



## Harris County Appraisal District

### Guide to Personal Property Rendition

If you own a business, you are required by law to report personal property that is used in that business to your county appraisal district. There are substantial penalties for failure to report or for falsification and tax evasion. The Harris County Appraisal District has prepared this document to assist you in complying with this very important law.

#### What is a rendition?

A rendition is a form that provides information about property that you own. The appraisal district uses the information you provide to appraise your property for taxation.

#### Who has to render?

There are three categories of taxpayers who must render:

- Owners of tangible personal property that is used for the production of income (see below)
- Owners of property on which an exemption has been cancelled or denied
- Owners who have been formally notified by the chief appraiser that they must render.

#### What kinds of property must be rendered?

For taxation purposes, your property is classified as either real property (land, buildings, and other items attached to land) or personal property (items that can be owned but are not attached to land). **Personal property that you use to produce income – or for business purposes – must be rendered unless the total value of all of the personal property is less than \$500.** This includes furniture and fixtures, equipment, machinery, computers, inventory held for sale or rental, raw materials, finished goods, and work in process. You are not required to render intangible personal property – items that can be owned but do not have a physical form – such as cash, accounts receivable, goodwill, custom computer software, and other similar items. If your organization qualifies for an exemption that applies to personal property – for example, a religious or charitable organization exemption, you are not required to render the exempt property.

You may qualify for an exemption from ad valorem taxation for one passenger car or light truck that is owned by an individual and used by that individual for both professional and personal activities. Vehicles that are individually owned and used for the transportation of passengers for hire are NOT eligible for this exemption.

To request this exemption, your application must be filed with the appraisal district on, or before, April 30. If you mail the form, it must be postmarked no later than

midnight April 30. The individual who has been granted or has applied for this exemption is not required to render the vehicle for the year in which the exemption has been applied for or granted. The application form is available at [www.hcad.org/Forms/](http://www.hcad.org/Forms/)

#### Which forms will I need to file?

For Harris County Appraisal District, most businesses will need to file the general rendition form, 22.15. If you own business vehicles, you will also need form 22.15VEH. There are additional special forms if your business owns aircraft, pipe stock, or vessels. In addition, we have specific forms for cable company and industrial plant assets. Call our Information Center at (713) 9577800 if you have questions about these special forms.

#### When must the rendition be filed?

Normally, the last day to timely file your rendition is April 15. If you mail the rendition or send it by a contract carrier such as UPS or FedEx, it must be postmarked or bear a receipt mark on or before April 15. If you hand deliver it, HCAD must physically receive in our office before the close of business on April 15. When your property needs to be rendered because the chief appraiser has denied or cancelled an exemption, you must render it within 30 days of the date the chief appraiser denies or cancels the exemption.

#### Where must the rendition be filed?

Renditions for property located in Harris County Appraisal District must be filed with HCAD. The mailing address for the general rendition forms is Harris County Appraisal District, Business and Industrial Property Division, P.O. Box 922007, Houston, Tx. 77292-2007. The street address of HCAD's offices is 13013 Northwest Fwy., Houston, Tx. 77040.

#### If my business personal property assets are exactly the same as reported in my prior year rendition, do I still need to render?

Yes. If your personal property assets on January 1, were exactly the same as those assets contained in your most recent rendition statement you have filed with the appraisal district, then all you need to do is check the

affirmation box in Part 3 on page 1 on your rendition form. After checking the affirmation box in Part 3, complete the Signature at the bottom of the page.

**Can I file on-line or electronically?**

It is possible to file some types of renditions electronically using HCAD's "iFile System." Online rendition filing is available only if a unique iFile number is printed on your rendition form under the account number. You can render online at [www.hcad.org/ifile](http://www.hcad.org/ifile). Complete instructions are available on the iFile system. **If no iFile number is printed on your rendition form, you will need to complete and file the form manually.** The ability to file your rendition online does not change the April 15 deadline for filing renditions.

If you have a large, multi-jurisdictional account and need information on the file layout description for filing your rendition electronically, you may email [leasing@hcad.org](mailto:leasing@hcad.org).

