



## Is Your Business Exempt from Personal Property Tax?

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Michigan's Personal Property Tax was recently repealed, allowing for some business owners to receive a tax exemption in 2014 if the value of the personal property of their business is less than \$80,000. The repeal of PPT is complicated and will be phased in gradually over the next nine years. For the 2014 tax year, an exemption is available for the personal property of industrial and commercial small business owners, which includes items such as office furniture, equipment, display racks, machinery, computers, printers, and shelving.

The exemption is available for all items within the assessment jurisdiction. This allows business owners with multiple offices within the assessment jurisdiction to include all the assets in the various offices for the purposes of computing the exemption. If a business has offices in multiple assessment jurisdictions, it must report separately in each.

In order to claim the exemption, taxpayers must file Form 5076 by February 10, 2015 with the assessor of the city or township where the personal property is located. Late applications can be ignored by the assessor, and although an appeal may be filed, the Board of Review can still deny a late exemption application.

Determining whether the personal property of the business is less than \$80,000 involves complicated rules that seek to determine the "true cash value" of the property. The "true cash value" is the amount actually paid for the item and includes sales tax, freight, and installation expenses. Special rules apply for businesses that purchase used assets or lease equipment. To receive the exemption, a description of all personal property must be accurately reported on Form L-4175. The government may also impose penalties on businesses that apply for the exemption but do not qualify, including a penalty for fraud.

If you own a small commercial or industrial business, this exemption may reduce your 2014 tax bill. Our attorneys are able to help you determine if your business is eligible for the exemption and are ready to answer any of your Personal Property Tax questions.

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