Avalara

# How to effectively manage property tax bills



GUIDE

# Keeping track of all the different elements of property tax can be a full-time job, and property tax bills compliance can be particularly challenging.

To start, business property is subject to different state tax laws in addition to local jurisdictions within each state where a business holds property. Currently, they're divided into two categories, real property and personal property.

## Real property taxes:

- Include land, plus the buildings and fixtures permanently attached to it
- Are assessed on agricultural, commercial, industrial, residential, and utility property
- Apply in all 50 states

## Personal property taxes:

- Include movable items such as machinery, fixtures, and other equipment — property not permanently affixed to land
- Are assessed only on property used in business
- Only apply in 43 states

**Taxes on tangible personal property are assessed mainly by local governments and are regulated at the state level. Revenues from property taxes are usually used to fund the same services regardless of location.**

**These are:**

### SCHOOLS

For the last 100 years, state and local municipalities around the country have used property tax revenue to help build and maintain public schools and pay teacher salaries.

### SAFETY

Your property taxes help keep everyone safe by funding firefighters, EMTs, police, and other public safety workers.

### SANITATION

Trash collection, street cleaning, and sewer and storm waste management all use property tax funds to run efficiently.

### SERVICES

Property taxes often fund public services like libraries, the health department, and possibly even your local animal shelters.

### SPACES

Parks, highways, and other public spaces and roads get their funding from a variety of sources, property taxes being one of them.

# Businesses struggle with many aspects of property tax compliance, such as cost-and resource-intensive processes and human error.

**Keep reading to find out:**


What are property tax bills? 4

How should you read a property tax bill? 5

Why is property tax bills management challenging? 7

What are common approaches for managing property tax bills? 9

What can you do to resolve missing tax bills? 10

How can Avalara help? 11

# What are property tax bills?

Property tax bills and receipts contain more information for taxpayers than just the amount owed. Bills may also include the information necessary to calculate your bill, where your taxes are going and how much more is being collected by your local governments each year. The information on the bill can help you determine whether your assessment is accurate.

Depending on the jurisdiction, bills can be sent in a variety of formats, including:

- One bill per return
- Many bills based on accounts within a single jurisdiction
- Multiple billing jurisdictions associated with a single return
- Seasonal, estimated, or the precise amount due

**When you receive your tax bills, you're responsible for verifying whether you've received all bills from every relevant jurisdiction, such as county or city, and the information on each bill is correct.**





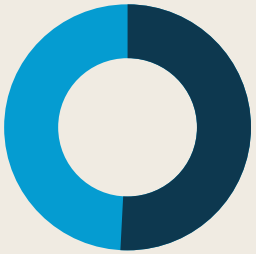
**56%**

**of enterprise companies receive between 500-10K tax bills/year that must be received, tracked, and paid.**



**41%**

**of enterprise companies pay real property tax penalties more than 25% of the time. 61% are paying tax bill penalties of 5-15%.**



**51%**

**of enterprise companies are paying personal property tax penalties more than 25% of the time. 62% are paying penalties of 5-20%.**

# How should you read a property tax bill?

When it comes to property tax bills, knowing how to read them can help you determine who you need to pay by when to avoid fines and penalties.

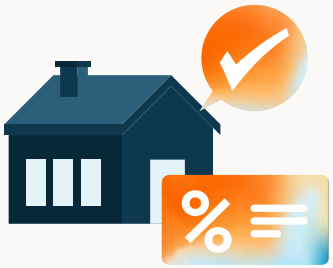
- Your property tax bill **payment stub** is the portion you detach and remit with your check. The payment stub serves as a summary of who you are, the property being assessed, and the amount owed.
- There may be a **tax breakdown** that introduces the tax amount and provides values, including the assessed value and the taxable value after any exemptions. You might see a listing of the taxing jurisdictions that are being collected for, along with their tax rates and calculated tax amounts. This portion could also include non-ad valorem assessments: additional fees not based on the taxable value of the property, such as flat fee special assessments to cover budget shortfalls or other initiatives for a jurisdiction. For payments, the bill should provide details about the **payment options** offered, such as a single payment, installment payments, or discounts. Each option has an associated payment deadline you must adhere to in order to take advantage of the scenarios without incurring penalties.



