt by law. Real and personal property are defined differently. The characteristic that distinguishes personal property from real property is mobility. Personal property tax rates are the same as those for real property.

In general, real property includes land, improvements to land, structures and certain equipment affixed to structures. Per Section 22.01(a) of the Texas Property Tax Code, taxable personal property includes assets used for the production of income, such as inventories, machinery, equipment, vehicles, furniture and supplies used in the business.

Renditions: Business owners are required to file an annual report (or rendition) of all taxable personal property located in the county as of January 1 of the current year. As a courtesy, the Appraisal District mails a rendition form each year. If not received one can be obtained from graysonappraisal.org or comptroller.texas.gov (Form 50-144). ***The completed form is due no later than April 15TH.*** Owners can render either a good faith estimate of market value or a list of business assets, with each asset acquisition cost and year acquired, or both. The chief appraiser can require documentation to support a good faith estimate of market value. A detailed list of assets with cost and year acquired can be used as documentation. The appraiser determines the value for assessment purposes based on this information, as well as on observations made during on-site inspections of the business. If a business owner neglects to file an annual rendition with the Appraisal District, accepted appraisal procedures will be utilized to place a value on the property. ***Failure to render, or the submission of a late rendition without a written filing extension request will result in a penalty equal to 10% of the total taxes due. Filing a report with the intent to commit fraud or evade taxes will result in a penalty equal to 50% of the total taxes due.***

- *If a detailed list of assets is rendered, the rendition should:*
- Identify each taxable category. For example, office furniture and equipment must be separately identified as computers, desks, facsimile machines, copiers, etc. and include the year in which each item was acquired.
- Include the total purchase cost of each item. The total purchase cost of an item includes all costs associated with making the property operational. For example, installation, freight and engineering charges are costs that may be incurred while placing property into operation. The value of any trade-in is to be included as part of the total purchase cost.
- Include all supplies on hand as of January 1. This includes office, retail and manufacturing supplies (computer paper, cash register tapes, shipping cartons, etc).
- Include the cost of inventory on hand as of January 1. The total cost of inventory is the amount the business owner paid to acquire the goods, including freight and handling expenses, minus any discounts or returns.

The property owner must complete, sign and return the rendition form to the Appraisal District no later than April 15TH, unless a written extension request has been approved.

