



# **GUIDELINES**

## **For the Michigan Homestead Property Tax Exemption Program**

These guidelines are compiled questions and answers from the previous four volumes of published questions and answers. It amends outdated information and includes new information.

# GUIDELINES

## FOR THE MICHIGAN HOMESTEAD PROPERTY TAX EXEMPTION

### Filing Deadlines

**1. Is there a filing deadline to request a homestead exemption?**

Homestead exemption affidavits must be delivered to the local unit of government or postmarked no later than May 1<sup>st</sup> of the first year of the exemption.

**2. What years taxes are affected by the homestead exemption?**

Homestead exemptions filed by May 1<sup>st</sup> will reduce school taxes beginning with that calendar year.

**3. If I was eligible for the exemption on May 1<sup>st</sup> but did not file timely, may I still file my claim?**

Public Act 74 of 1995 provides for an exemption to be filed by mail or in person at the July or December Board of Review for the year of the claim, or the following year's July or December Board of Review. To petition the Board of Review you must submit a signed *Affidavit for Homestead Exemption* (form 2368). A petition to the December Board of Review must be made at least five days before the date of the Board of Review.

*Example: A claim for exemption in 2000 may be taken to the July or December Board of Review in 2000 or 2001.*

**4. I moved to a different home before the May 1<sup>st</sup> filing deadline. May I claim my new home?**

Yes. If you purchase a new home and move into it before the filing deadline you may claim an exemption on the new home before the filing date. Filing an Affidavit for Homestead Exemption (form 2368) available at the closing or from your local assessor may qualify new residences.

**5. I moved to a different home after May 1<sup>st</sup>. May I claim my new home?**

No. Since you did not own and occupy the home before the filing date, you may not file a claim. However, the previous owner may have claimed the property and that exemption remains in effect until December 31<sup>st</sup>. You may file a claim for your new home before May 1 of the following year by filing a *Homestead Exemption Affidavit (form 2368)* that is available at closing or from your local assessor.

**6. I began construction on a new home in January and owned and occupied it as my principal residence by May 1. May I claim an exemption for the current year's taxes?**

Yes. If you own and occupy a dwelling as your principal residence by May 1, you may file a claim for exemption with your local unit of government by May 1.

**7. May an assessor deny an erroneous claim for the current year exemption before the Board of Review meets so the tax bills are issued correctly?**

Yes. The local assessor may deny a claim for exemption for the current year as long as the denial is issued to the taxpayer within the year being denied. *Only Michigan Department of Treasury may deny prior years.*

**8. May a closing agent be held liable by a buyer or seller if the buyer isn't granted a homestead exemption because the closing agent did not provide the appropriate forms at closing or did not submit their forms timely?**

No. Closing agents are required to provide an affidavit and rescind form at closing. However, Public Act 415 of 1994 provides that there is no legal course of action against the closing agent, by the buyer or the seller, if the agent fails to provide a homestead exemption form or fails to file the form with the local tax collecting unit when requested to do so by the buyer or seller.

**9. What are the qualifications to be able to appeal under Public Act 415?**

The sale must have taken place since December 31, 1993. The closing statement preparer didn't properly present the homestead form or file it if requested to do so. The buyers may appeal to Treasury within 30 days of their first notification that an exemption is not posted.

**10. What information must be submitted with a Public Act 415 appeal?**

- A. Copy of warranty deed or land contract to show proof of ownership.
- B. Copy of driver license, voter registration, or other documents to show proof of occupancy.
- C. Completed Homestead Affidavit.
- D. Letter indicating what years you are appealing for.

**Residency**

**1. Who is a Michigan resident?**

You are a Michigan resident if Michigan is

your permanent home. Your permanent home is the place you intend to return to whenever you go away. A temporary absence from Michigan, such as spending the winter in a southern state, does not make you a part-year resident.

**2. What determines principal residence?**

The criteria Treasury uses to determine principal residence includes such things as: where you are registered to vote; the address on your driver's license; where your children attend school; and the address from which you file your income tax returns.

**3. I own two homes in Michigan. For which home do I claim exemption?**

Claim the exemption for the home you occupy as your principal residence (see the tests in #2).

