



Personal Property

Q: As a business owner, must I pay personal property tax?

A: Yes. Personal property refers to assets used in conducting a business. The chief characteristic distinguishing personal property from real property is mobility, meaning it can be moved from one place to another. Taxable personal property includes, but is not limited to:

- machinery and equipment
- supplies and materials that are not held for sale or not components of a product
- tools used in a business
- leased equipment, leasehold and tenant improvements, lessee-owned improvements on public land
- commercial vessels not subject to excise tax
- machinery and equipment used in agriculture, manufacturing, construction and logging

Q: How is the value of personal property determined?

A: Most personal property assessments are based on the cost approach, using information provided by the taxpayer on personal property listing forms furnished by the Assessor. The Assessor uses a depreciation table provided by Department of Revenue (DOR) to determine value, taking into consideration the age, cost and type of property.

Q: Who assesses my personal property?

A: The assessment is done by the County in which the business is physically located. The location of the business owner's residence is not relevant unless that is also the location of the business. If you have questions about the valuation of your personal property contact our office at (509) 667-6365. If you have questions about your tax bill, contact the Treasurer's Office at (509) 667-6405.

Q: How do I report my business assets to the County?

A: If you have not filed with this office before, you can contact us at (509)667-6448 to request a Personal Property Listing form. Businesses in operation on the first day of January will be sent a listing form. Please use that form to report your assets. You must complete and return their personal property listing forms by April 30th to avoid a penalty. If you have not received a listing form, please contact our office.

Q: What if I miss the April 30th filing deadline?

A: We encourage you to contact our office at (509) 667-448 to discuss your options. Late filers are subject to a penalty of 5 percent per month up to 25%. This penalty will be added to your personal property tax bill.

Q: Do I need to sign the listing form?

A: Yes, and be sure to include the preparer's contact information so that we can call or email if we have any questions.

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Q: What personal property do I need to report?

A: Report business personal property you own, lease, formerly leased but now own, leasehold, building improvements and supplies. A summary list of the categories of business property to report is included on the listing form provided by the assessor. Include personal property used in your business on January 1st of the year in which you report. For example, if you had \$20,000 of business assets in place on January 1, 2024, you would report them on the 2024 listing form. Any items obtained in 2024 after January 1 would be reported on the 2025 listing, if still in use on January 1, 2025. The listing form includes instructions for completing the form. If you have any questions about how or what to report, just give us a call at (509) 667-6448.

Q: What's included in the cost of my personal property?

A: List the total purchase cost of your personal property assets, excluding sales tax. Total purchase cost of an item includes all costs associated with making the property operational; for example, installation, freight and engineering charges. Include the value of any trade-in. You will also need to include any pieces of equipment (computer for example) that are used in your business and are also used for personal activities. Even if the computer was used only 1% of the time for business, it is 100% assessable.

Q: What about supplies and inventory?

A: Supplies, including such items such as paper, envelopes, staples, etc., should be reported. Supplies are defined as items used to conduct everyday business. Report the cost of supplies on hand on January 1st or take 1/12th of your annual supply expense, whichever is easier to determine. Inventory (items held for resale) and items that become part of a business product or service (such as bottles or cans used in food manufacturing) are exempt and do not need to be reported.

Q: What are leasehold improvements, and should I report them?

A: Leasehold improvements are improvements or additions to leased property that benefit the lessee (tenant or renter). Improvements made to a building that you own and occupy, are not leasehold improvements. You should report leasehold improvements as personal property if (a) you, as the tenant, made or own the improvements or additions; or (b) you, as the landlord, made or own the improvements or additions for a specific tenant. Include sales tax in the cost you report and provide information in the "Building/Office Space Lease Data" and "Conditions of Lease" sections of the form to help us determine the assessment. If you own the building you occupy, do not report leasehold improvements.

Q: How about formerly and currently leased equipment used in the business?

A: Both need to be reported. For the majority of equipment currently being leased, the leases are categorized as operating leases. In this case, the tax will go to the lessor, but the lessee is required to list the leased property on the personal property listing. For capitalized leases, the lessee assumes the tax. List assets you formerly leased under "Owned Business Assets."

Q: What happens once I return a completed listing?

A: The information you provide will be entered into our computer system, and we will use this information to calculate an assessed value. A Personal Property Valuation Notice showing this assessed value will be sent to you. This value is multiplied by the levy rate for your business's location to determine personal property taxes. The valuation notice also provides information about the process and timelines for appealing the valuation.

Q: How do you calculate my personal property tax?

A: Your tax is based on the property's assessed value, which is its original cost minus depreciation. Depreciation is determined by the items' description, purchase price and year of acquisition. This value then is used to calculate your personal property tax.

Q: What if I disagree with my valuation?

A: We encourage you to contact us and we will review your account information with you to make sure an error has not been made. If appropriate, our personal property specialist may be asked to review the assessment

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and may make an adjustment. If the assessed value is still disputed, you may appeal the value to the County Board of Equalization. You can contact them at (509) 667-6565 to obtain appeal forms and related information.

Q: If I'm just starting a business, when do I first need to report business assets?

A: You'd need to submit a completed listing in the year your business was first in operation on January 1st. For example, if you started your business on June 10, 2024, you would first file a listing in 2025 listing those assets used by your business as of January 1, 2025. If you contact us at the onset of your business, we can set up an account and make sure you get the listing form in plenty of time to complete and return it by the April 30th due date.

Q: If I sell or close my business during the year, who is liable for the personal property tax?

A: The person who owned the business on January 1st is liable for the tax for the following year. Taxes are not prorated.

Q: Will I be penalized if I file now, after not filing previously?

A: This is at the discretion of each County Assessor. Chelan County's policy is to waive non-filing penalties for voluntary filing. If, however, we discover non-filing, the County can apply non-filing penalties for the year of discovery and up to three previous tax years.

Didn't find what you are looking for? Still have questions? Contact us at:

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