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Business Personal Property Audits

Utah State Tax Commission
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*If you need an accommodation under the Americans with Disabilities Act, email **taxada@utah.gov**, or call 801-297-3811 or TDD 801-297-2020. Please allow three working days for a response.*

General Information

Personal property taxes are based upon property owned as of January 1. For example, if a business is audited in September of 2026, only assets acquired before Jan. 1, 2026 will be included in the audit.

- The value of personal property is determined by the acquisition cost less depreciation.
- The acquisition cost includes freight, installation charges and sales tax paid on the asset.
- The amount of depreciation is determined by the age of the asset and the property class.
- Value of property acquired through bankruptcy or any other "distressed" transaction will reflect current fair market value, not necessarily acquisition cost.
- Assets fully depreciated for income tax purposes and still being used in the business are still subject to the property tax.
- Property that is being depreciated for income tax purposes is assumed to be in use and taxable.
- Leased personal property is reported by both the lessee and the lessor. In most cases, taxes are assessed to the lessor. Conditional sales agreements are taxed to the lessee.
- Personal items used in the business are taxable.
- Personal property transferred between relatives is valued based on established IRS guidelines.
- Any deduction from fixed asset cost attributable to some form of intangible will only be recognized if supported by appropriate accounting records.
- **If acquisition cost and time of purchase information is not provided to the auditor within the requested time-frame, the value will be estimated by the auditor. Estimates cannot be changed by the County Board of Equalization or the State Tax Commission (see UCA §59-2-307).**

What is a Personal Property Audit?

A personal property audit consists of a review of the taxable personal property used in a business. It serves as a review of taxpayer compliance to the statutory reporting requirements of filing an accurate *Personal Property Signed Statement*.

All tangible personal property is taxable unless exempted. The following are exempt from personal property tax:

- Tangible personal property with a total aggregate fair market value of **$30,100** (2026) or less per taxpayer within a single county (UCA §59-2-1115 and Rule R884-24P-68)
- An item owned by a business that is **not critical** to the business and whose acquisition cost is less than **$500** (UCA §59-2-1115)
- Supplies (UCA §59-2-1115)
- Inventory held for resale in the normal course of business (UCA §59-2-1114)
- Farm equipment and machinery used primarily for agricultural production (UCA §59-2-1101 and Rule R884-24P-44)
- Livestock (UCA §59-2-1111)
- Household furnishing (UCA §59-2-1113 and Rule R884-24P-29)
- Intangible personal property (UCA §59-2-102)
- Personal property used for irrigation purposes (UCA §59-2-1111)

Processes and Procedures

Notification

An introductory letter is mailed two weeks in advance of an audit. The letter identifies the week the audit will be conducted and information that should be made available for the auditor. The auditor will then contact you by telephone and arrange a convenient date and time to meet you during that week.

On the date of the audit, the auditor will conduct an on-site inspection and obtain copies of the necessary financial records. The auditor may request additional information and will provide a reasonable amount of time for you to locate and provide this information.

On-Site Inspection

The auditor visits the business on the scheduled date, and makes a physical inspection to identify all taxable personal property. Copies of relevant financial and accounting records should be made available at this time. You should include:

- depreciation schedules;
- balance sheets;
- income statements;
- latest federal income tax return;
- accounting journals and books;
- fixed asset ledgers;
- sales and withholding tax licenses; and
- lease documentation.

You may wish to have your accountant or bookkeeper present during the physical inspection.

Reconciliation/Analysis

The results of the physical inventory and financial records portion of the audit must be reconciled with each other. Some follow-up may be required.

Audit Results

Once the audit is completed, the results are mailed to you for review. Questions and concerns should be directed to the auditor as soon as possible. If the auditor does not hear from you within **21 days**, the results are forwarded to the county assessor.

Billing and Appeals

The county assessor bills the taxpayer for any tax due or issues a refund for any audit decrease.

Taxpayers have **60 days** from the postmarked date of the tax bill to file an appeal. Appeals should be directed to the appropriate county board of equalization and must be based on questions of value, not on an increase in the taxes. (UCA §59-2-1005)