**4. I have a home in Michigan and one in another state. May I claim an exemption on my Michigan home?**

You must be a Michigan resident to claim this exemption. You may claim your Michigan home only if you own and occupy it as your principal residence. You may not have more than one principal residence.

**5. I own property in Michigan, but moved to another state and established residency there. May I still claim my Michigan home?**

No. Only Michigan residents are eligible for this exemption. If you wish to reestablish Michigan residency in order to claim this exemption, you must do so before the filing deadline. Reestablishing your residency would include such things as registering to vote in the township or city where your home

is located; registering your vehicle in Michigan; and getting a Michigan driver's license or a Michigan personal identification card. As a Michigan resident you may be liable for Michigan income taxes.

**6. I temporarily work and live outside Michigan (e.g. teaching sabbatical, military assignment, etc.), but remain a Michigan resident and own a home in Michigan. May I claim an exemption on my Michigan home?**

Yes, unless you rent the home to another person.

### Ownership

**1. May renters file for this exemption?**

No. You must own your principal residence to claim an exemption for it.

**2. My children co-own my home. Do they also have to sign the affidavit even though they don't live with me?**

No. Only co-owners who occupy the home as their principal residence must be listed on the affidavit and sign it. If your children also own and occupy their own home they may file a claim for their principal residence, not yours.

**3. My children own my home, but I hold a life estate. May I claim the exemption?**

Yes. Complete the affidavit using your name, address, social security number and signature. Your children should not sign the affidavit. *(Person with life estate must have been a prior owner.)*

**4. I own my home but rent an apartment closer to my work. My apartment address is where I'm registered to vote and is the address on my driver's license. May I still claim my home?**

No. Your apartment is considered your principal residence. Since you vote in the township where the apartment is located and the apartment is the address on your driver's license.

**5. I purchased my principal residence on a land contract. May I claim the exemption?**

Yes. Complete the affidavit using your name, address, social security number and signature, not the information of the land contract holder.

**6. I am leasing my home with an option to buy. May I claim my home?**

No. Leasing with an option to buy is considered a rental agreement, so the home is ineligible. Once you exercise the option to buy, you may claim an exemption.

**7. I am a senior citizen living in my home. I sold my home to my daughter and did not keep a life estate, but we have a verbal agreement that I may remain here until I die or choose to leave. May I claim my home?**

The law allows the claim to be filed only by an owner who occupies the property. You may claim your home only if you and your daughter sign a written agreement (which you can write yourselves) by the filing deadline. The agreement must specify that you may remain in the home until you choose to leave or until you die. This agreement should be notarized and/or recorded with the Register of Deeds.

**8. My sister and I each own and occupy a separate home on the same parcel of property, which we co-own. May we claim an exemption for both homes?**

Yes.

### Qualified Homestead Property

**1. I have moved several times in the last year. Which home do I claim?**

You should claim the exemption on the property you own and occupy as your principal residence on the date you file the affidavit.

**2. My home is on a 40-acre parcel classified as residential. Are all 40 acres eligible for exemption?**

Yes. Your homestead includes the entire parcel that your home sets on, *unless you rent part of the land to another person or it is used for business purposes.*

**3. I have a rural home on a 20-acre parcel. My home is classified as residential property. I also own the adjoining 80-acre residential vacant, parcel. What may I claim?**

You may claim an exemption on both parcels since the 80 acre parcel is classified as residential property and is adjoining and contiguous to the parcel on which your home is located.

**4. Is it possible to receive exemption on more than one home?**

Yes. If you changed your principal residence prior to May 1, the exemption on your

original home will remain on until the end of that year and your new home would also qualify.

**5. I own the lot adjoining and contiguous to my home. It has a different property identification number than the parcel on which my homestead is located. May I also claim an exemption on this property?**

You may claim an exemption on this property as long as the property claimed is adjoining or contiguous to your home. It must also be classified residential and vacant. A road does not break contiguity. File an affidavit for each parcel.

**6. I own two adjoining parcels and my house is built on both parcels. May I claim both parcels?**

Yes.

**7. I own the parcel adjoining to my home. There is a home on the adjoining parcel that I rent out. May I claim an exemption on this parcel?**

No. The adjoining parcel is eligible only if it is vacant or has a garage or other structures that are part of your home.

