EFFECTIVELY MANAGE PROPERTY TAX RETURNS PREPARATION AND FILING

Avalara
Property Tax
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What are property tax returns?

While real estate property taxes are familiar to many, businesses often face personal property tax obligations on assets such as office equipment, technology, vehicles, and more. Preparing property tax returns involves accurately tracking and reporting both real and personal property — a complex and multi-faceted process.

Property tax returns (also known as renditions) are crucial for calculating the taxes businesses owe on their personal property in states that require it. Mistakes in this process can lead to overpayment, underpayment, or penalties. Inaccurate or missing filings also expose businesses to potential audits, so maintaining detailed and organized records is essential to ensure compliance and defend valuations.



Why are property tax returns so complicated?

Property tax returns are far from straightforward. Consider these factors:

- **Multiple jurisdictions**: Businesses with assets in different locations must navigate varying tax rates, forms, exemptions, and deadlines for each jurisdiction. It's critical to use the most up-to-date forms and depreciation tables to calculate accurate values. Failing to do so can lead to inaccurate filings and unnecessary tax payments.
- **Dynamic valuations**: The value of property fluctuates over time due to appreciation, depreciation, or improvements, making it more difficult to calculate tax obligations accurately.
- **Complex reporting**: Detailed asset categorization, acquisition dates, and current valuations are required. Misreporting this data can result in incorrect tax assessments or audits.
- **Manual paperwork**: Many jurisdictions still rely on manual filing, forcing businesses to prepare, print, and mail returns — introducing opportunities for delays or errors.
- **Changing regulations**: Jurisdictions frequently update their tax laws, so businesses must stay current to avoid compliance issues.

Given these complexities, managing property tax returns manually becomes a significant burden for businesses, especially those with a large number of assets spread across multiple locations. Manual preparation increases the chances of errors, missed deadlines, and overpayment.

Challenges of preparing property tax returns manually

1. **Data management and accuracy**: Businesses must accurately track all qualifying personal property, including purchases, sales, relocations, and improvements. Manual data entry increases the risk of errors and inconsistencies, which can lead to over- or underpayments.
2. **Jurisdictional complexity**: Different jurisdictions have their own tax rules, rates, and deadlines, and personal property tax can be more mind-boggling in some states. Businesses with assets in multiple locations must manually gather forms, track deadlines, and stay up-to-date on local regulations — heightening the risk of missed details.
3. **Time-consuming and labor-intensive**: Manual preparation is labor-intensive, especially for companies with large property portfolios. The process of collecting, organizing, and submitting data for each jurisdiction separately consumes valuable resources.
4. **Increased audit risk**: Property tax audits require well-organized records of assets, valuations, and past filings. Preparing for audits manually adds risk, as disorganized records can lead to incomplete or inaccurate responses.



Why automation is key

Automating property tax returns preparation offers significant advantages by transforming a traditionally manual process into a more streamlined and accurate system. Here's how automation helps:

1. **Increased efficiency:** Automating repetitive tasks such as data entry and form preparation allows businesses to focus on strategic tax planning and decision-making.
2. **Improved accuracy:** Automation pulls data directly from existing records, ensuring consistency and applying the correct tax rules automatically, reducing human error.
3. **Better compliance:** With built-in tracking of deadlines and jurisdictional requirements, businesses can avoid penalties and improve compliance with local regulations.
4. **Enhanced visibility:** Real-time insights into property tax obligations allow businesses to assess how changes in valuations or tax rules affect overall tax liability.
5. **Audit readiness:** Automation organizes property data, making it easier to generate reports and respond quickly to audit requests, reducing the risk of costly disputes.



How Avalara Property Tax can help

Avalara Property Tax simplifies property tax management by centralizing real and personal property data and automating critical tasks such as form preparation, reporting, and audit support. Here's how Avalara addresses the key challenges of property tax returns:

- **Maintaining more accurate property data**: With Avalara's centralized platform, businesses can easily update records, track acquisitions, and manage depreciation schedules across all jurisdictions.
- **Navigating jurisdictional complexity**: Avalara's built-in database of tax rules, deadlines, and forms help businesses comply with the latest regulations across 20,000+ jurisdictions.
- **Reducing time and labor costs**: Automated workflows streamline the entire process, from data collection to form submission, saving time and reducing manual effort.
- **Maximizing tax savings**: Run "what if" scenarios to explore how changes in asset valuation or local rules might impact tax liabilities.
- **Mitigating audit risk**: Avalara's organized audit-ready records make responding to audits more efficient and accurate, with a clear audit trail for all filings.

Case Study

Comcast changes the channel on property tax management

Tax challenges

Comcast property assets sprawl across jurisdictional boundaries, making property tax compliance a complex puzzle. "We've got cables and all sorts of other electronic infrastructure that doesn't really recognize jurisdictional boundaries," says Allyssa DeCenzo, a property tax manager at Comcast. "We were doing all allocations manually, and then printing and mailing the returns for each jurisdiction." Property tax returns were due every two weeks of the first six months of each year.

The manual effort to process and file thousands of them was a severe drain on the team. Adding to the concern, the entire process was largely undocumented — it lived in the brain of a single compliance manager — creating another layer of risk. *"We needed a consistent, centralized process that was accessible for everyone on the team,"* says Allyssa.

PRODUCT USED | AVALARA PROPERTY TAX

Improved management of personal property and real property tax for business of all sizes.

Benefits

- Single, accessible solution for complex property tax management
- Significant reduction in time needed to process property tax returns
- Enhanced process for managing data sharing during tax audits

Tax Challenges

- Process inefficiency
- Tax complexity
- Employee burnout
- Compliance risk

Conclusion

Preparing property tax returns can be a daunting and error-prone process. By automating the preparation and filing process, Avalara Property Tax helps businesses reduce risks, improve compliance, and focus on growth. With Avalara, businesses can minimize the burden of managing complex property tax returns while ensuring more accurate, more timely filings.



Take Action

Learn more about how Avalara Property Tax can simplify your property tax management.

Request a demo today to see how Avalara Property Tax can help streamline your processes and reduce compliance risks.

Disclaimer

Tax rates, rules, and regulations change frequently. Although we hope you'll find this information helpful, this report is for informational purposes only and does not provide legal or tax advice.

About Avalara

Avalara helps businesses of all sizes get tax compliance right. In partnership with leading ERP, accounting, ecommerce, and other financial management system providers, Avalara delivers cloud-based compliance solutions for various transaction taxes, including sales and use, VAT, GST, excise, communications, lodging, and other indirect tax types. Headquartered in Durham, Avalara has offices across the U.S. and around the world in Brazil, Europe, and India.

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