

# Personal Property Tax

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## Personal property tax

Most people know that property tax applies to real property, however, some may not know that property tax also applies to personal property. Most personal property owned by individuals is exempt. For example, household goods and personal effects are not subject to property tax. However, if these items are used in a business, property tax applies.

Personal property tax does not apply to business inventories, or intangible property such as copyrights and trademarks.

Personal property is subject to the same levy rate as real property. The characteristic that distinguishes real and personal property is mobility.

Real property includes land, structures, improvements to land, and certain equipment affixed to land or structures. Personal property includes machinery, equipment, furniture, and supplies of businesses and farmers. It also includes any improvements made to land leased from the government (leasehold improvements).

## Administration

By state law, the county assessor is responsible for the assessment of real and personal property, including the calculation of taxes. The treasurer is responsible for the billing and collection of the taxes based on the "tax roll" received from the assessor. The Department of Revenue is also involved in the administration of property taxes and advises assessors and treasurers on how to assess property to assure uniformity of assessment and taxation throughout the state.

## Personal property tax forms

If you use personal property that is not exempt, you must complete a Personal Property Tax Listing Form by **April 30** each year. Listing forms are available from your local county assessor's office. The listing must identify all taxable property located in the county as of noon on **January 1**. The assessor uses this information to value property for taxes due the following year.

As a property owner, you are responsible for filing a personal property listing each year that you have taxable property even if you do not receive the form by mail. If you have multiple business locations, you

must complete a separate listing for each location. The assessed value is allocated to the taxing district based on where the property is located.

When completing the form you must:

- List all assets you own or control as of **January 1**, including those assets fully depreciated in your accounting records, and assets in storage.
- Identify each personal property category. For example, office equipment should be broken into separate categories of personal computers, network servers, printers, phones, etc.
- Include the total purchase cost of each item. This excludes sales or use tax, but includes costs to make the item usable such as installation and freight.
- Include the date each item was acquired.

Once property is listed on the tax rolls, the assessor mails a new listing form each year. You then have an opportunity to add or delete property, as appropriate, and return the form to the county assessor by **April 30**.



## Valuation

The assessor values the property at 100 percent of its current market value. Market, or true and fair value, is the amount that a willing and unobligated buyer will pay a willing and unobligated seller. After performing a personal property assessment, the assessor informs the property owner of the assessed value.

## Penalty for failing to file

To avoid a penalty, the assessor must receive your listing form by **April 30**. The penalty is five percent of the tax due per month, up to a maximum of 25 percent. If the assessor does not receive your form, the assessor will estimate the value of the property based on the best information available.

## Appeal of assessed value

You should contact the assessor's office if you believe an assessment is incorrect. The assessor, or their representative, can explain how the value was determined and make corrections if appropriate.

If you still believe the assessment is incorrect or excessive, you have the right to appeal the assessment to the local county board of equalization. Appeal forms are available from your local county assessor's office.

The appeal (petition) must be filed by **July 1** of the assessment year or within 30 days of the date the assessment was mailed, whichever is later. Some counties have extended the filing deadline to 60 days. Please check with the board of equalization in the county where the property is located to determine the filing deadline for the appeal.

## Tax liens

The amount of tax due becomes a lien on personal property. The lien is in effect from the time the assessor makes the assessment until the taxes are paid. For example, an assessor values personal property in June, and the lien is in effect until the taxes are paid on **April 30** of the following year. If the tax remains unpaid, the treasurer may place a lien on the owner's other real and personal property.

## Payment of property taxes

Property tax payments are due by April 30 and October 31. If the amount of tax due is \$50 or less, full payment is due by **April 30**. If the tax due is more than \$50, half of the amount due may be paid by April 30 and the balance by **October 31**. The county treasurer mails property tax statements every February.

The owner of the property on January 1 of the assessment year owes the tax due the following year. The tax is due even if the business closes, or the property is sold or transferred before the end of the year. For example, a property owner submits a list of personal property held as of January 1, 2010, and then sells the property in July 2010. The property owner (seller) owes the full amount of taxes due in 2011 for the 2010 assessment year.

The lien follows the property. This means that a new owner can be held liable if the previous owner does not pay the tax. Be sure to check with your local county treasurer's office before buying or selling personal property.

## Penalties for late payment

Personal property tax payments made after the due date are subject to interest and may also be subject to a penalty. If you do not make your first half tax payment by April 30, the full year tax is delinquent on May 1. Interest is calculated at one percent per month on the full year taxes, until paid in full. A penalty of three percent applies on the current year taxes if still delinquent on June 1. An additional penalty of eight percent applies if taxes are delinquent on December 1.

## Distraint (seizure) of property/advance payment requirement

If property taxes are not paid on time, the treasurer may take control of the personal property until the taxes are paid. The treasurer may also seize the property or require an immediate tax payment and/or advance payment if it is alleged that the property will be sold, destroyed, or removed from the state or county before the tax is paid. (RCW 84.56.070)



## Taxable personal property

Unless specifically exempt, all tangible personal property is subject to personal property tax. The major categories of **taxable** personal property include the following:

### Machinery and equipment, fixtures, and furniture

Most machinery, equipment, and fixtures are considered personal property unless permanently affixed to real property. Personal property is generally considered permanently affixed to real property if it cannot be removed without causing damage to the real property, or if it is adapted for use only in one location. The assessor's office can answer questions about whether a specific item is taxable as real or personal property.

