



Personal Property Tax

Taxpayer Information

www.cityofboston.gov/assessing



Every business owner in the City of Boston should be filing a Form of List/State Tax Form 2 of all personal property owned, held or leased by them every year by March 1st.

Thomas M. Menino,
Mayor

Ronald W. Rakow
Commissioner

City of Boston
Assessing Department

Most people know that property tax applies to real estate; however, some may not know that the property tax also applies to personal property. In fact, all personal property in the Commonwealth of Massachusetts, wherever located, is subject to taxation unless expressly exempted by law. Most personal property owned by individuals is exempt. For example, intangible property such as money, stocks, and securities is exempt. Also, household effects at your primary domicile; furniture, fixtures, clothing, etc., tools of a mechanic's trade, and farm utensils, are exempt. However, property used by most businesses is subject to local property tax. Business exemptions are applied based on the type of business ownership, nature of the property, or in some places, like Boston, total assessed value.

Property that is not real estate is personal property and must be reported.

All owners of tangible personal property must complete and file annually a Form-of-List/State Tax Form 2 with the assessor in the city in which the property is located. A form must be filed by all individuals, partnerships, associations, trusts, corporations, limited liability companies; charitable, benevolent, educational, literary, temperance, scientific organizations, or other legal entities that own or hold personal property in the City of Boston.

What if I do not file a Form of List/State Tax Form 2?

Failure to file a Form of List/State Tax Form 2 will;

1. result in an estimated assessment, and
2. could result in a 50% penalty on any abatement you might otherwise be entitled to, as well as the loss of the right to appeal your valuation to the Appellate Tax Board.

What is the correct form to file?

- Individuals, partnerships, associations, trusts and corporations, limited liability companies and other legal entities that own or hold taxable personal property on January 1 of each year must file a Form of List/*State Tax Form 2*.
- 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 tax must file *State Tax Form 3ABC* annually. First time filers must also file *State Tax Form 1B3*. Charitable or non-profit organizations that do not file these forms will be subject to taxation [M.G.L. chapter 59 §5 clause 3 (b)].

NOTE: All tax forms filed with the Assessing Department are NOT open to public inspection.

Is my small business subject to the personal property tax?

Mayor Menino and the City Council adopted a "small business exemption" for personal property accounts of less than \$10,000 in assessed value. If you own a small business you still must file a Form of List/State Tax Form 2 with the Assessor every year. If your assessed value is determined to be less than \$10,000 in any year you will receive a full exemption.

For More Information

CALL: the Assessing Department Personal Property Unit at 617-635-1165.

VISIT: the Personal Property Unit Room 301 of City Hall. Office hours are Monday - Friday, 9AM - 5PM.

Email:
personalproperty@cityofboston.gov

LOG ON: for more information and *Frequently Asked Questions* at www.cityofboston.gov/assessing

The Massachusetts Department of Revenue also has a *Frequently Asked Questions Web-page* for personal property at www.mass.gov. Search for 'personal property'.

Forms

Obtain the Form of List/State Tax Form 2 online at: www.cityofboston.gov/assessing. Go to FORMS on the left menu.

What is personal property?

Personal Property consists of any tangible assets owned by an individual, a business, or an organization which are not real estate and which are not permanently affixed to a particular building. It includes, but is not limited to:

- Office furniture & fixtures, such as; desks, chairs, file cabinets, lamps, & artwork.
- Office equipment such as; computers, printers, telephones & fax machines.
- Store fixtures and equipments, such as; shelving, tables, ovens & signs.
- Machinery & equipment of all kinds, including construction equipment.
- Stock in trade or merchandise.
- Leased property (should be reported by both the lessor and the lessee)

Are corporations exempt from the personal property tax?

No - business corporations are subject to personal property tax on machinery used in the conduct of business, with some limited exceptions detailed below. Corporations are also subject to local taxation on poles, underground conduits, wires & pipes (generally owned by utilities or manufacturers).

Massachusetts corporations subject to taxation under Mass. General Laws Chapter 63, including certain financial institutions, insurance companies, savings & cooperative banks, utilities and others are subject to tax on poles, underground conduits, wires & pipes, and machinery used in manufacture or in supplying or distributing water.

Is a not-for-profit organization subject to the personal property tax?

Not usually, however, non-profits wishing to receive exemption as a charitable, "literary" or benevolent group must file a form called the 1B3 with the City Assessor. Once designated a charitable organization by the Assessor, the non-profit must file a 3ABC form by March 1 of every year in order to continue the exemption.

What other exemptions are available on personal property?

■ Professional tools used by plumbers, carpenters, auto mechanics and other trades are exempt.

■ Property can not be taxed twice. Property taxed under the corporate excise tax or motor vehicle excise tax, boat excise tax, farm animal excise tax, or mobile home park license fees, can not be taxed as business personal property.

■ Intangible personal property is exempt from local taxation in Massachusetts.

■ In the City of Boston, small business accounts with a total assessed value of less than \$10,000 are granted an exemption, the maximum allowed by law.

■ For corporations, machinery used directly in the purchasing, selling or administrative function, such as cash registers and typewriters, are exempt.

■ Corporate-owned computers are exempt only when used exclusively for internal purposes such as processing payroll or ordering office supplies. Computers used in providing a service to clients are taxable.

■ Machinery of corporations used in connection with the laundering or dry cleaning process, the refrigeration of goods, or air conditioning of the premises, is exempt.

■ Fishing boats, nets & gear - up to \$10,000 in value - owned and used in a commercial fishing business is exempted.