





# Personal Property Return Nebraska Net Book Value Instructions

**Who Must File.** You must file a Personal Property Return if you:

- Hold or own any depreciable taxable tangible personal property on January 1 at 12:01 a.m. of the year for which the assessment is being made;
- Lease depreciable taxable tangible personal property from another person; or
- Lease depreciable taxable tangible personal property to another person, unless the property is listed and valued on a return filed by the lessee.

If you bring depreciable taxable tangible personal property into the state after 12:01 a.m. on January 1 and prior to July 1 in any year, you must list the property on or before July 31, unless you can show the property was placed in service after January 1 at 12:01 a.m. or was assessed in another county or state.

**When and Where to File.** **This return must be filed on or before May 1 with the county assessor in the county where the taxable tangible personal property is located.** If you have property in more than one county, you must file a return with each county in which you have property. If you have property at more than one location in the same county, contact the county assessor to determine if more than one return is required.

**Situs for Property.** Taxable tangible personal property of an established agricultural or commercial business is assessed at the place of business, unless the property has acquired local situs elsewhere. Property will acquire local situs elsewhere if it is kept in a location, other than the location of the business, for 50% or more of the calendar year.

**What Property is Taxable.** All depreciable tangible personal property which has a Nebraska net book value greater than zero is taxable, except licensed motor vehicles, livestock, and certain rental equipment.

Irrigation equipment, such as pivots, pumps, and motors, is personal property and must be listed on the Personal Property Return. These items are not included in the value of land.

**What Property Must be Listed.** You must list all taxable tangible personal property that you own or that you lease from another person.

If you are unable to list leased property because you do not know the Nebraska adjusted basis, you must provide a description of the property and the name and address of the owner or lessor of the property.

**Exempt Value.** The Personal Property Tax Relief Act allows for an exemption of the first \$10,000 of value of taxable tangible personal property in each tax district in which a Personal Property Return is filed. Failure to timely report taxable tangible personal property on the return will result in a forfeiture of this exemption for the untimely reported personal property. **The county assessor will make a final determination of exempt value upon review of timely filed data, schedules, and any tax district changes when tax rates are finalized in October. The exempt value granted will appear on the tax statement.**

**Beginning Farmer or Livestock Producer Exempt Value.** Qualified beginning farmers or livestock producers that have timely filed Exemption Application, Form 1027, may have up to \$100,000 of taxable agricultural or horticultural machinery and equipment value exempted for three years. The applicant must file a Personal Property Return with the county assessor on or before May 1 of each year to receive this exemption. The Personal Property Tax Relief exemption is applied prior to granting the beginning farmer exemption.

**Penalties.** Any taxable tangible personal property value not reported by the May 1 filing deadline will be subject to a penalty.

Depreciable taxable tangible personal property added after May 1 and on or before June 30 of the year the property was required to be reported is subject to a penalty of 10% of the tax due on the value added.

Depreciable taxable tangible personal property added on or after July 1 of the year the property was required to be reported is subject to a penalty of 25% of the tax due on the value added.

**Protests.** Taxable tangible personal property protests must be filed with the county clerk on or before June 30. The appeal must be in writing and include a statement of the reasons why the requested change should be made and a description of the property to which the protest applies. Incomplete protests will be dismissed by the county board of equalization.

You may also protest if the county assessor notifies you of a change in the value of property, of the addition of omitted property, of the failure to file a return, or of the assessment of a penalty. You have 30 days from the date the notice is mailed to file a written appeal of the action with the county board of equalization.

**Collection of the Tax.** Personal property taxes are due and payable on December 31 and become delinquent in halves on May 1 and September 1 following the due date (except in counties with a population of greater than 100,000 which have delinquent dates of April 1 and August 1). On the due date, the taxes become a first lien on all personal property you own. If the taxes are not paid, any personal property you own, whether taxable or not, is subject to seizure to satisfy the lien.

**Acceleration of Taxes Due.** When all or a substantial amount of your taxable tangible personal property is sold, attached, or removed, or any attempt to do so is made, the tax is accelerated and becomes immediately due and payable.

## Definitions

**Depreciable Tangible Personal Property.** Depreciable tangible personal property is any tangible personal property which is used in a trade or business (commercial, industrial, or agricultural) or for the production of income, and which has a determinable life of more than one year.

Any capital or depreciable improvements or additions to an item of personal property will be listed separately for property tax purposes.

**Year.** Year is the number of years since the property was placed in service. The factor shown for Year One will be the percent used for January 1 of the year following the year the property was placed in service. The factor shown for Year Two will be the percent used January 1 of the second year following the year the property was placed in service, etc.

