

**ASSESSORS' HANDBOOK SECTION 506, PROPERTY TAX AUDITS AND AUDIT PROGRAM
ALTERNATIVE LANGUAGE/COMMENTS ON SECOND DRAFT**

No.	PAGE/LINE REFERENCE		SOURCE	PROPOSED LANGUAGE/COMMENTS	BOE STAFF POSITION
1	1	4	CAA Business Property Subcommittee	<p>Revise sentence: While most assesseees report their taxable property in good faith, errors by both the assessee and also the county assessor <u>may</u> occur.</p> <p>BOE Rewrite: While most assesseees report their taxable property in good faith, errors by both the assessee and also <u>or</u> the county assessor <u>may</u> occur.</p>	See BOE rewrite
2	2	7	CAA Business Property Subcommittee	<p>Revise bulleted item: • An employee <u>employed auditor-appraiser</u> of a county, or city and county;</p>	Accepted
3	2	17	Ventura County Assessor's Office (A. Takemoto)	<p>Revise sentence: The auditor-appraiser, and contract appraiser, also must hold a valid <u>auditor-appraiser's certificate issued by the State Board of Equalization.</u></p>	<p>Not accepted</p> <p>The Board only issues an appraiser's certificate, not an auditor-appraiser's certificate. An individual with an accounting background may add auditing to his/her appraisal duties. The "Board" is identified on line 8 as the State Board of Equalization.</p>
4	2	22	CAA Business Property Subcommittee	<p>Delete sentence: The auditor appraiser who meets the qualifications to perform audits shall have ultimate responsibility for the valuation of personal property and trade fixtures in the audit and for conducting the audit.</p>	Discussion item
5	5-6	33	CAA Business Property Subcommittee	<p>Revise sentence: In selecting audit candidates for this half of the significant number of audits, the county assessor should <u>must</u> make the determination based on a fair and equitable manner and <u>may be based</u> on evidence of underreporting.¹⁴</p> <p>BOE Rewrite: In selecting audit candidates for this half of the significant number of audits, the county assessor should <u>must</u> make the determination based on a fair and equitable manner and <u>may base the selection</u> on evidence of underreporting.¹⁴</p>	See BOE rewrite

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6	6	16	CAA Business Property Subcommittee	Delete bulleted item: There may be a requirement to audit taxpayers selected for audit in a prior year (waivered audits);	Not accepted Text is accurate
7	8	10	CAA Business Property Subcommittee	Revise sentence: The county assessor has various options to consider when determining the audit location. For example, in <u>In</u> most cases the audit is conducted at a location in California.	Accepted
8	9	2	CAA Business Property Subcommittee	Revise sentence: In some cases, a place mutually agreeable to the county assessor and the taxpayer may be the location of the taxpayer's <u>authorized</u> representative because that is the location of the taxpayer's business records.	Accepted
9	9	7	Los Angeles County Assessor's Office (D. Hough)	Revise sentence: In some cases, the county assessor may find that this has limited use when auditing taxpayers that maintain their records in a file format that is not easily shared on an electronic media.	Accepted
10	9	11	Los Angeles County Assessor's Office (D. Hough)	Revise sentence: Good candidates for office audits include taxpayers that maintain accounting records in an electronic format that can be easily shared on an electronic media using common software.	Accepted
11	9	14	CAA Business Property Subcommittee	Revise sentence: These type of audits are <u>can be</u> beneficial to both the county assessor and the assessee.	Accepted
12	9	22	CAA Business Property Subcommittee	Revise sentence: Assessee <u>Taxpayers</u> may be more likely to respond to an audit request more quickly because the arrangements will not include scheduling coordination for an onsite audit.	Accepted
13	10	6	CAA Business Property Subcommittee	Revise sentence: An audit tracking schedule that lists the pool of the largest taxpayers that must be audited once every four years, and taxpayers selected from all assessees <u>that pool</u> , provides management with an effective tool in monitoring assignments, audit completions, and audit results. BOE Rewrite: An audit tracking schedule that lists the pool of the largest taxpayers that must be audited once every four years, and <u>as well as</u> taxpayers selected from all assessees, provides management with an effective tool in monitoring assignments, audit completions, and audit results.	See BOE Rewrite Section 469 requires audit selection to be 50% from pool of largest taxpayers and remainder from other assessees.