**8. A taxpayer owns a residential lot next to his homestead on which is his garage and a guesthouse. The guesthouse is only used by his family. What percent exemption would that parcel qualify for? Why?**

0%. It must be vacant. A guesthouse counts as a dwelling, therefore the parcel is not vacant.

**9. I own and occupy my home and am filing an exemption claim for that home. I also**

**own a contiguous piece of property with a home on it that my children occupy. May I also claim that home?**

No. Only your principal residence may be claimed, even if your children do not pay rent.

**10. My spouse and I each own and occupy separate homes. We file our tax return as married filing separately. May we each claim our home?**

Yes. Spouses who maintain separate principal residences may each claim his or her homestead, unless they file a joint income tax return.

**11. My home is in a licensed trailer park. My garage and shed are taxable. May I claim this exemption for the garage and shed?**

Yes.

**12. What must a taxpayer's home be classified to qualify for exemption?**

A home can be any classification as long as the taxpayer owns and occupies it as their principal residence.

**13. I live in a nursing home, but still maintain a home. May I claim an exemption on the home I own?**

Yes, unless the home is rented to another person.

**14. Is vacant property classified as timber-cutover eligible for exemption?**

No.

**15. I own a condominium and a boat slip, which have separate property identification numbers. The common area for my condo adjoins the common area of my boat slip. May I claim an exemption for the boat slip?**

No. You do not occupy the common areas of your condominium. Therefore the boat slip would not qualify.

**16. Would an individual be entitled to a homestead exemption for 1996 in the following example? Why or why not?**

*Individual purchased property April 15, 1996. They painted the home and planted grass, moving in on May 15, 1996.*

No. The home was not occupied by May 1, 1996.

### **Multi-Purpose Property**

**1. I live in part of my home and operate a business in another part. May I claim an exemption?**

Yes, but only on the portion of the property that is your home. Complete number 12 of the affidavit. You may claim the partial exemption even if the property is classified as commercial.

**2. I provide childcare in my home. Do I need to complete number 12 of the affidavit?**

No. You may claim your entire home as homestead

**3. I rent a room in my home to a boarder. May I still claim an exemption?**

Yes. If more than 50 percent of your home is used as your principal residence, you may

claim an exemption for your entire home. If you use 50 percent or less of your home as a principal residence, enter the percentage of your home that you occupy on line number 12 of the affidavit.

**4. My mother lives in my home in a separate area. She does not pay rent. Is her living area part of my homestead?**

If your mother's area has a separate entrance and does not have an adjoining entrance to your living area, then her living area is not part of your homestead and is not eligible for this exemption. If there is a common entrance; question 3 applies.

**5. I own a duplex. I live in one unit. My father lives in the other unit, but does not pay rent. May I claim an exemption on both units?**

You may claim an exemption only on the unit you occupy as your principal residence even if there is an adjoining entrance between the units. Complete number 12 of the affidavit.

**6. I own an 8-unit apartment building classified as commercial property and one unit is my principal residence. May I claim an exemption on my unit?**

Yes. Complete number 12 of the affidavit.

**7. I operate a bed and breakfast. May I claim an exemption?**

Yes, but only the portion of the property that is used as your homestead.

**8. I own a bed and breakfast. May I receive a 50 percent exemption if I occupy 50 percent of the square footage as my principal residence?**

If you use part of your principal residence for commercial purposes like a bed and breakfast or an adult foster care home, you may claim an exemption only on the percentage of the home you occupy as your principal residence.

## **Cooperative Housing Corporations**

**1. I am a shareholder in a cooperative housing corporation. May I claim the exemption?**

Shareholders in a cooperative housing corporation may qualify for homestead exemption. Your claim should be filed with the cooperative. The cooperatives must then compile information and file an affidavit with the local assessing unit.

**2. Is a cooperative housing corporation eligible for homestead exemption? What must be filed?**

A cooperative housing corporation is entitled to a full or partial exemption. They must file the following.

