

CHANGING
Maryland
for the Better



DEPARTMENT OF
ASSESSMENTS & TAXATION

Personal Property Division



Department of Assessments and Taxation

www.dat.maryland.gov

Personal Property Employees

- ❖ Number of Administrators & Assistant Administrators – 2
- ❖ Number of Supervisors – 3*
 - * One position is currently vacant
- ❖ Number of Assessors – 16**
 - ** Includes 3 members of the Audit and Quality Control Team
- ❖ Number of Support Staff – 8***
 - *** 1 position is vacant and is in the process of being filled.



Background

- Office of Legislative Audits

- 2004 -
 - Identify, through the use of data matches, foreign corporations operating within Maryland but fail to file
- 2007
 - Repeat finding
- 2010
 - Repeat finding
- 2013
 - Department should enhance its quality control process (Real Property)
 - Personal property audits weren't completed for filing years 2008 through 2011
 - Data matches were conducted on a limited basis

- 2014 Maryland Assessment Work Group

- General Recommendations
 - Consider new business processes in an effort to realize additional efficiency in assessments and how technology can be used to maximize efficiency
 - Review staffing in light of new technology and changes to business processes
- Personal Property
 - Annual assessment and certifications are not occurring on a timely basis
 - Establish a review of best management practices for operational efficiencies
 - Conduct a staffing analysis and create a dedicated unit that works full-time on auditing and discovery functions (data matches)
 - Need to verify property locations in order to accurately make initial certifications.
 - Department should expand its new online return filing system

Projects and Goals for 2016

And ongoing for 2017

- **1ST QUARTER**
 - Re-design forms for use in multiple tax years
 - Improve abandoned call percentage
 - Re-organize into Teams
 - Spring cleaning
 - Start Personal Property Workgroup
- **2ND QUARTER**
 - Re-engineer process for the annual assessment of returns
 - Begin development of performance measures
 - Develop and implement a quality control process
 - Begin addressing backlogs in exemption applications and other areas
 - Improve process for verifying property locations
 - Contract with vendor to image prior year returns
- **3RD QUARTER**
 - Near completion of annual assessment of personal property returns
 - Carry out multiple hiring processes to fill vacant positions
 - Scanning project
 - SDAT begins certifying, twice per month, assessments to each local tax jurisdiction
- **4TH QUARTER**
 - Document internal policies and procedures
 - Review and edit website, forms and instructions
 - Develop new employee training materials
 - Start annual audit
 - File away 2016 returns
 - Prepare and distribute 2017 mailing
 - Assignment of new projects
 - Working with Comptroller and local taxing jurisdictions and municipalities on new Discovery process

What is Personal Property?

- ❖ Except as otherwise provided by law, all property located in the State of Maryland “is subject to assessment and property tax and is taxable to the owner of the property” [Md code, Tax-Property, 6-101]
- ❖ Examples of personal property
 - ❖ Furniture and fixtures
 - ❖ Office and Industrial Equipment
 - ❖ Tools, machinery, and supplies
 - ❖ Other property not classified as real property

- ✓ Real vs Personal
- ✓ Tangible vs Intangible
 - ✓ Inventory
 - ✓ Challenges

Who is required to file a Personal Property Return? TP Article 11-101

All corporations (INC, LTD), limited liability companies (LLC), limited liability partnerships (LLP), limited partnerships (LP), real estate investment trusts (REIT), and business trusts, regardless of whether they own personal property or not, the year following their formation, qualification or registration. They will complete a MD Form 1. The cost for keeping the above entities active and in good standing is \$300 and MUST accompany the Form 1.

Annual Report and Personal Property Return as of January 1st Due by April 15th
STATE OF MARYLAND, DEPARTMENT OF ASSESSMENTS AND TAXATION, PERSONAL PROPERTY DIVISION
P.O. Box 17052, Baltimore, Maryland 21297-1052 • www.dat.maryland.gov • (410) 767-1170 • (888) 246-5941 within Maryland •
ssat.persprop@maryland.gov

