

Business Personal Property (referred to as BPP) Filing Instructions

BPP DECLARATION FILING DEADLINE: January 31, 2007

STEP 1 - What Type of Filing? Select from one of the four options below:

➤ **If you have ceased operating or are no longer in business but still possess BPP**

You must select and fill out the applicable option(s) in **SECTION A**, (Page 5), and then **proceed to STEP 2**.

➤ **If you have ceased operating or are no longer in business and do not possess BPP**

Go to **SECTION A**, (Page 5), of the Business Personal Property Declaration, and fill in the applicable option(s).

➤ **If you are in business but have no BPP to declare**

Fill out **SECTION B**, (Page 5) and **SECTION J**, (Page 6) of the Business Personal Property Declaration. You must provide the brief explanation as to why there is no BPP to be declared. Return this information to the Assessor's Office.

➤ **If you reported BPP in 2006 and were in business January 1, 2007, Proceed to STEP 2.**

➤ **If this is your first time filing, Proceed to STEP 2.**

NOTE: Failure to file a BPP Declaration notifying us of the change in your account status will result in the Assessor making an estimate of value and a tax bill generated based on this assessment.

STEP 2 –Valuation Guidelines

There are several different valuation methods you can use to calculate the full and true value of your BPP. The acceptable methods include:

- Valuation Guides (N.A.D.A., Kelly Blue Book, Green Book, etc.)
- Professional appraisals
- Other recognized and/or substantiated personal property valuation methods
- The attached CBJ BPP Value Tables (Page 7)

NOTE: When calculating the fair market value of an item, consideration must be given to the age, use, maintenance, utility and physical condition of the item. Although using the CBJ Value Tables is often the most convenient way to value BPP, it may not be the most accurate in reflecting the assessment value of your BPP. These tables represent only what is typically average for a particular classification or category of items. Example: 1994 Peterbuilt dump truck used three shifts per day. Using the CBJ Value tables, the fair market value would not reflect the additional physical deterioration caused by running the equipment three shifts per day. As such, using another valuation method may result in a more accurate fair market value.

IMPORTANT REMINDERS

- Property cost (original cost) includes applicable shipping and installation charges.
- A salvage value must be taken into consideration for all fully depreciated property still in use or held for use.
- IRS accelerated depreciation methods are not acceptable for determining the fair market value of BPP.
- If any BPP is used for both business and personal purposes, the percentage used for business purposes must be reported so the item is not over assessed. Make note of the percentage use for business purposes next to the applicable line item.

Proceed to STEP 3.

STEP 3 – Declaration and Reporting Guidelines

If this is your first time declaring BPP or you have property additions to report, you will be categorizing the BPP based on the classifications outlined in **SECTIONS D-I** on Page 4. Each BPP classification may vary in the descriptive information being requested; this information is necessary to accurately calculate the fair market value of your BPP.

If you reported BPP in 2006, a copy of your Personal Property Account Report from last year is attached. Review and update this report to verify the accuracy of the property information. **TO MAKE PROPERTY DELETIONS** strike through the line item needing to be removed.

Can't find your Personal Property Account Report? Please contact the Assessor's office, (907) 586-5220

SECTION D, (Page 5) – Furniture and Fixtures

Fixtures can be either attached improvements or an item of equipment. A simple guideline to assist in determining whether a fixture is real or personal property: if the fixture is removable without damaging the real property or the fixture itself, than it is classified as business personal property.

Artwork though reported in this classification does not accrue depreciation and should be reported at original cost.

Leasehold Improvements, which may include equipment, furniture or fixtures associated with a lessee that have been affixed to the real property owned by a lessor, should be reported in this property classification. Upon submission of this information, the Assessor's office will make a final determination on its valuation and placement in regards to real or business personal property.

SECTION E, (Page 5) – Computers and Software

Software to be reported includes software licensed as non-transferable or considered proprietary. These items are considered to have a value in use and must be reported.