- A. An affidavit form.
- B. A statement of the total number of units owned by the cooperative housing corporation and occupied as the principal residence of a tenant stockholder.
- C. A list that includes the name, address, and social security number of each tenant stockholder of the cooperative housing corporation occupying a unit in the cooperative housing corporation as his or her principal residence.
- D. A statement of the total number of units of the cooperative housing

corporation on which an exemption under this section was claimed and that were transferred in the tax year immediately preceding the tax year in which the filing under this section was made.

## Estates and Trusts

**1. If a home has been placed in a grantor trust, who should sign the affidavit?**

The grantor is considered the owner and should sign the affidavit.

**2. What if the grantor is unable to sign the affidavit?**

The trustee may sign on the grantor's behalf. Complete the form using the grantor's name and social security number.

**3. The owner of the homestead died before the form could be filed but had a will specifying that the person who was occupying the homestead was to inherit it. May the beneficiary claim an exemption?**

Yes, if the beneficiary occupies the property by May 1. For purposes of the homestead exemption a beneficiary is considered an owner.

**4. The owner of the homestead died before the filing date without a will, but had only one heir who occupies the home as his/her principal residence. May the beneficiary claim an exemption?**

Yes, see question 3.

**5. The owner of the homestead died before the May 1 filing date. Before his/her death,**

**the owner placed the property in a revocable trust that specified that the surviving spouse was a life beneficiary. The surviving spouse occupies the home as a principal residence. Can he/she claim the exemption?**

Yes. The life beneficiary is considered the owner of the home and is entitled to claim a homestead exemption on the residence.

**6. The surviving spouse is the life beneficiary of a decedent who died before the filing date. The decedent transferred the home to the trust before death. The surviving spouse lives in another state and one of the (adult) children of the decedent who lived with the decedent continues to occupy the home. May the occupant claim the exemption?**

Since the owner of the home, the life beneficiary, does not occupy the home as a principal residence, neither the owner nor the occupant may claim an exemption.

**7. A trust agreement gives the trustee discretion to distribute the home to any of the beneficiaries or to sell the home and distribute the proceeds to the beneficiaries. One of the beneficiaries occupies the home as a principal residence and continues to live there while the home is being sold by the trust. May the beneficiary/occupant claim an exemption?**

Yes, see question 3.

**8. The decedent co-owned the home, but the decedent's interest was placed in a revocable trust, which is now irrevocable. The surviving joint owner continues to occupy the home, but is not one of the decedent's beneficiaries. May the surviving joint owner file an exemption?**



Yes. Since the surviving joint owner co-owns and occupies the property, he or she may claim an exemption.

- 9. A trust was created by a decedent's death before the filing deadline. Three properties were transferred to the trust. Two of the children are life beneficiaries and occupy the homes they inherited. The third home is unoccupied and is being sold. May the trustee file a claim for the home, which is for sale on behalf of the trust?**

No, because the trust cannot occupy the home as a principal residence. The life beneficiaries may claim their respective homesteads, which they occupy as their principal residences.

- 10. I have placed property in an irrevocable, qualified personal residence trust. The property will be my children's in 20 years. The property is my principal residence. May I claim a homestead exemption on this property?**

Yes. The IRS allows individuals to place their personal residences in a qualified personal residence trust. The individual (grantor) must continue to occupy the property as a personal residence. The IRS recognizes the grantor and spouse as the owner and only the grantor, spouse and dependents may occupy the home. As long as the house is your principal residence on the date the affidavit is filed, you may claim an exemption.

### **Social Security Numbers**

- 1. Can the State of Michigan require my social security number? Will it be kept confidential?**

The Michigan Department of Treasury has the legal authority to use social security numbers for tax purposes. Federal law

prohibits the state or local governmental units from releasing a social security number to unauthorized persons. Local government units may not use social security numbers for any purpose other than to administer the homestead exemption.

- 2. Will I receive the homestead exemption if I do not enter my social security number?**

If you do not enter your social security number, the Department of Treasury may request further verification of your homestead exemption claim.

### **Rescinding An Exemption.**

- 1. What is a rescission? When is the exemption removed from the tax roll?**

The parcel qualified for exemption but has now been sold or the use of the property has changed. The exemption is removed from the tax roll on December 31<sup>st</sup> of the year in which the change or sale took place.

