



## APARTMENT BUSINESS PERSONAL PROPERTY TAXATION FREQUENTLY ASKED QUESTIONS (FAQ)

### **Why are you taxing my business assets?**

The State Constitution states that all property is subject to property tax unless otherwise exempt. Homeowners are familiar with the property taxes on their home. The assets of a business are also subject to assessment and taxation, includes apartment business personal property.

### **What is Business Personal Property?**

Business Personal Property is any tangible property owned, claimed, used, possessed, managed, or controlled in the conduct of a trade or business. In general, business personal property is all property owned or leased by a business except licensed vehicles, business inventory, intangible assets, or application software. This includes apartment fixtures, furniture and furnishings, appliances and equipment, and related supplies.

### **How is the assessed value determined?**

Assessment begins with an analysis of the cost of the asset, including sales tax, as well as the freight and installation costs. The Assessor applies a valuation factor to the asset cost to arrive at the assessed value. The valuation factor is based on the expected economic life of the asset and is different from the depreciation schedule used by Internal Revenue Service, Franchise Tax Board, and tax accountants.

### **How much will my taxes be?**

San Francisco's tax rate is determined by the Board of Supervisors. While Proposition 13 established a maximum property tax rate of one percent (1%) of the assessable value, additional tax rate increases may be necessary to pay off indebtedness such as bonds authorized by San Francisco voters. Applying the 2017 secured tax rate of 1.1792% on the assessed value of the business assets will give a conservative estimate of what the tax owed will be. For example, if the assessed value is \$100,000, the property taxes owed on the business assets will be approximately \$1,179.

### **When will I receive my bill?**

When you file the Apartment House Property Statement in a timely manner, your apartment house (or other residential rental) tax will be included with the secured property tax bill for the building (land and structure). The secured tax bill is sent by the end of October. The first installment is due on or before December 10th and becomes delinquent after that date. Delinquent bills will be subject to penalties and interest imposed by the San Francisco Office of the Treasurer & Tax Collector.

### **Is my Apartment House Property Statement confidential?**

Yes, by law the 571-R Apartment House Property Statement is a confidential document. It is not a public document and will be held confidential by the Assessor.

### **If the Apartment House Property Statement is not filed, how will my business' assessed value be determined?**

If you do not file a Form 571-R Apartment House Property Statement, the Assessor's Office, directed by state law, will determine an assessable value. In addition, a 10% penalty for failure to file will be added to your assessment.

### **How can I receive a copy of my prior year's valuation?**

Email us at [askbpp@sfgov.org](mailto:askbpp@sfgov.org) to request for a copy of prior year's valuation. If you are an agent of a taxpayer, we require authorization from the business owner.

### **I closed or sold my property before January 1, 2017. Do I still need to file the Apartment House Property Statement?**

Yes. Anytime a person receives a statement from the Assessor and their business is no longer in operation, the statement must still be signed and returned to the Assessor. Make a notation on the statement that the business has closed and note the closing date. Please indicate the name and mailing address of the new owner, sign the front page, and return the form to Office of the Assessor-Recorder, Business Personal Property Division, 1155 Market Street, 5<sup>th</sup> Floor, San Francisco, CA 94103.