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## MBT Draft Proposed Rule - Industrial Personal Property Tax Credit

### R 208.2 Definitions.

Rule 2. As used in these rules:

- (a) "Act" means the Michigan business tax act, 2007 PA 36, MCL 208.1101 et seq.
- (b) "Department" means the department of treasury.
- (c) "Levy date" is the day on which a general property tax becomes due and payable, which is July 1 and December 1 of each calendar year. This same levy date applies to the other taxes included in the definition of "property taxes" in section 413(4)(d) of the act.

### R 208.3 Qualification for credit; filing of required document with the local tax collecting unit "within the time prescribed."

Rule 3. To qualify for the credit provided by section 413 of the act, the taxpayer shall file, with the local tax collecting unit, the applicable following document "within the time prescribed":

(a) For eligible personal property or eligible natural gas pipeline property, the statement of assessable personal property prepared pursuant to section 19 of the general property tax act, 1893 PA 206, MCL 211.19. "Within the time prescribed" is February 20 in each calendar year.

(i) The statement of assessable personal property filed on or before February 20 of the current year relates to property taxes that are levied subsequently on July 1 and December 1 of the current year.

(b) For eligible telephone personal property, the annual statement prepared pursuant to section 6 of 1905 PA 282, MCL 207.6. "Within the time prescribed" is either of the following:

(i) Between January 1 and March 31 in each calendar year for an entity whose annual gross receipts exceed \$1,000,000.00.

(ii) Between January 1 and March 15 in each calendar year for an entity whose annual gross receipts are \$1,000,000.00 or less.

### R 208.4 Documentation in support of qualification for credit; assessment or bill; filing with the department.

Rule 4. To qualify for the credit provided by section 413 of the act, the taxpayer shall file, with the return on which the credit is claimed, the assessment or bill (summer and/or winter tax statement) issued to the taxpayer by the local taxing unit and proof of payment by the taxpayer.

R 208.5 Additional documentation in support of qualification for credit; filing with the department.

Rule 5. In addition to the assessment or bill (summer and/or winter tax statement) and proof of payment that the taxpayer is required to file, the department may also require a taxpayer claiming the credit to file the following applicable documents:

(a) Documentation that the personal property is classified as industrial.

(b) For taxes levied under the industrial facility tax, 1974 PA 198, MCL 207.551 et seq., documentation that the real property upon which the personal property is located is classified as industrial.

(c) Documentation that the statement of assessable personal property required by section 19 of the general property tax act, 1893 PA 206, MCL 211.19, and/or the annual report required by section 6 of 1905 PA 282, MCL 207.6, were filed timely.

R 208.6 Appeal process for incorrect classification of personal property; board of review.

Rule 6. (1) Sections 19 and 34c(1) of the general property tax act, 1893 PA 206, MCL 211.19 and 211.34c(1), grant the local taxing unit the power to ascertain what property is taxable in the assessing district; the classification of the property; and to whom it should be assessed. In the administration of the credit provided by section 413 of the act, these determinations by the local taxing unit will control the classifications of parcels and of personal property, as well as which person is liable for the property tax.

(2) A taxpayer that disagrees with an assessor's classification of property, the taxpayer must appeal the classification to the March Board of Review, and then to the State Tax Commission no later than June 30 in the year of the property tax assessment. The department does not provide an alternative appeal process.

Rule 208.7 Leasing of personal property; documentation in support of qualification for credit.

Rule 7. (1) The department, in determining qualification for the credit for leased personal property, will require the same documentation to be filed with the return on which the credit is claimed as required in a non-lease situation, including but not limited to, the summer and/or winter tax statement, showing to whom the property was assessed; and proof of payment by the taxpayer. It is the person the local taxing jurisdiction has named in the bill as liable for the tax who may claim the credit, provided all the other qualifiers are met. A lessee of property may not claim credit for taxes it is paying on behalf of the owner/lessor.

(2) A leasing company is classified as a commercial business. Personal property of a leasing company is classified as commercial personal; and the classification is not related to the classification of the real property where the leased equipment is located; or the lessee's use of the property. It is possible that neither the lessor nor the lessee will be eligible for the credit.