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Harris County Appraisal District
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 Information Center: (713) 957-7800

READ THIS NOTICE

We are writing to remind you of the special provisions in the Texas Tax Code which apply to dealer inventories. *Please review this carefully as you need to comply with these provisions.*

In summary, these provisions apply (with certain exceptions) to: (1) inventories of automobiles, trucks, motorcycles, recreational vehicles, boat trailers or travel trailers held by a person who holds a General Distinguishing Number issued by the Texas Department of Motor Vehicles, (2) inventories of certain vessels and outboard motors held by a person who holds a Dealer's and Manufacturer Number issued by the Texas Parks & Wildlife Department, (3) inventories of heavy equipment dealers, and (4) inventories of manufactured housing dealers who are registered with the Texas Department of Housing and Community Affairs.

The law provides generally that the market value of such an inventory on January 1 is the *average of monthly sales for the preceding year*. You are required to file an annual declaration of your prior year sales with the appraisal district and a copy of the declaration with the county tax office before February 1. Additionally, by the 10th day of each month during the year, you must file monthly statements with the county assessor-collector of taxes together with your monthly tax prepayments to the county assessor-collector of taxes. For heavy equipment dealers, this deadline is the 20th day of each month. You are also required to send a copy of the monthly statement to the appraisal district.

AVOID CIVIL AND CRIMINAL PENALTIES

Failure to file the required declaration on time will subject you to a \$1,000 monthly penalty. Failure to file monthly statements on time subjects you to a \$500 monthly penalty for each late-filed statement. You are required to file as long as you have a valid dealer number, regardless of whether you had no inventory on January 1, or cease to have inventory during the year. In the case of heavy equipment, you are required to file as long as you are engaged in that business. The dealer inventory provisions are found in Chapter 23, Subchapter B, Texas Property Tax Code. The 2015 edition of the Texas Property Tax Code can be accessed on the HCAD website.

Certain dealers may be eligible to elect not to be treated as a dealer under §23.121, Texas Property Tax Code. This applies only to dealers with a general distinguishing number (GDN) who meet the requirements listed on the Dealer's Motor Vehicle Inventory Election for Rendition form found at: <http://www.hcad.org/forms>. This form must be filed for each tax year for which a dealer elects not to be treated as a dealer, no later than Aug. 31 of the preceding tax year. The dealer must continue to file Monthly Inventory Tax Statements and Annual Declarations until the Election Rendition is approved.

The chief appraiser and the tax assessor-collector may waive certain penalties for failing to file or timely file a declaration or tax statement for motor vehicles, dealer's heavy equipment, or retail manufactured housing inventory (Tax Code §23.129). The chief appraiser or tax collector may waive a penalty only if the taxpayer's failure to file or timely file the declaration or statement was a result of a disaster or an event beyond the taxpayer's control destroyed the taxpayer's property or records.

The taxpayer must file a written application for the waiver not later than the 30th day after the date the declaration or statement was required to be filed and the taxpayer must otherwise be in compliance with Tax Code Chapter 23 (vessel and outboard motor dealers are not presently eligible).

We have also enclosed a copy of the monthly Inventory Tax Statement, Annual Declaration, along with filing instructions, general questions and answers. The original Monthly Inventory Tax Statement must be filed with the Harris County Tax Assessor-Collector's Office and a copy should be filed with Harris County Appraisal District by the 10th of every month. For heavy equipment dealers, this deadline is the 20th day of each month. The Original Annual Declaration must be filed with Harris County Appraisal District and a copy filed with Harris County Tax Assessor-Collector's Office by February 1st. Please file the above reports with both offices.

We look forward to working with you in the continuing implementation of the law. For additional information, please contact the Harris County Appraisal District's Business and Industrial Property Division at (713) 957-5693, or the Harris County Tax Assessor-Collector's Office at (713) 274-8550.

Sincerely,

Ann Harris Bennett
 Tax Assessor-Collector
 Harris County

Roland Altinger, CAE, RPA, CTA
 Chief Appraiser/Administrator
 Harris County Appraisal District