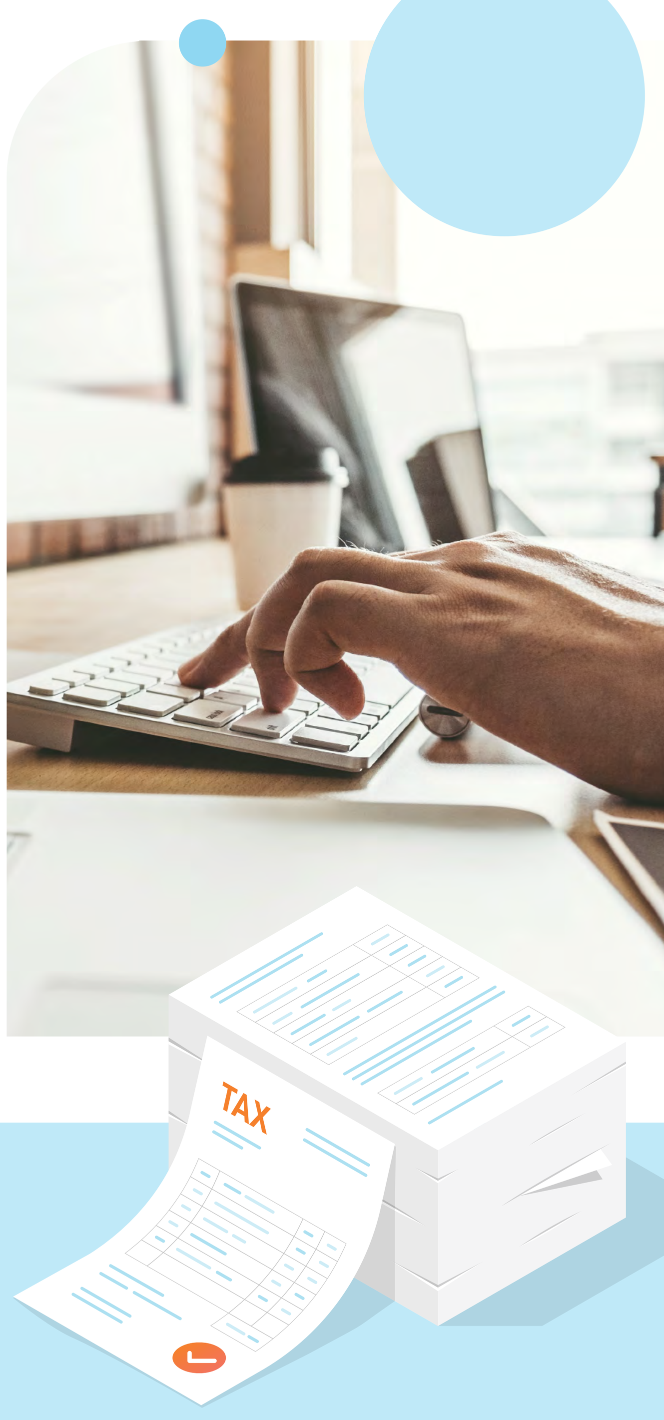
Avalara
Tax compliance done right

Four common business events that merit extra property tax vigilance

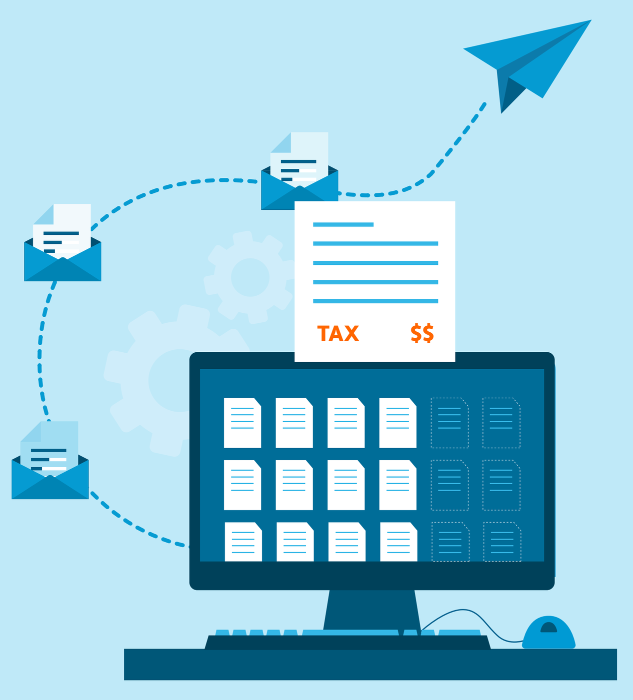


Unless you're well-versed in property tax, the intricacies of staying compliant could make your head spin.

And that's *before* we tell you that a recent study found that 56% of enterprise companies receive between 500 to 10,000 property tax bills per year.

Outside of property tax bill payment, property tax returns preparation and filing, assessment review, or appeals, there are several key events within the lifecycle of a business that may warrant additional property tax vigilance.

Annual deadlines



You may have thought property tax compliance had a predictable seasonality or cadence.

