



PERDUE BRANDON
FIELDER COLLINS & MOTT LLP
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SPECIAL INVENTORY TAXATION REVIEW

**PRESENTED BY:
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**A SPECIAL THANK YOU
TO ELIZABETH WIEHLE
AND DAMION MILLNGTON**

HISTORY- SPECIAL INVENTORY TAX

Appraisal District determined the value of inventory held by automobile, heavy equipment, manufactured housing and vessel dealers.

- They counted the inventory then multiplied the total number by the average cost.
- This required them to find the cars on January 1st.

There were several problems with this method:

- Manufacturers would send cars to Dealers, and Dealers had no control of how many vehicles they would have on January 1.
- Some Dealers would hide cars, making it unfair to those who paid taxes on their inventory.
- Other business inventory was not counted on January 1 – Renditions served as the vehicle for determining value of business personal property held by the business on January 1

Texas Automobile Dealers Association Lobbied for change!

NOW - SPECIAL INVENTORY TAX

Texas law requires that a dealer's inventory is appraised based on the total sales of motor vehicles, trailers, RVs, boats, heavy equipment, and/or manufactured housing in the prior year.

- Dealers are now required to provide inventory information to both the Chief Appraiser and the Tax Assessor Collector
- New laws are more fair to the Dealers
- Failure to properly adhere to these new laws have hefty penalties

SPECIAL INVENTORY IN THE TAX CODE

- ▶ **Motor Vehicle Inventory**
 - ▶ Property Tax Code §23.121, §23.122, §23.123 and § 23.129
- ▶ **Vessel and Outboard Motor Inventory**
 - ▶ Property Tax Code §23.124, §23.125, and §23.126
- ▶ **Heavy Equipment Inventory**
 - ▶ Property Tax Code §23.1241, §23.1242, §23.1243 and § 23.129
- ▶ **Manufactured Housing Retailers**
 - ▶ Property Tax Code §23.123, §23.127, §23.128 and § 23.129

TYPES OF SPECIAL INVENTORY

MOTOR VEHICLE INVENTORY

§23.121(a)(8)

“Motor vehicle” - a towable recreational vehicle or a fully self-propelled vehicle with at least two wheel; its primary purpose is to transport people or property; regardless of whether it is used on a public streets, roads, or highways

Does not include:

- Vehicle that the certificate of title was surrendered in exchange for a salvage certificate; or
- Equipment or machinery used for a specific work-related purpose other than the transporting people or property. (Example?)



VESSEL/OUTBOARD MOTOR INVENTORY

§23.124(a)(8)

Vessel” – Any watercraft, used or capable of being used for transportation on water (Section 31.003, Parks and Wildlife Code)

- Includes a “trailer” or “semitrailer” designed to carry a vessel (Section 501.002, Transportation Code)

Does not include:

- Vessels of more than 65 feet in length, measured from end to end over the deck, excluding sheer;
- Seaplane on water, and
- Canoes, kayaks, punts, rowboats, rubber rafts, or other vessels under 14 feet in length when paddled, poled, oared, or windblown

“Outboard motor” - Any self-contained internal combustion propulsion system used to propel a vessel and is detachable (not fuel supply) (Section 31.003, Parks and Wildlife Code) **EXAMPLE?**



HEAVY EQUIPMENT INVENTORY

§23.1241(a)(6)

“Heavy Equipment” – Self-propelled, self-powered or pull type equipment; weighs at least 1,500 pounds; and used for agricultural, construction, industrial, maritime, mining or forestry uses (farm equipment or a diesel engine)

Does not include: A motor vehicle that requires a title or registration according to Transportation Code Chapter 501 or 502

Examples?



MANUFACTURED HOUSING INVENTORY

§23.127(a)(6)

“Manufactured Housing” – Mobile home or HUD-code manufactured home

Manufactured Home “

- A structure:
 - constructed on or after June 15, 1976,;
 - built on a permanent chassis;
 - designed for use as a dwelling with or without a permanent foundation when the structure is connected to the required utilities;
 - transportable in one or more sections; and
 - in the traveling mode, at least eight body feet in width or at least 40 body feet in length or, when erected on site, at least 320 square feet;
- includes the plumbing, heating, air conditioning, and electrical systems of the home; and
- For HUD only: constructed according to the rules of the United States Department of Housing and Urban Development; does not include a recreational vehicle as defined by 24 C.F.R. Section 3282.8(g)



WHO FILES SPECIAL INVENTORY?

