

INSTRUCTIONS FOR COMPLETING THE TANGIBLE PERSONAL PROPERTY SCHEDULE  
FOR REPORTING COMMERCIAL AND INDUSTRIAL PERSONAL PROPERTY

Tennessee law provides that a **TANGIBLE PERSONAL PROPERTY SCHEDULE** shall annually be completed by all partnerships, corporations, other business associations not issuing stock, and individuals operating for profit as a business or profession, including manufacturers, except those whose property is entirely assessable by the Office of State Assessed Properties. These instructions for completing the schedule are in accordance with the TENNESSEE CODE ANNOTATED (T.C.A.), Title 67, Chapter 5, Parts 6 and 9, and with the Tennessee State Board of Equalization’s rules for the assessment of commercial and industrial tangible personal property. *See* Tenn. Comp. R. & Regs. 0600-05.01-.12.

The completed **TANGIBLE PERSONAL PROPERTY SCHEDULE** is to be returned to the local assessor of property on or before **March 1** of each tax year. Failure to file the signed schedule by March 1 of the tax year will result in a forced assessment in accordance with T.C.A. § 67-5-903. **PLEASE NOTE: There is no authority for anyone to grant an extension of time to file this schedule.** In the event the assessor makes a forced assessment, the taxpayer cannot amend the schedule and the forced assessment will not be equalized to the prevailing level of property values for assessment purposes in the jurisdiction.

If the business was sold, relocated outside the county or terminated *prior to* January 1 of the tax year, please notify the assessor immediately to prevent the business from being assessed for the current tax year. If the business was sold, relocated outside the county or terminated *after* January 1 of the tax year, T.C.A. § 67-5-513 requires the taxpayer to notify the assessor and trustee and, within fifteen (15) days after the date of selling, relocating or terminating the business, make payment of any taxes, interest and penalties due and owing and the taxes of the current year in accordance with the assessment records, which shall be based on the last assessment and rate fixed, according to law.

The total acquisition cost reported on the schedule must include all tangible personal property used or held for use in the business or profession as of January 1 of the tax year, including, but not limited to, furniture, fixtures, machinery, equipment, raw materials, and supplies. **All assessable items must be included in this schedule whether or not fully depreciated on the taxpayer’s income tax records.** The preprinted depreciation factors (percent good) as provided on the schedule are merely for the taxpayer’s information. The taxpayer is not required to calculate depreciated cost as this will be calculated and recorded by the assessor.

Do not report growing crops, the direct product of the soil in the hands of the producer or their immediate vendee, finished goods in the hands of the manufacturer, inventories of merchandise held for sale or exchange, or goods in process. Also, property in transit through the state to a final destination outside the state is deemed not to have acquired a situs in Tennessee for the purpose of personal property taxation. Property imported from outside the United States, held in a foreign trade zone or subzone, and then exported directly to a location outside Tennessee is exempt from personal property taxation.

In lieu of detailing total acquisition cost, T.C.A. § 67-5-903(b) permits a taxpayer to certify that the **depreciated value** of tangible personal property otherwise reportable on the form is either (1) \$2,000 or less or (2) \$10,000 or less but more than \$2,000. Therefore, if a taxpayer can substantiate that the **depreciated value** of the tangible personal property, including leased equipment and nonstandard equipment, is either option (1) or (2), the taxpayer can indicate so by selecting the appropriate option on the back of the schedule. If this certification is later determined to be false, then penalties for perjury and statutory penalty and costs may apply. All schedules are subject to audit and, as part of an audit, a taxpayer may be required to list and document total acquisition cost for equipment used or held for use in the business.

The following instructions for each section are intended as a general guide. If you have further questions regarding the schedule, please contact the local assessor’s office for assistance.

**PART I. GENERAL DATA**

Provide the requested information regarding the identification and location of the business. Make any needed corrections to the business name or mailing address.

**PART II. OWNED PERSONAL PROPERTY - STANDARD VALUE**

For each group of property, list the total acquisition cost of the property being reported. Total acquisition cost is defined as the full acquisition cost new of personal property and includes freight, installation, set-up, and sales tax. This cost new should be reported for the year the property was new (typically the year made). For property purchased as used, if the cost new or year the property was new is not known and cannot reasonably be determined, you may report the actual acquisition cost to you for the year you acquired the property. The total acquisition cost reported should include the full invoiced cost without deduction for the value of certain inducements such as agreements and warranties when these inducements are regularly provided without additional charge. For property previously reported as construction-in-process tangible personal property (CIP), the total acquisition cost must be reported as acquired in the year the property was placed in service rather than the year of purchase, if those years differ.

