

PERSONAL PROPERTY TAX - TAXPAYER INFORMATION GUIDE -

FILING REQUIREMENTS

- A Form of List (State Tax Form 2) must be filed each year by all individuals, trusts, partnerships, associations, and corporations that hold personal property on January 1st unless expressly exempt. A Form of List must be filed by March 1st with the Board of Assessors unless an extension is granted. Request for an extension must be made in writing to the assessors
- **Unincorporated businesses** must list all furniture, fixtures, machinery, equipment and inventory. **Incorporated businesses** must list all machinery used in the conduct of business except machinery used only for administrative or selling functions. **Classified manufacturers** must list poles, wires and pipes underground conduits, and machinery used on the generation of electricity.

GENERAL INFORMATION

- The Personal Property Tax is assessed separately from real estate. The tax is assessed upon non-real estate, tangible assets, such as; furniture & fixtures, machinery & equipment, goods and materials, and other chattels not part of real estate.
- Personal property is assessed and taxed by the Town where the property is "situated" on the January 1st assessment date. Personal property must have situs within a community on January 1st to be assessable (ratable). In limited circumstances personal property may be assessed by the Town in which the owner is an inhabitant on January 1st, even if the property is located in another community on that day. This primarily applies to items that may not be permanently situated in a town, such as construction equipment. Taxable status is based on an entity's existence on the assessment date. Thus any business that existed on January 1st could be billed for the entire (subsequent) fiscal year, including businesses that close or relocate after January 1 and before the July 1st. The January 1 rule applies to new businesses as well. Once in existence as of January 1, a Form-of-List must be filed by March 1. The information provided on the Form of List is used by the Assessors Office, per the direction of the Department of Revenue, to determine the taxable or exempt status of personal property.
- Individuals owning or holding household furnishings and effects not located at their domicile on January 1 must also file State Tax Form 2HF.
- Literary, temperance, benevolent, charitable or scientific organizations that may be entitled to an exemption from personal property taxes under GL Chapter 59 § 5 Clause 3 must file State Form 3ABC listing all property that they own or hold for these purposes on January 1

- If deemed necessary to determine fair market value of any property, the Assessors may also request additional information under GL Chapter 59 § 38F, or 61A. Form-of-Lists are confidential and therefore not available to the public for inspection. They are open only to the Town Assessors and Department of Revenue for the purpose of administering the tax laws.

TAXABLE PERSONAL PROPERTY

- The following sections summarize generally what personal property is taxable and must be reported based on the nature of the taxpayer. Corporations or Limited Liability Companies that are subject to Massachusetts corporate excise tax are exempt from local property tax on their furniture, fixtures and inventory. Machinery used in the conduct of business is subject to local property tax.
 - **INDIVIDUALS, TRUSTS, ASSOCIATIONS, OR PARTNERSHIPS**
 - Individuals, partnerships, associations or trusts are taxable on all tangible personal property except: motor vehicles and trailers subject to an excise, boats subject to an excise and non-commercial registered airplanes. Individuals are not taxed on the following additional items: household furniture and effects at the place of domicile, farm utensils, and tools of a mechanic's trade. Examples of taxable tangible personal property are:
 - **Poles, underground conduits, wires and pipes.** Primarily owned by utilities or CATV companies, but also includes such items as the parking lot poles & lights with their corresponding wires & conduits
 - **Machinery.** Machinery includes all machinery used in the conduct of business, from; construction machinery & equipment, to general office equipment, including computers; X-rays & MRI machines, stoves & ovens, and any other machines and mechanical devices
 - **Business Furniture and Fixtures.**
 - Includes business, professional, commercial or service fittings and furnishings (desks, tables, cabinets, display cases), rugs, floor coverings and draperies, lamps, specialized leasehold improvements (restaurant fittings, modular walls, etc), works of art and decorations, books and professional libraries and other fittings and effects.
 - Individuals owning or holding household furnishings and effects not located at their domicile on January 1 must also file State Tax form 2HF. An example of this would be a house or condominium that is rented furnished.
 - **Merchandise.** Merchandise includes; goods, wares, or any stock in trade in any store or other place of sale, in any warehouse or other place of storage out on lease or consignment. This could be represented by a retailers inventory (the shoes of a shoe store) or any finished goods or products that may be for sale or lease.

- **Unregistered Motor Vehicles, Boats and Trailers.** Unregistered motor vehicles, boats and trailers can be assessed and taxed as personal property wherever garaged on January 1st
- **Business Corporations.** (Excluding utilities, certain insurance companies, certain banks and manufacturing corporations)
 - Business corporations are subject to tax on; poles, underground conduits, wires and pipes. They are also taxable on all “machinery used in the conduct of business” **except:**
 - Machines that are stock in trade or inventory for sale such as computer held for sale by a distributor, or inventory owned for lease such as a photo-copy machine or printer.
 - Machinery used directly in the dry cleaning or laundering process; or to refrigerate goods or to air a condition premises. Sewing machines or a mechanical clothes rack are not considered to be directly used in the cleaning or laundering process, therefore, would be taxable even if owned by an incorporated dry cleaning business. Refrigerators or air-conditioners used in a store, supermarket or restaurant owned by an incorporated business would not be taxable
 - Machinery used directly in the purchasing, selling, accounting or administrative function of the business. Machines that are used specifically and primarily for accounting or administrative functions are not taxable, including computers.
- **Manufacturing Corporations.** (Classified by the Commissioner of Revenue) Businesses that are classified by the Department of Revenue, as Manufacturing Corporations are taxable on: poles, underground conduits, wires, pipes and machinery used the generation of electricity under certain conditions.
- **Other Corporations.** Other business corporations such as insurance companies, public service corporations, utilities, savings banks and cooperative banks are subject to taxation on; poles, underground conduits, wires and pipes, as well as machinery used in the supply or distribution of water.

Exempt Personal Property

- **Individuals are entitled to an exemption for household furniture and effects at their place of domicile.** Tools of trade used by plumbers, carpenters, auto mechanics and other trades are exempt from the personal property tax. Literary, temperance, benevolent, charitable or scientific organizations that may be entitled to an exemption from personal property taxes under G.L. Chapter 59 § 5 Clause 3 must file State form 3ABC listing all property that they own or hold for these purposes on January 1.
- **Appeals of the Personal Property Tax.** Taxpayers aggrieved by a personal property tax or assessment should file an application for abatement by Nov 1st or 30 days from the date the tax bill was issued for the Fiscal Year.