



New Business Owner Guide

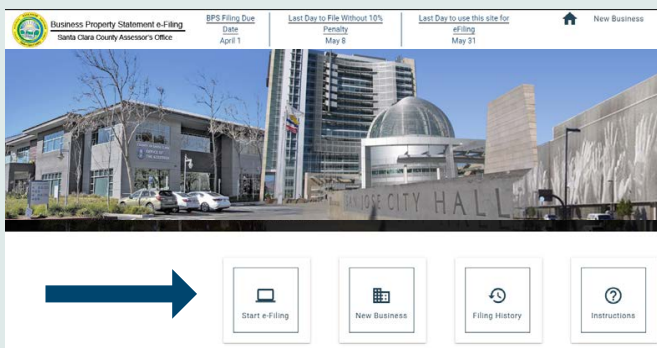
Santa Clara County Assessor's Office Information Guide for New Business Owners. What new business owners need to know about filing annual Business Property Statements (BPS)

What happens when a business fails to file their Property Statement?

When a business fails to file a Business Property Statement, the Assessor shall estimate the value of the company's assets and equipment and levy a 10% penalty. Also, should a business fail to file the property statement timely, the 10% penalty will be applied to the property tax bill.

E-File Made Easy!

Go to: efile.sccassessor.org or scan the QR code to the right.



This brochure answers some frequently asked questions.



For more information, go to the Assessor's website at www.sccassessor.org or scan the QR code to the left.

Frequently Asked Questions

Q. What is Business Personal Property?

A. Business personal property is any tangible property owned, claimed, used, possessed, or controlled in the conduct of a trade or business. In general, business personal property is ALL property owned or leased by a business, except real property and inventory. Inventory is property held for sale or lease to others in the course of business operations.

Q. Why are business assets taxed?

A. The State Constitution says ALL property is subject to property tax. Similar to property taxes for a home, the assets of a business are subject to assessment. Assessable business assets include all machinery, office furniture and equipment, non-licensed vehicles, process or trade fixtures, and any inventory that is out on rent or lease on January 1 each year. Stand-alone computer programs, like Excel and Adobe, business inventories, licensed vehicles, and any intangible assets are exempt from assessment.

Q. How is the assessed value determined?

A. Assessment begins with the cost of the asset, including sales tax, freight, and installation, but not including any trade-in. This cost basis is generally the same as the tax basis. The Assessor applies a depreciation factor to the asset cost, and this becomes the assessed value. The depreciation schedule is different from the tax depreciation schedule a tax accountant uses. The Santa Clara County Assessor's depreciation schedule is determined by the California State Board of Equalization and is based on expected economic life.

Q. Is the Business Property Statement confidential?

A. Yes. Business Property Statements are confidential documents and are not part of the public record.

Continued on next page.

Office of the Assessor, Santa Clara County
Lawrence E. Stone, Assessor
130 West Tasman Drive, San Jose, CA 95134
(408) 299-5500 • www.sccassessor.org

Frequently Asked Questions

Q. What is a Business Property Statement Form?

A. Every year around January 1, the Assessor's Office notifies business, apartment, agricultural, aircraft, and boat owners to file a property statement. The five types of property statements are:

- Form 571-L for businesses (most common)
- Form 577 for aircraft
- Form 571-F for agricultural businesses
- Form 571-R for apartment complexes
- Form 576-D for vessels (boats and jet skis)

If the Assessor's notice to file is received, or the business has an aggregate cost of \$100,000 or more in personal property within Santa Clara County on the January 1 lien date, the property statement must be filed by April 1. The Business Property Statement needs to be completed and filed with the Assessor every year, even if there are no changes.

Q. The business was not open on the January 1 Lien Date. Is filing the Business Property Statement still required?

A. Yes. A business does not have to be open for its taxable personal property to be subject to assessment. For example, a new restaurant is under construction on the January 1 Lien Date, but was not open for business. The taxable business personal property (furniture, ovens, and supplies) was in the owner's possession on that date, therefore the Assessor is required to assess it.

Q. When will the Business Personal Property tax bill arrive?

A. If the business owner does not own the real property where the business is conducted and if the Business Property Statement was filed timely, the bill should be received by the end of July. Payment will become delinquent and subject to penalties and interest after August 31. If the business owns the real property, the assessed value of business assets may be added to the value of the real property and a secured tax bill will be received by October.

Q. How does a business open a personal property account with the Business Division?

A. A business can open an account by completing a questionnaire found on the Assessor's website, or by scanning the QR Code to the right. The questionnaire can be sent by email, mail, or fax. You can also send a letter describing your business to the Assessor's Office, or by calling or visiting our office. Our office is open Monday through Friday, 8:00 AM to 5:00 PM.



Q. What are the options for filing a Business Property Statement?

A. There are three ways to file a Business Property Statement:

1. Electronic filing on the Assessor's website. This is the easiest way to file and is available for most filers. To e-file, go to <https://efile.sccassessor.org>, or scan the QR Code on the front page of this guide.
2. Paper (printed statement), downloaded from the Assessor's website, completed, and mailed to the Assessor's Office or uploaded through the e-file website.
3. Standard Data Record (SDR). This option is available for businesses with numerous locations.

Q. How much will the taxes be?

A. The tax rate is usually a little more than 1% of the assessed value. Generally, using a rate of 1.25% will give a conservative estimate. For example, if the business assets cost basis is \$15,000 and the depreciated assessed value is \$12,000, the property taxes will be around \$150.

Need to contact us?

General Questions/Public Service

Phone (408) 299-5500 • Fax (408) 298-9446
www.sccassessor.org

Business Division/Manufactured Homes

Phone (408) 299-5400 • Fax (408) 298-9441
busdiv@asr.sccgov.org

Homeowners'/Other Exemptions

Phone (408) 299-6460 • Fax (408) 271-8812
exemptions@asr.sccgov.org

Need translation?

The Assessor's Office has employees who speak Vietnamese, Spanish and Chinese. Call us at (408) 299-5500.

Cần giúp thông dịch? Văn phòng Giám Định Nhà Đất có nhân viên nói được tiếng Việt. Vui lòng gọi cho chúng tôi ở số (408) 299-5500.

¿No habla inglés? En la oficina del Tasador hay empleados que hablan español. Llámenos al (408) 299-5500.

需要翻譯? 估值官辦公室裡有說中文的工作人員。請致電 (408) 299-5500.