

## Assessor & Taxpayer Responsibilities

### Assessor Responsibilities

- ✦ If a property does not meet the requirements for exemption, the assessor must deny a claim for exemption and notify the taxpayer of the denial.
- ✦ An assessor may deny a claim for exemption for the current year and for the three immediately preceding calendar years.
- ✦ MCL 211.9o provides local units of government the right to develop and implement an audit program to determine continued eligibility for the exemption.

### Taxpayer Responsibilities

- ✦ Taxpayers are required to claim the tax exemption by February 20<sup>th</sup>.
- ✦ MCL 211.9o requires that any taxpayer who is no longer eligible for the exemption file Form 5618 to rescind the exemption. This form along with a personal property statement must be filed no later than February 20<sup>th</sup> of the year that the property is no longer eligible for the exemption.
- ✦ Taxpayers are required to maintain books and records for four years and shall include:
  - Date of purchase
  - Lease or acquisition
  - Purchase price
  - Lease amount or value

## Appeal Rights

- ✦ Owners who timely claim the exemption may appeal a denial of the exemption to the March Board of Review.
- ✦ A late submission may be filed directly with the March Board of Review before its final adjournment.
- ✦ Owners may appeal a denial in the case of a qualified error to the July and December Boards of Review.
- ✦ Owners may not appeal a denial of exemption from the March Board of Review to the July or December Boards of Review.
- ✦ An appeal of a denial by the March Board of Review may be made by filing a petition with the Michigan Tax Tribunal within 35 days of the denial notice.

Michigan Tax Tribunal forms are available at [www.michigan.gov/taxtrib](http://www.michigan.gov/taxtrib).



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# MICHIGAN PERSONAL PROPERTY TAX REFORM



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## Small Business Property Tax Exemption

In order to claim the exemption, Form 5076 must be filed with the local unit (City or Township) where the personal property is located no later than February 20th (postmark is acceptable).

- All taxpayers **MUST** file in 2019 to claim the exemption. Once granted they will continue to receive the exemption until they no longer qualify. Once they no longer qualify, the taxpayer is required to file a rescission form and a personal property statement no later than February 20th of the year that the property is no longer eligible. Failure to file the rescission form will result in significant penalty and interest as prescribed by P.A. 132 of 2018.

To be eligible, a taxpayer must meet **ALL** of the following:

- The exemption must be properly claimed on Form 5076 and filled out completely. Failure to fill out the form completely can be cause for denial of the exemption.
- The personal property must be classified as industrial or commercial personal property as defined in MCL 211.34c, or would be classified as such if not exempt.
- The combined true cash value of all industrial or commercial personal property owned by, leased by, or in the possession of the owner or a related entity claiming the exemption is less than \$80,000 in the local tax collecting unit.
- The property is not leased to or used by a person that previously owned the property, or a person that directly or indirectly controls, is controlled by, or under common control with the person that previously owned the property.

## Personal Property Tax Reform

Over the past few years the State Legislature and Governor successfully enacted Personal Property Tax reforms aimed at improving Michigan's business environment, competitiveness, and conditions for job growth and investment. The Personal Property Tax reform began in 2014 with the Small Business Property Tax Exemption and continues in 2016 and beyond with a gradual phase out of Eligible Manufacturing Personal Property.

Table 1  
Exemption Schedule for Existing Property

Purchased by first owner in	100% exemption goes into effect
2006	2017
2007	2018
2008	2019
2009	2020
2010	2021
2011	2022
2012	2023

**NOTE:** Legislative changes enacted in 2014 will require EMPP tax that is exempt locally to be subject to a specific tax known as the Essential Services Assessment per PA 92 of 2014. In an effort to assist taxpayers, please see the State's website at [www.michigan.gov/esa](http://www.michigan.gov/esa) for more details including current legislative updates.

## Eligible Manufacturing Personal Property Tax (EMPP) Exemption

In order to claim the exemption, Form 5278, Eligible Manufacturing Personal Property Tax Exemption, must be filed with the local unit (City or Township) where the personal property is located no later than February 20th each year, (postmark is acceptable).

EMPP tax exemption is defined as all industrial and commercial personal property located on a parcel of real property if the personal property is used more than 50% of the time in industrial processing or direct integrated support. See MCL 211.7m.

There are three facets of this phase out:

- New personal property- Beginning in 2016 tax year all EMPP purchased by the first owner after 2012 is 100% exempt from local tax.
- Existing Personal Property- Beginning in the 2016 tax year all EMPP purchased by first owner prior to 2006 is 100% exempt from local tax. For the next seven years, equipment that is ten years old will become exempt by adding one additional year of purchase to the exemption until all existing EMPP is 100% exempt from local tax. See Table 1 for phase out related to Tax Years 2017 through 2023.
- Existing Personal Property Tax Abatements- Beginning in 2014, existing personal property abatements would be extended until the EMPP qualifies for local tax exemption under the Existing personal property exemption.
  - Qualified abatements are:
    - PA 198 Industrial Facilities Tax Exemption
    - Technology Park Redevelopment ACT
    - Enterprise Zone Act