

NEW LEGISLATIVE CHANGES FOR 2009

PERSONAL PROPERTY

Exemption of individual item of personal property per Utah Code 59-2-1115

An item of taxable tangible personal property is exempt from taxation in 2009 if the **acquisition cost*** of that **item**** was \$1,000 or less **and** is currently valued at a percent good of 15% or less. The exemption **only applies** to personal property valued by personal property schedules having reached a percent good residual of 15% or less.

Note: New classification beginning Tax Year 2009 – Utah Code 59-2-108

Class 4: Short Life Expensed Personal Property: An item of personal property having an acquisition* cost of \$1,000 or less and is assessed by the Class 4 Personal Property Schedule.**

Class 4 Requirements:

1. Must meet definition of Class 1 (Short Lived Property), Class 3 (Short Lived Equipment), or Class 12 (Computer Hardware).
2. Must have an Acquisition* Cost of \$1,000 or **LESS**.
3. Once the election is made, you may **not** change the class of the item in the future.
4. If an item** is **sold or disposed** prior to the time it becomes exempt or reaches a percent good of 15% or less, the **taxpayer shall continue to pay taxes** according to the schedule.
5. Taxpayer **CANNOT** appeal the values.

Definitions:

*Acquisition Cost Defined:

Cost of Acquisition must include all costs required to put an item into service. In addition to the cost of the item, include the following costs:

1. Freight. Includes shipping costs, loading at origin, unloading at destination, crating, skidding and other applicable costs of shipping.
2. Installation, engineering, rigging, erection or assembly to include foundations, piling, utility connections, any other such costs.
3. Exercise and sale or use tax.
4. Any other costs related to putting personal property into service are to be included in acquisition cost

***Refer to Utah Code Ann. 59-2-108**

****Item of Taxable Tangible Personal Property defined:**

An item of taxable tangible personal property means equipment, machinery, furniture or other tangible personal property that is functioning at its highest and best use for the purpose it was designed and constructed and is generally capable of performing that function without being combined with other items of personal property. An item of tangible personal property is not an individual component part of a piece of machinery or equipment, but an item of machinery or equipment as a whole. For example, a fully functioning computer is an item of tangible personal property but the motherboard, hard drive, tower or sound card are not.

Additional pertinent legislative changes/reminders:

Due date of Signed Statement: (Utah Code 59-2-306(2)(a)) A signed statement "shall be filed on or before **MAY 15** of the year the statement is requested by the County Assessor."

Penalty for failure to file signed statement: (Utah Code 59-2-307) "Each person who fails to file the signed statement required by Section 59-2-306, shall pay a penalty equal to 10% of the estimated tax due but not **less than \$100** for each failure to file a signed and completed statement.

CERTIFIED MAIL NOTIFICATION no longer required to notify taxpayer of impending penalty: (Utah Code 59-2-307(2)(b)) "The penalty under Subsection (1)(a)...may not be imposed until 30 after the postmark date of mailing of a subsequent notice."