

TAX POLICY

Property Tax Policy

Approval Authority:	Chancellor	Originally issued: January 2019
Responsible Administrator:	Vice Chancellor for Finance and Chief Financial Officer	Current version effective as of:
Responsible Office:	Controller's Office / Tax Department	June 2024
Policy Contact:	Director of Tax	

POLICY STATEMENT/REASON FOR POLICY

This document defines the policies that ensure property tax filings related to the non-exempt use of exempt Vanderbilt property and the resulting tax payments are properly prepared, reviewed, approved, filed, paid, and confirmed in accordance with the requirements of Metro Government of Nashville & Davidson County, Tennessee.

All Vanderbilt employees responsible for reporting income transactions from third parties must be knowledgeable of Vanderbilt's property tax reporting requirements. In addition, university Business Entity Approvers and Financial Unit Managers, must possess an appropriate level of Vanderbilt financial knowledge, including knowledge of all leases to or other use of real property by third parties for their respective areas.

THIS POLICY APPLIES TO

This policy applies to all Vanderbilt employees responsible for the financial reporting of transactions involving third parties. This policy also applies to all Vanderbilt employees in the Vanderbilt University Real Estate Office, who are responsible for paying property taxes.

POLICY

A. Non-Exempt Business Activities

Financial Units transacting non-exempt commercial business activities with third parties are responsible for developing, implementing, and maintaining departmental processes and procedures that support compliance with all applicable income reporting rules for valuing real property using the "Leasehold Report of Income" method.

B. Budgeting of Funds

Financial Units are responsible for budgeting funds required for making payments for property tax generated by their respective financial unit commercial activities.

C. With Respect to the Annual Leasehold Report of Income:

Amounts reportable on Vanderbilt's Annual Leasehold Report of Income must be provided to the tax department using the approved tax format no later than mid-January following the calendar year.

- Requests for extensions of time must be approved by the tax department prior to this deadline.
- While use of the standard template is suggested, requests for use of a different submission form will be considered and must be approved by the tax department.
- Templates must be submitted with financial unit manager approval.

D. Amendments:

Amendments are not allowable for subsequent discovery of an error.

- The annual reporting of non-exempt commercial business activities establishes a valuation of Vanderbilt property for purposes of property tax. Once the report of income is submitted to Metro, the financial unit's reporting cannot be changed. At that point, the value is established and the agreed upon procedures with the Appraiser's office do not allow for amendments to the submission.

E. Filing of the Annual Leasehold Report of Income:

The Tax Department files and processes the "Annual Leasehold Report of Income" with Metro Government utilizing the data provided by the Financial Units described above.

F. Payment of Tax Bills:

The Tax Department manages the payment of the property tax bill generated by the Annual Leasehold Report of Income by obtaining approvals from the Business Entity Approvers and consolidating all approvals into a single payment.

DEFINITIONS

Annual Leasehold Report of Income – This is the reporting format used to report calendar year non-exempt commercial income generated on Vanderbilt exempt properties used by third parties. The purpose of the report is to assess a taxable value on portions of Vanderbilt's real property that are not used for Vanderbilt's exempt purposes. This report must be completed and emailed to the Assessor of Property prior to March 1, with an extended due date of April 2.

Assessment Value – The value of Vanderbilt's taxable personal property is based on the Tax Schedule "B" submitted to the Metropolitan Assessor of Property. For properties reported on the Annual Leasehold Report of Income, Vanderbilt's real property assessment value will be based on the report submitted to the Office of the Trustee for Metropolitan Nashville. For property that is fully taxable, the assessment value will be calculated using the appraisal value method and Metro will issue separate tax bills to Vanderbilt.

Audits of Tax Schedule "B" - Every business location is subject to selection for an audit of Tax Schedule "B". Audit methods vary based on the size and type of business involved. An inspection of the business premises may be required, or a detailed examination of records of purchases may be needed.

Business Tangible Personal Property - Movable, touchable property used in a business, including furniture, computers, machinery, tools, supplies, raw materials, vehicles, scrap, billboards, tanks, pipelines and other property not listed as real estate.

Exempt Property Status – Exemptions from property tax are available for religious, charitable, scientific, and nonprofit educational uses, governmental property, and cemeteries. Most nongovernmental exemptions require a one-time application and approval by the State Board of Equalization with a May 20 application deadline.

Frequently Asked Questions (“FAQ’s”) – The FAQ document is updated annually and distributed by the Tax Department to the Business Entity and Financial Unit Managers to assist in gathering data for the calendar year income reporting required each January. It contains the answers to the most commonly asked questions and includes a detail explanation of how the tax on the reported income is calculated.

Property Tax Bill – Bills are mailed out annually in September for calendar year taxes assessed on both personal and real property. The bills are due no later than February 28 of the following year. Vanderbilt receives tax bills for both personalty tax and for real property tax. The personalty tax is assessed based on the filing of a Tax Schedule “B”. The real property tax is assessed on commercial use of exempt property using the “Leasehold report of income”, and non-exempt properties owned by Vanderbilt receive separate tax bills based on Appraised Property Values.

Tax Schedule “B” – This is the reporting form used to report taxable values of business tangible personal property owned or leased by a business for purposes of determining the ad valorem tax under Tennessee law. This form must be completed, signed and filed with the Assessor of Property prior to March 1. If it is not filed by that time, the Assessor is required by law to place a value on Vanderbilt’s applicable property using the best information available at the time, and Vanderbilt will also be subject to penalty under the law

PROCEDURES & RESPONSIBILITIES: PROPERTY TAX REPORTING & PAYMENT

Activity	Tax Department	VURE/Financial Units
Provide training and answer questions, working to ensure Financial Units understand the income method of property valuation.	✓	
Compile all income generated by the non-exempt commercial use of Vanderbilt exempt property, as provided by Business Entity Approvers and Financial Unit Managers, for the purpose of assessing a property tax appraisal.	✓	
File the Annual Leasehold Report of Income with Metro Government.	✓	
Distribute preliminary tax estimate reports to financial units, allowing the financial unit to record property tax accruals as needed for year-end.	✓	
Distribute final tax bill reports to financial units, obtaining Unit Approval for payment.	✓	
Prepare payment of annual property tax bill generated by the Annual Leasehold Report of Income Submission.	✓	
Track and report all applicable income received from commercial sources for non-exempt use of Vanderbilt property.		✓
Process real estate tax bills for payment related to property under management of financial unit.		✓
Prepare and File Schedule B reports for taxable personal property under management of financial unit.		✓
Process personally tax bills for payment related to property under management of financial unit.		✓

ADDITIONAL CONTACTS

Subject	Contact/Position	Office	Phone
Contact 1	Wes Cothron	Finance - Tax	(615) 343-6640
Contact 2	Johnathan Shaw	Finance - Tax	(615) 875-8815

RELATED POLICIES/DOCUMENTS

NA

HISTORY

Issued: 01/01/2018

Reviewed: January 2019, June 2024
Comment

Amended:
Amended in November 2019 to remove FAQ section. FAQs updated and distributed annually by tax department.