- 2. When I file an exemption on my new residence, what happens to the exemption on the residence I sold?**

If you move to your new residence before your first home is sold, the exemption remains in effect until December 31<sup>st</sup> of the year you move out. You must rescind your exemption within 90 days of the date you no longer either own *or* occupy the property as your principal residence, whichever comes first.

- 3. If the parcel number on the rescission list is inactive for the year(s) being rescinded, does the assessor ignore the rescission?**

If the inactive parcel number describes property that previously had an exemption,

you must verify that the described property is at 0% homestead for all subsequent years unless an affidavit has been filed under the new parcel number.

**4. Does an assessor have the authority to rescind an exemption?**

Yes. Upon receiving documentation that a property has been sold or the use has changed an assessor may rescind the exemption. Documentation may include, but is not limited to:

- A. Transfer affidavit
- B. Deed or land contract
- C. Death certificate
- D. Registration as rental property
- E. Request from property owner

**5. Treasury notified the assessor to rescind an exemption, however, a homestead affidavit is on file for the purchaser. Does the assessor have to rescind the exemption?**

No. If a valid affidavit is on file from the current owner, do not rescind the exemption.

**6. What happens if a lender foreclosed on a mortgage?**

The lender must rescind the homestead exemption using the *Request to Rescind/Withdraw Homestead Exemption* (form 2602).

**7. I am moving into a new home and converting my current home to a rental property in November. Do I have to rescind the exemption on my current home?**

Yes, within 90 days of moving. The exemption will remain in place until

December 31 of the year that the use was changed from your principal residence to a rental property.

**8. Treasury may assess a \$5.00 per day penalty for failure to rescind an exemption. Is this penalty optional and who will enforce it?**

Treasury, under The Revenue Act of 1941, as amended, may assess \$5.00 per day penalty, up to \$200.00. This penalty applies to transfers or changes of use that occurred on or after October 1, 1994. Treasury may waive the penalty.

**9. Do assessors have the authority to remove the exemption on the current or next year's tax roll?**

The assessor is required to remove the exemption on the current tax roll and notify the local treasurer to bill the non-homestead property taxes. The next year's tax roll would remain at the non-homestead rate until a new exemption is posted or a previous exemption is reinstated.

**10. For prior years, do assessors need the approval of the BOR or some other higher authority to remove the exemption?**

The assessors are required to remove the exemption for all years being rescinded and notify the treasurer in possession of the tax roll. This action must be taken by an assessor when they become aware that an exemption should have been rescinded and was not. An order or approval from the Board of Review is not required. The Board of Review's only role in regards to rescissions is to hear appeals by owners who disagree with the rescission.

**11. If it is required that the exemption is removed from the tax roll for all years being rescinded, including current and**

**prior years, how is this to be communicated to the county treasurer in possession of the tax roll?**

Treasury also sends a copy of the rescission notices to the county treasurers. The assessors should advise the county treasurers, in writing, which of the properties included on the list have been rescinded and which have not.

**12. Are the assessors obligated to verify the accuracy of the rescission before notifying the county or local treasurer to issue a corrected or supplemental tax bill?**

The assessor is obligated to, at minimum, make certain that they have not received a subsequent valid claim for exemption. They are also required to check for property, which is entitled to an agricultural exemption.

**13. If the parcel has been transferred to a second new owner does this change the action taken by the treasurer in possession of the tax roll?**

Yes. There are no provisions in the statute for the additional non-homestead taxes due as the result of a rescission, to become a lien against the property. The treasurer in possession of the tax roll must notify Treasury that the property has been sold to a bona fide purchaser and provide treasury with the required information.

**14. Are the assessors obligated to notify the owner that the exemption is being removed from the current tax roll?**

There are no provisions in the statute requiring a notice prior to the corrected or supplemental tax bill being issued as a result of the rescission.

**15. On the future year's tax rolls, should the "assessment notice" sent to the homeowners reflect the removal of the exemption as a result of a rescission?**

The assessment notice would reflect -0- exemption after the exemption has been rescinded.

**16. When a divorce occurs do new homestead forms have to be filed?**

As long as one of the owners still occupies the home as their principal residence, and the original affidavit was filed joint, the property will still qualify. The owner who no longer owns should file a rescission form using their information.

