



## Case Study: Tax Minimization & Recovery Business Personal Property Tax

# Knowledge and Experience Helps Manufacturing Company Save 47% in Tax Liabilities

**Industry:** Manufacturing

**Client Profile:** A lubricant manufacturer operating in Texas.

### The Challenge

The manufacturer filed their tax return for the 2003 tax year unaware that the Appraisal District did not accept their tax return. The appraisal district mailed to the business a valuation notice in a timely and proper fashion, however the organization did not respond. As a result, the Appraisal District assessed the value of their business personal property arbitrarily.

In the State of Texas filing a property tax return was not mandatory until 2003. Approximately 60% of the businesses in Texas did not file property tax returns prior to 2003. As a result, the Appraisal Districts typically would arbitrarily assess businesses based upon the lack information about a business and generally increase an assessed value each year hoping to eventually force a company into bringing in their books and records to negotiate a lower value. In Texas there are no appraisal district guidelines for assessing personal property. It is left to the appraiser's discretion as to how to assess the value of the business. As the company was unaware of the situation, OSG brought to their attention the possible over assessment and the knowledge that their tax return was not accepted they did not file a property tax protest prior to the statutory appeal deadline. The client did not file an appeal prior to the appeal deadline set by the appraisal district. OSG filed a special motion stated in the Texas Property Tax Code on behalf of the client in order to have the client's value corrected. The client was unaware such a motion existed. As a result, the company was assessed a higher tax liability for the 2003 tax year.

### The Solution

OSG reviewed the company's tax return and accounting records and determined the company was grossly over assessed. Based on OSG's knowledge and expertise, we negotiated with the appraisal district a method standard valuation/categorization expertise of valuing the company's inventory and fixed assets.

### The Results

OSG reduced the company's 2003 tax liability by 47% or approximately \$3,400 in tax savings. As an on-going OSG client, this organization can be sure that their tax liabilities will be carefully watched and assessed each year.

### About OSG

OSG is the leading national provider of proven state and local tax solutions. We specialize in delivering integrated multi-state property tax and sales & use tax services. With an emphasis on our customers' needs, OSG uses sophisticated consulting techniques that are backed by state-of-the-art technology and industry expertise to deliver solutions that minimize the burden of state and local taxes, including property taxes and sales & use taxes.

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