

Personal Property Filing – General Explanation 2021

Personal Property Statement- L-4175 – the Michigan Constitution provides for the assessment of all real and tangible personal property not exempted by law. Tangible personal property is defined as tangible property that is not real estate. Form L-4175 is used for the purpose of obtaining a statement of assessable personal property in the determination of personal property assessment.

Michigan law provides that the assessor sends form L- 4175 (aka 632) to any person or entity that may possess assessable personal property. Michigan law provides that a person or entity receiving Form L-4175 must complete it and return it to the assessor by the statutory due date, even if they do not have property in their possession on December 31, each and every year.

The Assessing Department conducts annual canvas and regularly updates names and addresses, as required by the State Tax Commission.

A completed Form L-4175 is required to be submitted to the assessor of the community where the property is located by the statutory due date, even if the assessor does not send you a form L-4175 personal property statement. **The 2021 forms due date is February 22, 2021, as February 20 is a Saturday and February 21 is a Sunday.**

Property Tax and Equalization Calendar for 2021

The "Eligible Personal Property" exemption, form 5076 ([Small Business Tax Exemption Under MCL 211.9o](#)), often referred to as the "Small Taxpayer Exemption," took effect for the 2014 assessment year and exempts personal property, which a business owns if the business and related entities own, lease and/or possess personal property, having a total true cash value of less than \$80,000 in that local assessing unit. **If the true cash value of such personal property exceeds \$80,000, then the business does not qualify for the exemption at all.**

If personal property is leased to or used by an entity other than the property's owner, the owner of that personal property must file the affidavit for that property, not the lessee, or the user. The owner may file the affidavit and claim the exemption **only** if the True Cash Value of **all** the commercial or industrial personal property located within the city or township that is owned by leased to, or in the possession of the owner or a related entity, was less than \$80,000 on December 31, 2020.

The exemption applies to personal property, which is classified either as commercial personal property or as industrial personal property. Personal property having other classifications does not qualify for the exemption.

Legislation authorizes local assessor to deny the exemption if he or she believes that the property was not eligible.

Requirements for the exemption include:

- Determination of whether the true cash value is less than \$80,000 must be based on all commercial personal property and industrial personal property owned by, leased to, or in the possession of that owner or a related entity in that local assessing unit. Notice that the standard for claiming the exemption is not based solely on the amount (on the true cash value) of the personal property that will be assessable to the owner. It is possible for an owner that is assessed for less than \$80,000 of true cash value of personal property to be ineligible for the "Eligible Personal Property" exemption, arising from the fact that it, or a related entity, leases or possesses personal property that is not assessable to it, but which is considered in determining eligibility for the exemption.
- Legislation provides that an affidavit claiming the (5076) exemption for eligible personal property must be filed by February 20th.

- Definition of “Eligible Personal Property” considers and includes indirect control situations when determining that the true cash value of the claimant’s personal property is less than \$80,000.
- Legislation defines “control,” “controlled by,” “under common control with,” and “related entity,” in an effort to prevent a taxpayer from gaining exemption by means of titling property in the names of related entities. Included is language, which states that there is a “rebuttable presumption,” that the “power to vote, directly or by proxy, 10% or more of the ownership interest” or “ownership through attribution” indicates control.

Entitlement to the exemption is determined by adding together the true cash value of the personal property which the taxpayer, or a related entity; Owns, Leases; or Possesses, in the entire assessment unit.

- Even if the taxpayer or related entities would normally file several personal property statements in the assessment unit, for different locations or in different school districts or authority areas, the true cash value of the personal property which is owned, leased or possessed in the assessment unit, is added together to determine whether the taxpayer is entitled to the “Small Taxpayer Exemption.”

Many taxpayers will not understand that they must add together the true cash values of all the personal property used in all of their business locations in the assessment unit, whether owned, leased or possessed by a related party or owned, leased or possessed by the taxpayer itself.

Taxpayer is required to indicate how it has computed the true cash value of its personal property for purposes of determining that the true cash value of its personal property is less than \$80,000.

The Taxpayer is required to indicate whether it has included the true cash value of trade fixtures when it determined that the true cash value of its personal property is less than \$80,000.

Additionally, taxpayer is required to indicate whether it has included, or excluded, the true cash value of its leasehold improvements for purposes of determining that the true cash value of its personal property is less than \$80,000.

It is a misdemeanor to fraudulently claim an exemption

- In addition, legislation authorizes an assessor to retroactively deny an exemption for the current year and the three previous years, and issue a corrected tax bill, plus interest and penalties, if he or she believes that the property was not eligible.
- To effectively petition for the exemption, the taxpayer must complete both the March Board of Review protest form and submit the completed Affidavit Form 5076. The taxpayer may also wish to present a completed personal property statement along with the Affidavit Form 5076 to the March Board of Review so that the Board can consider the statement in setting the assessment if it decides that the assessor’s denial of the exemption was correct.
- If the exemption is denied by the assessor, then that denial may be appealed to the March, July or December Board of Review, and the taxpayer may also appeal to the Michigan Tax Tribunal.

Legislation requires that one claiming the exemption to maintain adequate books and records and provide access to them for audit purposes.

Your exemption may be denied by the assessor if it is determined you do not qualify for this exemption.

Please check the State of Michigan’s website for updates and/or changes

General Information www.michigan.gov/taxes/0,4676,7-238-43535_72736---,00.html

Forms www.michigan.gov/taxes/0,4676,7-238-43535_72736-358297--,00.html