20 17 Enter the Year

Form 1
Page 1 of 4

Date Received by Department

Type of Business	Dept. ID	Filing Prefix	Fee	Type of Business	Dept. ID	Filing Prefix	Fee
<input type="checkbox"/> Domestic Stock Corporation	(D)		\$300	<input type="checkbox"/> Domestic Limited Liability Company	(W)		\$300
<input type="checkbox"/> Foreign Stock Corporation	(F)		\$300	<input type="checkbox"/> Foreign Limited Liability Company	(Z)		\$300
<input type="checkbox"/> Domestic Non-Stock Corporation	(D)		0 -	<input type="checkbox"/> Domestic Limited Partnership	(M)		\$300
<input type="checkbox"/> Foreign Non-Stock Corporation	(F)		0 -	<input type="checkbox"/> Foreign Limited Partnership	(P)		\$300
<input type="checkbox"/> Foreign Insurance Corporation	(F)		\$300	<input type="checkbox"/> Domestic Limited Liability Partnership	(A)		\$300
<input type="checkbox"/> Foreign Interstate Corporation	(F)		0 -	<input type="checkbox"/> Foreign Limited Liability Partnership	(E)		\$300
<input type="checkbox"/> SDAT Certified Family Farm	(A,D,M,W)		\$100	<input type="checkbox"/> Domestic Statutory Trust	(B)		\$300
<input type="checkbox"/> Real Estate Investment Trust	(D)		\$300	<input type="checkbox"/> Foreign Statutory Trust	(S)		\$300

NAME: _____

Address: _____

E-mail Address: _____

Note: Please include an e-mail address in order to receive important reminders from the Maryland Department of Assessments and Taxation.

Check here if this is a change of mailing address

MD DEPARTMENT ID NUMBER: _____ FEDERAL EMPLOYER IDENTIFICATION NUMBER: _____

DATE OF INCORPORATION OR FORMATION: _____ STATE OF INCORPORATION OR FORMATION: _____ FEDERAL PRINCIPAL BUSINESS CODE: _____

TRADING AS NAME: _____

SECTION I

A. Is any business conducted in Maryland? _____ Date began: _____
(Yes or No)

B. Nature of business conducted in Maryland: _____

C. Does the business own, lease or use personal property located in Maryland? _____ If No, skip SECTION II.
(Yes or No)

ONLY CORPORATIONS COMPLETE ITEM D

D. Names and addresses of officers and names of directors (type or print):

NAME	OFFICERS	ADDRESS
_____	_____	_____

DEPARTMENT ID NUMBER ON CHECK SHEET STAPLE CHECK HERE

Type or Print MD Department ID Number Here

Who is required to file a Personal Property Return? TP Article 11-101 (con't)

STATE OF MARYLAND
DEPARTMENT OF ASSESSMENTS AND TAXATION
PERSONAL PROPERTY DIVISION
301 West Preston Street, Room 801
Baltimore, MD 21201-2395
www.dat.maryland.gov • SDAT_PersProp@Maryland.gov
(410) 767-1170 • (888) 246-5941 within Maryland
MRS 1-800-735-2258 TTY/VOICE

CHECK IF THIS IS A CHANGE OF MAILING ADDRESS

OWNER'S NAME, TRADING AS NAME, AND MAILING ADDRESS:

MD DEPARTMENT ID NUMBER

2017 Enter the Year
Form AT3-51
Page 1 of 2
Date Received by Department

ANNUAL REPORT AND PERSONAL PROPERTY RETURN OF SOLE PROPRIETORSHIPS AND GENERAL PARTNERSHIPS AS OF JANUARY 1st DUE APRIL 15th

PART A

- Provide your federal employer ID # _____ (if none, provide social security number of owner).
- Provide your federal principal business code # _____ (from IRS Schedule C or Form 1065).
- IMPORTANT:** List exact location of all personal property reported on this return including county, town, and street address. (PO Boxes are not acceptable.) This assures proper distribution of assessments. If property is located in two or more locations, please attach additional copies of Part B and include the street address for each location (PO Boxes are not acceptable).

(STREET NUMBER & NAME) (CITY & ZIP CODE) (COUNTY) (INCORPORATED TOWN)
- Check if this location has changed from the prior year return.
- State your nature of business or profession: _____ Date began: _____
- Total gross sales or amount of business transacted during the prior year: \$ _____
If the business has sales in Maryland and does not report any personal property, in remarks below explain how the business is conducted without personal property. If the business is using the personal property of another business, provide the name and address of that business.