NO.	PAGE/LINE REFERENCE		SOURCE	PROPOSED LANGUAGE/COMMENTS	BOE STAFF POSITION
14	10	21	CAA Business Property Subcommittee	Delete numbered items: 4. Personal Property Value. Provides a snapshot of the mix of property, personal property versus fixture, and is a component in calculating total assessed value. 5. Fixture Property Value. Provides a snapshot of the mix of property, personal property versus fixture, and is a component in calculating total assessed value.	Not accepted Personal property and fixture value allocation is the basis for audit selection.
15	11	1	Los Angeles County Assessor's Office (D. Hough)	Revise sentence: Provides a tracking mechanism of assignment audits, to include auditor name and date assigned, and also may <u>may also</u> be used in conjunction with the Date Completed Field (number 10 below) to allow management to track the progress of the current audit workload.	Accepted
16	11	7	Los Angeles County Assessor's Office (D. Hough)	Add paragraphs: <u>11. Audit Result—Deficiency/No Change/Offset/Refund. Provides a quick view of the status of the audit for future reference.</u> <u>12. Date Transmitted for Processing. Provides a tool for tracking the audit result, whether a taxpayer is expecting an audit tax bill, a refund, or a no change from the original assessment.</u>	Discussion item
17	13	6	CAA Business Property Subcommittee	Revise sentence: In other cases, potential difficulties will be clearly evident. In such cases, the auditor can concentrate on these potential difficulties and discuss them with the taxpayer during the initial phases <u>phase</u> of the audit.	Accepted
18	14	14	CAA Business Property Subcommittee	Revise sentence: In such cases, the auditor should verify that taxable products and properties purchased by the taxpayer from related companies <u>businesses</u> were properly reported by the taxpayer.	Approved
19	14	36	CAA Business Property Subcommittee	Revise sentence: If the taxpayer filed an assessment appeal during the audit period, the <u>The</u> assessment appeals file should be reviewed to identify past and current issues regarding the assessment of the taxpayer's holdings.	Accepted
20	14	39	CAA Business Property Subcommittee	Delete sentence: In addition, the auditor should understand the implications of any assessment appeals board ruling on the value of the taxpayer's holdings.	Not accepted Text reflects knowledge that the auditor should obtain from an appeals file
21	15	6	Los Angeles County Assessor's Office (D. Hough)	Revise sentence: The auditor should take the time to ensure <u>assure</u> the taxpayer that the audit is routine, and that the taxpayer is not suspected of any wrongdoing.	Accepted

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22	15	15	CAA Business Property Subcommittee	Revise sentence: The auditor should inform the assessee that the records should be sent to the auditor assigned to conduct the audit <u>county assessor's office</u> , and the an auditor will contact the taxpayer after the records are received to schedule the initial interview (see Chapter 4 under the section titled <i>Initial Audit Interview</i>).	Accepted
23	15	22	CAA Business Property Subcommittee	Revise title: OTHER AGREE UPON <u>AUDIT LOCATION</u>	Accepted
24	15	31	CAA Business Property Subcommittee	Revise sentence: This allows the taxpayer to prepare for that <u>the</u> audit and also avoids unnecessary delays. ²⁷	Accepted
25	16	12	CAA Business Property Subcommittee	Add numbered item: <u>13. Trial balance</u> BOE rewrite: 1. Chart of Accounts 2. General ledger and subsidiary ledgers supporting the general ledger <u>3. Trial balance</u> 3. <u>4. Income tax returns</u>	Accepted See BOE rewrite for location of added item
26	16	13	CAA Business Property Subcommittee	Revise sentence: This list can be expanded <u>or reduced</u> based on the preliminary audit review, and discussions with the taxpayer.	Accepted
27	23	4	CAA Business Property Subcommittee	Revise sentence: When the cost totals are not reconcilable, the auditor should make an effort to determine why there is a difference <u>between the depreciation schedule and the general ledger</u> before using <u>determining which</u> audited cost <u>to use</u> as a basis or before making any adjustments.	Accepted
28	24	6	Los Angeles County Assessor's Office (D. Hough)	Add paragraph: <u>Self-constructed or self-manufactured machinery and equipment that are used in the business operation must be adjusted to their proper consumer trade level. Adjustment to booked cost of goods manufactured and sold may include, but is not limited to, the taxpayer's profit margin, sales tax, freight, and installation.</u>	Accepted
29	24	FN 39	CAA Business Property Subcommittee	Revise footnote: ³⁹ . . . See AH 581 for index and percent good tables and valuation factors that aids <u>aid</u> in the mass appraisal of various types of personal property and fixtures.	Accepted

