



SERVING THE CITIZENS OF NORTHERN MICHIGAN

Operating a Business in Garfield Township

**A Business Owner's Guide
to Personal Property Tax**

Charter Township of Garfield
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WHAT IS PERSONAL PROPERTY TAX?

Personal property tax is an annual tax (billed in summer and winter installments) on the tangible (physical) assets of a business. It consists of moveable items used in the operation of a business such as furniture, fixtures (like shelving, countertops or cabinets), machinery, office and computer equipment, sign boards, and anything else used in an attempt to produce a profit for the business. Business inventory and licensed vehicles are not considered personal property and are not taxable as such. If you have questions regarding whether or not an item qualifies as personal property, you should contact the Assessor's office.

YOUR RESPONSIBILITY

It is your responsibility as a business owner to notify the Township Assessor's office when your business moves into or out of Garfield Township. The taxable value of your business personal property is determined when you file a Personal Property Statement.

PERSONAL PROPERTY STATEMENT

Personal property statements are your declaration of what business assets you own. They need to be filed each year in the city or township where the property was located on December 31st, also known as "tax day". The Township mails personal property statements in December. The business owner must complete and return the statement by February 20th. Under state law, these confidential statements are to be filed with the Assessor declaring all personal property. If a personal property statement is not returned by the Feb. 20th deadline, the Assessor is required to estimate an assessed value. Failure to file by Feb. 20th each year is a misdemeanor punishable by imprisonment up to six months and fines up to \$1,000.

WHAT DO I INCLUDE?

Business owners should include total original installed costs for each item of personal property by the year of purchase. If an item was purchased used, you must report the original cost of the item and the year it was originally purchased as new. Do not report the cost you paid for the item as used. You may have to contact the person you bought the equipment from for original cost information. Property will be valued at current market value or true cash value and then assessed at 50% of that amount.

DO I REPORT LEASED EQUIPMENT?

Yes. This equipment should be reported on Section J of the personal property statement. Be sure to include the type of equipment, leasing company name and mailing address. The leasing company may be responsible for payment of the personal property taxes on the leased equipment.

DO I HAVE TO PAY TAXES IF I LEASE OR RENT THE SPACE MY BUSINESS OCCUPIES?

Yes. Personal property tax is on the movable (tangible) assets of the business, not the structure or building itself. Therefore, the owner of the business (not the owner of the building) is assessed personal property tax.

WHAT IF I OPERATE OUT OF MY HOME?

Yes. Regardless of where the business is located, if a business is situated within Garfield Township, it is subject to a personal property tax.

WHAT IF I GO OUT OF BUSINESS OR MOVE DURING THE YEAR?

If your business was operational in the Township on the last day of the previous year, also known as “tax day” then you are responsible for paying the taxes for the whole following year. This means if you are in business on 12/31/2010, then you will owe personal property taxes for all of the 2011 tax year (summer and winter). If you close before 12/31/10, then you will owe the summer and winter 2010 taxes, but not 2011. However, you will need to notify the Township Assessor’s office that your business is gone. Do not assume that because you are out of business that the Assessor will know or will not assess the property.

WHAT IF I NOTICE THAT I MADE AN ERROR ON MY STATEMENT AFTER IT IS FILED?

There is a Board of Review that meets in July and December to correct “clerical errors and mutual mistakes of fact” that are discovered by the taxpayer or assessor after the April confirmation of the roll. This process only applies to those taxpayers who filed statements by the Feb. 20th deadline.

WHAT IF I BUY OR SELL BUSINESS ASSETS (PERSONAL PROPERTY) DURING THE YEAR?

Any additions or deletions of business personal property would be reported on the next tax year's personal property statement. It's important to remember that any time you purchase used business equipment, make sure that you check with the city or township where the seller's business was located to verify that there are no personal property taxes owing from the previous owner. The tax lien follows the property, even if it is sold. Therefore, if you purchase equipment that has unpaid taxes, you will be required to pay the taxes or risk having the property seized and sold at auction to pay the tax.

WHAT IF I THINK MY TAX IS TOO HIGH?

An assessment may be contested if you feel it is inaccurate. If you disagree with your assessment, please protest to the March Board of Review or call one of our Assessors to request they visit your property to review your actual business assets.

WHO COLLECTS THE TAXES?

