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Don't make these five most common mistakes when filing your business property statements

1. Supplies - Do not forget to report supplies. Most, but not all, jurisdictions require that you report supplies on hand on the lien date. Some business property statements require that supplies be reported by type, while others just require you to report one number for all supplies. Identify your company's supplies accounts on the general ledger and calculate only the amount on hand on the lien date.

Not all supplies are equal. Most office supplies are consumed on a monthly basis, but many manufacturers have accounts for supplies that may be consumed on a weekly or daily basis.

Do not be fooled by account names. Just because the account does not have the word supply it does not mean it does not include taxable supplies. Take the "subscriptions" account as an example. If your company has magazine subscriptions, these would be considered supplies, but the general ledger account name makes no reference to supplies. Be sure to research and understand your company's chart of accounts.

2. Expensed Equipment - Do not forget to report expensed equipment. All jurisdictions require that all tangible personal property in use be reported, unless it is exempt from taxation. Just because an asset is not capitalized does not mean it is not tangible or in use. Be sure to identify your company's expensed equipment accounts on the general ledger and report the full year purchases for each location you are reporting. Remember to treat this equipment like any fixed asset and report it to the correct category as long as it is in use. Some jurisdiction's property statements now have a section specifically for reporting expensed equipment. Again, be sure to research and understand your company's chart of accounts.

3. Mis-Classification - Do not take the business property statement at face value. Most all of these statements will try to keep you in a box. In order to classify correctly you need to know the jurisdictions useful life categories and depreciation tables. Due to space limitations most tax returns only have five or six categories of asset types. However, the jurisdiction may have many more than just five or six depreciation tables. By reporting your assets to only the categories listed on the return, you may not be taking advantage of the best useful life and depreciation, resulting in a greater assessed value and higher taxes. So break out of the box and attach supplemental schedules.

4. Work Papers - If your company is ever audited by the Assessor's Office, or their representatives, well kept work papers are invaluable. Do not wait until after you have filed your return(s) to generate your work papers. Reconciling while you are filing is always useful. Be sure to start at the top, the general ledger, and work your way down to the costs that are put on the business property statement. This will help minimize the current year property taxes, as well as any future audit liabilities.

5) Keeping up with legal changes and resources available - Last but not least, it is important to remember that just putting numbers to paper is not the end of the property tax compliance process. Keeping up with the each states property tax laws, statutes, legal digests, and rule changes is an important tool in your compliance accuracy and audit defense.

Each state has abundant resources to research and review these laws. It is good practice to have each states Revenue and Taxation Codes handy for reference. Additionally, you can often get handbooks to help you file and forms that you might want to use from the local jurisdiction. They provide a valuable resource of information.

Remember that these resources come from the states themselves. How you interpret this information is important also. If you have any questions, it can be very helpful to consult a property tax expert when applying this information to your particular property tax situation. In order to get the most out of this information, and the tools provided by the states, it is best to utilize them in your property tax management planning.

Understanding how to use them most effectively is often best left to the experts. The time and money you spend on expert advice is usually paid back double in tax savings and time saved if you had done all the work yourself.