A capitalized expenditure made with respect to property after the initial acquisition must be reported in the year the expenditure is booked as a fixed asset. Capitalized expenditures are those costs which are capitalized on the taxpayer’s financial books and records as a fixed asset and either (1) add to the value, or substantially prolong the useful life, of such property or (2) adapt such property to a new or different use. The costs of the capitalized expenditure should be reported as they are shown on the taxpayer’s financial books and records. Expenses, costs or amounts paid or incurred for incidental repairs and maintenance of property should not be reported.

If “Cost on File” is printed and has not changed, no entry is necessary under “Revised Cost.”

**GROUP 1 - FURNITURE, FIXTURES, GENERAL EQUIPMENT, AND ALL OTHER PROPERTY NOT LISTED IN ANOTHER GROUP** – Include all personal property not specifically identified in one of the other groups. For many businesses, all or most of the personal property will fall into this category. A partial list of the types of equipment to be reported in this group includes:

Amusement devices (coin-operated) & arcade machines	Medical equipment (e.g. MRIs, CT scan, dialysis machines, etc.)
Amusement park rides & equipment	Mining & quarrying equipment
ATM machines	Mortuary equipment
Auto & truck washes	Musical instruments & equipment
Auto repair equipment (except tools: see Group 2)	Office equipment (e.g. calculators, adding machines, etc.) furniture & fixtures
Barber & beauty shop equipment	Postage meters
Broadcasting equipment (except towers: see Group 4)	Photographic equipment
Cable television equipment	Recreational equipment (bowling lanes, billiard tables, etc.)
Cameras (including digital & security cameras)	Repair & maintenance equipment
Cash registers (except computer mainframe: see Group 2)	Restaurant fixtures and equipment
Digital converter boxes	Retail fixtures and equipment
Dictation (transcribing) equipment	Satellite dishes
Earth moving equipment (bulldozers, etc.)	Signs (not billboards: see Group 6)
Forklifts	Sound reinforcement, recording equipment, & sound systems
Golf carts	Telephone, telephone systems, & answering machines
Grocery fixtures & equipment	Theater fixtures & equipment
Gym & exercise equipment	Truck trailers (over-the-road equipment hauling)
Hotel/motel/apartment furniture, fixtures & equipment	Vending equipment
Laundry & dry-cleaning equipment	Warehousing equipment
Libraries (law, medical, professional, etc.)	

(continued on reverse side)

The total acquisition cost must be reported for each item of property included in this group without any part of the cost being separated and placed in another group, even if the item of property contains computer components and software. If the property cannot function or operate for the purpose for which the property is designed without such computer components and software, then no part of the cost can be separated from the property.

**GROUP 2 - COMPUTERS, COPIERS, PERIPHERALS, AND TOOLS** – Include all personal computers, laptops, desktop computers, personal digital assistants, cell phones, paging systems (including purchased pagers), mainframes, minicomputers, supercomputers, CPUs, input devices (such as scanners and keyboards), output devices (such as printers and plotters), monitors, networking equipment, global positioning system equipment, disk drives, tape drives, terminals, operational computer software, cables, modems, copiers, facsimile machines, and portable hand and power tools. Operational computer software must be reported, and includes embedded software so integral to the operation of a computer that the computer could not perform any valuable or useful function without the software. If computer software other than operational computer software is included in the sale or lease price of a computer without being separately stated, then the cost of such computer software must be included in the reported cost of the computer. DO NOT REPORT other machinery, equipment or other property in Group 2, even though such machinery, equipment or other property may contain computer components and software.

**GROUP 3 - MOLDS, DIES, AND JIGS** – Include all molds, dies, and jigs.

**GROUP 4 - AIRCRAFT, BOATS, AND TOWERS** (not classified as real property) – Include all aircraft; radio and TV broadcast towers unless classified as real property; and watercraft. **Include all aircraft, boats, radio and TV broadcast towers reported last year as personal property. All new towers, except those excluded in T.C.A. § 7-59-102(h), should be classified as real property.**

**GROUP 5 - MANUFACTURING MACHINERY** – Include all machinery used in manufacturing processes. The total acquisition cost must be reported for each item of property included in this group without any part of the cost being separated and placed in another group, even if the item of property contains computer components and software.

**GROUP 6 - BILLBOARDS, TANKS, AND PIPELINES** – All billboards are to be reported. Billboards are freestanding and commonly have a utility (such as electricity) attached. A sign attached to a building or which is easily movable must be reported in Group 1.

Above-ground storage tanks that can be moved without disassembly and are not affixed to the land are to be reported in this group; otherwise, above-ground storage tanks not meeting this exception to T.C.A. § 67-5-501(10)(B)(iii) must be classified as real property.

