

Honigman is the Michigan member of the American Property Tax Counsel (APTC), the National Affiliation of Property Tax Attorneys, and serves as national property tax counsel for a number of taxpayers.

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Michigan Unclaimed Property Voluntary Disclosure Program – Action Due January 31, 2012

For those who have not filed under the Michigan Unclaimed Property Act, there is a fast approaching deadline for the Michigan Department of Treasury's Voluntary Disclosure Program. Unclaimed property is defined as amounts held by businesses in the ordinary course of their operations that are due and owing to others. Examples of what may be considered unclaimed property include the traditional items such as uncashed payroll checks, deposits, and dividends. Newer types of unclaimed property can include vendor and customer credit balances, unidentified remittances and misapplied credits.

Most types of unclaimed property are required to be remitted to the state after a dormancy of three years. For some types of unclaimed property, the dormancy period may be as short as one year. The Department may audit businesses for their compliance with the Act for the past 10 years. Under the new program launched by the state, non-filers can participate in the Unclaimed Property Voluntary Disclosure Program and have interest and penalty waived. In addition, a participant in the program will be excluded from audit activity for periods prior to July 1, 2012. Participation is not permitted for those businesses that have previously reported unclaimed property, although other avenues are available for potential reduction of additional amounts owed.

In order to participate, businesses must file Form 4869, Michigan Unclaimed Property Voluntary Disclosure Agreement, by **JANUARY 31, 2012**. If you need more information about this program, please contact your Honigman state and local tax attorney as soon as possible.

Get Ready – Compliance with Michigan's New Health Insurance Claims Assessment (HICA)

Commencing January 1, 2012, certain third party administrators, carriers and self-insured entities are required to pay an assessment on certain paid health care claims. The assessment is levied at a rate of 1%, and is on actual payments, net of recoveries, paid to Michigan residents for services that are rendered within the state. Reimbursements made to individual under a flexible spending arrangement are excluded from the definition of paid claims.

The assessments must be submitted quarterly, starting April 30, with an annual return due February 28, 2013. Those subject to the assessment will be required to report gross amounts and list exclusions by category. Forms are expected to be available February 1, 2012 at www.michigan.gov/biztaxpayments.

Those subject to HICA are urged to review these new requirements to ensure you are ready to remit the assessment on a timely basis. If you want to know more about HICA, and whether or not it may impact your business, contact your Honigman state and local tax attorney.

2012 Property Tax Classification

Despite significant recent changes to the Michigan tax statutes, the classification of property remains important for 2012. While the change from the Michigan Business Tax to the Corporate Income Tax resulted in the elimination of the industrial personal property tax credit, commercial and especially industrial personal property are still favored with lower property tax rates.

In addition, securing the correct property classification in 2012 may make it easier for taxpayers to take advantage of personal property tax reform. As legislative discussions to eliminate the personal property tax continue, one option being discussed involves the exemption of only industrial property. If property is classified as industrial in 2012, it will be easier to maintain that classification for 2013 and beyond.

The classification of property is stated on the annual assessment notice that is mailed to taxpayers in February. Challenges to a property's classification must be made to the local Board of Review that meets in March. If the protest to the Board of Review is unsuccessful, the taxpayer may appeal to the State Tax Commission before June 30.

2012 Board of Review

For some appeals, such as property the assessor has classified as commercial real property or industrial real property, March Board of Review protests need not be filed to appeal property taxes to the Michigan Tax Tribunal. However, instances where Board of Review protests are required before appealing to the Tribunal include the following:

- Property classification disputes
- Valuation or exemption disputes for property the assessor has classified as agricultural, residential or timber cut-over
- Valuation or exemption disputes for any type of personal property, if a personal property statement was not filed before the first day of the Board of Review

As has been the case for some years, Honigman generally does not file protests with Boards of Review. Therefore, if you have a dispute that requires a Board of Review protest, unless special written arrangements have been made for Honigman to handle the filing, you will need to file the protest by the deadline. Unfortunately, board of review deadlines vary throughout the state, as do Board of Review requirements and procedures, such as whether the Board will accept a letter protest. Taxpayers should be able to obtain information about deadlines and protest requirements from the local government unit that imposes property taxes.