Taxable tangible personal property includes but is not limited to:

- Office furniture and fixtures such as desks, chairs, etc.
- Office equipment such as computers and printers.
- Store fixtures and equipment.
- Computer software (canned and embedded).
- Manufacturing machinery and equipment.
- Construction equipment.
- Office trailers.
- Signs.

### Leased equipment

Equipment that is leased under a lease-purchase contract is subject to personal property tax. Both the lessor and the lessee may be requested to list the equipment. The assessor will determine which party is liable for the tax.

### Farm equipment, machinery, supplies, and tools

Most farm equipment, machinery, and supplies are subject to personal property tax. An exemption or partial exemption may apply to some farm machinery and equipment. Contact your local assessor for exemption information.

### Leasehold improvements

Personal property tax applies when the lessee/tenant retains ownership of the leasehold improvements, or is required to remove them at the end of the lease. For example, the improvements a lessee makes to a leased space are taxable as leasehold improvements.

### Supplies, materials, and tools

Taxable materials and supplies include office, shop, janitorial, brochures, promotional materials, fuel held in storage, spare parts, etc. Tax does not apply to items that are held for resale or that become an ingredient or component of an article manufactured for sale.

### Watercraft

Watercraft is subject to either property tax (at the state levy rate) or watercraft excise tax. Commercial watercraft that is exempt from the watercraft excise tax is subject to personal property tax. Owners of charter vessels documented with the U.S. Coast Guard must register with the Taxpayer Account Administration of the Department of Revenue and pay property tax.

### Taxable watercraft include:

- Vessels used exclusively for commercial fishing.
- Documented vessels, such as tugs, used to transport property or persons between specific points.
- Barges, dredges, and similar watercraft.
- Charter vessels that are required to be documented by the United States Coast Guard.

For more information or to obtain a listing form, please contact the Taxpayer Account Administration of the Department of Revenue at 360-705-6203. For more information, please refer to RCW 84.40.065.

### Vehicles

Personal property tax applies to vehicles that are used off-road and not primarily designed for use on public streets or highways, licensed or not.

### Taxable vehicles include:

- Vehicles used entirely upon private property.
- Special highway construction equipment, such as earth moving and paving equipment.
- Farm vehicles.
- Off-road vehicles.
- Racing vehicles.

## Intangible personal property

Personal property tax does not apply to intangible personal property such as monies, notes, certificates of deposit, personal service contracts, franchise agreements, trademarks, patents, brand names, copyrights, licenses, and customer lists.

## Destroyed property

If your property is destroyed in whole or in part during the year, the assessed value may be reduced. To obtain a reduction, you must file a claim with the local county assessor within three years of the date of destruction or reduction in value. Claim forms are available from the assessor's office. This reduction is not available to a person convicted of arson with respect to the property.

## Personal property tax exemptions

Personal property tax does not apply to:

- Household goods and personal effects unless used in a business activity.
- Personal property owned by governmental entities.
- Business inventories including goods for resale, ingredients or components of articles manufactured for sale, and livestock. (Property held for lease/rental is subject to tax.)
- Custom software and modifications to canned software.
- Cargo containers used in interstate commerce.
- \$15,000 of assessed value for persons who qualify as head of family; the assessor determines who qualifies for this exemption.
- Personal property accounts valued at less than \$500 (Those qualifying for the \$15,000 head of family exemption do not qualify).
- Property owned by nonprofit organizations such as churches and social service agencies; qualifying entities must apply for the exemption each year.
- Property owned by schools.
- Vehicles used or designed primarily to be used on the public streets or highways.

- Starting in 2021, a heavy equipment rental property dealer may request an exemption for rental property it owns if certain criteria are met. However, beginning in 2022, the dealer will collect a 1.25% rental tax from the consumer on the rental price of heavy equipment.

## Laws and rules

Revised Code of Washington (RCW) Chapter 84 provides for the taxation of personal property. The Department of Revenue publishes administrative rules, Washington Administrative Code (WAC), to administer the law. Chapter 458-12 and 458-16 WAC discuss the taxation and exemption of property. The Department of Revenue also issues Property Tax Advisories that discuss specific tax issues. You may obtain a copy from the Department of Revenue online at [dor.wa.gov](http://dor.wa.gov) or by calling 360-534-1400.

## Questions

### Contact your local county assessor's office.

Your local county assessor's office can answer questions regarding:

- Assessed Values
- Listing Forms
- Exemptions
- Appeals

### Your local county treasurer's office

can answer questions regarding tax statements and payments.

Phone numbers are located in the county government section (blue pages) of your local phone directory or the county website.

## Need more information?

Review the following resources:

- [Nonprofit organizations.](#)
- [Personal Property Valuation Guidelines.](#)

For personal property tax assistance call 360-543-1400.

To request this document in an alternate format, please complete the form [dor.wa.gov/AccessibilityRequest](http://dor.wa.gov/AccessibilityRequest) or call 360-705-6705. Teletype (TTY) users please dial 711.