Pursuant to T.C.A. § 67-5-501(10)(B)(iii), mains, pipes, pipelines and tanks permitted or authorized to be built, laid or placed in, upon, or under any public or private street or place for conducting steam, heat, water, oil, electricity or any property, substance or product capable of transportation or conveyance therein or that is protected thereby, are properly classified as real property.

**GROUP 7 - SCRAP PROPERTY** – Include all property no longer capable of use and for which there is no reasonable expectation of repair but which is still owned by the business or located at the business site. If property is still being used, is capable of use, or is simply idle, then such property cannot be reported in this group and must be reported in its respective group on this schedule.

**GROUP 8 - RAW MATERIALS AND SUPPLIES** – Include all raw materials and supplies which are defined as follows:

**Raw materials** are defined as items of tangible personal property, crude or processed, which are held or maintained by a taxpayer for use through refining, combining, or any other process in the production or fabrication of another item or product. **Do not report goods in process.** The determination of whether tangible personal property should be classified as raw material depends on the taxpayer's use of the property and not on the nature or character of the taxpayer's business. Tangible personal property may be classified as raw material in the hands of the taxpayer even if the taxpayer is not considered to be a manufacturer under other Internal Revenue Code provisions.

**Supplies** are defined as expendable items of tangible personal property which are used or held for use in support of a business activity, including, but not limited to, office supply stocks, stocks of spare parts for maintenance of machinery and equipment, accessories used in manufacturing processes, printing supplies, and cleaning and maintenance supplies.

Report the total acquisition cost of all raw materials and supplies on hand as of **January 1**, as determined by the 'first-in-first-out' (FIFO) method of accounting.

**GROUP 9 - VEHICLES** – Include all automobiles, buses, tractors, trucks, and other vehicles designed for over-the-road use. If a vehicle carries commercial tags, it should be reported. If it is registered to a business or an individual operating as a business, whether or not the vehicle carries commercial tags, the vehicle should be reported. (Truck trailers are reported in Group 1). Forklifts, golf carts, and other similar items that are not designed for over-the-road use are to be reported in Group 1.

**GROUP 10 - CONSTRUCTION IN PROCESS (CIP)** – Personal Property which is treated as CIP for federal income tax purposes (as of January 1) may be reported in this group. Report only those costs included on the taxpayer's federal income tax return as CIP.

**PART III. LEASED PERSONAL PROPERTY** – Report all personal property rented or leased by the taxpayer from others for use in the conduct of, or as part of, the business as of January 1. T.C.A. § 67-5-502(c) provides that personal property leased to a commercial or industrial user is to be assessed to the user. Leased personal property includes, but is not limited to: equipment that is leased only, not sold; equipment that is leased at nominal rent or loaned under certain circumstances; equipment that is leased and not permitted to be sold; leased coin-operated machines and devices; equipment that is placed on location; vehicles, automobiles, or trucks; furniture; electronic equipment; etc.

For "Year Made", report the year of acquisition by the lessor if the lessor purchased the property being used. Otherwise, report the year the property was originally made, if known or able to be reasonably ascertained through investigation.

Report the total acquisition cost of the leased personal property as acquired by the lessor if the lessor purchased the property being used. If the total acquisition cost is unknown or cannot be ascertained through investigation, then report the advertised retail price of the property.

**PART IV. OWNED PERSONAL PROPERTY - NONSTANDARD VALUE** – If a taxpayer desires to report items of property at a value different from the value that would result from the valuation methodology in Part II, then the taxpayer must report such items of property in this Part IV. Values reported in this section may not be accepted unless sufficient written evidence of the value reported is provided for evaluation by the assessor's staff. The assessor's staff may request clarification or further documentation. Types of evidence that may support nonstandard value include: recent appraisals by appraisers holding professional designations in the valuation of personal property from recognized appraisal organizations and authoritative price or valuation guides for subject property.

**PART V. POLLUTION CONTROL** – Special statutory valuation of pollution control equipment must be reported under this part (see T.C.A. § 67-5-604). The taxpayer must enclose a copy of the pollution control certificate issued by the Tennessee Department of Environment and Conservation or its designee.

**NOTES:** Use this area for explanation. If necessary, attach additional pages.

**SIGNATURE** – The person completing this schedule must print and sign their name and state their title and the date of completion. For the convenience of the staff of the assessor's office, please also provide direct contact information (phone number(s) and email address(es)) of any person(s) with information and knowledge of what has been reported, in the event the assessor's office needs additional information.

Return the schedule, along with any accompanying data, to the local assessor of property on or before **March 1**. **PLEASE BE REMINDED: There is no authority for anyone to grant an extension of time to file this schedule.**

This schedule as completed is a public record, but any accompanying documents filed with the schedule or submitted as part of an audit will be treated as confidential pursuant to T.C.A. § 67-5-402 and any other applicable state or federal law.