- You might see a property tax bill **annual comparison** that can help you determine if the assessment is incorrect. For example, if you suddenly see a jump from a previously steady tax rate, it may be worth checking with the assessor's office to find out why. Higher bills can mean the jurisdiction changed other taxes that increased the property tax rate. The annual bill comparison section could also outline how and where your tax dollars are being used.

- The **payment instructions** are where you find contact information, which helps when you're sending in a payment or you have questions about your bill.

**You'll also get payment instructions and details. Another important thing to look for is payment fees. Your treasury department may apply different fees for different forms of payment. To ensure you're paying the right amount, it's important to verify the accuracy of bills before paying them.**





# Why is property tax bills management challenging?

For some companies, the sheer volume of property tax bills is first and foremost on their list of property tax bills challenges.

Each jurisdiction, such as a county or state, where you have property will send a property tax bill every year, often between October and January. Each of the bills will arrive at a different time, in a different format, with a different due date. Some property tax bills might have discount opportunities, others will not.

Some jurisdictions offer multiple property tax payment options, giving you the ability to pay in full or in installments. Many also offer discounts for early payments, which should be a part of your tax strategy. Some states and jurisdictions may send multiple bills throughout the course of a year for a single account. For example, Michigan sends a payment bill in summer and in winter; Massachusetts sends quarterly bills.




Enterprise companies are spending an average of

**90.4**

**hours (about 4 days) per week on real property tax management activities.**



Enterprise companies are averaging

**132**

**hours per week on personal property tax management activities.**



**47%**

**of enterprise companies find it challenging to keep up with jurisdictional rules/changes.**

If you miss a payment deadline, you could be fined a penalty of either a flat rate or a percentage of the original tax due. Businesses that fail to pay taxes on time could face some pretty dire consequences, including:

- Monetary penalties
- Reputational harm
- Property loss

Tracking the property tax bills a company receives is one thing — identifying missing property tax bills is another. Given the above consequences, it's important to pay your tax bills on time. Since bills are mailed, it's not uncommon for a bill to get lost en route to your office. Without a solution that tracks which bills you're anticipating, a lost bill could easily result in a missed payment.





# What are common approaches for managing property tax bills?

There are as many ways to manage tax compliance deadlines as there are businesses paying tax bills. However, most processes tend to center around a few key tools, such as:



## Spreadsheet programs

Many companies use programs like Excel or Google Sheets to track counties and due dates. While spreadsheets are great for organizing information, they can require a lot of manual upkeep. As returns, bills, and assessments roll in, dates may change and will need to be updated in the spreadsheet.

Your process can get more complicated if you're also tracking installments or early payment discounts. You have to confirm deadlines remain accurate and update "best guess" information with actual due dates as you become aware of them.



## Online calendars

Most online calendars are easily shareable and can be accessed from anywhere. They also make it easier to visualize when payments are due. However, they aren't ideal for managing the information for each individual return, such as the payment amount and the value of your assessments. Calendars are best used to supplement other information management tools.



## Project management software

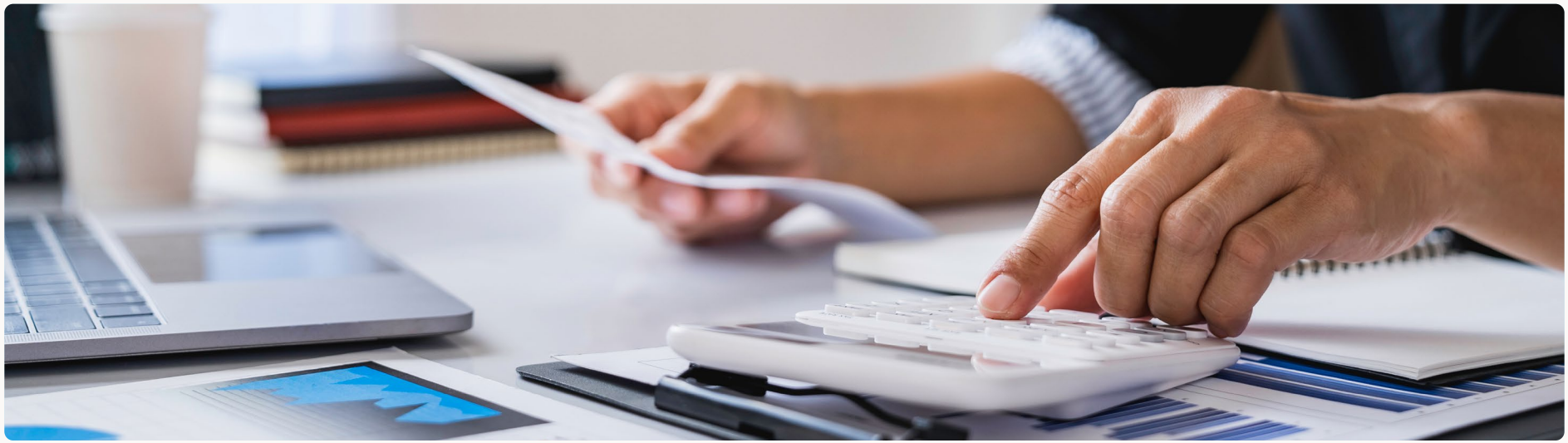
There are a lot of online project management solutions. While these programs can help you assign tasks and track progress, the burden remains on you and your team to track down dates, plug them in, and continuously verify them to ensure nothing slips through the cracks.



