

ATTENTION business owners and statement preparers:

This enclosure is intended to alert business owners to the recent changes in personal property taxation. *This is a summary.* Please read this memo thoroughly and also visit the State of Michigan webpage www.michigan.gov/taxes to access forms, instructions and important State Tax Commission bulletins. You may also find more information at www.michigan.gov/PPT and www.michigan.gov/ESA.

Due to recent legislation there are now two separate personal property exemptions which may be applied for. **The correct form MUST be properly and timely filed to receive the exemption.** If these exemptions do not apply a Personal Property Statement (Form 632) MUST be completed and timely filed.

Affidavit to Claim Small Business Tax Exemption Under MCL 211.9o (Form 5076)

The personal property must meet **ALL** of the following conditions in order to be eligible personal property and qualify for this exemption:

- The exemption must be properly claimed on Form 5076 **and**
- 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 **and**
- 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 **and**
- The **combined true cash value is less than \$80,000**. This total includes all industrial or commercial personal property in The City of Hamtramck that is:
 - owned by the entity claiming the exemption
 - leased by the entity claiming the exemption
 - in possession of the owner or a related entity claiming the exemption

(Combined true cash value includes the value of leased equipment and equipment not owned by Yourself but in your possession at your place of business.)

To claim this exemption, the owner of the eligible personal property **must properly file Form 5076** with the Assessing Department no later than **February 20th**, postmark is acceptable. The Assessing Department must deny claims which do not qualify. Beginning in 2019', taxpayers are no longer required to **annually** file Form 5076 in order to claim the exemption however, you must file in 2019' to have the exemption initially granted. This exemption will remain in place unless an entity no longer meets the qualifications. A Rescission Form will then be required and a personal property statement must be filed the year the property no longer is eligible for this exemption.

Affidavit and Statement for Eligible Manufacturing Personal Property and Essential Services Assessment (Form 5278) "Combined Document".

This is a partial exemption until the full implementation phase-in period is complete; only "qualified new" and "qualified previously existing" personal property that is "Eligible Manufacturing Personal Property" is exempt. Eligible Manufacturing Personal Property (EMPP) means all personal property located on occupied real property if that personal property is predominantly used in industrial processing or direct integrated support. Full definitions and explanations are available at www.michigan.gov/ESA.

Form 5278 is a three-part form: the affidavit to claim the exemption, the statement for personal property that does not yet qualify for the exemption (still subject to local taxation), and the required Essential Services Assessment filing. **Please note: assets which are "exempt" from local taxation are subject to the Essential Services Assessment which is a State specific tax collected by the State of Michigan.**

To claim this exemption, the owner of qualified new and/or qualified previously existing EMPP **must properly file Form 5278** with the Assessing Department **no later than February 20** of each tax year the exemption is claimed. The Assessing Department must deny timely filed exemptions which do not meet eligibility requirements. Claims filed past the deadline will not be accepted.

Please see State Tax Commission Bulletins and Michigan Compiled Laws on the State of Michigan website for detailed explanations, guidelines, calculations, and taxpayer responsibilities regarding these exemptions.