

► **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 *Part II A: Furniture & Fixtures*.

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 20%, then remains at that level until it is no longer in service. The tax is then computed by multiplying the total assessed value by the 5% business tangible tax rate.

► **How is the assessed value of my computer equipment determined? 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 *Part II B: Computer*. For example, computer equipment placed in service in the previous calendar year is assessed at 65% of its original capitalized cost. For the calendar year before that, at 45%; for the year before, at 30%; then at 10% for all previous years until it is no longer in service. The tax is then computed by multiplying the total assessed value by the 5% business tangible tax rate.

► **Is computer software taxable?**

Operational software (Windows, Linux, JCL, UNIX, DOS-VSE, etc.) is taxable and must be included in Part II of the return. Application software, such as Microsoft Office, is not subject to tax.

► **Should vehicles be reported on this return?**

No. Over-the-road vehicles, such as cars, trucks and trailers should be reported on the *Arlington County Personal Property Tax Return and Vehicle Registration* form. Please call (703) 228-3135 for more information about the vehicle personal property tax.

Contact Information

For Assessment Information:

Office of the Commissioner of Revenue

Business Tax Division: (703) 228-3060

Website: <https://taxes.arlingtonva.us/business/business-tangible-personal-property-taxes>

E-mail: businessproperty@arlingtonva.us

For Payment Information:

Office of the Treasurer

Phone: (703) 228-4000

Website: www.arlingtonva.us/treas

E-mail: treasurer@arlingtonva.us

Business Tangible Personal Property Tax: Questions & Answers

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Business Tangible Personal Property Tax: Questions & Answers

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

All furniture, fixtures, machinery, tools and programmable computer equipment used in Arlington County 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?**

All businesses in Arlington County must file a return on or before **May 1** of each year. Businesses need to report tangible personal property owned, leased, or in their possession in Arlington County as of **January 1** of each year. If you have a business in Arlington 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.

► **How can I file and what must I attach to my return?**

As part of the Commissioner's commitment to technological advancement, paperless filings, and quality customer service, businesses are encouraged to file online through the Customer Assessment & Payment Portal (CAPP) at <https://capp.arlingtonva.us/> and submit their itemized list in an editable spreadsheet format like MS Excel that separately identifies computer equipment and furniture & fixtures to match the chart on the return.

You may also submit your barcoded annual return by mail to P.O. Box 1757, Merrifield, VA 22116-1757. To be considered complete, your tax return must contain your current federal

depreciation schedule and an itemized list of all personal property owned by your business and located in Arlington County.

► **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 August and payment will be due on or before **September 5**.

► **May I obtain an extension to file the tax return after May 1?**

Unfortunately, extensions cannot be granted for filing this return. If you do not have all the information required, file the return with your best available information, and amend later.

► **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 September 5).

► **If I ceased 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 business after January 1, will my tax be prorated?**

No. Business tangible tax is not prorated.

► **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.

► **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.

► **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.