



A Business Owners Guide to Personal Property Taxes

Purpose

This guide is intended to provide a brief overview of the State of Michigan's personal property tax for business owners. As the owner of a business, you can benefit greatly from understanding personal property taxes and how they affect your business.

The number one tip is to timely file personal property statements, and to report any changes in your business to the City Assessor's office. This will save you time, money and frustration.

The City Assessor's Office administers the identification and valuation of personal property. The City Treasurer's Office is responsible for the collection of the tax. In the City of Northville, both departments work together in the Tax Office. That department may be contacted directly at (248) 449-9901 and via e-mail at tax@ci.northville.mi.us. Information is always available on the City's website at www.ci.northville.mi.us/services/tax&assessing including property tax and assessment information. Please do not hesitate to contact the City with any questions that you may have.

Personal Property

Personal property includes furniture, fixtures, leasehold improvements, equipment and machinery used in the operation of a business. Typical items are desks, chairs, computers, cash registers, racks, beds, televisions, tools, cabinets and anything used for business but not for resale. If you question whether the property qualifies for the tax, contact the Assessor's Office.

A. Tax Day

The Assessor values your personal property on tax day. Under Michigan Law, (MCL 211.2) "tax day" is December 31st of each year. Property is valued at market or true cash value and assessed at 50% of that amount.

B. Statement of Personal Property (Form L-4175)

The Assessor mails out personal property statements in December of each year. Under State Law, statements are to be filed by business owners declaring all personal property. Should you not receive a statement by early January, please contact the Assessor's Office. In addition, a copy of that form is available on the State of Michigan's website which you may find at www.michigan.gov/taxes (enter "L-4175" in the search tool) or may be obtained by clicking [here](#).

The statements are requested by February 1st each year. If you do not return the statement, the assessor is required to estimate the assessment based on available information. That estimated assessment, by law, is valid. The final day that the forms may be submitted is February 20th.

If you receive the Form L-4175, and have no property to report, State law requires that you complete the form and return it. Also, if your business has closed, or has relocated, it is important to note that on the statement and return it by February 1st. This is very important to prevent receiving an estimated assessment.

C. Assessment Notice

On or about March 1st you will receive a notice of assessment. Please review this information carefully. If you do not receive a notice, please contact the Tax Office.

D. Contesting the Assessment

An assessment may be contested in a timely manner if you feel it is inaccurate. If you disagree with your assessment please contact the Assessor's Office immediately. If needed, you may appeal to the local March Board of Review and/or further to the Michigan Tax Tribunal (MTT). However, to file with the MTT, you must have timely filed your personal property tax statement.

Delinquent Personal Property Taxes

If you owe delinquent personal property taxes, it is advised that you pay them. The non-payment of these taxes may result in the seizure of the property. Personal property taxes are considered delinquent the day after they are due. If you have a dispute, pay the taxes and pursue action to show why reimbursement should be made. Once the opportunity to appeal with the Board of Review (see above) has passed, and a bill has been issued, the assessment and the bill are both valid, enforceable, and the tax is not refundable.

The local Treasurer is charged with the responsibility to collect the taxes on behalf of all taxing units. Accordingly, the State laws provide additional resources to collect the taxes. Key steps of the collections process are listed below.

A. Seizure

The Treasurer is authorized to seize and sell personal property of a business if personal property taxes remain unpaid. (Periodic statements serve as a formal notice that the tax is outstanding.) A jeopardy assessment for future taxes, based on the tax day assessment, can also be levied if these are not paid.

B. Posting of Notice

Once seized, the personal property of the business is tagged or removed from the property. All property seized will fall under the control of the Treasurer.

C. Sale of Property

If unpaid personal property taxes remain after seizure, the Treasurer may sell the property in accordance with State Law (MCL 211.47).

Jeopardy Assessment

When the City becomes aware of a business closing, selling, transferring or downsizing, or if the previous year's personal property tax is delinquent, the Treasurer will levy what is called a "Jeopardy Assessment". Under this procedure, both the July and December bills will be issued in advance to ensure collection of the tax. Non-payment of a jeopardy assessment or prior year's bills may also result in seizure or lawsuit.

Helpful Hints

A. Buying a Business

Make sure that the seller has paid the personal property taxes. Be aware! If you buy after January 1st, the tax bills for the following July and December may be in the name of the old business but the tax lien on the property remains. Therefore, if delinquent personal property taxes exist, remedies may include collection efforts up to and including seizure of property even though you may be the new property owner. Make sure you contact the Tax Office to find out what personal property taxes are outstanding before you buy any business.

B. Opening a Business

Please contact the Assessor's Office and the City Clerk's Office to notify them that you are in business within the City and for information concerning personal property. City ordinance requires all businesses to obtain a city business license.

C. Going Out of Business or Relocating

Contact the Assessor and the City Clerk to let them know in writing if you are going out of business or relocating. You will need to complete a Business Closing/Business Sold form, which provides certain information to the City Clerk pertaining to the closing or sale of your business as required by City Ordinance. If you are holding a sale in conjunction with going out of business, or the relocation of your business in order to reduce or close out your inventory, Michigan law requires that you apply for and obtain a license to conduct your sale. Please contact the City Clerk's office to obtain the necessary application and license. All applications and forms are also available on the City's website.

D. Dates are Important

If you are buying, selling or closing a business near the end of a calendar year, December 31st becomes a very important date. You may be able to avoid an assessment for the following year, if your personal property is removed and the business is closed on December 31st. If the closing occurs on January 3rd, the personal property is required to be assessed for the following year under State law.

Also, don't forget to let the Assessor's office know, in writing, that you are no longer at that location. This will help save you time and money later on.

E. Leased Equipment

Leased equipment should be reported separately in the section provided on the personal property statement.

F. Items to exclude from the Personal Property Statement

Do not include licensed vehicles. Also do not include inventory.

G. Estimating the annual personal property tax expense

Tax bills are mailed by each July 1st and December 1st. The formula is similar to real property tax:

Taxable Value (from the annual assessment notice) multiplied by millage rate per \$1,000.

For example, a business may have \$15,000 in Taxable Value of equipment and fixtures (estimated True Cash Value of \$30,000). The millage rate for 2009 commercial personal property is 45.7625 mills per \$1,000. The annual taxes would be \$685.90 ($\$15,000 \times 45.7625/\$1,000$).

H. Talk to Us!

We want to prevent costly errors and frustration. The City's Tax Office is able to provide assistance in many ways until the assessment is set on March 1st. After that date, the staff does not have the legal authority to change the assessing records.

City of Northville
Northville City Hall Offices
215 West Main Street
Northville, MI 48167

City Hall is open Monday through Friday from 8:00 a.m. to 4:30 p.m.

*Tax and assessing information, along with business registration forms,
is always available online at www.ci.northville.mi.us*

Tax Department (Assessing & Tax Billing)
(248) 449-9901
Fax: (248) 449-9953
Email: tax@ci.northville.mi.us

City Clerk Department (Business Licensing)
(248) 349-1300
Fax: (248) 449-9954
Email: clerk@ci.northville.mi.us

- Northville Business Resources -

Northville Downtown Development Authority
www.DowntownNorthville.com

Northville Chamber of Commerce
www.Northville.org