

# MANUFACTURERS

Apply to the Commissioner of the Revenue for qualification as a manufacturer. If approved:



**ANNUALLY** by March 1 file your Return of Tangible Personal Property – Machinery & Tools (M&T)



Pay taxes: due semi-annually by June 5 and December 5



Immediately report if closed or intending to close



Immediately report any change in your manufacturing process (transforming raw material into finished product)



Report any change of equipment (newly-acquired, disposed of, and/or idle)



Report any other changes including, if applicable, selling wholesale, selling retail, or having other locations

## OPERATIONS

### **How is manufacturer status approved?**

The Commissioner of the Revenue will determine if you qualify as a manufacturer based on the documents you initially provide and an inspection of the operating site.

### **What information is required?**

You must submit a detailed description and documentation to explain your specific manufacturing process used to transform raw material into finished goods, including each stage from start to finish. (Brochures and videos, etc. may be included.)

### **What if we also sell wholesale from the manufacturing place?**

If selling wholesale from the place of manufacturer, we will need to know to whom you are selling (for example: general public, contractors, other manufacturers etc.) and we will need a list of the items sold at wholesale.

### **What if we also do retail selling?**

If selling retail from the place of manufacturer, we will need a list of the types of items sold at retail and, if applicable, a list of the plants and retail outlets as well as a description of other locations from which you sell retail.

### **Do I need a business license?**

A business license may also be required for manufacturers who are additionally engaged in other business categories, for example: retail, contracting, service etc., such as a cabinetmaker who also installs the cabinets.

### **What if I have contract employees who I pay by Form 1099?**

You should inform any contract employees who live in Frederick County to contact the Commissioner's office who will determine if these employees are required to have a business license.

### **What if I close the manufacturing business?**

You must immediately report a closing or intent to close and provide a closing date.

### **What if I make changes?**

You must immediately report any changes in operations, including changes to any stage of the manufacturing process, for example: if you no longer manufacturer windows and doors but rather purchase them as part of the process. You must also report any changes in equipment and assets and, if applicable, in leasing, selling wholesale or retail etc.

## REPORTING

### **What is the deadline for filing the Return of Tangible Personal Property – Machinery & Tools (M&T)?**

The return must be filed annually on or before March 1 (or first business day thereafter) and can be done using our website's online program or printable form.

### **Do I just report new or recently acquired M&T?**

**No.** Every year, you must file a list of ALL machinery & tools on each year's filing including all items reported on the prior year's filing if still owned in addition to anything new, added, or acquired within the last year.

### **What if nothing changes from the prior year?**

You still must report ALL machinery & tools on each year's filing. Do not write the words "same as last year" or "zero/none" to indicate no new or recently-acquired M&T as this constitutes a non-filing and will result in a penalty on your tax bill.

### **What M&T may be exempt?**

**Please call COR with questions about exemptions.** The following equipment items should be listed separately so that the Commissioner can determine if they are approved as non-taxable or exempt items:

- Certified pollution control equipment and facilities (County Code § 155-1 and VA Code § 58.1-3660)
- Certified recycling equipment (County Code § 155-26(B) and VA Code § 58.1-3661)
- Certified solar energy equipment (VA Code § 58.1-3661)
- Generating and cogenerating equipment used for energy conversion (VA Code § 58.1-3662) [not yet exempt by an ordinance in Frederick County]

### **What other information should not be included?**

Do not include:

- DMV-licensed vehicles
- office furniture
- office computers, copiers, printers & software
- other office machines
- lawn mowers
- forklifts used for loading trucks or moving pallets after the manufacturing process has stopped  
*(do include if moving goods into manufacturing area)*
- monitoring systems used for forklift or manlift safety
- security systems
- packaging/shipping equipment used after the manufacturing process has stopped (to be determined at walk-through)

### **What do I have to report?**

All machinery & tools used in the manufacturing process.

Some examples (not all-inclusive) are:

- all machinery used in your production lines
- computers used to operate a piece of machinery that is used in the manufacturing process
- conveyor belts in manufacturing area
- forklifts, cranes and other machinery used to move items from one part of the process to another
- batteries for the above-mentioned items
- chargers for the above-mentioned batteries
- barcoding equipment used during the manufacturing process
- packaging equipment used during the manufacturing process

#### **What cost do I list?**

For each item, you must provide the ORIGINAL cost or original value if free to you or reduced at takeover, before any allowance for trade-in. Include all M&T even if expensed or fully depreciated on company books.