## Property tax software

Solutions designed for managing and tracking property tax can help you create the most efficient compliance process. For instance, Avalara Property Tax has a calendar feature that displays all your upcoming deadlines at once, or filtered by returns, notices, appeals, or bills. More importantly, tax software updates due dates automatically, so you don't have to manually research, input, and update them. You can also, say, search for return deadlines for the next 30 days in all the jurisdictions that apply. Once you've submitted the required documentation or payment for a deadline, it disappears from your queue.

Another benefit of using software is that it's more than just a data manager; it helps you prepare your tax documentation. If a return deadline for your Texas property is upcoming, you can see it in the calendar, then pull together and complete the required documentation. The whole process of property tax filing becomes less cumbersome and can be completed more quickly.



# What can you do to resolve missing tax bills?

Always be aware of estimated tax bill arrival dates for all your locations. That way you know when to expect bills and can quickly take action if one (or more) isn't received. If you're not already using property tax software to track bills and key dates, you're missing out on one of the most efficient ways to manage deadlines.

If you haven't received a tax bill, you can go online to the tax collector's website and search for a copy of the bill using your account number and other identifying details. In most cases, you can either print the digital copy of the tax bill or at least gather the details needed to remit payment.

However, not all counties have online portals for finding your tax bills. In these cases, you may have to call the collector and alert them of the missing bill. They may be able to send you a new one via mail, fax, or email; some collectors may give certain details over the phone.

If all else fails, you may be forced to just send in an estimated payment to avoid penalties. If you take this route, overestimate the payment because the collector can refund any amount over what's due.



# How can Avalara help?

Avalara Property Tax can save you significant time on bills management. Simply scan the property tax bills and other documents you receive from assessors and collectors into the system, and it will extract strategic content, locate related system records, and update them in Avalara Property Tax. Scanned and extracted data is checked by machines and humans for greater accuracy, and property tax bill due dates are auto-populated to a tracking workflow and calendar.

Avalara Property Tax uses a tax calendar to help manage the property tax cycle, so your team can easily track deadlines for returns, appeals, and tax bills. It automatically populates your tax calendar with these due dates for all relevant jurisdictions.

You can also access detailed information for assessing and collecting jurisdictions, which is validated annually, so you can avoid looking up due dates, mailing addresses, depreciation tables, and the like.



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Visit the Avalara Property Tax page to learn more about how this solution centralizes real and personal property tax bills, documents, assessments, due dates, forms, return preparation, and appeals in one secure hub that minimizes data entry, maximizes accuracy, and automates the process of appending property tax documents to tax bill payments. Request a demo to see Avalara Property Tax for yourself.

**AVALARA.COM/PROPERTYTAX**

*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 is redefining how businesses manage tax and compliance by embedding AI agents directly into the tools, systems, and workflows where compliance occurs, including ERPs, ecommerce platforms, POS solutions, email applications, and web browsers. Backed by a legacy of 20+ years of providing innovative solutions for tax and compliance, these agents don't just assist — they complete tasks and do the work. Using expertise, speed, and precision, Avalara agents calculate taxes, file returns, validate data, and manage jurisdictional rules and global e-invoicing requirements. With one of the largest and regularly updated collections of tax content, Avalara Agentic Tax and Compliance™ is trusted by millions of businesses worldwide.

Learn why at **Avalara.com**.