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30	26	28	Ventura County Assessor's Office (A. Takemoto)	Revise paragraph: Therefore, verification of proper classification is necessary when conducting an audit. If fixtures are misclassified—notably, if fixtures are classified as structures or vice versa—the value criterion for audits under section 469 <u>in future years</u> cannot be applied property <u>unless previously audited fixtures have been included</u> .	Accepted Not accepted – Does not at clarity
31	33	11	CAA Business Property Subcommittee	Revise sentence: Documents concerning sale leasebacks, ⁵² including the original purchase documents, should be reviewed to estimate <u>determine</u> the full economic cost.	Accepted
32	33	29	CAA Business Property Subcommittee	Add numbered item: <u>9. Discussion about "Trade-In"</u>	No suggested language provided
33	34	7	CAA Business Property Subcommittee	Add numbered item: <u>7. Discovery of property not in the books.</u> BOE Rewrite: <u>7. Discovery of property not in the books and records.</u>	See BOE rewrite
34	34	22	CAA Business Property Subcommittee	Delete paragraph: If the assessee has been audited on a regular basis without significant audit differences, has not made significant levels of investments since the last audit, and there has been no change in economic activity, the auditor in consultation with management may find it unnecessary to conduct an inspection of the property during the current audit cycle.	Discussion item
35	35	4	CAA Business Property Subcommittee	Revise sentence: The audit report summarizes the events of the audit and provides for discussion of the audit engagement <u>findings</u> .	Accepted
36	35	8	CAA Business Property Subcommittee	Revise sentence: Regardless of the type of work papers, the audit report should be organized in a logical manner, property referenced, and, if lengthy, clearly indexed.	Accepted
37	36	5	CAA Business Property Subcommittee	Revise sentence: Cost and valuation schedules and other spreadsheets developed by the auditor provide support for the appraisal and audit summary work paper <u>worksheet</u> , which is a document that provides a summation of the audit work papers.	Accepted
38	37	15	CAA Business Property Subcommittee	Revise sentence: The difference determines the net value change (escape assessment or refund <u>reduction</u>) appropriate for that year. ⁵⁵	Accepted

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39	38	4	CAA Business Property Subcommittee	Revise sentence: If there is a difference between the enrolled and audited value, the auditor is tasked with identifying the reason for the difference (<u>if able</u>), determining if an underassessment or overassessment is applicable, and selecting the appropriate statutory citation that applies to the difference.	Accepted
40	38	8	CAA Business Property Subcommittee	Revise sentence: The county assessor has the authority to correct roll errors within the prescribed statutory time limitations periods <u>period</u> . BOE rewrite: The county assessor has the authority to correct roll errors within the prescribed statutory time limitations periods.	Not accepted See BOE rewrite
41	38	13	CAA Business Property Subcommittee	Revise sentence: When correcting such errors, the county assessor has the authority to lower <u>reduce</u> or raise <u>increase</u> assessments.	Accepted
42	39	24	CAA Business Property Subcommittee	Revise sentence: A taxpayer's failure to timely file a change in control and ownership statement precludes the county assessor from discovering that a change in ownership had taken place and also deprived <u>deprives</u> the county assessor of (1) evidentiary data and relevance <u>relevant</u> to the fair market value of the property; and (2) notice that an event occurred demonstrating a possible increase in the property's fair market value.	Accepted
43	39	29	CAA Business Property Subcommittee	Revise sentence: In the case where property has escaped taxation or has been underassessed following a change in ownership or change in control, and the taxpayer failed to file a change in ownership statement, an escape assessment will be made for each year in which the property escaped taxation or was underassessed, without time restrictions or limitations <u>within eight years</u> . ⁵⁹ BOE Rewrite: ⁵⁹ Section 532(b)(2).	Accepted See BOE rewrite for expanded footnote citation
44	41	11	CAA Business Property Subcommittee	Revise paragraph: No penalties are involved with roll corrections.	Not accepted
45	42	20	CAA Business Property Subcommittee	Add new bulleted item: <u>·If the audit discloses an escape assessment as a result of an assessee error and the property statement was not filed timely pursuant to section 441, the auditor should recommend a 10 percent penalty to the escape assessment pursuant to section 463, and interest pursuant to section 506.</u> BOE Rewrite: <u>·If the audit discloses an escape assessment as a result of an assessee's error or the assessee's failure to file a property statement, the auditor should must recommend application of a 10 percent penalty in the escape assessment pursuant to section 463, and interest pursuant to section 506.</u> ⁶⁶	Not accepted See BOE rewrite of existing second bullet