#### **Do I have to provide a total of the items?**

**Yes.** You must also include the total cost/value of all items by each year (or it constitutes a non-filing, subject to penalty).

#### **Do I calculate or include the depreciation?**

**No.** After your return is received, the County will apply the depreciation percentage based on the year of purchase or acquisition.

#### **What about M&T that is owned but not currently in use?**

Reporting for idle equipment must comply with Section 58.1-3507(D) of the Code of Virginia, which states:

*"Idle machinery and tools" means machinery and tools that (i) (a) have been discontinued in use continuously for at least one year prior to any tax day or (b) on and after January 1, 2007, have been specifically identified in writing by the taxpayer to the commissioner of the revenue or other assessing official, on or before April 1 of such year, as machinery and tools that the taxpayer intends to withdraw from service not later than the next succeeding tax day and (ii) are not in use on the tax day and no reasonable prospect exists that such machinery and tools will be returned to use during the tax year.*

We have a printable declaration form for reporting idle machinery that is available on our website or by calling to request a copy.

#### **What if I got rid of some M&T?**

If the list of items you report on your annual return does NOT include items previously reported on the prior year's filing (e.g., have been disposed of and not yet replaced), you must include a separate list of the disposed of or no longer owned items, original cost, and date of disposal.

#### **What if the M&T is leased, rented or borrowed?**

You must report this M&T including a description of the items, the name and address of the owner/lessor, and the start and end dates of the lease, rental, or borrowing agreement.

#### **Who can file the return?**

The owner must sign and date the return form or acknowledge his/her signature on the online filing. If the business is an entity such as an association, partnership, limited liability company, or corporation, it must be signed by a member, partner, executive officer, or other person specifically authorized in writing by the association, partnership, limited liability company, or corporation to sign. If the form is actually completed by a paid preparer, their signature & information is also required.

#### **What are my options for providing a list?**

A detailed list must be broken down by the year the M&T was acquired & include a description of each item, its original cost & totals. It can be attached to the form being sent to the Commissioner, included with the online filing, or sent separately via email to [hlargent@fcva.us](mailto:hlargent@fcva.us).

#### **What if I file late?**

A 10% or \$2.00 minimum penalty will be imposed if filed after the due date.

#### **What if I do not file a return at all?**

Willful failure to file a return is a criminal offense in violation of Section 58.1-3518 of the Code of Virginia. Taxpayers who are required to file a return but who fail to do so will be subject to a statutory assessment until the filing is made. Non-filings may result in being summoned to appear before the Commissioner.

## **TAXES**

#### **When do I get a tax bill?**

M&T is billed in halves. Bills are sent out in May and November, and payments are due: half by June 5 and half by December 5. This is a non-prorated tax.

#### **What is the current tax rate?**

The current tax rate is: \$2 per \$100 of assessed value.

# **MANUFACTURERS**

**TONYA C. SIBERT**

[Tonya.sibert@fcva.us](mailto:Tonya.sibert@fcva.us)

 **COMMISSIONER OF THE REVENUE  
COUNTY OF FREDERICK, VIRGINIA**

[www.fcva.us/cor](http://www.fcva.us/cor)

**107 North Kent Street**

**Location:** **1<sup>st</sup> Floor**  
**Winchester VA 22601**

**Mailing** **PO Box 552**

**Address:** **Winchester VA 22604**

**Telephone No.:** **540-665-5681**

**Facsimile No.:** **540-667-6487**

**Hours:** **Monday – Friday**  
(except Holidays)  
**8:00 a.m. – 5:00 p.m.**

## **BUSINESS DIVISION**

**540.722.8335**

[www.fcva.us/biztax](http://www.fcva.us/biztax)

- Heidi Largent (Auditor)  
540.722.8329 [hlargent@fcva.us](mailto:hlargent@fcva.us)
- Kathy Corbit (Chief Administrator)  
540.722.8335 [kathryn.corbit@fcva.us](mailto:kathryn.corbit@fcva.us)



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