



THE POWER OF BEING UNDERSTOOD

PROPERTY TAX REVIEW

Independent, strategic solutions for property tax management

Does your company accept real estate property valuations at face value?

Are you concerned that your company is over-paying property tax due to a recent change in the true market value of your assets?

Are you confident that your property tax obligations are being met across all the states in which you own property?

Businesses are required to report and pay tax on personal property and real estate annually, regardless of business profitability. However, very few businesses understand the complexities of the two different types of property tax. Knowing how to approach the tax with a proactive strategy, rather than in a reactive manner, can help avoid overpayment or underpayment, either of which can place a company at risk.

In addition, many property owners lack the internal resources and expertise to take full advantage of multistate property taxation issues, including valuation, exemptions and assessment appeals. RSM is ready to assist.

Our state and local tax practice offers comprehensive, independent property tax review services to identify overvaluations and secure documented savings. Our property tax professionals specialize in this tax area, providing you with the experience and dedicated support you need to negotiate with appropriate government bodies and maintain confidence that your business meets its tax obligations.

Methods you can trust

RSM has developed a proven method that allows us to efficiently and effectively deliver both strategic and tactical property tax support. We take a hands-on approach, which includes physical inspection of assets and personnel interviews to gain insight and understanding, so that we know the history of your property.

Each property tax review includes:

- Review for accuracy
- Market analysis
- Rendition filings
- Appeal values
- Negotiations
- Final report

This comprehensive approach allows us to successfully challenge overvaluations, manage property tax compliance and improve your overall tax position, without requiring significant time from your staff.

Depending on your property holdings, we offer an array of specialty services to complement the comprehensive review. These include:

- Appeals
- Assessment assistance
- Compliance
- Fixed asset analysis
- Life cycle studies
- Functional and economic obsolescence
- Pollution control asset recognition
- Property records studies
- Property tax deduction acceleration
- Real estate transfer taxes
- Refunds
- Strategic planning
- Technology implementation

Challenging real estate valuations

There are three approaches to consider when valuing a property: cost, income and sales comparison.

Cost approach

The cost approach relies on determining the reproduction or replacement cost of any property improvements, subtracting all forms of depreciation, then adding the value of the land. This method is based on the principle of substitution. That is, a well-informed buyer should pay no more for a property than the cost of constructing an equally desirable substitute property with like utility.

Income approach

The income approach relies on estimating the net rent that the subject could generate, then capitalizing the rent by an appropriate rate. This procedure can be used when there are no comparable sales. It may be the most reliable method in estimating the value of commercial property because it represents the way investors think when they buy and sell income property in the marketplace.

Sales approach

The sales comparison approach embraces the premise that sale prices of properties indicate the value of similar properties through substitution, which states that a buyer will pay no more for a property than the cost of acquiring a substitute property of equal desirability and utility. This process relies on comparing similar properties to the subject property and adjusting them for differences. In all of these steps, the assessor must be aware of what is happening in the market.

When considering these approaches, assessors apply standard assumptions to the size and description of your property to arrive at a fair market value. By simply accepting such a valuation, your company could be overpaying thousands of dollars every year.

RSM will run all three approaches on your property, taking into consideration numerous variables that are often left unaddressed. If we determine that your property is over-valued, we know how to identify and document valuation issues and then use that information to effectively challenge your assessment. A thorough advance review will strengthen the case for appeals, which can be filed annually.

Managing your personal property

Personal property tax is complex. Cases are litigated in many states every year—many of which could affect your company.

Our property tax professionals have disciplined procedures in place to help you appropriately track, classify and report your assets, to appropriately apply tax decisions to your circumstances, and to help make certain that you pay only the taxes you owe. We assist with:

- Prior year review
- Current year filing
- Accuracy tracking
- Amendments and appeals

Save today and in the future

We help our clients generate current tax savings, and reduce their overall tax exposure for future years. A reduced real property assessment means lower property taxes today through the time your property is reassessed and our personal property tax services will help you to apply appropriate practices going forward. Our goal is to help you generate savings not only on your current reportable assets, but also on assets you acquire in the future.

That's the power of RSM. *The power of being understood.*®

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