Motor Vehicles 23.121(a)(3)

- “Dealer” means a person who holds a dealer’s general distinguishing number (“GDN”) issued by the Tx. Dept. of Motor Vehicles...
- Legally recognized as a motor vehicle dealer pursuant to the law of another state and who complies with the terms of Tax Code Section 152.063(f).

Vessels and Outboard Motors 23.124(a)(3)

- “Dealer” means a person who holds a dealer’s and manufacturer’s number issued by the Parks and Wildlife Dept.
- Or is authorized by law or interstate reciprocity agreement to purchase vessels or outboard motors in Texas without paying the sales tax.
- Does not include - a person who is principally engaged in manufacturing vessels/outboard motors or an entity that is owned or controlled by such a person

Heavy Equipment 23.1241(a)(1)

- “Dealer” means a person engaged in the business...of selling, leasing, or renting heavy equipment...
- Does not include - a bank, savings bank, savings and loan association, credit union or other finance company; or a person who files a rendition statement or property report under Ch. 22
- Does not require a special gov’t license

Manufactured Housing 23.127(a)(10); 1201.003(24); 1201.101(b)

- Retailer (defined by 1201.003 Occupation Code) as a person who:
- ...is engaged in the business of buying for resale, selling, or exchanging manufactured homes or offering manufactured homes for sale or exchange to consumers, including a person who maintains a location for the display of manufactured homes; and sells or exchanges at least two manufactured homes to consumers in a 12-month period
- Requires retailers license issued by Tx. Dept. of Comm. Affairs

* A dealer is presumed to be an owner of the inventory on January 1 if, in the 12-month period ending on December 31 of the preceding year, the dealer sold, leased, or rented an item to a person other than a dealer. This is not rebutted by the fact that a dealer has no item of inventory physically on hand for sale on January 1.

**WHO IS NOT A “DEALER” OF MOTOR
VEHICLES?**

DEALER OF MV DOES NOT INCLUDE:

The term does not include:

1. Person, or entity that is controlled by a person, who holds a manufacturer's license issued under Chapter 2301, Occupations Code;
3. Dealer whose GDN prohibits the dealer from selling a vehicle to any person except a dealer (wholesale dealer)
4. Dealer who:
 - does not sell motor vehicles described by Tax Code Section 152.001(3)(A);
 - meets either of the following requirements as per Tax Code Section 23.121(a)(3)(D)(ii):
 - the total annual sales from the dealer's motor vehicle inventory, less sales to dealers, fleet transactions, and subsequent sales, for the 12-month period corresponding to the preceding tax year are 25 percent or less of the dealer's total revenue from all sources during that period; or
 - the dealer did not sell a motor vehicle to a person other than another dealer during the 12-month period corresponding to the preceding tax year and the dealer estimates that the dealer's total annual sales from the dealer's motor vehicle inventory, less sales to dealers, fleet transactions, and subsequent sales, for the 12-month period corresponding to the current tax year will be 25 percent or less of the dealer's total revenue from all sources during that period;
 - Filed a declaration that they do not want to be treated as a "dealer" in the current tax year; **and**
 - Filed a Inventory election rendition form on their motor vehicle inventory for the current tax year [only applies to Motor Vehicle Special Inventory]

TIMELINE AND DEADLINES

*** Note taxes paid before Jan 31st of the year following the date on which they would be due are not delinquent.

January 1: Property tax levied

- A dealer is presumed to be an owner of special inventory if they sold, leased or rented an item to a person other than a dealer in the preceding 12-months

February 1: Declaration must be filed

- Dealers that open a business after January 1 must file a declaration 30 days from commencing business

10th of the month: Statement must be filed and taxes paid

- Motor Vehicle; Manufactured Housing; and Vessels

20th of the month: Statement must be filed and taxes paid

- Heavy Equipment

January 31 (following year): Last day to make escrow payments

Feb 15 (following year): Collector must distribute funds from escrow tax accounts

- Distribution are proportional to the levied tax amounts
- Collector mails escrow shortage statements to dealers

April 1 (following year): Unpaid BPP accounts are turned over to collections

- A tax lien attaches dealer's BPP to secure payment of any penalties

EXAMPLE:

