



## Instructions for Dealer's Heavy Equipment Inventory Tax Statement

If you are an owner of an inventory subject to Sec. 23.1241, Tax Code, you must file this dealer's heavy equipment inventory tax statement as required by Sec. 23.1242.

**Filing deadlines:** You must file this statement on or before the 10th day of each month. If you were not in business for the entire year, you must file this statement each month after your business opens, but you do not include any tax payment until the beginning of the next calendar year. However, if your dealership was the purchaser of an existing dealership and you have a written contract with the prior owner to pay the current year heavy equipment inventory taxes owed, then you must notify the chief appraiser and the county tax assessor-collector of this contract and continue to pay the monthly tax payment. Be sure to keep a completed copy of the statement for your files and a blank copy of the form for each month's filing.

**Filing places:** You must file the original completed statement with your monthly tax payment with the county tax assessor-collector. You must file a copy of the original statement with the county appraisal district's chief appraiser. The addresses and phone numbers for both offices are at the top of the form.

**Filing penalties:** Late filing incurs a penalty of 5 percent of the amount due. If the amount is not paid within 10 days after the due date, the penalty increases for an additional penalty of 5 percent of the amount due. Failure to file this form is a misdemeanor offense punishable by a fine not to exceed \$100. Each day that you fail to comply is a separate offense. In addition, a tax lien attaches to your business personal property to secure the penalty's payment. The district attorney, criminal district attorney or county attorney shall collect the penalty, with action in the county in which you maintain your principal place of business or residence. You also will forfeit a penalty of \$500 for each month or part of a month in which this statement is not filed after it is due.

**Annual property tax bill:** You will receive a separate tax bill(s) for your heavy equipment inventory for each taxing unit that taxes your property, usually in October. The county tax assessor-collector also will receive a copy of the tax bill(s) and will pay each taxing unit from your escrow account. If your escrow account is not sufficient to pay the taxes owed, the county tax assessor-collector will send you a tax receipt for the partial payment and a tax bill for the amount of the deficiency. You must send to the county tax assessor-collector the balance of total tax owed. You may not withdraw funds from your escrow account.

**Step 1: Owner's name and address.** Give the corporate, sole proprietorship or partnership's name, including mailing address and telephone number of the actual business location as required by the inventory tax statement (not of the owner).

**Step 2: Information about the business.** Give the address of the actual physical location of the business. Include your business' name and the account number from the appraisal district's notices.

**Step 3: Information on each item of heavy equipment sold during the reporting month.** Complete the information on each item of heavy equipment sold, including the date of sale, model year, item name, identification number, purchaser's name, type of sale, sales price and unit property tax. The footnotes include:

<sup>1</sup> **Type of Sale:** A sale is considered to occur when possession of an item of heavy equipment is transferred from the dealer to the purchaser. Place one of the following codes by each sale reported:

**HE - Heavy equipment inventory** - sales of heavy equipment at retail. Heavy equipment means self-propelled, self-powered, or pull-type equipment, including farm equipment or a diesel engine, that weighs at least 3,000 pounds and is intended to be used for agricultural, construction, industrial, maritime, mining, or forestry uses. The term includes items of heavy equipment that are leased or rented but subject to a purchase option by the leasee or renter. A sale is considered to occur when possession of an item of heavy equipment is transferred from the dealer to the purchaser. The term does not include an item of heavy equipment that is required to be titled under Chapter 501 or registered under Chapter 502, Transportation Code.

**FL - fleet sales** - heavy equipment included in the sale of five or more items of heavy equipment from your inventory to the same buyer within one calendar year.

**DL - dealer sales** - sales of heavy equipment to another dealer.

**SS - subsequent sales** - dealer-financed sales of heavy equipment that, at the time of sale, have dealer financing from your inventory in this same calendar year. The first sale of an item of dealer-financed heavy equipment is reported as a heavy equipment inventory sale, with sale of this same heavy equipment later in the year classified as a subsequent sale.

<sup>2</sup> **Sales Price:** The total price means the total amount of money paid or to be paid to a dealer for the purchase of an item of heavy equipment; or for a lease or rental with the option to purchase, the sale price is the total amount of the lease or rental payments plus any final consideration, excluding interest.

<sup>3</sup> **Unit Property Tax:** To compute, multiply the sales price by the unit property tax factor. For fleet, dealer and subsequent sales that are not included in the net heavy equipment inventory, the unit property tax is \$-0-. The unit property tax factor is the aggregate tax rate divided by 12 and then by \$100. Calculate your aggregate tax rate by adding the property tax rates for all taxing units in which the inventory is located. Use the property tax rates for the year preceding the year in which the heavy equipment is sold. If the county aggregate tax rate is expressed in dollars per \$100 of valuation, divide by \$100 and then divide by 12. Dividing the aggregate rate by 12 yields a monthly tax rate and by \$100 to a rate per \$1 of sales price.

<sup>4</sup> **Total Unit Property Tax for This Month:** Enter only on last page of monthly statement.

**Step 4: Total sales.** Provide totals on last page of statement of the number of units and the sales amounts for heavy equipment sold in each category.