

Machinery & Tools Tax FAQs

What is Machinery and Tools?

Machinery and Tool is any machinery and equipment used in a manufacturing, mining, water well drilling, processing or reprocessing, radio or television broadcasting, dairy, dry cleaning or laundry business. This includes computer equipment used in those business processes.

What is the due date for Machinery & Tools Tax returns?

March 1. In the event the due date falls on a weekend, the due date for tax returns is the first business day after the scheduled due date.

What is the Machinery & Tools tax rate?

\$2.30 per \$100 of assessed value. For example, the total Machinery & Tools tax on machinery and equipment with an assessed value of \$100,000 would be \$2,300 ($\$100,000/100 = 1,000$; $1,000 \times \$2.30 = \$2,300$).

What is the due date for the payment of Machinery & Tools taxes?

June 5. Note, the City has a two step process for the filing and payment of Machinery & Tools Taxes. **Step 1** is the filing of the return by March 1. **Step 2** is the payment of the tax assessment by **June 5**.

How is the assessed value of machinery and tools determined?

Machinery and tools are assessed based on a percentage or percentages of the original total capitalized cost, excluding capitalized interest. Below are the schedules currently used by the City of Richmond to determine the assessed value of machinery and equipment and programmable computer equipment used by a business subject to Machinery & Tools taxes:

Machinery and Equipment

Year	Assessed Value %
1	90
2	80
3	70
4	60
5	50
6	40
Salvage	10

Programmable Computer Equipment

Year	Assessed Value %
1	70
2	60
3	30
4	15
5	10
6	5

What is considered “idle” machinery and tools?

“Idle machinery and tools” are machinery and tools that (i) have been discontinued in use continuously for at least one year prior to any tax day or (ii) on and after January 1, 2007, have been specifically identified in writing by the taxpayer to the Director of Finance, 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 (iii) 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. [Virginia Code §58.1-3507\(D\)](#).

How do I identify machinery and tools as “idle”?

On or before April 1, specifically identify in writing to the Director of Finance machinery and tools that you intend to withdraw from service the next succeeding tax day and for which there is no reasonable prospect that such machinery and tools will be returned to use during that tax year.

Can I exclude from my Machinery & Tools Tax Return property that is idle during the current tax year?

Only property that has been (i) discontinued in use continuously for at least one year prior to the tax day of the current tax year (January 1) or (ii) specifically identified in writing to the Director of Finance on or before April 1 of the prior tax year, or other tax years subsequent to January 1, 2007, as withdrawn from service and not returned to use subsequently can be declared as “idle machinery and tools” on the tax return of the current tax year.

What happens if equipment that I have withdrawn from service and declared “idle” is returned to use?

[Virginia Code §58.1-3507\(E\)](#) provides as follows regarding situations such as this:

- (1) The taxpayer shall identify such machinery and tools to the Director in writing on or before the next return due date without extension;
- (2) Such machinery and tools shall be subject to tax in accordance with the procedures provided in Virginia Code § [58.1-3903](#) in the same manner as if such machinery and tools had been in use on the tax day of the year in which such return to use occurs;
- (3) Any interest otherwise payable pursuant to applicable law or ordinance shall apply to such taxes paid after the due date, without regard to the fault of the taxpayer or lack thereof;
- (4) If the taxpayer has provided timely written notice of return to use in accordance with the provisions of [Virginia Code §58.1-3507\(E\)](#), no penalty shall be levied with respect to any tax liability arising as a result of the return to use of machinery and tools classified as idle and actually idle prior to such return to use.

Can I appeal the tax assessment for Machinery & Tools?

Yes. There are three (3) appeal options available regarding the assessment of Machinery & Tools taxes.

- (1) Administrative Appeal filed with the Director of Finance of the City of Richmond; or,
- (2) Appeal a Final Local Determination to the Commissioner of the Virginia Department of Taxation; or
- (3) File an appeal directly with the Richmond Circuit Court.