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46	47	31	CAA Business Property Subcommittee	Revise sentence: (See Appendix C <u>E</u> for a sample Audit Checklist.)	Accepted
47	48	17	Los Angeles County Assessor's Office (D. Hough)	<p>Add paragraph: <u>7. Supporting Documents.</u> Examples are purchase invoices, shipment/delivery invoices, authorization for appropriation of capital expenditures, financial records, plant appraisal reports, sales, agreements, etc.</p> <p>SBE Rewrite: 7. <i>Supporting Documents.</i> Examples <u>supporting documents</u> are purchase invoices, shipment/delivery invoices, authorization for appropriation of capital expenditures, financial records, plant appraisal reports, sales, agreements, etc.</p>	Accepted See SBE Rewrite
48	49	11	CAA Business Property Subcommittee	Revise paragraph: At this point, the audit is essentially complete. The <u>Once the audit is approved, the next step is to notify the assessee of audit findings and process roll corrections.</u>	Accepted

NO.	PAGE/LINE REFERENCE		SOURCE	PROPOSED LANGUAGE/COMMENTS	BOE STAFF POSITION
49	49	14	Cahill Davis & O'Neill (C. O'Neill)	<p>Delete paragraph: The county assessor is required to notify the assessee, in writing, of the audit findings with respect to data that would alter any previously enrolled assessment. Rule 305.3 requires the county assessor to notify the assessee in writing if the audit discloses <i>property subject an escape assessment</i>. Additionally, section 408(e)(1) permits the assessee or representative "to inspect or copy all information, documents, and records, including auditor's narrations and workpapers..."[Move this last sentence to footnote]</p> <p>SBE Rewrite: The county assessor is required to notify the assessee, in writing, of the audit findings with respect to data that would alter any previously enrolled assessment.⁷⁶ Rule 305.3(c) requires the county assessor to notify the assessee in writing if the audit discloses <i>property subject to an escape assessment</i>. <u>states:</u></p> <p style="padding-left: 40px;"><u>. . . Upon completion of an audit of the assessee's books and records, the assessor shall notify the assessee in writing of the results of the audit as defined in subsection (b)(3) of this rule for all property, locations, and years that were the subject of the audit. . . .</u></p> <p>Additionally, section 408(e)(1) permits the assessee or representative "to inspect or copy all information, documents, and records, including auditors' narrations and workpapers...."</p> <p>Therefore, if an <u>whether an</u> audit results in an escape assessment, or overassessment, or <u>no change</u> for any particular year under the scope of the audit, the county assessor must notify the assessee of the audit findings in writing. If the audit discloses <i>property subject to escape assessment</i> for any particular year, the county assessor must notify the assessee of the audit findings in writing, even if an escape assessment is not enrolled due to an offset of an overassessment in that year. If the audit discloses no change for any particular year, the county assessor may provide the assessee with the audit findings because the assessee has a right to inspect or copy audit documents. <u>At the request of the assessee, the assessor shall also permit the assessee or his other designated representative to inspect or copy all information, documents, and records relating to the audit.</u>^{Fn}</p> <p>^{Fn} Section 408(e)(1); Rule 305.3(c).</p>	Not accepted. See SBE Rewrite of existing text