### **Rescission Appeals**

**1. If the owner disagrees with the rescission, what are the owner's appeal rights?**

The General Property Tax Act, Section 7cc(10) provides that the owner has the right to appeal to the July or December Board of Review for the year of rescission or the next year.

**2. If the additional non-homestead taxes for 1997, 1998 and 1999 are billed during 1999, what are the owner's appeal rights?**

The owner would have the right to appeal to the July or December Board of Review in 1999 or 2000 for all three years.

**3. If the owner disagrees with the decision of the Board of Review, does the owner have any further avenues for appeal?**

The owner has the right to appeal a decision of the Board of Review to the Residential and Small Claims Division of the Michigan

Tax Tribunal within 35 days of the board's decision.

Department of Treasury, Legal and Hearings Division within 35 days of the denial. If Treasury denies your appeal, you may appeal to the Michigan Tax Tribunal within 35 days.

## Denials

### 1. What is a denial?

A denial is when the parcel is believed not to have qualified for exemption.

### 2. May a local unit assessor or treasurer, or a county treasurer appeal a denial made by the Department of Treasury?

Yes. They may submit written information supporting the claim to The Michigan Department of Treasury on the owner's behalf within 35 calendar days of the date the owner receives the denial.

## Local Unit Denials

### 1. Is the exemption removed from the tax roll at the time the Local Unit Denial is done?

Yes.

### 3. If an owner's exemption is reinstated as the result of an appeal of a denial, how are refunds issued?

The treasurer (local or county) who is in possession of the tax roll issues the refund. The refund will include any interest or penalty the owner paid on non-homestead taxes and is issued within 30 days of the date notice is received. The refunds will not accrue interest.

### 2. What years may be denied with a Local Unit Denial?

Current year or new filed affidavits may be denied with a Local Unit Denial.

### 4. If I request a hearing from Treasury or the Michigan Tax Tribunal, does that extend the period of time in which I may pay my corrected tax bill with no penalty or interest?

No. A request for hearing does not extend your payment period for any supplemental taxes and there is no provision in the law for a waiver of penalty and/or interest if the supplemental taxes are still due after the hearing process.

### 3. Does the July or December Board of Review have the authority to do Local Unit Denials?

Yes, on new filed affidavits. The assessor and the July or December Boards of Review may issue Local Unit Denials. *See page 10 for more information on the Boards of Review.*

## Denial Appeals

### 1. If my exemption is denied, may I appeal the decision?

Yes. If the Department of Treasury, the local assessor, or the Board of Review denies your homestead exemption, you may request an informal hearing with the Michigan

## Board of Review

### 1. What may be appealed to the Board of Review?

Rescissions that were done in error. Late filed affidavits for the current year and one year prior.

**2. If I filed my affidavit timely, but my local government misplaced my form, may I appeal?**

Yes. You may appeal to the local Board of Review during the year of the claim or the next succeeding year. You may appeal by mail or in person by submitting a claim for exemption. (Example: A claim for exemption in 2000 may be appealed to the July or December Board of Review in 2000 or 2001.)

**3. If a property owner wishes to appeal to the December Board of Review, by what date must the local assessor's office receive the appeal?**

The appeal must be received 5 days prior to the date the Board of Review is set to convene. (Contact the local assessor's office for date and times.)

**4. May a township convene a Board of Review in July to consider homestead exemption appeals when no summer tax is levied?**

In STC bulletin #15 of 1997, the State Tax Commission gave the following answer:

*At the July board of review, a local unit may consider appeals of homestead and qualified agricultural property exemptions, which were not on the tax roll even if the unit does not have a summer tax. The State Tax Commission recommends that all assessing units hold a July board of review, even if there is no summer levy of local school operating taxes, if there is homestead or qualified agricultural property exemption business.*

**5. May the local assessor or Board of Review deny an existing homestead exemption?**

Starting in 1995, if the local assessor has reason to believe that a homestead exemption should not be granted, the assessor must either deny the exemption for the current year or provide the Department of Treasury with the reasons for denial so Treasury may formally deny. The Board of Review may deny only homestead exemptions submitted to them as an appeal in person or in writing by the owner. **The Board of Review may NOT deny** an existing homestead exemption.

