

PERSONAL PROPERTY LEGISLATIVE CHANGES FOR 2009

2009 Exemption of individual item of personal property (Utah Code 59-2-1115)

An item of taxable tangible personal property is exempt from taxation in 2009 if the “*acquisition cost*” (*see definition below) of that “*Item*” (**see definition below) was \$1,000 or less *and* is currently valued at a percent good of 15% or less. The exemption only applies to personal property valued by personal property schedules having reached a percent good rate of 15% or less. **Note the definition of an item of taxable tangible personal property and what should be included in acquisition cost.

DEFINITIONS:

***Acquisition Cost defined:** Cost of Acquisition must include all costs required to put an item into service. In addition to the cost of the item you must include the following costs.

1. Freight in, includes shipping costs, loading at origin, unloading at destination, crating, skidding and other applicable costs of shipping.
2. Installation, engineering, rigging, erection or assembly to include foundations, pilings, utility connections, any other such costs.
3. Excise and sale or use taxes.
4. Any other costs related to putting personal property into service are to be included in acquisition cost.

***Refer to Utah Code Ann. 59-2-108**

****Item of Taxable Tangible Personal Property defined:** An item of taxable tangible personal property means equipment, machinery, furniture or other tangible personal property that is functioning at its highest and best use for the purpose it was designed and constructed and is generally capable of performing that function without being combined with other items of personal property. An item of taxable tangible personal property is not an individual component part of a piece of machinery or equipment, but item of machinery or equipment as a whole. For example, a fully functioning computer is an item of taxable tangible personal property but the motherboard, hard drive, tower or sound card are not.

Note: New Classification beginning Tax Year 2009-Utah Code 59-2-108.

Class 4: Short Life Expensed Personal Property: An item of personal property having an acquisition cost of \$1,000.00 or less (note definition of acquisition cost and item) and assessed by the class 4 Personal Property Schedule.

“Expensed Personal Property” is an item of personal property that has an acquisition cost of \$1,000 or less and has been placed in Class 4: Short life expensed personal property must meet the above definition of “item and must cost \$1,000.00 or less having complied with the above definition of acquisition cost. It may include items from the following three classes: **Short Life Property as identified in Class-155; Short Life Trade Fixtures as identified in Class-15 and Computer Hardware as identified in Class-150.**

Please note:

- Any person who elects to designate personal property as expensed personal property, if selected for State Audit in accordance with Subsection 59-2-306(3) would need to provide proof of the acquisition cost of all expensed personal property to the State auditor.
- Any person who sells or disposes an item of taxable tangible personal property which they designated as expensed must continue to pay taxes on such property for the term of the expensed schedule and at the designated percent good rates. Transfers of equipment purchased prior to 2008 into the expensed schedule must remain on the Class 4 schedule through the residual year.
- Once an item has been placed in Class 4, you may not appeal the value of that property.

PLEASE NOTE: Due to Legislative changes that take effect for 2009, we have trained staff available to answer your questions on the phone or in person. Our office hours are Monday through Friday 8 a.m. to 5 p.m.