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50	49	20	Cahill Davis & O'Neill (C. O'Neill)	Revise paragraph: Therefore, If an audit would alter any previously enrolled assessment, and results with in an escape assessment or a net refund due to an over-assessment for any particular year under the scope of the audit, Rule 305.3 requires the county assessor must to notify the assessee of the audit findings in writing. If an audit indicates “no change” so that no escape assessment or refund is warranted, the assessor must also notify the assessee. If the audit discloses property subject to escape assessment for any particular year, The county assessor must notify the assessee of the audit findings in writing, even if an escape assessment is not enrolled due to an offset of an over-assessment in that year or if the audit reveals that any property was under-assessed. If the audit discloses no change for any particular year, the county assessor must still provide the assessee with the audit findings because the assessee has a right to inspect or copy audit documents.	Not accepted Neither Revenue and Taxation Code Section 469 nor Property Tax Rule 305.3 open up all of the property at a location following an audit when the results of the audit is a refund—only when there is an escaped assessment.
51	49	foot-note	Cahill Davis & O'Neill (C. O'Neill)	Add footnote (move from page 49, lines 14 to 17): ⁷⁸ Section 408(e)(1) permits the assessee or the assessee’s representative “to inspect or copy all information, documents, and records, including auditor’s narrations and workpapers....”	Not accepted. See item 49
52	50	30	CAA Business Property Subcommittee	Revise sentence: The intent of this provision is to provide assesseees with advance notice of an escape assessment before its enrollment, thereby increasing their opportunity to ask questions and prepare to file an appeal.	Accepted
53	51	25	CAA Business Property Subcommittee	Revise sentence: The assessment is not considered effective for any purpose, including its review, equalization, or adjustment by the board of supervisors equalization until the assessee has been notified of the enrollment of the escape assessment. ⁷⁸ BOE Rewrite: The assessment is not considered effective for any purpose, including its review, equalization, or adjustment by the <u>county</u> board of supervisors equalization until the assessee has been notified of the enrollment of the escape assessment. ⁷⁸	Accepted See BOE rewrite
54	52	FN	CAA Business Property Subcommittee	Revise footnote: ⁸² Section 469(c)(4).	Accepted

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55	53	21	Cahill Davis & O'Neill (C. O'Neill)	Add sentence at end of paragraph: <u>Similarly, if the audit discloses that a refund is due because of an over-assessment, the assessee has the right to file an assessment appeal for the original assessment of all property of the assessee at that location for the year that the property was over-assessed.</u>	Not accepted Neither Revenue and Taxation Code Section 469 nor Property Tax Rule 305.3 open up all of the property at a location following an audit when the results of the audit is a refund—only when there is an escaped assessment.
56	53	29	Los Angeles County Assessor's Office (D. Hough)	Correct sentence: The definition of location is as: ⁹⁰	Accepted
57	53	FN	CAA Business Property Subcommittee	Revise footnote: ⁸⁷ See Rule 305.3(b)(3)(2); material <i>Material value</i> means value of no less than 1 percent of the audited value of the taxpayer's trade fixtures and tangible personal property for the year under audit.	Accepted
58	53	FN	CAA Business Property Subcommittee	Revise footnote: ⁸⁹ See Rule 305.3(e)(e), Examples 1 and 2 for more information on who may file an appeal after an audit.	Accepted

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59	54	18	Cahill Davis & O'Neill (C. O'Neill)	<p>Revise paragraphs: If the results from an audit disclose property subject to an escape assessment <u>or that a refund is due because of an over-assessment</u>, an Application for Changed Assessment must be filed with the clerk within 60 days of the date the notice is mailed to the assessee.</p> <p><u>The following notice should appear on the written audit findings provided to the assessee:</u></p> <p style="text-align: center;"><u>NOTICE OF RIGHT TO APPEAL: CALIF. PROP. TAX RULE 305.3</u></p> <p><u>If the results of the audit indicate that you were under-assessed, you may file an appeal with the Assessment Appeals Board by contacting them for an application. The appeal must be filed no later than 60 days after the date of mailing of the tax bill(s) that you will receive. If the results of the audit indicate a net refund is due, or no escape assessment is warranted, the appeal must be filed no later than 60 days after the date of mailing of this notice. If you have any questions about your right to appeal, you should contact the Assessment Appeals Board or the Assessor's Office.</u></p> <p><u>If the county assessor fails to provide the substance of the notice set forth above, the assessee may refer to and rely upon the auditor's narrations and workpapers as the notice for filing an appeal with the Assessment Appeals Board as described below. (Notice is discussed in the earlier section titled <i>Notice of Enrollment of Escape Assessment</i>.) The mailing date of the notice is the date printed on the notice or the postmark on the notice, whichever is later.</u></p> <p><u>The notice necessary for filing an application is dependent on whether the county assessor makes an escape assessment and whether the escape assessment is enrolled, or whether the assessor notifies the assessee of no change (due to offsetting increases and decreases) or an over-assessment requiring a refund.</u></p>	<p>Not accepted</p> <p>Neither Revenue and Taxation Code Section 469 nor Property Tax Rule 305.3 open up all of the property at a location following an audit when the results of the audit is a refund—only when there is an escaped assessment.</p>
60	54	FN	CAA Business Property Subcommittee	<p>Revise footnote: ⁹¹ <u>R&T Section Code "Section 534(d)(2). The notice given by the county assessor as required by section 531.8 shall not serve as the notice required for filing an <i>Application for Changed Assessment</i>.</u></p>	<p>Not accepted</p> <p>Text of existing footnote is accurate</p>

