

State of California
BOARD OF EQUALIZATION
PROPERTY TAX RULES

Chapter 1. State Board of Equalization — Property Tax
Subchapter 2. Assessment
Article 4. Information from Taxpayers and Audits

Rule 192. MANDATORY AUDITS.

Reference: Sections 469 and 470, Revenue and Taxation Code.
Section 15606, Government Code.

(a) HOLDINGS EQUALING OR EXCEEDING THE MINIMUM IN FOUR CONSECUTIVE YEARS. When a taxpayer engaged in a profession, trade or business owns, claims, possesses, or controls locally assessable fixtures and business tangible personal property in any county which according to the assessor's records, has a combined full value that equals or exceeds the amount specified by Section 469 of the Revenue and Taxation Code for each of four consecutive lien dates, the assessor shall complete an audit of the taxpayer's books and records

(1) at least once within the four fiscal years following the first of such four consecutive lien dates, and

(2) at least once thereafter within each four-year period following the latest fiscal year covered by the preceding audit until relieved of this responsibility by subdivision (b) of this section.

Upon completion of an audit of the taxpayer's books and records, the taxpayer shall be given the assessor's findings in writing with respect to data that would alter any previously enrolled assessment.

(b) HOLDINGS FALLING BELOW THE MINIMUM. After such a taxpayer's holdings fall below the amount specified by Section 469 of the Revenue and Taxation Code on any one lien date, the assessor shall not be required to audit the taxpayer's books and records for that lien date and subsequent lien dates until the taxpayer's holdings again equal or exceed the amount specified by Section 469 of such code on four consecutive lien dates.

(c) FARMING. For purposes of this rule, farming is a business. The assessor, when making an audit pursuant to this section of a farming or ranching operation, shall determine whether any racehorses taxable to the same taxpayer pursuant to Part 12 of Division 1 of the Revenue and Taxation Code have been underreported or escaped assessment.

(d) DEFINITIONS. "Holdings" means the taxable value of locally assessable fixtures and the full cash value of locally assessable business personal property in the county. A "fiscal year" is the governmental fiscal year of July 1 through June 30. "Fixtures" means any fixtures whose use or purpose directly applies to or augments the process or function of a profession, trade, or business.

(e) OTHER AUDITS. Nothing herein shall be construed to prohibit an assessor from auditing the books and records of any taxpayer or for any period for which audits are not required by paragraph (a).

History: Adopted April 10, 1968, effective May 12, 1968.
Amended January 8, 1969, effective February 12, 1969.
Amended December 12, 1969, effective January 11, 1970.
Amended March 24, 1971, effective April 25, 1971.
Amended October 18, 1973, effective November 25, 1973.
Amended December 15, 1976, effective January 21, 1977.
Amended July 31, 1980, effective November 19, 1980.
Amended July 27, 1982, effective February 10, 1983.
Amended and effective May 29, 1996.
Amended December 22, 1997, effective January 21, 1998.