SECTION F, (Page 6) – Machinery and Equipment

Machinery and Equipment are assets that can be considered active, such as having moving parts as well as a power source, etc. Machinery and Equipment can be either installed/fixed and or mobile/rolling stock. It may have value in use and or value in exchange.

These assets can be more easily and conveniently depreciated and valued if they are categorized. To help determine the categorization for the various types of machinery and equipment refer to **Pages 9-11** of this packet. This is not a complete listing, please contact the Assessor's office if you need additional information or assistance.

Once categorized the following uniform tables are used as valuation guidelines:

CBJ BPP Value Tables, (Page 7)

- Light machinery and equipment, 7- year table
- Medium machinery and equipment, 10 year table
- Heavy machinery and equipment , 15-year table
- Other heavy machinery and equipment, 20-year table
- Utility light poles, lines and cables, 25-year table

NOTE: Report all buses and vehicles over 1 ton in this property classification, SECTION F – Machinery & Equipment.

SECTION G, (Page 6) – Automobiles and Delivery Equipment

Commercial Vehicles are not subject to the Motor Vehicle Registration Tax (MVRT) and should be reported on the BPP Declaration. Please see the December 2007 Cover Letter for additional information.

Please **annually** review and update, if necessary, the value(s) being reported on the pre-printed *Property Account Report*. The fair market value of this classification of property ***IS NOT*** annually updated by the Assessor's Office.

The Assessor's Office maintains copies of the N.A.D.A. valuation guides in the office or you can go to the N.A.D.A. website: www.nada.com The CBJ recognizes there are other valuation guides available for this classification of property and do not recommend or endorse any particular one over the other.

SECTION H, (Page 6) – Leased or Rented BPP

The CBJ assesses leased equipment/property to the owner of record, which is the lessor. Please complete the information requested in SECTION H to avoid possible duplicate assessment of this property.

If you retain the leased property after the lease expires, delete this property from SECTION H and add it to the appropriate BPP category, SECTIONS D-G, respectively.

SECTION I, (Page 6) - Supplies, Non Consumables and Expensed Items

PART A* - These are consumable inventories or materials utilized during the course of business. Supplies include but are not limited to office supplies, maintenance supplies, fuels, spare parts, computer paper, advertising materials, showroom samples, small tools, etc.

PART B* – Non-consumables are items that are not depreciable because their life is less than one year or those items that are maintained at a consistent level, a portion of which is replenished each year. This would include items such as linens, towels, glassware and china.

PART C – Items for which you elected to take an IRS Section 179 expense rather than depreciate, and other expensed items.

*Values declared for Part A and B of SECTION I, shall mean the mid-life value of the asset, supplies or non-consumables at purchase or that quantity that is routinely maintained. The values for this classification do not have to be itemized line items. Please provide an estimated total value of the supplies on hand as of January 1, 2007, for each applicable sub-category (Part A, B, C) in Section I.

Supplies **do not** include ingredients or components integrated into products for resale. Maintain documentation on the valuation methods and calculations used to value your SECTION I items.

When you have completed the declaration and reporting process, **Proceed to STEP 4.**

STEP 4 – AFFIDAVIT, (Page 6)

SECTION J, (Page 6) - Affidavit

Once you have completed the 2007 Business Personal Property Declaration and made all adjustments to the Personal Property Account Report, sign and date the **AFFIDAVIT** on the bottom of Page 6.

IMPORTANT: The Taxpayer's signature and the Preparer's signature, if other than the taxpayer, are **both required**.

Return the BPP Declaration and supporting documentation, if any, to the Assessor's Office on or before the filing deadline of January 31, 2007.

Please contact the Assessor's office for additional forms, exemption requests or other documents you may need, (907) 586-0332 or e-mail Martha_Torres@ci.juneau.ak.us

Exemption Information

All exemption requests, including but not limited to **Non-Profit** and **Export Manufacturing**, are due on or before January 31, 2007. (Postmarked 01/31/2007) Information is also available at www.juneau.org/finance