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61	55	3	Cahill Davis & O'Neill (C. O'Neill)	<p>Add bullet point:</p> <ul style="list-style-type: none"> <u>If an escape assessment is not enrolled because the audit disclosed an over-assessment for which a refund is due, the notice shall be the audit results showing the property which was over-assessed. A formal appeal must be filed within 60 days after the date noted on the audit results or the postmark date on the envelope in which the audit results were mailed, whichever is later.</u> 	Not accepted Neither Revenue and Taxation Code Section 469 nor Property Tax Rule 305.3 open up all of the property at a location following an audit when the results of the audit is a refund—only when there is an escaped assessment.
62	55	5	Los Angeles County Assessor's Office (D. Hough)	<p>Revise sentence: Form BOE-305-AH, <i>Application for Changed Assessment</i>, is the form that must be used for an appeal to be considered a valid finding <u>filing</u>.</p>	Accepted
63	58	Rule 1045	CAA Business Property Subcommittee	<p>Revise sentence: <i>Administration of the Annual Racehorse Tax</i>. Discusses county assessors, tax collectors, and auditor-appraiser <u>appraisers</u> responsibilities concerning the racehorse tax.</p> <p>BOE Rewrite: <i>Administration of the Annual Racehorse Tax</i>. Discusses county assessors <u>assessors</u>', tax collectors <u>collectors</u>', and auditor-appraiser <u>appraisers</u>' responsibilities concerning the racehorse tax.</p>	Accepted See BOE rewrite
64	63	5	Los Angeles County Assessor's Office (D. Hough)	<p>Revise Appendix E, Sample Audit Checklist:</p> <p>PRE-AUDIT REVIEW</p> <p>Applicable R&T Code sections <u>Sections</u> and Rules</p>	Accepted
65	63	5	Los Angeles County Assessor's Office (D. Hough)	<p>Add to Appendix E, Sample Audit Checklist:</p> <p>PRE-AUDIT REVIEW</p> <p><input type="checkbox"/> Property Statements</p> <p><input type="checkbox"/> <u>Market Value Calculations</u></p> <p>or</p> <p><input type="checkbox"/> <u>Trend Sheets</u></p>	Discussion item

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66	63	7	Les Strange (Taxpayer)	<p>Add to Appendix E, Sample Audit Checklist: SITUS INSPECTION Was situs inspection performed? <input type="checkbox"/> Yes. Explain what was observed. Comment on condition of equipment and whether the equipment is included in asset listings. Verify by description of any asset found that is not on asset listing. Explain method of value estimate. Attach photos of asset. Explain any discussions with company personnel regarding such equipment. <input type="checkbox"/> No. Provide explanation.</p>	Discussion item
67	65	2	Los Angeles County Assessor's Office (D. Hough)	<p>Add to Appendix E, Sample Audit Checklist: 5. Does the company have any government-owned property? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, was it properly reported on the property statement? Differentiate between personal property, structure, and fixture. Request a copy of the contract between government agency and assessee.</p>	Discussion item
68	66	1	Los Angeles County Assessor's Office (D. Hough)	<p>Revise Appendix E, Sample Audit Checklist: 6F. Does the company manufacture and use its own equipment? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, are all costs capitalized? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>(equipment depreciation or capitalized interest if project extends beyond one year, labor, overhead, sales tax on materials)</i> If yes, verify/establish <u>proper trade level</u>.</p>	Accepted
69	67	2	Los Angeles County Assessor's Office (D. Hough)	<p>Revise Appendix E, Sample Audit Checklist: 8D. Was the contract reviewed for new additions(s)? <input type="checkbox"/> Yes <input type="checkbox"/> No What does the CIP represent? <input type="checkbox"/> Structure items <input type="checkbox"/> Fixtures <input type="checkbox"/> <u>Equipment</u></p>	Accept
70	68	--	Los Angeles County Assessor's Office (D. Hough)	<p>Add Appendix F: Los Angeles County Waiver Letter [See page 15]</p>	Not accepted