**Placed in Service.** Placed in service is when the property is ready and available for a specific use. For additional information, please refer to IRS Publication 946.

**Example 1.** John Smith bought a machine for his business. The machine was delivered in 2015. However, it was not installed and operational until 2016. It is considered placed in service in 2016. If the machine had been ready and available for use when it was delivered, it would be considered placed in service in 2015 even if it was not actually used until 2016.

**Number of Items.** Number of items is the quantity of each specific item. **Identical** items may be grouped together on one line of the Nebraska Personal Property Schedule **only** when these items were placed in service in the same calendar year and have the same recovery period.

**Nebraska Adjusted Basis.** Nebraska adjusted basis is the adjusted basis for federal income tax purposes, increased by the amount of the depreciation, amortization, or deduction under Section 179 of the Internal Revenue Code, taken on the personal property. Generally, the Nebraska adjusted basis will be the cost of the item, including sales tax, freight charges, and installation and testing charges. It will not include the refunded sales tax on agricultural machinery and equipment purchased on or after January 1, 1992 for use in commercial agriculture.

If property rehabilitation expenses result in an increased federal adjusted basis of the property, the Nebraska adjusted basis must be increased accordingly.

For property that is transferred by gift or inheritance, the Nebraska adjusted basis is the same as it was for the previous owner, whether or not there is a change in the adjusted basis for federal income tax purposes caused by the transfer.

For property that is transferred in the creation, dissolution, or reorganization of corporation, partnership, or trust, that is tax-free for income tax purposes, the Nebraska adjusted basis is the same as it was for the previous owner.

**Example 2.** A son inherits a business from his father. The tangible personal property of the business will have the same Nebraska adjusted basis as it had when the business was owned by the father. The year the property was placed in service will also be the same as it was for the father.

**Example 3.** A farmer incorporates his farming operation and transfers a tractor to the corporation. The tractor was placed in service three years earlier with a Nebraska adjusted basis of \$40,000 and has a recovery period of seven years. For property tax purposes, the corporation will be taxed on a three-year-old tractor with a Nebraska adjusted basis of \$40,000, a depreciation factor of 55.13% (from Table 1), and a net book value (taxable value) of \$22,052.

**Recovery Period.** Recovery period is the period over which the value of property will be depreciated for Nebraska property tax purposes. Table 2 includes recovery periods for some assets. If you have property not contained in Table 2, use the federal MACRS recovery period.

**Depreciation Factor.** Depreciation factor is the percentage of the Nebraska adjusted basis that is taxable. Use Table 1 to find the appropriate depreciation factor for the recovery period and year.

**Example 4.** You purchased and placed in service office furniture for \$5,000 two years ago. You elected to take a Section 179 deduction for the full amount of \$5,000 in that income tax year. Even though for income tax purposes this property is "fully depreciated," it is still taxable for property tax purposes in the current year, since office furniture has a recovery period of seven years (from Table 2). The Nebraska adjusted basis of \$5,000 is multiplied by the depreciation factor of 70.16% (from Table 1) to produce a current year net book taxable value of \$3,508.

**Net Book Value.** Net book value is the taxable value for property tax purposes. It is the Nebraska adjusted basis of the tangible personal property multiplied by the appropriate depreciation factor for the recovery period and year. The property tax is imposed on the net book value of tangible personal property.

**Example 5.** A computer server has a Nebraska adjusted basis of \$12,000. The server was placed in service three years ago. The server has a recovery period of five years. The depreciation factor (see Table 1) is 41.65%. The net book value (taxable value) of the computer is \$4,998.

**Table 1—Nebraska Net Book Depreciation Factors**

Year	Recovery Period in Years					
	3	5	7	10	15	20
1	75.00%	85.00%	89.29%	92.50%	95.00%	96.25%
2	37.50	59.50	70.16	78.62	85.50	89.03
3	12.50	41.65	55.13	66.83	76.95	82.35
4	0.00	24.99	42.88	56.81	69.25	76.18
5		8.33	30.63	48.07	62.32	70.46
6		0.00	18.38	39.33	56.09	65.18
7			6.13	30.59	50.19	60.29
8			0.00	21.85	44.29	55.77
9				13.11	38.38	51.31
10				4.37	32.48	46.85
11				0.00	26.57	42.38
12					20.67	37.92
13					14.76	33.46
14					8.86	29.00
15					2.95	24.54
16					0.00	20.08
17						15.62
18						11.15
19						6.69
20						2.23
21						0.00

**Table 2—Recovery Periods**

[Equivalent to the Federal “Modified Accelerated Cost Recovery System” (MACRS).  
For the complete Table of Class Lives and Recovery Periods, please refer to IRS Publication 946.]