The Treasurer is obligated by state tax law to perform due diligence in the collection of personal property taxes. The non-payment of personal property taxes could result in seizure of the personal property or small claims court action. If you have a dispute, pay the taxes and then pursue action to show why reimbursement should be made. The Treasurer is authorized to seize and sell the personal property of a business if the taxes remain unpaid. It is very important that you pay your personal property taxes on time to avoid late interest and penalty, and the possibility of further costs like court fees or seizure collection costs. It is your obligation to pay your tax bill on time. You must notify the Township of any changes in your address or telephone numbers.

WHERE DOES THE MONEY GO?

When you receive your personal property tax bill, it will have an itemized list of each of the taxing authorities and how much each is paid. In Garfield Township, those taxing authorities are: Grand Traverse County, NMC, Traverse City Area Public Schools, State of Michigan, TBA ISD, Medical Care Facility, BATA, Traverse Area District Library, Recreational Authority, Commission on Aging, and Garfield Township. Personal property tax goes to the same taxing authorities as real property taxes. The tax rate used to calculate the amount of tax is the non-homestead rate of mills.

Example of Personal Property Statement

Michigan Department of Treasury
632 (Rev. 10-09)

Parcel No.

L-4175 2010

2010 Personal Property Statement (As of 12-31-09)

FROM: (Name and Address of Assessor)

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TO: (Name and Address of Taxpayer)

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Please file by February 1, 2010.* Read instructions carefully. Additional notices are found in the instructions. Form approved by STC on 10-13-09. Issued under authority of P.A. 206 of 1893.

Location(s) of Personal Property Reported on This Statement. LIST ALL LOCATIONS. Attach additional sheets if necessary.	
Date of Organization	Date Business Began at above location
Assumed Names Used by Legal Entity, if any	
Names of Owner(s) or Partners (If sole proprietorship or partnership)	
If Sole Proprietorship, Taxpayer's Residential Address	
Legal Name of Taxpayer	
Address Where Personal Property Records are Kept	
Name of Person in Charge of Records	Taxpayer Telephone No.
Description of Taxpayer's Business Activity and NAICS Code	

Square Feet Occupied	Michigan Sales Tax No.	Check One Only:
Preparer's Name, Address and Telephone Number and E-mail address		<input type="checkbox"/> Sole Proprietorship
		<input type="checkbox"/> Partnership
		<input type="checkbox"/> Limited Liability Co.
		MI ID#
		<input type="checkbox"/> Corporation
		MI ID#

SUMMARY AND CERTIFICATION. Complete ALL questions.

1. Have you excluded any exempt "Special Tools" from this statement? Yes No If Yes, state total original cost excluded
2. Have you excluded any air and water pollution control facilities and/or wind or water energy conversion devices for which an exemption certificate has been issued? Yes No If Yes, attach itemized list.
3. Have you, to the best of your knowledge, reported all of your assessable tangible personal property located in Michigan to the appropriate assessment jurisdiction? Yes No If No, attach explanation.
4. Did you hold a legal or equitable interest in personal property assessable in this jurisdiction which you have not reported on this statement (see instructions)? Yes No If Yes, attach itemized list.
5. Are you a party (as either a landlord or a tenant) to a rental or lease agreement relating to real property in this jurisdiction? Yes No If Yes, complete Section O.
6. Have any of your assets been subjected to "rebooking" of costs for accounting purposes or been purchased used (see instructions)? Yes No If Yes, attach itemized list.
7. Is any of your property "daily rental property," per P.A. 537 of 1998? Yes No If Yes, attach Form 3595.
8. Have you reported all fully depreciated or expensed assets that are assessable? Yes No
9. Are other businesses operated at your location(s)? Yes No If Yes, attach itemized list.

Enter zero if appropriate.

10. Grand total from page 2	10a.	
11. Grand total from page 3	11a.	
12. Grand total from page 4	12a.	
13. Total cost of Idle Equipment from Form 2698	13a.	
14. Total cost of Personal Property Construction in Progress	14a.	X .50
15. Total cost of Cable TV, Utility and Wind Energy Assets from Forms 633, 3589 and 4565	15a.	
16. Total cost of cellular site equipment from Form(s) 4452	16a.	
TOTAL		

Assessor Calculations	
10b.	
11b.	
12b.	
13b.	
14b.	
15b.	
16b.	

The undersigned certifies that he/she is an owner, officer and/or the duly authorized agent for the above named taxpayer and that the above summary, with its supporting documents, provides a full and true statement of all tangible personal property owned or held by the taxpayer at the locations listed above on December 31, 2009.

Signature of Certifier	Date
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ASSESSOR'S ADJUSTMENT(S)

EXEMPTION(S)

TRUE CASH VALUE

ASSESSED VALUE (50% of TCV)