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71	--	--	CAA Business Property Subcommittee	Comment: Taxpayer and assessee are used interchangeably. Use one or the other but not both.	No specific examples were provided. A search will be done of the final draft to determine if changes are appropriate.
72	--	--	CAA Business Property Subcommittee	Comment: Agent and authorized representative are used interchangeably. Use one or the other but not both.	No specific examples were provided. A search will be done of the final draft to determine if changes are appropriate.
73	--	--	CAA Business Property Subcommittee	Comment: "Change in control and ownership" and "change in ownership or change in control" are used throughout interchangeably. There should be a consistency throughout the AH regarding the order of control vs. ownership.	No specific examples were provided. A search will be done of the final draft to determine if changes are appropriate.
74	--	--	CAA Business Property Subcommittee	Comments: To facilitate use as a training manual, we recommend that handbook be updated to include guidance on the following topics: audits for small businesses, audits performed with limited access to records, audits for airlines, air taxi, charter aircraft, billboard, cell tower, or general aircraft. Also guidance when auditors are confronted with the write down of assets, bulk sale acquisition allocations that include Goodwill, bankruptcy and liquidation valuation allocations, measuring external and functional obsolescence, calculating trade level, and use of various industry cost guides as a resource. To the extent that the topics above are addressed in the AH 504, we recommend cross-referencing.	Not accepted—No suggested language included. The BOE provides "training manual" data in BOE Course 18, <i>Auditing Procedures</i> , and BOE Course 28, <i>Advanced Auditing</i> .



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SANTOS H. KREIMANN
 CHIEF DEPUTY ASSESSOR
 GEORGE RENKEI
 ASSISTANT ASSESSOR
 SHARON MOLLER
 ASSISTANT ASSESSOR

AREA: _____

**MUTUAL AGREEMENT
 WAIVER OF STATUTE OF LIMITATIONS
 (PERSONAL PROPERTY)**

Revenue and Taxation Code, Sections 532, 532.1, 502, 504, 2635, 5096, 5097
 Code of Civil Procedure, Section 360.5

The Los Angeles County Assessor is engaged in or contemplating an audit, assessment, escape assessment or reassessment of all assessable personal property and/or fixtures owned, claimed, possessed, or controlled by the undersigned taxpayer and its affiliates, located in the County of Los Angeles, on the lien date January 1, <yr>

Section 532 of the Revenue and Taxation (R&T) Code specifies a statutory limit for the assessment of property that has escaped taxation or was under-assessed. Subdivision (a) requires the assessment within four years after July 1 of the assessment year for property that has escaped taxation or was under-assessed. Subdivision (b) requires the assessment within eight years after July 1 of the assessment year, if the penalty pursuant to Section 504 must be added to the assessment that has escaped taxation or was under-assessed. The statute of limitations on the property will expire on July 1, <yr>

If an audit or reassessment should indicate that the taxpayer may be entitled to a refund, Revenue and Taxation Code Section 5097 provides that the taxpayer must file a verified claim within four years after making the payment sought to be refunded or within one year after the mailing of the notice prescribed by Revenue and Taxation Code Section 2635, or the period agreed to as provided in Section 532.1, whichever is later.

In mutual consideration of their respective forbearances to enforce against the other during the agreed period, the limitations and conditions of Sections 532 and 5097, the taxpayer and the Assessor hereby agree to waive all rights and privileges conferred by said sections until subject to the limitations of Code of Civil Procedure Section 360.5.

Dated: _____

Santos H. Kreimann, Chief Deputy Assessor

 Taxpayer's Name

By _____
 (Signature of Taxpayer or Authorized Agent)

 (Name of Taxpayer or Authorized Agent - Printed or Typed)

 (Title)

 (Telephone Number)

By _____
 (Principal Appraiser's Signature)

 (Principal Appraiser's Name - Printed or Typed)

 (Telephone Number)

"Valuing People and Property"

A-28 (Rev. 12/12)