**What will the appraisal district do with my rendition?**

Your rendition will be analyzed and used, along with other information we collect on similar businesses, to develop an estimate of value for your property.

**Is my information confidential?** Yes. Information contained in a rendition cannot be disclosed to third parties except in very limited circumstances. In addition, the Tax Code specifically provides that any estimate of value you provide is not admissible in proceedings other than a protest to the ARB or court proceedings related to penalties for failure to render. The final value we place on your property is public information, but your rendition is not.

**What do I have to file if my personal property is valued at less than \$20,000?**

Unless your total business personal property assets are valued at less than \$500, you will have to file at least the general rendition form. However, you will only be required to fill out a short table generally describing your assets and giving their location.

**What information is required for the rendition?**

Depending on the type of property you own and its value, you can expect to provide the following information:

***Name and Address of Owner***

The rendition should include the legal ownership of the business and mailing address.

***General description***

A general description should give enough information to identify the property and distinguish it from other items that you own. At minimum, you should identify the major categories of personal property assets that you own, using the same terminology you would use in reporting to the internal revenue service. You have the option of providing an itemized listing of the various assets in any category. For vehicles, you will need to provide the plate and VIN number, as well as the year, make, and model.

***Quantity of items***

If you own an inventory of items that you hold for sale or rental, you will need to provide an estimate of the quantity of each type of item that you hold in inventory. Again, you can provide an itemized list if you prefer for any category.

***Location***

You will need to give the address where the property was located on January 1. If the property was in transit on January 1, or is regularly used in more than one location, you should provide additional information about the property's normal location and circumstances on January 1.

***Good faith estimate of market value***

The appraisal district will estimate the market value of your items on the basis of your rendition and other information in its possession. Under the rendition law, you must include in your rendition either a good faith estimate of the market value of your items or the historical cost and acquisition date (discussed below) of the items, if the value of your items are \$20,000 or more. If you choose to give a market value estimate, you should be aware that there are several different definitions of market value that may apply. For items other than inventory, market value is defined as follows: "Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- (A) exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- (B) both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- (C) both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.  
(Sec. 1.04, Texas Tax Code)

For inventory, market value is defined by the Tax Code as “the price for which it would sell as a unit to a purchaser who would continue the business.” Sec. 23.12, Texas Tax Code.

### ***Original cost***

Instead of providing a good faith estimate of market value, you may provide the original cost and date you acquired the property. Original cost (the Tax Code uses the term “historical cost when new”) refers to the amount you paid to acquire the property. Your cost would include transportation and any other necessary expenses incurred in acquiring the property. If you purchased a used item, you should note on the form that you purchased it used and give the amount you paid.

### ***Date of acquisition***

Date of acquisition is simply the date you bought or acquired ownership of the property.

**How should I estimate market value?** Publications that provide value information on assets are helpful tools in estimating market value. For example, there are numerous publications on vehicles and computer equipment that provides a range of value information for these assets. If you choose to use published value information, you must use a value that would reflect the assets worth near January 1st. You can use HCAD’s published *Business Personal Property Value Calculation Guidelines*, which is posted on our web site at [www.hcad.org](http://www.hcad.org). Multiply the depreciation percentage by the replacement cost to estimate an amount of depreciation. Subtract the amount of depreciation from the replacement cost to arrive at an estimate of market value

**How should I determine original cost?** To determine original cost, you need to refer to your accounting records, such as original journal entries and account ledgers. Use original purchase documents, such as invoices or purchase orders to determine the original cost of the asset. You need to add all cost that is attributed to getting the asset functioning, such as freight and set-up cost.

### **Should I include fully depreciated or expensed assets on my rendition?**

Yes. The rendition should include assets that have been fully depreciated on your books and assets which were expensed rather than capitalized for income tax purposes, so that all tangible personal property used for the production of income is reported.

### **What are the penalties for failure to comply?**

There are two levels of penalties for failure to comply. If you fail to file your rendition or explanatory statement before the deadline or you do not file it at all, the penalty is equal to 10% of the amount of taxes ultimately imposed on the property. If a court determines that you have committed fraud or done other acts with the intent of evading taxes on the property, a penalty equal to 50% of the taxes ultimately imposed on the property will be levied. The penalty will be a separate line item on your tax bill. Fraud could also result in criminal prosecution.

