



# STATE AND LOCAL TAX NEWSLETTER

Business Strategists & Certified Public Accountants

2008-6

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## **Personal Property Tax Assessment/Classification Notices Mailed In February**

**GRAND RAPIDS, MI – Monday, February 18, 2008** – In late February personal property owners in Michigan will receive their Assessment/Classification notices. It is very important, more so in this year than in the past, that the notice be reviewed for accuracy. This year, not only will the amount of property tax billed be based on the assessment and classification, qualification for a Michigan Business Tax personal property tax credit will also be dependent on the property classification.

### **Verify the Accuracy of the Property "Classification"**

Check the classification on every assessment notice. New legislation, which became effective January 1, 2008, makes the property classification significant. *Pay close attention to whether your personal property is classified as industrial or commercial.*

- Personal property classified as "industrial" will be exempt from 24 mills of school tax.
- Personal property classified as "commercial" will also be exempt, but from only 12 of the 24 mills of school tax.
- The Michigan Business Tax (MBT) provides a significant personal property tax credit in the amount of 35% of the personal property taxes paid, but only if the industrial personal property is located on real property classified as "industrial."
- Personal property tax abatement holders will continue to enjoy reduced taxes only if the abated property is located on land classified as "industrial."

### **The "Corporate Headquarter Problem"**

Your tax abatement and tax exemptions listed above can be lost if your assessment classification doesn't match your industry. We call this the "corporate headquarter problem." Suppose a manufacturer has its corporate headquarters located on a separate site from its manufacturing facilities. The sole activity occurring at the corporate headquarters consists of office work. That site will likely be "classified" as commercial, not industrial. That means that the manufacturer's personal property at headquarters may not be classified as industrial personal property and will not enjoy the deep tax savings given to industrial personal property. Furthermore, any personal property tax abatement at that site may be lost. Check your classification!

### **Checklist for Personal Property Tax**

1. Have you received assessment notices for every parcel of personal property you own, including parcels covered by property tax abatements? Remember that one location can consist of several parcels, each of which will have a separate assessment notice.
2. Is the classification on each notice correct?
3. If your company leases personal property, has the assessment notice gone to the lessor?

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4. If you are responsible for the personal property taxes under the lease, have you seen a copy of the notice?
5. Remember to file your personal property statement by February 20, the statutory deadline. You will disqualify yourself from the MBT personal property credit otherwise. Failing to file by the deadline can also make a Board of Review appearance mandatory where it would otherwise have been optional.
6. You should receive an assessment notice by March 1 for the personal property described in your statement. Does the "taxable value" on the notice correspond to the numbers reported on your statement? The assessor is not required to assess you in accordance with the numbers you report.
7. Have you discovered over-reporting or other reporting errors in previous statements? New appeal procedures apply to those kinds of errors. In some cases, errors can be corrected for previous years to your advantage.

## **Board of Review and Appeal Deadlines**

### **2008 Assessed Value and/or Tentative Taxable Value**

An appearance at the local Board of Review is optional for certain kinds of business property, depending upon that property's classification. Even when an appearance is optional, a proper strategy can often include an appearance. Most Boards of review will be meeting in March-check with your local unit of government for exact dates. The deadline for appealing an adverse Board of Review decision to the Michigan tax tribunal is May 31, 2008 for most kinds of business property.

### **2008 Assessment Classification**

You should appeal an assessment classification first to the local assessor, then to the Board of Review in March 2008. An adverse decision from the Board of Review on a classification appeal is made to the State Tax Commission by June 30, 2008. The decision of the State Tax Commission is final-there is no appeal of a classification to the Michigan Tax Tribunal.

If you have concerns or issues with your assessment notices, classifications, taxable values, or other matters described above, you will need to make a quick decision regarding appeal steps. Many disputes require a Board of Review appearance in early March. In some localities, an assessor's appeal is required in February.

Please stay tuned for more news and follow the [MichiganStateAndLocalTaxBlog](#) for information as it becomes available.

If you have questions please feel free to contact me. I would be happy to be of assistance.

Sincerely,  
Ed Kisscorni, CPA/MBA



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