October - January: Majority of property and tax bills are mailed out

February - April: Many property tax returns are prepared and filed

May, June, July: A number of property assessments are mailed and businesses granted a short window for appeals (often 30 to 45 days)

But wait!

Property tax rules have changed over the years, and whatever the month, it's essential that businesses stay on top of their property tax deadlines. With so many jurisdictions issuing different deadlines these days, businesses should expect property tax notifications to be going in and out at any time of year.

Besides traditional deadlines, the following key business events may add additional complexity to your property tax compliance.

Event 1: Business expansion

Expansion can be great – it means your business is growing – but it can also come with property tax implications.

Mergers & Acquisitions: Uniting two existing companies, whether through a merger or acquisition, means uniting two existing companies' assets, as well.

Partnerships: The legal owner of the property is responsible for filing and paying property tax, so ensure this is clear to the tax team from the start and that everyone has all the paperwork they need.

Expansion: Whether you're expanding to another state, or just another jurisdiction down the road, different locations have different laws, requirements, forms, and deadlines regarding property tax. Keeping track of it all is essential to staying compliant.

Event 2: Relocation of business assets

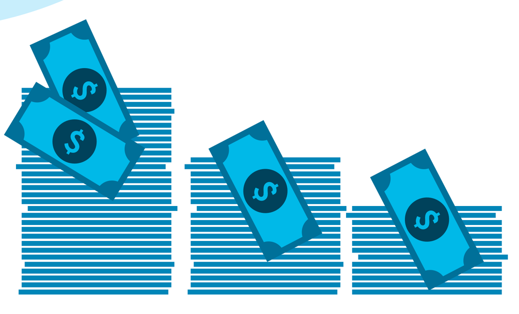
The relocation of business assets can impact your property tax in several ways.

Operating in a new jurisdiction could mean different deadlines, requirements, and regulations for your compliance.

These events are less common:

Selling assets like equipment may require that you owe additional taxes, if you sell it for a profit.

Receiving a business asset as a gift that you plan to use as a way to relocate your business requires you to pay property tax based on the purchase price to the donor.



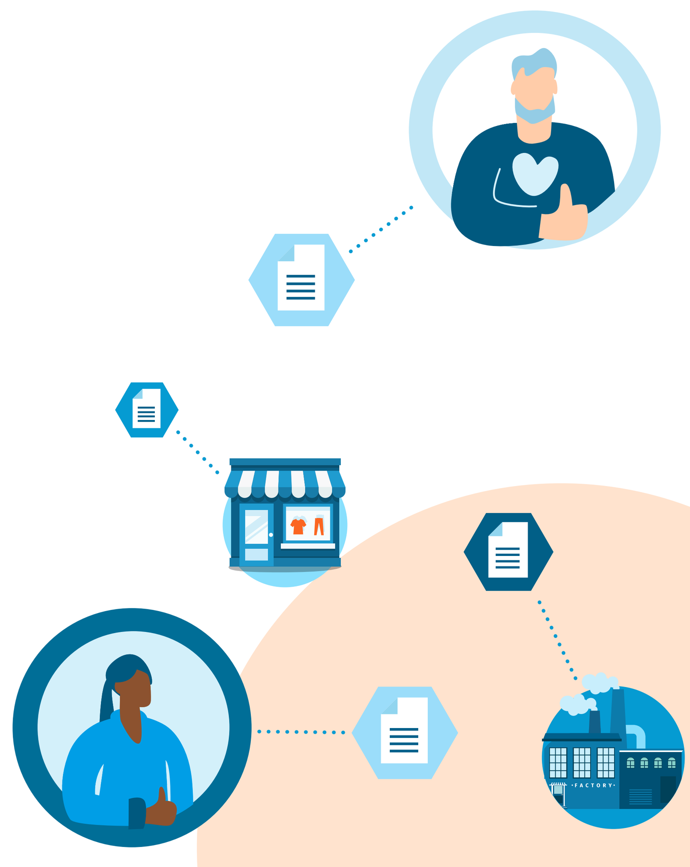
Event 3: Equipment purchases or leases

For some companies, physical equipment is the lifeblood of the business. That often means acquiring new equipment to stay competitive in the field.

Leasing: There typically is not really a major consideration for leasing assets, unless you're the lessor. In that case, you're responsible for reporting or filing for leased equipment.

Purchasing: Increasing your assets with the purchasing of new equipment means increasing your taxable liability.

Event 4: Company reorganization



In the event of a company reorganization, some of these common changes could have property tax implications:

- Moving to a larger office, or downsizing to a smaller one
- The purchase of new equipment
- The sale of equipment for employees no longer with the company
- Taking on new storefronts after being bought out

To avoid any monetary or reputational penalties that might come with being non-compliant in property tax, consider using cutting edge technology to help you keep ontrack. Avalara helps companies optimize property tax compliance across bills, returns, assessments, and more. Plus, it's all done in one, easy-to-use hub.

Learn more

CFO DIVE
Custom content for Avalara by studioID