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No. 79/144

August 22, 1979

TO COUNTY ASSESSORS:

FAILURE TO FILE PENALTIES-MULTIPLE
BUSINESS LOCATIONS

As you all are aware, the Code Sections 441 and 463s which require the filing of a property statement and provide for a 10 percent penalty for failure to comply have been with us for some time. Also, we were under the impression these sections were being fairly uniformly applied. However, recent inquiries lead us to believe this is not the case, especially where a taxpayer has multiple business locations within a county.

The following examples are offered as guidelines for the proper application of the Section 463 penalty:

- (1) A taxpayer has four business locations within a county with \$10,000 cost of taxable personal property at each location. No statements requested by the assessor and none filed. No assessment enrolled by the assessor. Upon discovery can the Section 463 penalty be applied to the assessments at each location?

Answer - Yes. The cost of the subject property in total exceeded \$30,000, thus, the taxpayer is required to file. Since he failed to file for any location the penalty would apply against the total unreported property.

- (2) Same as number one except that, without a request made by the assessor, the taxpayer voluntarily files a statement reporting his property at one of the locations. Can the Section 463 penalty be applied to the property at the unreported locations upon discovery?

Answer - No. In this instance the taxpayer was required to file since his property was over \$30,000 in the county. He does file, but he failed to report for each location. Upon discovery the property at the three other locations would be treated as escapes but without the 463 penalty.

It would be treated as an underreporting rather than a nonreporting. However, the answer would be different had the assessor requested him to file by sending a statement for one or more of the four locations. See question number (3).

- (3) Same as number one except the assessor requests the information by sending a property statement for three of the four locations. The taxpayer files for the three locations but does not file for the fourth. Can the Section 463 penalty be applied to the fourth location upon discovery?

Answer - Yes. The assessor has requested a filing by sending a statement to one or more locations. Receipt of a statement is a request that he report all property in the county by location.

- (4) Taxpayer has two business locations each with \$10,000 cost of personal property. Assessor does not request a filing for either locations, and none filed by the taxpayer. On discovery, can the Section 463 penalty be applied?

Answer - No. There was no requirement or request to file; therefore, no penalty applies.

- (5) Same as number four except the assessor requested the taxpayer to file by sending him a statement identified to one of the two locations. Taxpayer files for that location but not the other. Can the Section 463 penalty be applied to the assessment at the unreported location upon discovery?

Answer - Yes. Receipt of a property statement is a request to report, by location, all property in the county.

- (6) Same as number four except the taxpayer voluntarily files a property statement for one location. Can the Section 463 penalty be applied to the remaining location upon discovery?

Answer - No. There has been no requirement to file either through a request by the assessor or by combined cost of the property. Voluntarily filing a statement is not a request by the assessor.

- (7) A taxpayer has \$10,000 cost of taxable personal property in county "A" and \$40,000 in county "B." Is he required to file in county "A" because he has over \$30,000 cost of property in county "B."
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To County Assessors

-3-

August 22, 1979

Answer - No. The property that the taxpayer has in county "B" has no effect upon his filing requirement in county "A."

Please contact Bud Florence of this Division if you have questions regarding the above.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

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