



North Carolina Department of Revenue

James B. Hunt, Jr.
Governor

Muriel K. Offerman
Secretary

February 25, 2000

MEMORANDUM

TO: County Assessors & Personal Property Staff

FROM: John C. Bailey, Director *JCB*
Property Tax Division

RE: Current Listing Issues, Department Opinions

The purpose of this memo is to review our opinion regarding the duties of both the taxpayer and the assessor's office during the listing and appraisal process. This memo is public record and may be forwarded to any taxpayer or taxpayer representative as a statement of our opinion. If any taxpayer or taxpayer representative has questions regarding specific listing procedures, they should contact the local property tax office. The issues to be addressed in this memo consist of those that have been identified statewide as needing clarification among predominantly business taxpayers. These issues are:

Who is authorized to sign the abstract?

North Carolina law is very precise and clear when describing who may sign an abstract. Any deviation from the requirements should not be allowed. § 105-309(e), § 105-310, and § 105-311 are the statutes indicating who may sign an abstract. For a corporation, partnership, or unincorporated association, only a principle officer of the taxpayer or a full-time employee of the taxpayer who has been officially empowered by a principal officer may sign the abstract. This means a CPA from a hired accounting firm, or a tax representative may not legally sign the abstract. This requirement should be followed strictly since an abstract that is not legally signed is not a legal listing itself and could present problems in the future in case of unforeseen litigation.

What information is required on the abstract?

North Carolina General Statute § 105-306(a) requires the owner to list the property. N.C.G.S. § 105-309(d) requires the property listing to be itemized by the taxpayer in such detail as may be prescribed by an abstract or listing form approved by the Department of Revenue. The information provided should reflect original historical installed cost of all assets and should be organized by year acquired. This is the original cost to the original owner, which includes all costs incurred to bring the asset to its anticipated purpose. These costs may include, but are not limited to invoice cost, trade-in allowances, freight, installation costs, sales tax and construction period interest.

What types of property goes in each category of the abstract?

In general, counties require property to be listed in four or five categories: Machinery and equipment, office furniture and fixtures, computer equipment, leasehold improvements, and supplies. Some counties may allow or require additional or fewer categories. Supplies include, but are not limited to, costs of cleaning supplies

and office supplies. Leasehold improvements are items usually resembling part of the real property that a lessee adds to the shell of a leased building. This may be a dropped ceiling, special lighting, floor covering, or additional walls. The lessee should list these types of leasehold improvements. Computer equipment includes the costs of taxable software, PC's, midrange, and mainframe computers and their peripherals. This category does not include other high-tech equipment such as fax machines, phone systems, computer controlled equipment, controls for computer controlled equipment, computer components of equipment, medical equipment or point-of-sale equipment. Office furniture and fixtures include a wide range of property from desks and chairs, artwork, garbage cans, and plastic plants to fax machines, phone systems, stereo systems, alarm systems, refrigerators, and televisions. These are the items related to the office functions and environment. Finally, machinery and equipment includes all items related to the primary business. This category might include forklifts, assembly line equipment, overhead cranes, tools, robots, computer controls for a machine, and the machine itself. None of the above examples are intended to serve as complete lists.

When can the county reject an abstract?

§105-311(b) gives the county assessor the authority to reject or accept any abstract submitted by mail at his/her discretion. It is the opinion of this office that if an abstract is not received in such detail as described above, the abstract may be rejected by the county, and discovery penalties allowed under § 105-312 may be applied if a corrected abstract is not received by the end of the listing period.

Examples of reasons an abstract may be rejected:

- An abstract is filled out or organized in a way not in compliance with the instructions. This may mean that property has been listed either too general with the property not organized by type of property and year acquired, or broken down in too many categories not allowed by the abstract.
- The taxpayer did not list on the county's approved listing form. The Department of Revenue will only approve listing forms submitted to them by a county. §105-309(d) requires that personal property be listed in such detail as prescribed by an abstract form approved by the Department of Revenue. The county has the right to require the taxpayer to file the listing on the original abstract. The county does not have to accept a computer generated listing if it is not in the format asked for on the original listing form. If additional information is sent with the abstract, the abstract still must be completed in such detail, as the county requires.
- The abstract is not signed or is signed incorrectly.
- The abstract reads "same as last year" or similar.
- Essential information is omitted from the taxpayer information section.

What additional information needs to be sent?

No additional information is needed other than what is asked for in the original abstract. Documents to support the completed abstracts are helpful, but not necessarily required. Assessors have the option to require a more detailed list of personal property. The assessor does have the authority under § 105-296, after reviewing the abstract, to require any person operating a business in the county to submit additional detailed information. This additional information is strictly confidential. The assessor also has subpoena power under § 105-296(g) to subpoena any person or documents that might be of assistance to the discovery or valuation of property. We recommend that counties make an informal request for information before using subpoena power.

If you have any questions, please contact David Baker or Kirk Boone with our office at 919-733-7711.