**6. May the assessor appeal to the July or December board of review without an affidavit from the owner?**

An appeal to the July or December Board of Review may be done in person or in writing. However, to appeal to the board for a homestead exemption, the owner must complete and submit an Affidavit for Homestead Exemption (form 2368). If the assessor has an affidavit which was not posted to tax roll in either the current year or one preceding year, it may be presented to the July or December Board of Review as a written appeal.

**7. A taxpayer inquires at the local assessor's office as to why they did not receive their 1998 homestead exemption. Upon researching, the assessor finds out that he was supposed to take the request to the December 1999 board of review, but didn't. What can the local assessor do to correct the error or omission?**

There is nothing in legislation that would allow anything to be done for the 1998 tax year. Homestead exemptions **may not** be taken to the Board of Review as an error or omission.

**8. Can Homestead issues be addressed at the March Board of Review?**

No. Homestead issues can only be addressed at the July and December Boards of Review.

### **Corrective Billing Procedures**

- 1. If a corrected tax bill is issued because of a taxpayer withdrawal and is paid within 30 days of the date the corrected tax bill is received, should the penalty and interest be waived?**

Yes. The taxpayer has 30 days to pay and have the penalty and interest waived as the result of a taxpayer initiated withdrawal.

- 2. How can the county treasurer prove the taxpayer received the supplemental tax bill to start counting the 30 days in which the taxpayer may pay the taxes and receive a waiver of all penalty and interest?**

There is a premise that if a bill is placed in the United States Postal system, the bill was received. If the supplemental tax bill was mailed to the last known address used to mail the taxpayer's property tax bills, then the burden of proof is on the taxpayer to prove that the supplemental tax bill was not received. Generally, The Michigan Department of Treasury will allow a reasonable amount of time for delivery by mail. The 35 days to request an informal conference will begin on that date. Delays in United States mail delivery that are not the fault of a taxpayer will be allowed if substantiated by the taxpayer. Acceptable proof includes the date of the postmark on the envelope or proof that the denial notice was mailed to an address other than the last known address of the taxpayer at the time the denial notice was mailed.

- 3. I purchased my home on May 16, 1999 and Treasury denied the seller's exemption for 1998 and 1999 on June 13, 1999. Am I responsible for the non-homestead taxes on my home?**

No. When property is sold to a bonafide purchaser before a tax bill is issued for the additional non-homestead taxes as a result of a seller's exemption being denied, Treasury will bill the seller for additional tax, penalty, and interest due. The local unit of government in possession of the tax roll will send Treasury a corrected bill. The additional non-homestead taxes for 1998 and 1999 will not become a lien against the property. The local or county treasurer, depending on who has possession of the tax roll at the time the denial notice is issued, will provide Treasury with the additional taxes due. Treasury will bill the seller for the additional taxes plus the applicable penalty and interest under The Revenue Act, P.A. 122 of 1942.

- 4. Would a Treasury denial call for an immediate change of the tax roll, just as a Michigan Tax Tribunal order does?**

Yes. If a denial is received from Treasury, the assessor must immediately change the roll and the local or county treasurer, depending on who has possession of the roll, must issue either a corrected or supplemental tax bill for the additional non-homestead taxes.

- 5. As the county treasurer, we were advised not to bill taxpayers based on Treasury's denial listing without checking with either the county equalization officer or the local assessor first. How do we know when to issue a supplemental tax bill?**

There are four instances where the tax should not be billed based on a Treasury denial. This information should come from the local assessor or county equalization officer. The four instances are:

- A.** The assessor has received a timely filed claim for exemption from the buyer and Treasury is denying the seller. Or the assessor has received a

timely filed claim from the seller and Treasury is denying the buyer.

- B. The name on the denial notice does not match the name on record for the owner indicating that the parcel number or revenue sharing code could be wrong.
- C. The homestead exemption is being denied for property classified as agricultural or property for which an exemption for qualified agricultural property has been claimed.
- D. The property has been transferred to a bonafide purchaser.

There has to be communication between the local assessor, equalization officer, local treasurer, and county treasurer. The treasurers should verify information with the local assessor or county equalization officer before issuing a corrected or supplemental tax bill as a result of a denial notice.

