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PERSONAL PROPERTY: WHAT IS TAXABLE?

First, we must note that there is a distinction between assessing and taxing.

All personal property used in the conduct of a business is assessable and, virtually, all personal property that is assessed is taxable.

What is personal property? Personal property can be defined, in the most general of terms, as anything and everything that is owned (excluding land and anything permanently affixed to the land or any interest in land).

There are three Connecticut General Statutes that help to define personal property:

1. Section 12-71 defines personal property as....“All goods, chattels and effects or any interest therein, including any interest in a leasehold improvement classified as other than real property, belonging to any person who is a resident in this state.....”,
2. Section 12-41 (c) lists some specific examples of personal property and
3. Section 12-43 refers to the “tangible personal property” of non-residents.

Personal property is by definition and by its very nature, moveable.

Personal property can be tangible (such as furniture, fixtures, equipment, animals, computers etc) or intangible (such as copyrights, stocks, bonds, patents etc).

In the State of Connecticut, intangible personal property is **not** assessable (and therefore **not** taxable) with the exception of bundled computer software [12-71(d)]. Operational or application software is **not** assessable (or taxable) except when the cost thereof is included, without being separately stated, in the cost of the computer hardware.

In the State of Connecticut, all (tangible) personal property is assessable. But not all (tangible) personal property is taxable. There are a number of State Statutes that exempt, either wholly or in part, some portion of the value of ones personal property. For example: the personal property of a tax exempt organization is assessable but not taxable because of its exempt status, new manufacturing equipment (if qualified by the State) is assessable but not taxable, the farm machinery and equipment of a farmer is assessable but, if the farmer qualifies, up to \$170,000 of that machinery and equipment is not taxable etc.

So what personal property is assessable? All personal property used in the conduct of a business is assessable. However, even some personal property not used in a business is assessable and taxable. For example, an unregistered motor vehicle, which is a chattel within the legal meaning of that term, is assessable and taxable.

But in all instances, the first question to be asked, “Is there a business?” and if yes, then “What items are being used in the conduct of that business?”

Remember all (tangible) personal property is assessable but not all (tangible) personal property is taxable.