

2011 State Inventory Exemption
(Business Personal Property)

In 2009, the Georgia Legislature passed House Bill 482, which amends Title 48 by adding a new code section to read as follows:

O.C.G.A §48-5-41.2

*All tangible personal property constituting the inventory
of a business shall be exempt from state ad valorem taxation.*

House Bill 482 was ratified by voters in a statewide referendum on November 2, 2010 and becomes effective January 1, 2011. Please take note that this new exemption is from STATE ad valorem tax only. Business personal property inventory REMAINS TAXABLE for county, school and municipal purpose unless otherwise qualified for Freeport.

Taxpayers are still required to file a return, declaring their inventory for taxation at 100% of cost to the taxpayer. The new State ad valorem exemption is a quarter of a mil (**.00025**). See illustration below:

\$1,000 Taxable inventory X 40% assessment = \$400 X **.00025** = \$.10 exempt from ST. tax
\$10,000 Taxable inventory X 40% assessment = \$4,000 X **.00025** = \$1.00 exempt from ST. tax.
\$100,000 Taxable inventory X 40% assessment = \$40,000 X **.00025** = \$10.00 exempt from ST. tax.

Sample of Business: Taxable Inv. = \$50,000 FF/ME = \$200,000 Total FMV= \$250,000.
If mil rate is approved by council @ .04153, below would be the calculation:

\$250,000 X 40% = assessment of \$100,000 X mil rate of .04153 = \$4,153.00 taxes
\$50,000 of inventory X 40% = \$20,000 assessment X **.00025** = **\$5.00 exempt taxes**
Total Taxes due would be, total calculated, minus **state exemption = \$4,148.00**

Simplified, for every \$10,000 of taxable business inventory, the taxpayer would be exempt by \$1.00 of State taxes.

There is no application process in order for a taxpayer to be eligible for the exemption.