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## 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 Ellis 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 used for the production of income, or for business purposes, must be rendered.** This includes furniture and fixtures, equipment, machinery, computers, vehicles, 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 has been approved 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.

- Effective January 1, 2006, a property owner is not required to render a vehicle if:
  1. The vehicle is owned by an individual, not a corporation or other business entity;
  2. The owner is the primary operator of the vehicle in the course of the owner's occupation or profession;  
**and**
  3. The owner also operates the vehicle for personal activities that do not involve the production of income.

According to the Texas Attorney General, this law does **not** exempt the vehicle from taxation; it exempts the vehicle owner from the requirement of rendering the vehicle. All three of the above conditions must be met for the vehicle to qualify under this new law. We recommend that you continue to render such vehicles to ensure that they are properly appraised and that you do not become liable for back assessment.

### Can I exempt my vehicle if I use it for personal and business use?

Effective January 2007 you may file an exemption on a light truck or passenger car that is owned by an individual and used for personal and business use. This must be mailed or delivered by April 30th. Once applied, the exemption will remain in place in subsequent years for that specific vehicle for as long as the exemption is applicable. If the vehicle is replaced, you will need to file a new form for the new vehicle. The form to file is located on our website, [www.elliscad.com](http://www.elliscad.com), and at our office.

### **What forms will I need to file?**

For Ellis Appraisal District, most businesses will need to file the general rendition form, which is located at our office or at [www.elliscad.com](http://www.elliscad.com).

### **When must the rendition be filed?**

The last day to timely file your rendition is April 1, if the deadline falls on a Saturday, Sunday, or other legal holiday, it is postponed until the next working day.

### **Where must the rendition be filed?**

Renditions for property located in Ellis County must be filed with the Ellis Appraisal District. The mailing address for the general rendition forms is Ellis Appraisal District, PO Box 878, Waxahachie, TX 75168. The street address of the Ellis Appraisal District's offices is 400 Ferris Ave, Waxahachie, TX 75165.

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

Yes. You may file your rendition by scanning the document and sending it to [bpp@elliscad.com](mailto:bpp@elliscad.com). You are also welcome to include .xls spreadsheets as attachments.

### **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 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 in my personal property rendition?**

You will only be required to fill out a general rendition form. However, if the information contained in the most recent rendition statement filed in a prior tax year is still accurate with respect to the current tax year, then you can check the appropriate box on the current tax year's rendition that affirms that the information continues to be complete and accurate. Depending on the type of property you own and its value, you can expect to provide the following information:

*Location:* You will need to give the address where the property was located on January 1<sup>st</sup>. If the property was in transit on January 1<sup>st</sup> 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<sup>st</sup>.

*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.

*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.

*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 of these items.

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.(7), Texas Property 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 Property Tax Code

If your business has 50 or fewer employees, you may base your estimate of value on federal income tax depreciation schedules. You will need to be prepared to defend your estimate and explain how it was developed.

*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 code uses the term “historic 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 purchase 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 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 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.

### **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 provide 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 1<sup>st</sup>. You can use EADs depreciation tables if you have the original cost and acquisition year. The depreciation tables are located at our office or online at [www.elliscad.com](http://www.elliscad.com).

If your business has 50 employees or less, 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 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.

### **What should I do if I am unable to file on time?**

If you need more time to complete your rendition, you have the right to an automatic extension to May 1, and a further 15-day extension if you show good cause. The May 1<sup>st</sup> extension request must be made in writing and delivered or mailed by April 1<sup>st</sup>. If you need the additional extension for good cause, the written request must be mailed or delivered no later than May 1<sup>st</sup>.

### **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 that either 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, 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.

### **Can the chief appraiser request an explanatory statement from me?**

The chief appraiser may request you to provide a statement containing supporting information indicating how the value rendered was determined. 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 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.

### **What happens if I do not file my statement on time?**

If you do not 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?**

The Ellis Appraisal District does not have to accept your rendered value as the correct market value of your property. However, if you feel the appraisal district has overvalued your property, 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.

### **If I cannot 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 an 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.

**Do I qualify for allocation of value?**

If you have aircrafts, motor vehicles, vessels, or machinery that are used continually outside this state, whether regularly or irregularly, the appraisal district must allocate to this state the portion of the total market value of the property that fairly reflects its use in this state.

**How do I file?**

The forms to file for allocation of value are available at our office or online at [www.elliscad.com](http://www.elliscad.com). The application for allocation is an annual application. In order to receive this allocation of value, the application must be filed with our office each year.

**What is the deadline to file for allocation of value?**

A completed allocation application form must be filed before May 1<sup>st</sup> and must provide the information required by the form. We recommend the application be sent along with the annual rendition form by April 1<sup>st</sup> to ensure a proper valuation is applied.

**For more information contact:**

**Ellis Appraisal District**  
**400 Ferris Ave**  
**PO Box 878**  
**Waxahachie, TX 75168**  
**972-937-3552**  
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