

## ***Ask DLS: Personal Property Taxes*** *(Department of Local Services)*

This month's *Ask DLS* features frequently asked questions regarding the local taxation of personal property. Additional questions about personal property taxes will be featured in future editions of *City & Town*. Please let us know if you have other areas of interest or send a question to [cityandtown@dor.state.ma.us](mailto:cityandtown@dor.state.ma.us). We would like to hear from you.

### **What are the reporting requirements for locally taxable personal property in Massachusetts?**

Generally, the owner of taxable personal property on January 1 must file an annual personal property return, known as the Form of List or State Tax Form 2, with the board of assessors of the city or town in which the property is situated on that date. [M.G.L. c. 59, § 29](#). An owner of household furnishings and effects at a residential property in Massachusetts that is not the owner's domicile, such as at a summer or second residence, must file State Tax Form 2HF listing those furnishings and effects. Cellular/mobile wireless telecommunications companies must file State Tax Form 2MT.

In the return, the owner must list and describe all taxable personal property situated in the community on the January 1 assessment date. Information that must be provided about the listed property includes the make and year of manufacture, the purchase price or original cost, and the year of purchase. The owner does not have to include an estimate of value. If an estimate is provided, it is not binding on the assessors as they determine the fair cash valuation of property for local tax purposes. [M.G.L. c. 59, § 38](#).

The return is signed under oath. The property listing in the return is confidential. It can only be disclosed to the taxpayer, the taxpayer's designated representative, persons who need to see the information to perform duties in the office of the assessors, the Department of Revenue and anyone else specifically authorized by court order. [M.G.L. c. 59, § 32](#).

Some communities have accepted a local option that lets them exempt property of an owner if the total value of the personal property account is less than a minimum amount, which can be no more than \$10,000. [M.G.L. c. 59, § 5, Clause 54](#). In those communities, the owner must still file an annual return, reporting the purchase price and year of acquisition, so that the board of assessors can determine the value of the property and whether the exemption applies in that year. However, if a person or entity owns no taxable personal property as of January 1, no return is required for the year. (Upton has exempt personal property of \$1000 or less)

Charitable and veteran organizations claiming exemption of their real and personal property must file a return of that property on State Tax Form 3ABC. [M.G.L. c. 59, § 5, Clauses 3\(b\), 5, 5A, 5B and 5C](#).

Property of telephone and pipeline companies subject to central valuation is reported to the Department of Revenue's Division of Local Services (DLS). DLS centrally values natural gas and oil company pipelines that are over 25 miles in length and the machinery, poles, wires, underground conduits, wires and pipes of telephone companies and certifies the values to the

boards of assessors and companies. [M.G.L. c. 59, §§ 38A and 41](#).

### **When is the personal property return due?**

Forms of List (State Tax Forms 2, 2HF, 2MT and 3ABC) are due to be filed with the board of assessors on or before March 1 prior to the fiscal year to which the tax relates. The assessors may extend the filing deadline if the owner makes a written request and provides a reasonable excuse for not filing on time. The latest the assessors can extend the deadline is the last day for applying for abatement of the tax for the fiscal year to which the return relates. [M.G.L. c. 59, § 29](#). For example, the return for personal property taxable as of January 1, 2018 for fiscal year 2019 (which begins on July 1, 2018 and ends on June 30, 2019) is due March 1, 2018. The March 1 deadline can be extended to any date on or before the date that fiscal year 2019 abatement applications are due.

Returns filed with DLS by pipeline companies are due January 31. [M.G.L. c. 59, § 38A](#). Telephone company returns are due March 1. [M.G.L. c. 59, § 41](#).

### **Who must report leased personal property?**

The lessor of personal property subject to a true lease is the owner of the property and if taxable, must report it. A true lease is one in which the lessee must return the property at the end of the lease or may purchase the property at fair market value at the end or at any time during the course of the lease. The lessee of taxable property subject to a finance lease (installment sale) is ordinarily considered the owner for reporting purposes. A finance lease is generally one where the property is leased for a period of time less than the useful life of the item and is or may become the property of the lessee at the end of the lease for a nominal amount.

### **Is there a penalty for failure to file a personal property return, or filing a late return?**

Assessors must identify, value and assess all taxable personal property in the community even if owners fail to file returns or file returns late. If an owner of taxable personal property does not file a return for the fiscal year, the assessors must estimate the value of the owner's property based on their best information and belief and they cannot abate for overvaluation of the assessed property. [M.G.L. c. 59, §§ 36, 37, 61 and 64](#). However, if the owner files the form late, i.e., after its due date or after the date of any extension to file, the assessors, or the Appellate Tax Board if appealed, can abate, but only if the owner shows a reasonable excuse for the late filing or the tax assessed is more than 150% of the amount that would have been assessed had the return been filed on time. [M.G.L. c. 59, §§ 61 and 64](#).