Part A	Personal Property Used in All Business Activities, Without Regard to the Type of Business	Recovery Period
	Office furniture, fixtures, and equipment (such as desks, files, safes, and communication equipment) .....	7
	Information system and data handling equipment (such as computers, printers/copiers, external hard drives, calculators, etc.).....	5
	<b>Transportation:</b>	
	Light and heavy general purpose trucks and cars (unlicensed) .....	5
	Trailers and trailer-mounted containers (unlicensed) .....	5
	Airplanes and helicopters not used for commercial or contract carrying of passengers or freight.....	5
	Railroad cars and locomotives not owned by railroad transportation companies .....	7
	Property not assigned a class life (refer to IRS Pub. 946).....	7
	Water transportation vessels, barges, etc.....	10
<b>Part B</b>	<b>Other Personal Property Used in the Following Business Activities</b>	
	<b>Agricultural:</b>	
	Agricultural machinery and equipment, including irrigation equipment.....	7
	<b>Cable Television:</b>	
	Subscriber connection and distribution systems.....	7
	Program origination.....	5
	Service and test .....	5
	Microwave systems .....	5
	<b>Construction:</b>	
	Assets used in construction by general building, special trade, heavy and marine construction contractors, operative and investment builders, real estate subdividers and developers, and others except railroads .....	5
	<b>Distributive Trades and Services:</b>	
	Wholesale and retail trades, and personal and professional services .....	5

**Table 2 (continued)**

	<b>Recovery Period</b>
<b>Manufacturing:</b>	
Grain and grain mill products .....	10
Sugar and sugar products.....	10
Vegetable oils and vegetable oil products.....	10
Other food and beverages .....	7
Yarn, thread, woven products, and nonwoven fabrics.....	7
Wood products and furniture.....	7
Printing, publishing, and allied materials.....	7
Rubber products and finished plastic products .....	7
Leather and leather products.....	7
Glass products.....	7
Stone and clay products .....	7
Primary nonferrous metals.....	7
Foundry, steel mill, and fabricated metal products.....	7
Electrical and nonelectrical machinery and other mechanical products .....	7
Manufacture of motor vehicles.....	7
Manufacture of aerospace products.....	7
Manufacture of athletic, jewelry, and other goods.....	7
Sawmill equipment in permanent sawmills .....	7
Sawmill equipment in temporary facility.....	5
Knitted goods and textured yarns .....	5
Carpets and dyeing, finishing, and packaging of textile products and manufacture of medical and dental supplies .....	5
Apparel and other finished products .....	5
Special tools and devices for food and beverages, rubber products, finished plastic products, glass products, fabricated metal products, and manufacture of motor vehicles.....	3
<b>Miscellaneous:</b>	
Electric utility transmission and distribution plant .....	20
Waste reduction and resource recovery plants.....	7
Furniture and appliances used in rental property.....	7
<b>Oil and Mineral:</b>	
Mining—assets used in mining and quarry (for example, sand, gravel, stone, etc.).....	7
Exploration for and production of petroleum and natural gas, including gathering pipelines and related storage facilities, compression or pumping equipment .....	7
Drilling onshore oil and gas wells.....	5
<b>Recreation:</b>	
Assets used in provision of entertainment for fee (for example, bowling alleys, billiard and pool halls, theaters, miniature golf courses, etc.) .....	7
Theme and amusement parks.....	7
<b>Telephone Communications and Radio and Television Broadcasting:</b>	
Cable and long-line systems (transmission lines) .....	20
Telephone distribution plant (poles, lines, aerial wires, underground conduits, etc.) .....	15
Telephone central office equipment (central office switching equipment) .....	10
Telephone station equipment.....	7
Computer-based telephone central office switching equipment (function are those of a computer or peripheral equipment used in its capacity as telephone central office equipment).....	5
Radio and television broadcasting (except transmission towers).....	5
<b>Telegraph And Satellite Communications:</b>	
Central office control facilities (switching and monitoring signals) .....	10
High-frequency radio and microwave systems (transmitters, receivers, transmission lines, and towers) .....	7
Computerized switching, channeling, and associated equipment.....	7
Satellite ground segment property .....	7
Equipment installed on customer premises .....	7
Support equipment .....	7
Headend .....	7