- Motor Vehicle Dealer opens her doors on January 2, 2020 and is issued a dealer license
- Dealer must submit (to chief appraiser and collector) an Annual Declaration within 30 days of opening business (23.121(f))
- Dealer must submit (to chief appraiser and collector) a Statement by February 10 (if no cars sold, then must be stated on Statement); (each subsequent month a Statement must be filed by the 10th day of the month(23.121(f))
- ***No taxes are due each month the Dealer was in business his first year, but a monthly Statement must be filed

ANNUAL DECLARATION - FORM 50-244

Filing Declaration:

- file by February 1 each year;
- file with the chief appraiser;
- send a copy of the form to the county collector;

Declaration includes:

- name and business address of each location at which the declarant conducts business;
- Each of the dealer's GDNs or equivalent;
- a statement that the dealer owner is the owner of the dealer's special inventory; and
- the market value of declarant's inventory for the tax year as calculated under the Tax Code

TYPES OF SALES

Motor Vehicle

- A fully self-propelled vehicle with at least two wheels which has the primary purpose of transporting people or property & includes a towable RV (consented motor vehicles sales are treated as MVs)

Fleet Transactions

- Sale of five or more items to the same person within one calendar year
- No Unit Property Tax
- Submit an Amended Statement if the fifth sale happens in a later month

Dealer Sales

- Sale of a vehicle to another dealer
- No Unit Property Tax

Dealer-/Retailer financed sale

- Sale an item in which the dealer finances the purchase of the item, is the sole lender in the transaction and retains exclusive right to enforce the terms of the agreement

Subsequent Sales

- a dealer-financed sale of an item of heavy equipment that, at the time of the sale, has been the subject of a dealer-financed sale from the same dealer's heavy equipment inventory in the same calendar year. The term does not include a rental or lease with an unexercised purchase option or without a purchase option.
- No Unit Property Tax

SALES PRICE

Sales price – generally., the total amount of money paid or to be paid to a dealer for the purchase of an item; or the total amount of the lease or rental payments.

MV: same price as the “Sales Price” on the Application for Texas Certificate of Title.

MH – does not include any amount paid for the installation of a MH.

Vessels - Sales price" means the total amount of money paid or to be paid for the purchase of; as set forth as "sales price" in the form entitled "Application for Texas Certificate of Number/Title for Boat/Seller, Donor or Trader's Affidavit" promulgated by the Parks and Wildlife Department 23.124

Outboard motor as set forth as "sales price" in the form entitled "Application for Texas Certificate of Title for an Outboard Motor/Seller, Donor or Trader's Affidavit" promulgated by the Parks and Wildlife Department; or

Trailer treated as a vessel as set forth as "sales price" in the form entitled "Application for Texas Certificate of Title" promulgated by the Texas Department of Motor Vehicles.

MARKET VALUE

Market Value for inventory on Jan 1st is Total Annual Sales ÷ 12 months

- Total Annual Sales - Total prior years sales (sales price for each sale) and all lease and rental payments in the 12-month period; minus sales to dealers, fleet transaction and subsequent sales

Example: \$500,000 (Sales) / 12 = \$41,667 (Market Value)

Note: If dealer was not in business the entire 12-month period, then they will report the sales for the months they were in business.

Note: If dealer was not in business the entire 12-month period, then the Chief Appraiser will determine the inventory's market value.

SPECIAL INVENTORY APPRAISAL?

Ownership Presumption

Inventory Acquisition

Market Value

Not Jan I Owner

- If an owner of a dealer's inventory was not a dealer on Jan. 1 of the preceding tax year, the chief appraiser estimates the market value of the inventory. These estimates are created using sales data, if any, generated by sales from the dealer's heavy equipment inventory in the preceding tax year. 23.1241(c)
- Except for dealer's "special inventory", personal property held by a dealer is appraised as provided by other sections of the Tax Code.

Dealer Only Sales

- If a dealer's sales from the dealer's inventory are made predominately to other dealers, the chief appraiser must appraise the heavy equipment inventory as provided by Tax Code Section 23.12

CONFIDENTIAL

Declarations and Statements are confidential and not open to public inspection under Tax Code Section 23.123.18; 23.123(b)

The information contained in the Declaration and Statements may not be disclosed to anyone except an employee of the appraisal office who appraises the property or to an employee of the county tax assessor-collector involved in the maintenance of the owner's escrow account.

FAILURE TO FILE A DECLARATION

Consequences

- Which type on Inventory Tax has the largest penalty for a late filing of a Declaration?
- What consequences for not timely filing a Declaration was created by HB 3514 last legislative session (year of session) and went into effect Sept 1, 2021
- Does HB 3514 only apply to motor vehicles? What specific new language was added?

