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BUSINESS PERSONAL PROPERTY ASSESSMENT INFORMATION

The following information is intended to assist businesses in correctly assessing personal property in accordance with Arkansas law... Tangible personal property of businesses consists primarily of inventory/supplies and fixed assets.

Inventory/Supplies

Inventory items are those goods produced or held for sale in the normal course of business, with the intent of making profit thereon... Inventory is valued for assessment purposes, according to Arkansas law, at its prior year average value.

The inventory of a manufacturer consists of raw materials, work-in-process, finished goods, and supplies and packaging. Raw materials are inventory items that will be used in the manufacturing process, while work-in-process items are those to which the process is being applied.

Any business holding goods for sale are merchants under Arkansas law.

Fixed Assets

Fixed assets are those items used in the course of business, but not held for sale. These include: furniture, fixtures, machinery, equipment, vehicles, tools, and any other non-inventory items. By definition, fixed assets are those items whose value is related to their usefulness, and are assessed according to their value on a specific date, January 1st... So long as the asset is in use, it will retain value.

In assessing fixed assets, the owner should report total costs, including acquisition, freight, installation, and any other costs incurred in bringing the assets to a productive capability.

Leased Personal Property

Personal property in the possession of a business but belonging to someone else should be assessed to its true owner (the lessor when a lease exists).

Other General Provisions

All tangible personal property must be listed with the assessor no later than May 31st of each year. Property assessed after this date will be penalized in the amount of ten percent (10%) of the taxes levied on that property. Fixed assets acquired between January 1 and May 31 of each year must be added to that year's assessment, even though an assessment may already be on file for the year.

SELECTED ARKANSAS STATUTES

26-1-101. Definitions. . . . “Person” means firm, company, or corporation; “Personal Property” means: Every tangible thing being the subject of ownership . . . and not forming a part of any parcel of real property as defined; . . . (Note: the portions of this statute referring to real property and intangible personal property are not quoted herein.)

26-3-201. Property subject to taxes generally. All property, whether real or personal, in this state . . . shall be subject to taxation. Such property . . . shall be entered on the list of taxable property for that purpose. . . .

26-26-201. Delinquent Assessments. There shall be a penalty of ten percent (10%) of all taxes due on all persons and property delinquent in assessment. . . .

All persons and property not listed for assessment with the assessor on or before May 31 of the year in which the assessment is required . . . , shall be deemed delinquent in assessment. . . .

26-26-903. Owner to list property. Every person of full age and sound mind shall list the real property of which he is the owner, situated in the county in which he resides, and the personal property of which he is the owner . . . whether in or out of the county or state. . . .

26-26-910. Valuations in listings not conclusive. The valuations as set out in any assessment list required under the provisions of this subchapter to be delivered to the assessor by the property owner shall not be held to be conclusive as to the value of the property so listed, and the assessor may make such assessment of the property as he/she may deem just and equitable. . . .

Any person shall, when called upon by the assessor, be required to answer upon oath and furnish proof demanded as to purchases, sales, transfers, improvements, . . . or any and all other information requested and pertaining to the location, amount, kind, and value of his own property or that of another person.

26-26-1102. Place of assessment. All real estate and tangible personal property shall be assessed for taxation in the taxing district in which the property is located and kept for use. . . .

26-26-1201. Date of valuation. All property in this state shall be assessed by the authorized authorities according to its value on January 1. . . .

26-26-1203. Merchants. Any person owning or having in his possession, or under his control, within this state, with authority to sell it, any personal property purchased with a view to its being sold at a profit, or which has been consigned to him from any place out of this state, to be sold within this state, shall be held to be a merchant for the purpose of this valuation . . .

26-26-1205. Manufacturers. Every person who shall purchase, receive, or hold personal property of any description for the purpose of adding to the value thereof by process of manufacturing, refining, rectifying, or by combination of different materials, with a view of making a gain or profit by so doing, shall be held to be a manufacturer. . . .