

## **I. General Information**

The Personal Property Tax is assessed separately from real estate. This tax is assessed upon non-real estate, tangible assets. These assets are ]["of goods, material objects and other things capable of material ownership that are not part of real estate.

**Personal property is assessed by the town where the property is "situated" on the January 1st assessment date.** In limited circumstances personal property may be assessed by the community in which the owner is an inhabitant on January 1st, even if the property is located in another community on that day. This primarily applies to items that may not be permanently situated in a town, such as construction equipment.

A Form of List (State Tax Form 2) must be filed each year by all individuals, partnerships, associations, trust and corporations that own or hold personal property on January 1st unless expressly exempt. A Form of List must be filed by March 1st with the Board of Assessors unless an extension is granted. Request for an extension must be made in writing to the assessors.

The assessment date for the Fiscal Year is the January 1st preceding the start of the Fiscal Year. Each business is assessed based on its existence on the assessment date. **Thus any business that existed on January 1st would be billed for the entire fiscal year.** This applies to businesses that have closed or relocated during the year so that any business that closed or relocated after January 1st will be billed for the entire Fiscal Year. It should be noted that the reverse of this situation is also true in that any business that opens after January 1st will not be billed for the Fiscal Year.

Individuals owning or holding household furnishings and effects not located at their primary residence on January 1st must file State Tax Form 2HF. Form 2HF is generally used by individuals who own a vacation home.

The information in the Form of List is used by the Board of Assessors to determine the taxable or exempt status of personal property and, if taxable, its fair market value. The Assessors may request further information about the personal property in writing and seek cooperation to inspect if necessary. Forms of List are confidential and therefore not available to the public for inspection under public records law. They are available only to the Board of Assessors and Massachusetts Department of Revenue for the purpose of administering the tax laws.

## **II. Taxable Personal Property**

The following summarizes the personal property that is taxable and must be listed on a Form of List. This summary is formatted by the type of business ownership, since the type of ownership affects which items will be taxed locally. Most corporations pay a corporate excise to the Commonwealth of Massachusetts on their furniture, fixtures and inventory so they are exempt from paying a personal property tax locally on these items. Machinery however is still taxed by the local municipality.

**Individuals, Partnerships, Associations or Trusts** Individuals, partnerships, associations or trusts are taxable on all tangible personal property except: motor vehicles and trailers subject to an excise, boats subject

to an excise and non-commercial registered airplanes. Individuals are not taxed on the following additional items: household furniture and effects at the place of domicile, farm utensils and tools of a mechanic's trade. Some examples of taxable items would be:

**A. Poles, underground conduits, wires and pipes** Includes such items as the parking lot lights with their corresponding poles, wires etc. located in a parking lot owned by the business.

**B. Machinery** Includes manufacturing machinery, copying and reproduction equipment, typewriters, computers and word processing equipment, appliances and any other machines and mechanical devices.

**C. Tools and Equipment** Includes business, or professional tools and equipment, including restaurant, laboratory and medical equipment. Taxable tools are implements of a professional (doctor, dentist, lawyer or accountant) such as dentist drills, x-ray machines, typewriters, and calculators. Examples of non-taxable "tools of a mechanics trade" are the instruments of a plumber, carpenter, auto mechanic or other tradesman such as: wrenches, hammers and saws.

**D. Business Furniture and Fixtures** Includes business, professional, commercial or service fittings and furnishings (desks, tables, cabinets, display cases), rugs, floor coverings and draperies, lamps, specialized lease-hold improvements (restaurant fittings, module walls, etc.), works of art and decorations, books and professional libraries and other fittings and effects.

**E. Merchandise** Includes goods, wares, or any stock in trade in any store or other place of sale, in any warehouse or other place of storage, out on lease or consignment, etc. this could be represented by a retailers inventory (the shoes of a shoe store) or any finished goods or products that may be for sale or lease. These items may also include any work in progress such as partially completed product (furniture being built, jewelry being made) and any other materials or supplies used to produce a finished product (paint for a house painter).

**F. Unregistered Motor Vehicles and Trailers**

**G. Other** Includes animals, forest products and all other tangible personal property not specifically exempt from taxation.

**Business Corporations**

(excludes: utilities, certain insurance companies, certain banks and manufacturing corporations.)

Business corporations are taxable on poles, underground conduits, wires and pipes. They are also taxable on all "machinery used in the conduct of business" except:

1. Machines that are stock in trade. Inventory for sale such as copy machines for sale by a copy machine distributor, or inventory for lease such as a computer being leased by a computer company is not taxable.

2. Machinery used directly in the dry cleaning or laundering process; to refrigerate goods or to air condition premises. Sewing machines and a mechanical clothes rack are not directly used in the cleaning or laundering process and would be taxable even if owned by an incorporated dry cleaners. Refrigerators or air conditioners used in an incorporated restaurant or a supermarket would not be taxable.

3. Machinery used directly in the purchasing, selling, accounting or administrative function of the business. For example the vending machines, bill changers and cash registers are not taxable because they are used in a selling or purchasing function. Taxable are those machines providing entertainment, such as pinball machines, video games and juke boxes. Machines that are used specifically and primarily for accounting or administrative functions are not taxable. If the machine is used to provide a service or produce a product for sale, it is taxable. For example, a photocopier owned by an incorporated restaurant and used in an administrative or accounting function in keeping the internal records for the business would not be taxable. Conversely, the photocopier of an incorporated copying business is used to generate a service, copying for a fee, and is taxable.

