

Case Study

A large, local manufacturer, headquartered in Maryland acquired a smaller, compatible company in 2006. The company grew to \$20 million in revenues, doubling in size in 3 years. In 2008, they moved to a new distribution center, and now held manufacturing and distribution facilities in Maryland and a manufacturing facility in Virginia.

Despite significant success, the client faced some cash flow issues. To make matter worse, the

company was dealing with large personal property assessments from both Maryland and Virginia because of their large manufacturing equipment. They were facing possible layoffs, and inquired with Glass Jacobson about possible tax credits and deductions available for manufacturing and R&D operations. In the process, GJ realized there were significant opportunities for personal property tax recovery.

Since 2006 (the last 3 years), the company had been paying \$80,000 per year in personal property tax to Maryland and Virginia.

Glass Jacobson obtained the company's last three years of personal property tax returns and associated fixed asset records. We toured the facilities to get a better understanding of the taxable assets. Using extensive knowledge of MD and VA tax code, GJ was able to amend the prior three years of returns by reassessing asset classification and depreciation value to report taxable assets correctly.

The process took three and a half weeks to complete with **no net cost to the client**. We reduced the client's personal property taxes by 25%. This translated into refunds of approximately \$20,000 for the last three years, as well as securing future savings of about \$20,000 per year due to the client's new, proper reporting system. Glass Jacobson's contingent fee was 1/3 of the recovered funds, putting \$40,000 immediately back in the client's pocket and improving their cash flow.

Fundamentals

Project	Personal Property Tax Audit
Sector	Manufacturing
Size	\$20 million in revenues
PPT Bill	\$80k/year
Recovered	\$60k



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