



# State of Wyoming Intangible Personal Property Exemption Application Form

## PART 1 – Tax Payer Identification

1. Company Name/Applicant:	2. Representative: (Name / Title)	
3. Address:	4. City, State:	5. Zip Code:
6. Email Address:	7. Phone:	8. Fax:

## PART 2 – Property / Plant Information

9. Plant / Property Location: (Address / Legal Description)	10. Business Operations Conducted:
11. County:	12. Tax District:

## PART 3 – Certification

13. The forgoing information is submitted in accordance with the provisions of Section 39-11-105, (a), (xxix), and the Wyoming Dept. of Revenue Rules & Regulations Chapter 14, Sec. 10. The information provided herein and any estimate of market value complies with generally accepted appraisal standards and generally accepted accounting principles for the treatment and valuation of intangible assets, and is true and correct to the best of my knowledge, and believed under penalty of perjury.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**\*Duplicate The Following Page As Needed. Each Item Requested For Exemption Must Be Individually Itemized.\***

**Part 4 – Intangible Personal Property**

14. Identify:	15. Property ID Number:	16. Citation / Reference:
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17. Detailed Description:

**PART 5 – Cost Data**

18. Original Cost:	Annual Depreciation:	Accumulated Depreciation:
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19. Describe Depreciation Method:

**PART 6 – Income Data**

20. Gross Income Attributable:	Gross Expense Attributable:	Net Income Attributable:
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**\*A copy of an income allocation study MUST BE included \***

**PART 7 – Market (Sales) Comparison Data**

21. Grantor:	Grantee:	Date of Sale:
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22. Detailed Description of Transaction:

**PART 8 – Independent Third Party Appraisal**

23. Appraiser:	Date of Appraisal:	Appraised Value:
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Type of Value Appraised:	Purpose of Appraisal:
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**\*A copy of the appraisal MUST BE included \***

# TAX EXEMPTION OF INTANGIBLE PERSONAL PROPERTY

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## INSTRUCTIONS FOR COMPLETING & SUBMITTING APPLICATION

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Intangible Personal Property Exemption is promulgated under W.S. 39-11-105 (a) (xxix) & Wyoming Department of Revenues Rules & Regulations, Chapter 14, Sec. 10.

**Applications for intangible personal property exemptions must be submitted annually, by mail, on or before March 1<sup>st</sup>** (excluding holidays / weekends), to the County Assessor's Office in which the property is located (or upon the submission of the annual, personal property rendition forms). Upon a written request, an extension may be granted by the County Assessor extending the statutory due date for property renditions, and the intangible exemption applications up to April 1<sup>st</sup>.

Failure to fully complete the exemption request, failure to itemized each item of personal property for which an exemption is requested, or failure to provide all required supporting documentation to substantiate intangible exemptions claims; will be grounds for a denial.

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Intangible property has become increasingly important in the arena of ad valorem tax issues, yet the rigors of proper intangible asset valuation analysis are more-often-then-not overlooked, or improperly reported and valued. Based on the self reporting nature of the Wyoming Ad Valorem Property Tax System, the Wyoming Supreme Court has up held a few general guidelines for the reporting, the valuing, and the exemption of intangible property.

- If intangible property cannot be identified and separated from a business unit as a whole, it cannot be excluded from taxation.
- In cases where intangible property is to be validly exempt from taxation, the burden falls on the taxpayers to prove that the value of the property is identifiable and separable from the enhanced value of the tangible business unit.
- If the information identifying, separating, and valuing intangible property is not provided by the taxpayer, the assessing office cannot be faulted for failing to generate that information on its own given the self reporting nature of the Wyoming tax system.

## **(PART 1) – Tax Payer Identification**

Self Explanatory

## **(PART 2) – Property / Plant Information**

Identify the property location by county, address and/or legal description, and tax district. Include a brief description of operations conducted at this location.