DEALER INVENTORY TAX DECLARATION PENALTIES

If Dealer does not turn in their yearly declaration:

- ▶ misdemeanor offense punishable by a fine
- ▶ penalty
- ▶ Tax lien on dealer's business personal property
- ▶ Termination of dealer's GDN.

REPORTING

Motor Vehicle Dealer Section 23.121(h); 23.121(h-1)

- Fails to file a declaration, chief appraiser MAY report to DMV. (include written evidence that dealer was notified.) Reports the sale of fewer than five motor vehicles in the prior year, chief appraiser SHALL report to DMV. (include copy of declaration.)
- Result: Cancellation or non-renewal of dealer general distinguishing number.
- -5 motor vehicles only: Deactivation of special inventory account with the Tax Office and Appraisal District and inventory appraised on the Business Personal Property account as of January 1st.

Heavy Equipment

- No statutory requirement for chief appraiser to report???????

Vessel and Outboard Motor Dealer Section 23.124(h)

- Fails to file a declaration or reports sale of fewer than five vessels or outboard motors in prior year, chief appraiser SHALL report that to Parks and Wildlife Department.

Manufactured Housing Retailer Section 23.127(h)

- Fails to file a declaration or reports the sale of fewer than two units in the preceding year, chief appraiser SHALL report to the Housing Department.

LATE DECLARATION MISDEMEANORS, FINES & PENALTIES

Declaration must be filed by Feb 1.

Motor Vehicles 23.121(i),(k)

- Misdemeanor, \$500 Fine a day until filed
- \$1,000 Penalty each month until filed
- Tax Lien BPP

Vessels and Outboard Motors 23.124(i),(k)

- Misdemeanor, \$500 Fine a day until filed
- \$1,000 Penalty each month until filed
- Tax Lien BPP

Manufactured Housing 23.127(i),(k)

- Misdemeanor, \$500 Fine a day until filed)
- \$1,000 Penalty each month until filed
- Tax Lien BPP

Heavy Equipment 23.124(j)

- **NO** Misdemeanor
- \$1,000 Penalty each month until filed
- Tax Lien BPP

WHO COLLECTS THE PENALTY?

[ANNUAL DECLARATION LATE FILING PENALTY]

...A tax lien attaches to the dealer's business personal property to secure payment of the penalty.

- *Motor Vehicle and Manf. Homes:* The appropriate district attorney, criminal district attorney, county attorney, chief appraiser, **or person designated by the chief appraiser shall collect** the penalty established by this section **in the name of the chief appraiser.** Motor Vehicle 23.121(k); Retail Manufactured Housing 23.127(k)
- *Vessels:* The appropriate district attorney, criminal district attorney, or county attorney, shall collect the penalty established by this section in **the name of the chief appraiser or collector.** Vessel and Outboard Motor 23.124(k)
- *Heavy Equipment:* The appropriate district attorney, criminal district attorney, or county attorney **may collect** the penalty established by this section in the name of the collector. Heavy Equipment 23.1241(j) The chief appraiser may collect the penalty in the name of the chief appraiser. The chief appraiser or the appropriate district attorney, criminal district attorney, or county attorney may sue to enforce compliance with this section.

\$1,000 monthly penalty (delinquent any part of the month)

MONTHLY STATEMENT

MISDEMEANORS, FINES & PENALTIES

MONTHLY STATEMENT

Each month, a dealer must file an inventory Statement regardless of whether or not the dealer sold any inventory or owes inventory tax.

- Statements are due by the 10th of each month for the prior month.
- **What about Heavy Equipment ?**
- Statement is filed with Tax Office
- File statement indicating no sales
- A Dealer must complete a Dealer's Inventory Tax Statement for each business location (even if they don't have a sales report)
- Must use the Comptroller's Statement form

Motor Vehicles 23.122, Heavy Equipment 23.1242, Manufactured Housing 23.128, Vessels and Outboard Motors 23.125

LATE STATEMENT MISDEMEANORS, FINES & PENALTIES

Motor Vehicles 23.122(m),(n)

- Misdemeanor, \$100 Fine per day until filed
- \$500 Penalty each month (or part of a month that it is not filed) and until filed
- Tax Lien BPP

Vessels and Outboard Motors 23.125(m),(n)

- Misdemeanor, \$100 Fine a day until filed
- \$500 Penalty each month (or part of a month that it is not filed) until filed
- Tax Lien BPP

Manufactured Housing 23.128(l),(m)

- Misdemeanor, \$100 Fine a day until filed
- \$500 Penalty each month (or part of a month that it is not filed) until filed
- Tax Lien BPP

Heavy Equipment 23.1242(m)

- \$500 Penalty each month (or part of a month that it is not filed) until filed
- Tax Lien BPP

Note: If a Dealer does not remit the UPT Amount, then they will have to pay a 5% late penalty with another 5% due if not paid within 10 days.

