

Request to Bill Seller Following a Principal Residence Exemption (PRE) Denial

Issued under authority of Public Act 206 of 1893.

Read the instructions before completing the form. This form and required documents must be submitted by the county or local treasurer (whoever is in possession of the tax roll) when requesting that the Department of Treasury bill a seller for additional taxes, interest and penalties resulting from a PRE denial where the property has been transferred to a bona fide purchaser. Incomplete forms or a failure to provide the required documentation will result in inaccurate billings or delays in processing. Use a separate form for each property tax identification number.

PART 1: PROPERTY INFORMATION			
Property Tax Identification Number			
Street Address		County	
Township or City Name (Check appropriate box, write in name) <input type="checkbox"/> Township <input type="checkbox"/> City		ZIP Code	
PART 2: PRE DENIAL AND INTEREST INFORMATION — A copy of the denial notice must be attached.			
Who denied the PRE? <input type="checkbox"/> Department of Treasury <input type="checkbox"/> County <input type="checkbox"/> Township/City Assessor			
Date of Denial (MM/DD/YYYY)		To whom was the denial issued? (Must not be the current owner.)	
In the table below, list the denied years to be billed and the corresponding tax information.			
DENIAL YEAR	SCHOOL OPERATING MILLAGE RATE	TAXABLE VALUE	DUE DATE (Summer, Winter, Combined)
PART 3: BILLING INFORMATION — A copy of the deed, land contract or other legally executed document transferring the property from the seller to the bona fide purchaser must be attached.			
First and last name of seller(s) to be billed. (Must not be the current owner. See instructions for details.)			
Company Name (if applicable)		Federal Employer Identification Number (FEIN)	
Current Mailing Address		City	State ZIP Code
Is the seller(s) to be billed the same person(s) or entity that was issued the denial notice and listed in Part 2? <input type="checkbox"/> Yes <input type="checkbox"/> No			
If answered "no," explain here and attach any supporting documents. (It is a rare exception for the two to be different. See instructions for details.)			
PART 4: COUNTY OR LOCAL UNIT CONTACT INFORMATION			
Name of Person Who Prepared Form (Print or Type)		Title	Name of County or Local Unit
Preparer's Signature			Date
Telephone Number	E-mail Address		

Mail completed form and supporting documentation to: Michigan Department of Treasury, PRE Unit, P.O. Box 30440, Lansing, MI 48909.

Instructions for Form 4816

Request to Bill Seller Following a Principal Residence Exemption (PRE) Denial

This form must be submitted by the county or local treasurer (whoever is in possession of the tax roll) when requesting that the Department of Treasury (Department) bill a seller for additional taxes, interest and penalties resulting from a PRE denial where the property has been transferred to a bona fide purchaser. Specifically, Subsections 6, 8 and 11 of Michigan Compiled Laws 211.7cc state that “if the property has been transferred to a bona fide purchaser before additional taxes were billed to the seller as a result of the denial of a claim for exemption, the taxes, interest, and penalties shall not be a lien on the property and shall not be billed to the bona fide purchaser” The local tax collecting unit in possession of the tax roll then notifies the Department, which “shall then assess the owner who claimed the exemption under this section for the tax, interest, and penalties accruing as a result of the denial of the claim for exemption” In other words, the seller (the person denied) is responsible for all additional taxes, interest and penalties due for the years up to and including the year of the sale if the purchaser is a “bona fide purchaser.” The PRE is not removed in these bona fide purchaser situations.

A “bona fide purchaser” is one who purchases in good faith for valuable consideration. Therefore, a person who receives property through an inheritance, foreclosure or one who receives property through a quit claim without valuable consideration, would not qualify as a bona fide purchaser. If the new owner is not a bona fide purchaser, the taxes are added back to the tax roll and the purchaser is responsible for the additional taxes, interest and penalties which become a lien on the property.

There are rare situations, however, where the person(s) or entity that was denied the PRE lost the property in a foreclosure or some other circumstance to an “acquiring entity,” which then subsequently sold the property to a bona fide purchaser. In these situations, the “acquiring entity” that sold the property would be responsible for the additional taxes, interest and penalties although the denial notice was issued to the prior owner. In these unusual circumstances, since the property was not acquired for valuable consideration, the transfer to the “acquiring entity” is not considered a bona fide purchase. As a result, the “acquiring entity” is responsible for the additional taxes, interest and penalties. If this rare situation occurs, explain in Part 3 the circumstances involved and attach any supporting documents. If the “acquiring entity” has not sold the property to a bona fide purchaser, the billing of additional taxes, interest and penalties must occur at the county or local unit level (whichever is in possession of the tax roll) since the transfer was not a bona fide purchase.

In order for the Department to process a request to bill the seller (the person or entity who was issued the denial notice) for additional taxes, interest and penalties in a bona fide purchaser situation, this form must be completed with the required documents attached. Upon review of the completed form and supporting documents, the Department will process and issue a bill, which will include additional taxes and applicable interest and penalties, to the person(s) or entity listed in Part 3.

PART 1: PROPERTY INFORMATION

All of the information in Part 1 must be provided to the Department to process the request. Use a separate form for each property tax identification number.

PART 2: PRE DENIAL INFORMATION

A copy of the PRE denial notice relating to the property in Part 1 must be submitted with this form. The date of the denial notice must be listed on the form along with the person(s) or entity that issued the denial notice. If the denial notice was issued to the current owner of the property, the billing of additional taxes, interest and penalties must occur at the county or local unit level (whichever is in possession of the tax roll) and does not qualify as a bona fide purchaser situation. In addition, if the purchaser is not a “bona fide purchaser,” as described earlier, the billing also must occur at the county or local level.

For each year the PRE was denied, requiring the Department to bill the seller, list the school operating millage rate, taxable value, and the due date of the school operating taxes (summer, winter, or combined summer/winter).

PART 3: BILLING INFORMATION

A copy of the deed, land contract or other legally executed document transferring the property from the seller to the bona fide purchaser must be submitted with this form. Each seller to be billed must be listed including a current mailing address (if the mailing address is available). If the seller is a company, the complete company name, address, and Federal Employer Identification Number (FEIN), if available, must be provided.

PART 4: COUNTY OR LOCAL UNIT CONTACT INFORMATION

Complete the contact information in the event the Department has a question or needs clarification. The completed form and supporting documents must be mailed to the address at the bottom of the form. Failure to provide complete information or adequate supporting documentation will result in delays in processing.

If you have any questions, call the PRE Unit at (517) 373-1950 or e-mail PTE-Section@michigan.gov.