- Only sole proprietors complete questions 6a and 6b.
- Is this location the principal residence of the business owner? _____ (Yes or No)
- Is the total original cost of all the property, including inventory and excluding licensed vehicles, less than \$10,000? _____ (Yes or No)
If you answer yes to both 6a and 6b, your property is exempt. Skip to signature line on page 2.
- State the opening and closing dates of your fiscal year: _____
- Do you have any fully depreciated property or property expensed under IRS rules? _____ (Yes or No) If yes, have you included such property on this return? _____

This form can be filed online.
[Click here to access the MD EGov site.](#)

Sole proprietorships and general partnerships must file a return (AT3-51) following the year that they formed, and thereafter. This includes if a business license is needed, even if there is no personal property that will be reported. If they possess (own, lease, rent, use or borrow) business personal property that is less than \$10,000 AND they are working out of their home, there is no need to file the AT3-51 after that first year. If both conditions above are NOT met, they are required to file yearly, due April 15. There is no filing fee with the AT3-51.

Balance Sheet

Enter the Year
2017
Form 4A

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2017 Enter the Year
Form 1
Page 1 of 4
Date Received by Department

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<input type="checkbox"/> Foreign Non-Stock Corporation	(F)	- 0 -	<input type="checkbox"/> Foreign Limited Partnership	(P)	\$300
<input type="checkbox"/> Foreign Insurance Corporation	(F)	\$300	<input type="checkbox"/> Domestic Limited Liability Partnership	(A)	\$300
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<input type="checkbox"/> Real Estate Investment Trust	(D)	\$300	<input type="checkbox"/> Foreign Statutory Trust	(S)	\$300

Name of Business _____
Maryland Department ID Number _____

	Beginning of Period			End of Period		
	month	day	year	month	day	year
	WITHIN MARYLAND	TOTAL*		WITHIN MARYLAND	TOTAL*	
ASSETS						
CURRENT ASSETS						
1. Cash						
2. Marketable Securities						
3. Accounts Receivable						
4. Inventory						
5. Other Current Assets						
PROPERTY, PLANT AND EQUIPMENT						
6. Land						
7. Buildings						
8. Leasehold Improvements						
9. Equipment						
10. SUBTOTAL Property, Plant and Equipment	0	0		0	0	
11. Accumulated Depreciation (Negative Number)						
12. Net Property, Plant and Equipment	0	0		0	0	
INTANGIBLE AND OTHER ASSETS						
13. Intangible						
14. Other (provide schedule)						
15. TOTAL ASSETS	0	0		0	0	
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
16. Accounts Payable						
17. Other Current Liabilities						
LONG TERM LIABILITIES AND EQUITY						
18. Mortgage, Notes, Bonds Payable						

CHECK ONE

2017 Enter the Year
Form AT3-51
Page 1 of 2
Date Received by Department

online. EGov site.

Number of owner.

Name of Business _____
Mailing Address _____
E-mail Address _____

Note: Please include an e-mail address in order to receive important reminders from the Maryland Department of Assessments and Taxation.

DEPARTMENT ID NUMBER _____ FEDERAL EMPLOYER IDENTIFICATION NUMBER _____
REFIX _____
TYPE OF INCORPORATION OR FORMATION _____ STATE OF INCORPORATION OR FORMATION _____ FEDERAL PRINCIPAL BUSINESS CODE _____
ADDING AS NAME _____

SECTION I

- Is any business conducted in Maryland? _____ Date began: _____ (Yes or No)
- Nature of business conducted in Maryland: _____
- Does the business own, lease or use personal property located in Maryland? _____ If No, skip SECTION II. (Yes or No)

ONLY CORPORATIONS COMPLETE ITEM D

- Names and addresses of officers and names of directors (type or print):

Names	Addresses	(STREET NUMBER & NAME)	(County)	(Incorp. Town)
OFFICERS				

Nature of business: _____
Is the business currently active? _____
When was the business started? _____
Was the business started new? _____

Check here if this is a change of mailing address

DEPARTMENT OF ASSESSMENTS AND TAXATION
PERSONAL PROPERTY DIVISION
FOR IDENTIFICATION NUMBER PARTNERSHIP OR GENERAL PARTNERSHIP
Type or Print MD Department ID Number Here

STATE OF MARYLAND
Department of Assessments and Taxation
Personal Property Division
FOR IDENTIFICATION NUMBER PARTNERSHIP OR GENERAL PARTNERSHIP
Incorporated businesses that do not have an identification ("L")
Department of Assessments and Taxation, 301 W. Preston

used to determine whether the business needs an identification
for personal property assessment purposes. If you have any questions,
Maryland 1-888-246-5941.