STATEMENT FINES & PENALTIES

AMOUNT OF THE PRE-PAYMENT (Unit Property Tax Factor)

“Unit property tax factor” – Number equal to one-twelfth of the preceding year’s aggregate tax rate at the location where a dealer’s heavy equipment inventory is located on Jan. 1 of the current year.

“Aggregate Tax Rate” - Combined tax rates of all relevant taxing units authorized by law to levy property taxes against a dealer’s motor vehicle inventory

How Does the Tax Office Calculate the Unit Property Tax Factor?

- Divide the Aggregate Tax Rate by 12 / 100.
- Example: Aggregate Tax Rate = **2.180251**

$$2.180251 / 12 = .1816 / 100 = .001816 \text{ Unit Property Tax Factor}$$

AMOUNT OF THE PRE-PAYMENT (Calculating Unit Property Tax)

The Unit Property Tax of each item is determined by multiplying the Sales Price of the item by the Unit Property Tax Factor.

Sales Price - the total amount of money paid or to be paid to a dealer for the purchase of an item or the total amount of the lease or rental payments.

DO NOT assign a unit property tax to:

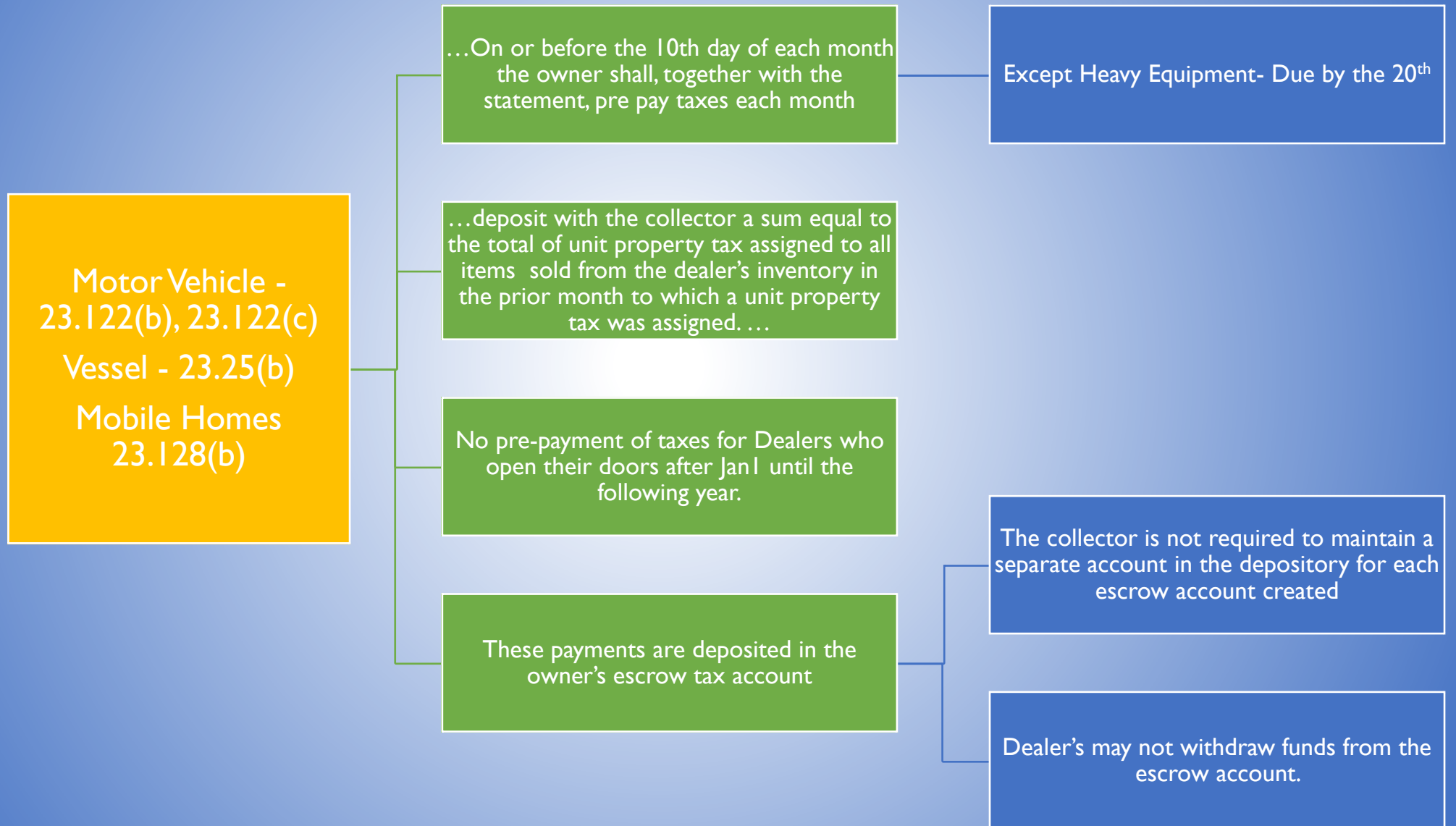
- Inventory sold to a dealer
- Inventory included in a fleet transaction
- Inventory that are the subject of a subsequent sale
- If Dealer not in business on January 1st of the current calendar year.