**6. What information must be submitted to Michigan Department of Treasury with a bonafide purchase?**

- A. Name of owner to be billed
- B. Name of new owner
- C. Taxable value of property
- D. Date of the sale
- E. Year being billed, along with the due date
- F. Millage rate, along with the amount of taxes to be billed.
- G. Parcel Identification Number of property denied or rescinded.

**7. When the assessor notifies the county treasurer to bill the non-homestead tax, should the assessor provide the treasurer with the name of the purchaser?**

Assessors should notify the county treasurer to bill the tax roll and give the applicable treasurer all available information. If it is a “bonafide purchase”, required information should be included.

## Other Questions

**1. The property owner claimed an exemption in error and requests a withdrawal of the exemption. The homestead exemption was on the tax roll when the tax bill was issued, so the taxpayer must pay additional tax. Does the property owner owe penalty or interest on the non-homestead taxes that must be repaid?**

The property owner will not owe any penalty and interest if the tax is paid within 30 days of the date the corrected or supplemental tax bill is issued. If payment is made after 30 days, penalty and interest accrue from the date the taxes were originally due and will be charged.

**2. How will the homestead exemption affect my Homestead Property Tax Credit Claim?**

This program is separate from the homestead property tax credit claim (form MI-1040CR or MI-1040CR-2) filed with your state income tax return. **Do not** file the homestead exemption affidavit with your state income tax return. The exemption affidavit must be filed with your township or city assessor so the property tax rolls can be adjusted properly.

**3. Is there an income limit for this exemption?**

No.

**4. On the bottom of the *Affidavit for Homestead Exemption (2368) and Request to Rescind/Withdraw (2602)*, is a question for local governments, “What is first year you will post this exemption to the tax roll?” Do I enter the first year an exemption was claimed on that parcel of**

**property by anyone, or the first year that particular taxpayer claimed an exemption for that property?**

Enter the first year an exemption was claimed for that parcel of property by the owner identified by the social security number on the form.

**5. Does the \$2.00 per affidavit which was paid to the townships, cities and counties for processing homestead and agricultural exemption affidavits, include new filings of affidavits and update forms?**

The \$2.00 reimbursement applies to homestead exemption affidavits and updates processed and forwarded to Treasury by December 1, 1994 and to agricultural exemption affidavits processed by the township, city or counties by December 1, 1994. The reimbursement does not apply to agricultural exemption affidavits processed after December 1, 1994 or to homestead exemption affidavits or updates submitted to Treasury after December 1, 1994.

**6. How did Treasury determine the number of affidavits for reimbursement?**

We totaled the exemptions received by each local unit through December 1, 1994 based on the revenue sharing code preprinted on the batch cover sheets transmitted to Treasury with affidavits and update forms.

**7. If I file a Property Transfer Affidavit (form L-4260) upon purchase of my homestead, must I also file a homestead exemption affidavit for Homestead Exemption?**

Yes, if it is your principal residence. File both a *Property Transfer Affidavit* and an *Affidavit for Homestead Exemption (2368)*. If the affidavit for Homestead Exemption form is not filed, you will not receive the

exemption. Failure to file the transfer affidavit can result in a penalty of \$5.00 a day, up to \$200.00 and also additional delinquent tax due.

**8. May I list more than one parcel number on the Homestead forms?**

No. A separate form should be used for each property.

**9. When a parcel is split, do taxpayers have to file new homestead forms?**

Yes. New property numbers are assigned when a parcel is split, or when a combination is done. If the parcel still qualifies for homestead, exemption a new affidavit must be filed. If the old parcel number had a homestead exemption on it, it must be rescinded.

**10. Does Treasury manually review all homestead forms received?**

No. The Treasury mailroom staff receives the forms and forwards them to be microfilmed. From the filming area they are sent to be data entered and then sent for storage. Homestead personnel review only those forms that do not meet the audit criteria when data processed.



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**How to contact the Homestead Exemption Unit:**

**Michigan Department of Treasury**

**Homestead Exemption Unit**

**P.O. Box 30440**

**Lansing, MI 48909**

**(517) 334-7076**

**[www.treasury.state.mi.us](http://www.treasury.state.mi.us)**

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