## **(PART 3) – Certification**

Any application for the exemption of intangible assets must be signed and certified to be valid. Applications found to be inaccurate or fraudulent will be denied in their entirety, and may be prosecuted under Wyoming Law.

## **(PART 4) – Intangible Personal Property**

Property Identification, i.e. (Proprietary Software, Manufacturing Patent, Customer List, Work Force in Place). Each item should be separately listed and itemized for exemption.

Identify the Property ID number if separately identified on a rendition form and included as part of the cost pages. Mark as N/A if not applicable.

Cite or reference where the property is separately located and identified on company's books and records (Federal Tax Return, SEC Filing, Audited Financial Statements, Etc.). Citation must provide a specific line-item where the requested property is segregated from all other property. If the specific, requested item is unable to be segregated from other property, the requested will be denied in its entirety.

Provide a clear and concise description of the intangible personal property. Description should include, but is not limited to, the following qualifications of an intangible asset. (Legal Existence & Protections, Ownership Rights of the Property, How the Intangible was Created or Came into Existence, & Life Expectancy of the Intangible Property).

## **(PART 5) – Original Cost**

Provide applicable cost data that will be utilized to exclude valid intangible personal property from the Appraisal Cost Models.

Figures provided should include all original cost components of the intangible personal property including; materials, labor, overhead, developers profit / entrepreneurial incentive.

**Note:** Professional services and other like costs are not, in-and-of themselves, considered intangible assets (attorney's fees, engineering fees, etc.). Careful consideration must be made on how professional service fees are expensed and/or capitalized, and will determine if they are included as part of an intangible personal property exemption.

**Example:** If a taxpayer is sued and hires an attorney, there is no exemption or intangible asset. These fees are an operating expense. If a company constructs a building, the engineering report and fees are not intangible because they are included and capitalized in the cost of the tangible real property. However, if a company developed a patent, which they separately identified and list as intangible personal property; the engineering reports/fees used to develop the patent would be included and capitalized into the original cost of the intangible asset. Likewise, attorney fees required to complete the filing and legal granting of the patent would also be capitalized into the original cost of the intangible asset.

**\*\*Upon request from the County Assessor the taxpayer should be able to verify/itemized individual cost components included or capitalized as part of an intangible personal property requested for exemption.\*\***

Describe depreciation/amortization methods used to determine the economic life & remaining economic life of the intangible personal property. If a straight-line method of depreciation is used, please provide the source or rule which governed the depreciation table used.

If an asset is determined to have an indefinite life an annual impairment study must be conducted and attached to the intangible exemption request with a study date that corresponds to the property's lien date. Failure to conduct an impairment study or failure to provide a copy of an impairment study will be grounds for denial.

#### **(PART 6) – Income Allocation**

For an intangible asset to have a quantifiable value from an appraisal perspective it should possess certain attributes . . . First, it should generate some measurable amount of economic benefit to its owners, in the form of an income increments or of a cost decrement. Secondly, it should potentially enhance the value of other assets with which it is associated. In other words, the subject intangible should have a positive contributory effect on the assemblage of assets.<sup>1</sup>

For any appraisal report in which an Income Approach to Valuation is utilized to derive a supportable opinion of value, a study of income attributable to any intangible personal property requested for exemption must annually be included, with a date of study corresponding to the property's lien date. Failure to include an income allocation would create a non-uniform comparison of cost data (less valid exemptions) and income data (including valid exemptions). Failure to conduct and provide a copy of an allocation study of income to the applicable intangible personal property will be grounds for denial.

For many Locally Assessed properties, an Income Approach to Value is not utilized in the determination of fair market value. Instead fair market value is predicated on a RCNLD approach to value. If an income allocation is not applicable to your specific property and determination of value, this section may be marked as N/A (Not Applicable).

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<sup>1</sup> Reilly, Robert F. & Schweihs, Robert P. Valuing Intangible Assets. New York: McGraw-Hill, 1998.