Example of How to Calculate the Unit Property Tax Amount:

Sales Price: **\$25,000** Unit Property Tax Factor: **.001816**

Unit Property Tax Amount = $\$25,000 \times .001816 = \45.40

PRE-PAYMENT OF TAXES



ESCROW \$ TO PAY TAXES

- On behalf of the owner, the assessor-collector pays the annual inventory taxes from the dealer's escrow account and bills the owner for any additional amount due.
- Collector pays the inventory tax bill from the escrow account to the taxing units.
- The owner will receive a tax receipt for payment and any additional tax bill from the assessor-collector for any deficiency in escrow account.
- Taxes that are due but not received by the collector on or before Jan. 31 are delinquent.
- Collectors must distribute to taxing units all funds collected and held in the escrow account by Feb. 15. An owner may not withdraw funds from the escrow account.

- Once current tax bill has been paid from escrow account, if there is a balance due, statements must be sent before January 31 to avoid extending the delinquency date.

ASSIGN A UNIT PROPERTY TAX

Except for dealer sales, fleet transactions and subsequent sales, an owner must assign a unit property tax to each item of heavy equipment sold from a dealer's heavy equipment inventory. An owner must also assign a unit property tax to each item of heavy equipment leased or rented. On a lease or rental, the owner collects the unit property tax from the lessee or renter at the time the lessee or renter makes a payment. The owner must state the amount of the assigned unit property tax as a separate line item on an invoice.

ESCROW PAYMENT PENALTIES

NON-PAYMENT OF ESCROW TAXES

PENALTIES

Motor Vehicles 23.122(o)

- 5% Additional Penalty if not paid by 11th of the month
- +5% Additional Penalty if not paid by the 21st of the month

Vessels and Outboard Motors 23.125(o)

- 5% Additional Penalty if not paid by 11th of the month
- +5% Additional Penalty if not paid by the 21st of the month

Manufactured Housing 23.128(n)

- 5% Additional Penalty if not paid by 11th of the month
- +5% Additional Penalty if not paid by the 21st of the month

Heavy Equipment 23.1242(n)

- 5% Additional Penalty if not paid by 21th of the month
- +5% Additional Penalty if not paid until after 31st day of the month

Note: Tex. Prop. Tax Code 1.06: If the last day for the performance of an act is a Saturday, Sunday, or legal sate or national holiday, the act is timely if performed on the next regular business day.

AGREEMENT TO PAY CURRENT TAXES BY CONTRACT

- A person who acquires the business or assets of an owner may, by contract, agree to pay the current year inventory taxes owed by the owner. The owner who owes the current year tax and the person who acquires the business or assets of the owner shall jointly notify the chief appraiser and the collector of the terms of the agreement and of the fact that the purchaser has agreed to pay the current year inventory taxes owed by the selling dealer. The chief appraiser and the collector shall adjust their records accordingly. A person who agrees to pay current year taxes is not required to file a declaration until the year following the acquisition. This does not relieve the selling owner of tax liability