### **Manufacturing Corporations**

(Classified as "Manufacturing" by the Department of Revenue)

Businesses that are classified by the Department of Revenue, as Manufacturing Corporations are taxable on: poles, underground conduits, wires, pipes and machinery used in the distribution of water.

Businesses are not automatically classified as a manufacturer. If a business is seeking classification as a manufacturer, it must be incorporated and apply to the commissioner of revenue at:

Mass. Dept. of Revenue  
Taxpayer Assistance Bureau-Mfg. Unit  
215 First Street  
Cambridge, MA 02142

### **Other Corporations**

Corporations that are not business corporations or manufacturing corporations are handled separately. The personal property reporting for these other corporations is outside the scope of this brochure.

### **III. Appealing the Personal Property Tax**

If the taxpayer feels that the personal property tax should not have been assessed or if the amount of the assessment is too high due to an error, an application for abatement can be made. This application must be filed with the Board of Assessors on the due date of the 3rd quarter actual tax bill (typically February 1st).

If no Form of List was filed for the fiscal year, the assessors cannot grant an abatement for overvaluation of the personal property for that year. If the Form of List is not filed on time the assessors can only grant an abatement if the taxpayer shows a reasonable excuse for the late filing, or the tax assessed is more than 150% of the amount that would have been assessed if the list had been filed on time. In that case, only the amount over the 150% of the correct value can be abated.

#### **IV. Summary**

The personal property tax is levied principally on businesses and is based upon the non-real estate, tangible assets of the business.

Each business must file a personal property Form of List with the assessors' office by March 1st. This form enables a business to provide a list of its current assets to the Board of Assessors.

**Unincorporated businesses** must report on all of their furniture, fixtures, machinery, equipment and inventory.

**Incorporated businesses** must report on all machinery used in the conduct of business except for the machinery used only for administrative purposes.

**Classified manufacturers** need only report on poles, underground conduits, wires and pipes.

Abatements must be filed with the assessors' office on the due date of the 3rd quarter actual tax bill (typically February 1st ).

#### **Abatement Procedure**

##### ***Reasons For An Abatement:***

- “ Overvaluation
- “ Disproportionate Assessment (pertains to entire property classes, not individual unit or development)
- “ Improper Classification

##### ***Who May Apply***

As a general rule, an application must be filed by the person to whom the tax has been assessed.

##### ***Abatement Procedures***

Application forms are available at the office of the Board of Assessors, Town Hall, 18 Main Street, Hopkinton, MA. Office hours are Monday - Friday, from 8:00 a.m. until 4:30 p.m.

The application for abatement must be filed after the 3rd quarter tax bill has been mailed (on or before January 1st).

The completed application must be filed with the Board of Assessors prior to the close of business on the due date of the 3rd quarter tax bill (typically February 1st ). No abatement can be granted unless the application is filed on time.

##### ***Payment of Tax***

Pay the amount of tax indicated on the bill on or before the due date of the 3rd quarter tax bill. Interest will be due if the payment is received late. Failure to pay the tax in a timely manner jeopardizes your right to appeal.

If the total tax on real estate is over \$3,000, the tax must be paid before interest accrues, in order to maintain the right to appeal a decision (of the Board of Assessors) to the Commonwealth of Massachusetts Appellate Tax Board (ATB). The ATB is an independent administrative board, under the direction of the state government. Failure to pay the tax in a timely manner jeopardizes your right to appeal.

There are procedures available through the Appellate Tax Board, which may allow a taxpayer to extend the time for payment of the balance of the tax due. There is also an alternative, the three year average method of payment. A taxpayer should seek professional advice before utilizing these alternatives. The use of these alternatives does not halt the tax collection process. Any unpaid balance will accrue interest and fees.

#### ***Additional Information Request***

The Board of Assessors is authorized by law to request information that is necessary if they are to properly determine the fair cash value of the property. To preserve your right to appeal an abatement decision, you must provide all information requested by the Board of Assessors. Failure to respond to an information request, within thirty (30) days of the date of the request will result in a denial of the application and may bar an appeal to the Appellate Tax Board.

#### ***Action by the Board of Assessors***

The Board of Assessors attempts to process all abatement applications within three (3) months of filing. You will be informed of the status of the application through the following notices:

“ **Notice of Approval:** The Board of Assessors will abate the amount specified in the notice. If the tax has been paid, the taxpayer will be reimbursed through the Tax Collectors Office.

“ **Notice of Denial:** No abatement will be granted. A denial will be issued in cases where the Board of Assessors has made a decision based on the merits of the abatement application. In cases where the department has not made a decision on an abatement application within three (3) months of its filing date, the abatement is deemed denied.

#### ***Appeal to the Appellate Tax Board***

If you are dissatisfied with the decision of the Board of Assessors, you may file an appeal to the Appellate Tax Board. It is located on the third floor at 399 Washington Street, Boston, MA 02108. The telephone number is (617) 727-3100.

#### **YOU MAY ELECT TO FILE AN APPEAL TO THE APPELLATE TAX BOARD IF:**

“ You are dissatisfied with the amount of the abatement granted.

“ You disagree with the decision of the Board of Assessors to deny the abatement application, including denial for reason of inaction by the Board of Assessors.

The proper forms for an appeal can be obtained at the Appellate Tax Board.

An appeal to the Appellate Tax Board must be filed within three (3) months of the date on which the Board of Assessors made its decision to grant or deny abatement for any reason including inaction.