**(PART 7) – Market Comparison**

If a sale of similar intangible personal property is known, please provide the sales information.

Provide a detailed outline of the sales transaction including; the terms of sale, interests purchased, arm's-length or non-arm's length transaction detail, financing, and all other pertinent information.

**(PART 8) – Independent Appraisal Study**

An independent, third-party, appraisal study may be completed for any itemized intangible asset in lieu of cost and / or income allocation data utilized by the Local County Assessors' appraisal models. Appraisals must be completed by a certified and qualified appraiser, and must have an appraisal date corresponding to the property's lien date.

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## DEFINITION OF INTANGIBLE PERSONAL PROPERTY

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**Wyoming Statute 39-11-105, (a), (xxix)**, enumerates the exemption of *Intangible Personal Property*. The distinction between Intangible Personal Property and the other basic categories of property types is critical to the understanding and correct application of such an exemption. For valuation purposes properties are generally categorized into the following four categories:

Real Estate, as defined by *The Dictionary of Real Estate Appraisal*, is the “An identified parcel or tract of land, including improvement, if any.”<sup>2</sup>

Tangible Personal Property, as defined by *The Dictionary of Real Estate Appraisal*, is the “Identifiable portable and tangible objects that are considered by the general public to be “personal”, e.g. furnishing, artwork, antiques, gems, and jewelry, collectibles machinery and equipment; all property that is not classified as real estate. Personal property includes movable items that are not permanently affixed to, and part of, the real estate.”<sup>3</sup>

Real Property, as defined by *The Dictionary of Real Estate Appraisal*, is “The interests, benefits, and rights inherent in the ownership of real estate.”<sup>4</sup>

Real Property, as defined by W. S. 39-11-101(a) (xv), “means land and appurtenances, including structures, affixed thereto, and any intangible characteristic which contributes to the fair market value thereof.”

Intangible real property includes all of the individual interests, benefits, and rights inherent in the ownership of the physical real estate. Real property is different from real estate. Real estate is the name associated with the tangible assets . . . Real property represents the individual legal rights associated with ownership of the tangible real estate. Since all legal rights are intangible, real property is an intangible. . . Examples of intangible real property include easements, air rights, water rights, mineral rights, development rights, possessory interests, and leasehold interests.<sup>5</sup>

Intangible Personal Property, as defined by W.S. 39-11-101 (a) (vii), “means personal property that lacks mass and cannot be seen, felt, weighed, measured or otherwise perceived by the senses; property that has no physical existence beyond merely representational. Intangible property’s value lies chiefly in what it represents, and its existence may be evidenced by a document.”

Because this property category is personal property, it is not associated with real estate. That is, intangible personal property assets are not physically attached to the land or to other real estate. Accordingly, intangible personal property is mobile.<sup>6</sup>

***\*\*INTANGIBLE REAL PROPERTY IS NOT EXEMPT, and therefore any request made on intangible real property will be denied in its entirety. Common examples of intangible real property include but are not limited to: (Easement, Air Rights, Water Rights, Mineral Rights, Development Rights, Possessory Rights) \*\****

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<sup>2</sup> The Dictionary of Real Estate Appraisal, 5<sup>th</sup> ed. (Chicago: Appraisal Institute, 2010), p. 159.

<sup>3</sup> The Dictionary of Real Estate Appraisal, 3rd ed. (Chicago: Appraisal Institute, 1993), p. 265.

<sup>4</sup> The Dictionary of Real Estate Appraisal, 5<sup>th</sup> ed. (Chicago: Appraisal Institute, 2010), p. 161.

<sup>5</sup> Reilly, Robert F. & Schweih, Robert P. *Valuing Intangible Assets*, New York: McGraw-Hill, 1998.

<sup>6</sup> Reilly, Robert F. & Schweih, Robert P. *Valuing Intangible Assets*, New York: McGraw-Hill, 1998.