Identification Number of owner (s): _____

Address: _____

(STREET NUMBER & NAME)	(County)	(Incorp. Town)



Personal Property Tax Exemptions

- ❖ Article 7-202 – Charitable or educational purposes
 - ❖ Grants an exemption from personal property assessments and taxation for assets used for charitable and/or educational purposes.
 - ❖ Approximately 40-50 applications are processed each year



Personal Property Tax Exemptions (con't)



- ❖ Article 7-225 – Personal Property – Manufacturing property
 - ❖ Grants an exemption from personal property assessments and taxation for assets used in manufacturing and/or research & development
 - ❖ Grandfathered local ordinances-laundry
 - ❖ Approximately 100-125 applications are processed each year



Personal Property Tax Exemptions (con't)

- ❖ Article 7-227 – Personal Property – Property located in a residence
 - ❖ Available for sole proprietorships that operate out of the principle residence of the owner and have less than \$10,000 in personal property



Personal Property Assessment Calendar pursuant to Maryland Law



- **JANUARY 1ST**
 - “Date of Finality” establishes annual filing requirement
- **APRIL 15TH**
 - Annual report due date
- **JUNE 15TH**
 - Provided the taxpayer requests it prior to the annual due date, a 60-day extension may be granted.
- **JULY 1ST**
 - Tax/fiscal year begins

Personal Property Operational Calendar

- **January**
 - Forms are revised and made available on SDAT's website and through Maryland Business Express, MBE
- **February**
 - A reminder of the filing requirement is provided to active entities
 - In 2017, a postcard
 - In 2018, email list serve
- **March**
 - Taxpayers begin filing the completed tax form & paying the filing fee. No registration or filing fees for a sole proprietorship or general partnership.
 - Assessors begin reviewing returns
 - SDAT begins mailing assessment notices to taxpayers
- **June**
 - SDAT begins certifying, twice per month, assessments to each local tax jurisdiction
- **July**
 - Local tax jurisdictions begin billing taxpayers and collecting the tax revenue
- **August thru December**
 - SDAT begins
 - making estimated assessments,
 - mailing the corresponding notices to taxpayers,
 - certifying the appropriate values to each local tax jurisdiction, and
 - issuing forfeiture notices for failing to file current (foreign entities) or prior year's (domestic) report.

Personal Property Assessor's Role

- Review returns and supporting financial documents
- Validate the category selections
- Allocate value to the proper County/Municipality
- Update data system information
- Process amended returns which seek to correct errors add/remove property
- Handle first line appeals
- Respond to inquiries or correspondence by taxpayers, preparers, local officials and general public
- Perform audits and handle forfeitures



Personal Property Audit Team

- ❖ There are currently 3 members of the Personal Property Audit Team.
- ❖ Team preforms an audit of selected accounts from the prior year
 - ❖ Current reasons an account may be audited
 - ❖ No assessment in audit year but assessment in prior years
 - ❖ Increase of \$100,000 and 25% in assessable base from previous year
 - ❖ Decrease of \$100,000 and 25% in assessable base from previous year
 - ❖ New in 2017, these reports are run twice yearly in July and December
- ❖ During the condensed audit of the 2014 returns, 1,381 returns were audited and an additional \$122,114,690 in assessable base was certified to the local tax jurisdictions.
- ❖ New in 2016: Assessments are “held” for five days following data entry so the team can review and audit to catch potential mistakes before a notice is sent and the assessment certified to the local jurisdictions.

