



Manufacturer's (and related companies) in the light industrial, industrial and R&D space take note: the clock is ticking on your potential 100 percent exemption from Michigan Personal Property Taxes ("PPT").

This is a significant exemption for qualified taxpayers having eligible manufacturing equipment/improvements. The exemption has been a long time in the making – the law was first passed in 2012, required a voter referendum in 2014, and becomes effective in 2016. The first deadline for filing the necessary documents is February 2016, and the filing documents are somewhat complex (and the information required is detailed), so the time is now to begin the process.

Until recently, however, some of the forms necessary to apply for certain exemptions were not available. Those forms are now available, and taxpayers hoping to take advantage of the exemption need to get to work right away in order to meet the February 2016 deadline. Unlike previous types of personal property tax benefits (e.g., the Industrial Facilities Tax exemption), taxpayers will need to re-apply for this exemption each year.

In exchange for the 100 percent exemption, the taxpayer pays what should be, in most cases, a much smaller "Essential Services" tax. So the PPT exemption is not a total gift, but it could result in significant tax savings, particularly if you've recently purchased and installed qualified equipment into your Michigan manufacturing facilities.

There is some retroactivity to the law as well. You can include qualified equipment purchased and placed into service prior to the passage of the law, although the exemption may be less than 100 percent for such equipment. This would include equipment currently subject to certain tax reductions and abatements like the Industrial Facilities Tax exemption.



PATRICK KARBOWSKI

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