

➤ **How is the assessed value of my furniture & fixtures computed? How is the tax calculated?**

The assessed value is determined by a set percentage (based on the year of purchase) of the original capitalized cost of each item. These percentages are on the front of the return titled Schedule A. For example, personal property placed in service in the previous calendar year is assessed at 80% of its original capitalized cost. For the calendar year before that, at 70% of its original capitalized cost. The percentage decreases annually by 10% until it reaches 30%, then remains at that level until it is no longer in service.

➤ **What is meant by “original capitalized cost”?** This is the actual cost of the business tangible personal property before any allowance for depreciation. It includes all costs associated with putting an asset into use (such as sales tax, delivery and freight charges, installation labor, etc.). If the property was expensed under Section 179 of the IRS Code, its original capitalized cost is the amount that was expensed for federal tax purposes. *The Attorney General, in Opinion 08-109, defines original cost as “...the cost of the personal property employed in a trade or business paid by the owner who first purchased the personal property from either a manufacturer or dealer. In other words, the cost paid by the original, or first, purchases of such personal property.*

## Contact Information

### For Assessment Information:

#### Commissioner of the Revenue

Business Tax Division: 540-667-1815, opt. 4.

Website: [www.winchesterva.gov](http://www.winchesterva.gov)

Email: [cor@winchesterva.gov](mailto:cor@winchesterva.gov)

### For Payment Information:

#### Treasurer

Phone: 540-667-1815, opt. 3.

Website: [www.winchesterva.gov](http://www.winchesterva.gov)

Email: [winctreasurer@winchesterva.gov](mailto:winctreasurer@winchesterva.gov)



# Business Tangible Personal Property Tax

## Questions & Answers

➤ **What is Business Tangible Personal Property?**

All furniture, fixtures, machinery, tools and programmable computer equipment used in Winchester City businesses is considered business tangible personal property. Programmable computer equipment includes all computer and peripheral equipment, hardware, and all operational software.

➤ **Who must file a Business Tangible Personal Property Tax return?**

Businesses need to report tangible personal property owned, leased, borrowed, gifted or in their possession in Winchester City as of January 1 of each year. If you have a business in Winchester and you do not own, lease, or possess personal property, you are required to sign and return the form with an attached statement confirming you have no personal property with an explanation of how you conduct your business without the use of personal property.

➤ **What is the due date for filing?** File on or before May 1 to avoid late filing penalties. Your tax bill will be mailed to you in October and payment will be due on or before December 5<sup>th</sup>.

➤ **What is the penalty for failure to file this tax return by May 1?** The late filing penalty is 10% of the tax determined to be due. Additional penalties and interest will be incurred if payment is late (after December 5th).

➤ **If I ceased (sold, transferred ownership, or moved business out of the City of Winchester) business after January 1, do I still need to file this return?** Yes. If you were in business on January 1, you must file the return on or before the filing due date of May 1. Be sure to indicate the exact date of cessation of the business on the return.

➤ **If I ceased (sold, transferred ownership, or moved business out of the City of Winchester) business after January 1, will my tax be prorated?** No. Business tangible tax is not prorated.

➤ **Some of my tangible personal property is fully depreciated. Do I have to report these items?** Yes. All business property must be reported, even items that are fully depreciated or expensed for IRS purposes. If the IRS does not require you to file a depreciation schedule, attach an itemized list of all your personal property to the return, including the date of purchase and original capitalized cost for each item.

➤ **Reporting “SAME AS LAST YEAR” or “0” will NOT be accepted and the business will be considered a non-filer.**

➤ **I own personal property that I lease to others for their business use, but my agreement with them requires them to pay any local taxes which might be assessed. Do I have to report leased property on this form?** Yes. As owner of the property, you are required to file the return and pay the tax assessment, even if you have a private agreement with your lessee.

➤ **I lease tangible personal property from others. Do I have to report these items if the lessor is reporting them to you?** Yes. By law, you are required to report all property in your possession, including leased property. This information allows us to ascertain that the lessor has reported the property and is properly assessed.

➤ **Should vehicles be reported on this return?** No. Over-the-road vehicles, such as cars, trucks and trailers should be reported online at [www.winchesterva.gov](http://www.winchesterva.gov). Please call 540-667-1815, opt. 4 for more information about the vehicle personal property tax.