Forfeiture

Personal Property Forfeiture

- ❖ Failure to file a personal property return for the previous year (Domestic entities)
- ❖ Failure to file a personal property return for the current year (Foreign entities)
- ❖ Failure to pay a late filing penalty
- ❖ Payment of filing not honored (bad check)

Additional Forfeiture Reasons

- ❖ Unresolved issues with the Comptroller
- ❖ Unresolved issues with Department of Labor, Licensing, and Regulation
- ❖ No resident agent (Foreign entities)

Division Statistics

1

RETURNS FILED AS OF OCTOBER 1ST, 2015

ONLINE –	13,564
TOTAL –	293,770

RETURNS FILED AS OF OCTOBER 1ST, 2016

ONLINE –	32,054
TOTAL –	283,333

RETURNS FILED AS OF **JUNE 16, 2017**

ONLINE-	39,597
TOTAL-	183,288

ASSESSED AS OF OCTOBER 1ST, 2015

NA (\$0 VALUE) -	140,565
ASSESSED –	92,805
SUB BASE -	\$6.815 BILLION

ASSESSED AS OF OCTOBER 1ST, 2016

NA (\$0 VALUE) -	159,568
ASSESSED –	95,835
SUB BASE -	\$ 9.079 BILLION

ASSESSED AS OF **JUNE 16, 2017**

NA (\$0 VALUE) -	112,223
ASSESSED –	51,253
SUB BASE -	\$2.831 BILLION

Division Statistics #2

AVERAGE TIME TO ASSESS (DAYS)

2015 (AS OF 2/29/16 1ST AVAILABLE DATA)

ONLINE -	87.73
PAPER -	98.01
NA (\$0 VALUE) -	104.79
ASSESSED -	85.71
OVERALL -	97.65

2016 (AS OF OCTOBER 1ST)

ONLINE -	38.59
PAPER -	72.74
NA (\$0 VALUE) -	78.99
ASSESSED -	55.94
OVERALL -	70.34

2017 (AS OF JUNE 16)

ONLINE -	13.50
PAPER -	26.76
ONLINE NA (\$0 VALUE) -	3.17
PAPER NA (\$0 VALUE) -	22.15
OVERALL -	19.43

Division Statistics #3

FORFEITURE NOTICES MAILED

2015

DOMESTIC (OCT) – 42,831

FOREIGN (NOV) – 6,682

2016 –

DOMESTIC (OCT) – 43,179

FOREIGN (NOV) – 6,922

CALLS AS OF OCTOBER 1ST, 2015

RECEIVED - 60,315

ABANDONED CALL % - 18.4%

CALLS AS OF OCTOBER 1ST, 2016

RECEIVED - 56,097

ABANDONED CALL % - 6.5%

843 CALLS RECEIVED AND COMPLETED APRIL 17, 2017

ABANDONED CALL % 6.64

495 CALLS RECEIVED AND COMPLETED JUNE 15, 2017

ABANDONED CALL % 5.25

Personal Property Documents

- ❖ Form 1 – Corporate personal property return
 - ❖ AT3-51 – Sole proprietorship return
 - ❖ Form 4A – Balance Sheet*
 - ❖ Forms 4B and 4C – Depreciation Schedule; Disposal and Transfers Reconciliation*
 - ❖ AT3-53 – Sole proprietorship condo rental return
 - ❖ AT3-75 – Banks, Savings Banks, Savings and Loans, and Trust Companies return
 - ❖ AT3-28 – Financial Institutions return
 - ❖ AT3-45 – Transfer, Sale or Disposal of ALL Tangible Personal Property
 - ❖ AT3-73 – Sole proprietorship and general partnership formation document
 - ❖ Fillable forms available on website
- ❖ * Forms 4A, 4B, and 4C are included with both the Form 1 Corporate return and the AT3-51 Sole Proprietorship return

For Information and Assistance

PERSONAL PROPERTY DIVISION
AS OF JUNE 1, 2017 SDAT EMPLOYEES SEE
INTRANET

WEBSITE:

WWW.DAT.MARYLAND.GOV

E-MAIL ADDRESS

GENERAL

SDAT.PERSPROP@MARYLAND.GOV

AUDIT AND QUALITY CONTROL ISSUES

SDAT.PPAUDIT@MARYLAND.GOV

TOLL FREE WITHIN MARYLAND
(888) 246-5941

MAILING ADDRESS FOR RETURNS
PO BOX 17052
BALTIMORE, MD 21297-1052

OFFICE ADDRESS
301 W PRESTON ST, ROOM 801