REFUND OF ESCROW \$ HEAVY EQUIPMENT ONLY

- A dealer as defined in Section 23.1241 may write to the chief appraiser to apply for a refund of taxes paid on a sale that is a fleet transaction as defined in Section 23.1241.
- A dealer may apply to the chief appraiser for a refund of the unit property tax paid on a fleet transaction sale.
- The chief appraiser must determine whether to approve or deny, wholly or partly, the requested refund.
- A written notice of the chief appraiser's determination must be delivered to both to the collector maintaining the escrow account and to the applicant.
- The notice must state the amount, if any, to be refunded.
- An owner may protest the determination if they file a protest not later than 30 days after the date that the determination notice is delivered to the owner
- If a collector receives a notice stating a refund amount, the collector must pay the amount to the dealer not later than the 45th day after the collector receives the notice.
- The dealer must use the dealer's best efforts to pay the refund to the customer who paid the tax for which the refund was requested not later than the 30th after the date the dealer receives the refund

WHO'S MONEY?

Escrow Account Interest

The county collector shall retain any interest generated by the escrow account to defray the cost of administration of the prepayment.

Interest generated by an escrow account is the sole property of the county collector and may not be used by an entity other than the county collector.

Interest generated by an escrow account may not be used to reduce or otherwise affect the annual appropriation to the county collector that would otherwise be made.

Applies to **ALL** SIT

WHOSE MONEY?

LATE PENALTIES - STATEMENTS AND ESCROW PAYMENTS

**Motor Vehicles
23.122(p), Heavy
Equipment 23.1242(o),
Manufactured Housing
Retailers 23.128(o)**

- Fines collected pursuant to the authority of this section shall be deposited in the county depository to the credit of the general fund. 23.122 (p)
- ...Penalties collected...are the **sole property of the collector**, may be used by no entity other than the collector, and may not be used to reduce or otherwise affect the annual appropriation to the collector that would otherwise be made.

**Vessels and Outboard
Motors 23.125(p)**

- **Fines and Penalties** collected pursuant to the authority of this section shall be deposited in the county depository to the credit of the **general fund**.

HOW CAN THE MONEY BE SPENT?

- ▶ Vehicles/Maintenance
- ▶ Gasoline
- ▶ Professional Development
- ▶ Dues, Courses, Per Diem, Hotels, Conference Registration
- ▶ Copy Machines/Printers
- ▶ Furniture
- ▶ Computers
- ▶ Software
- ▶ Salaries

** Expenses you would not mind published on the front page of the news paper!

WAIVER OF PENALTIES

[Who can do it?]

§23.129

A Chief Appraiser may waive Vehicle Inventory Declaration Penalties

- Motor Vehicle §23.121(k)
- Heavy Equipment §23.1241(j)
- Manufactured Housing 23.127 (k)

*No waiver available for vessels or outboard motors

A Collector may waive Vehicle Inventory Tax Statement Penalties

- Motor Vehicles §23.122(n)
- Heavy Equipment §23.1242(m)
- Manufactured Housing 23.128 (m)

*No waiver available for vessels or outboard motors

WAIVER OF PENALTIES – WHEN PERMITTED?

Waiver of penalties is permitted only if:

- ▶ TP files written application NLT 30 days after declaration or statement due date; and
- ▶ TP's failure to file timely was the result of a DISASTER making filing impossible, or an event beyond the control of TP that DESTROYED TP's property or records;
- ▶ TP must be otherwise be in compliance with filing rules

- Let dealers know you will pursue collection of the \$500 monthly penalty and will collect the up to 10% penalty for late submission of monthly statements.

COLLECTING FINES & PENALTIES

COLLECTION ISSUES

TALK WITH YOUR ATTORNEY

- ▶ Who collects?
- ▶ How do we track delinquencies?
- ▶ Does your collection software have a SIT module?
- ▶ Should letters be mailed?
- ▶ If so, who mails the letters?
- ▶ Does Waiver of penalties apply ?
- ▶ Does Constable or Sheriff enforce misdemeanor violations in your County

TIPS

Be prepared with UPT Factor for dealers to have the correct factor beginning with January sales.

ADD LATE FILING PENALTY TO TAX ROLL

- Penalty tax liens can be enforced the same as other delinquent business personal property accounts.

RESOURCES

Relevant code dealing with special inventory specifically is found in §23, Subchapter B of the Texas Property Tax Code

Comptroller website - <https://comptroller.texas.gov/taxes/property-tax/special-inventory.php>

THANK YOU!

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