**If I can’t file on time, what should I do?** If you need more time to complete your rendition, you have the right to an automatic extension to May 15, and a further 15-day extension if you show good cause. The iFile system is available to request extensions for all types of personal property accounts, and the unique iFile number is printed on the extension request form in your rendition packet. If you prefer, you can complete and mail the extension form. The May 15 extension form must be mailed or delivered no later than April 15. If you need the additional extension for good cause, that form must be mailed or delivered no later than May 15.

### **How do I find out whether the appraisal district received my rendition on time?**

Call our Information Center at (713) 957-7800. If the center is provided with your account number or the name of your business, they can enter it into our system and inform you of the date your rendition was received.

### **What are my rights if a penalty is assessed against me?**

If a penalty is assessed against you, you can file a request for a waiver of the penalty. You must file the request in writing with the chief appraiser within 30 days after you receive the notice that the penalty has been imposed. Your request must include documentation showing either that you substantially complied with the rendition law or that you made a good faith effort to do so. The documentation should also address:

- (1) your compliance history with respect to paying taxes and filing statements or reports;
- (2) the type, nature, and taxability of the specific property involved;
- (3) the type, nature, size, and sophistication of the person’s business or other entity for which property is rendered;
- (4) the completeness of your records;
- (5) your reliance on advice provided by the appraisal district that may have contributed to your failure to comply and the imposition of the penalty; (6) any change in appraisal district policy during the current

or preceding tax year that may affect how property is rendered; and  
(7) any other factors that may have caused you to fail to timely file a statement or report.

The chief appraiser is required by law to consider these factors and notify you in writing. If the chief appraiser declines to waive a penalty and you have made a timely request for waiver, you may protest the imposition of the penalty to the appraisal review board. The board may waive the penalty if it finds that you substantially complied with the rendition law or made a good faith effort to do so.

**When can the chief appraiser request an explanatory statement from me?**

If you provide a good faith estimate of market value instead of original cost and acquisition date for any items, the chief appraiser may request an explanatory statement from you. The chief appraiser must make the request in writing, and you must provide the statement within 21 days of the date you receive the chief appraiser's request.

**What must I include in an explanatory statement?**

The explanatory statement must set out a detailed explanation of the basis for the estimate(s) of market value given in your rendition. The statement must include adequate information to identify the property. It must describe the physical and economic characteristics of the property that are relevant to its market value. It must give the source(s) of information used in valuing the property and explain the basis for the value estimate. If your business has 50 or fewer employees, subsection 22.07(c) allows you to base your good faith estimate of market value on depreciation schedules used for federal income tax purposes

**What happens if I don't file my statement on time?** If you don't file your statement on time, a penalty equal to 10% of the amount of taxes on the property will be imposed. There is also a 50% penalty if a court finds you engaged in fraud or other actions with intent to evade taxes. You have the same waiver and appeal rights discussed above.

**What if the appraisal district values my property at a higher amount than what I render?**

You may file a protest with the appraisal review board.

**Can I report all my properties on one rendition?** If the appraisal district has already set up accounts covering your property, you should file a rendition corresponding to each account. If the district does not

have accounts set up for your property, it is generally best to file a rendition applicable to each location where your property is kept. For example, if you own three separate convenience stores, file three renditions, one for each store.

**Can I request an extension to file the rendition?**

Yes. See what to do if you can't file on time, above.

**Can I E-mail my rendition?**

See the discussion of electronic filing above.

**If I can't file by the extension deadline, what should I do?**

You should file your rendition as soon as you can and include with it a request for waiver of penalty and explanation of your reasons for missing the deadline as described above. If you receive a notice from the chief appraiser regarding the imposition of a penalty, be sure to file the request for waiver within 30 days of the date you receive it.

For more information, contact the Harris County Appraisal District at (713) 957-7800. The district's website is [www.hcad.org](http://www.hcad.org).