

Instruction for Completing Form 4142 Principal Residence Exemption (PRE) Denial Interest Summary

Sections 6, 8 and 11 of Michigan Compiled Law (MCL) 211.7cc requires interest at a rate of 1.25% per month or fraction of a month to be charged to the owner of property that has been issued a PRE denial notice. Upon collecting the interest, Section 23 of MCL 211.7cc details the required distribution of the interest depending on the governmental unit that issued the denial notice.

A summary Form 4142 must be completed and submitted to the Michigan Department of Treasury (Department) by a county, city or township when the State's portion of PRE denial interest is remitted. In addition, any PRE denial interest that is refunded to the taxpayer that reduces the State's portion of interest must be detailed on the summary form with appropriate documentation attached. Whether or not the taxable value changes were reported to the Michigan Department of Education (MDOE) utilizing the online taxable value database (formerly the DS-4410 process) must also be indicated on the summary form.

IDENTIFICATION INFORMATION

One line must be used for interest remitted for each tax year. For example, if a taxpayer is denied his/her PRE for tax years 2005, 2006 and 2007 and has subsequently paid the appropriate interest for each year, the taxpayer's name and applicable property identification number would be entered in three separate lines with the appropriate taxable value for each tax year.

DISTRIBUTION OF INTEREST

Interest is distributed in accordance with MCL 211.7cc. If the assessor of the local tax collecting unit denies the PRE, 70% of the collected interest is distributed to the local tax collecting unit, 20% to the county in which the property is located and 10% to the Department. If the Department denies the PRE, 70% of the collected interest is distributed to the Department, 20% to the local tax collecting unit and 10% to the county in which the property is located. If the county treasurer or his/her designee or the county equalization director or his/her designee denies the PRE, 70% of the collected interest is distributed to the county in which the property is located, 20% to the local tax collecting unit and 10% to the Department.

A refund of PRE denial interest is necessary when payment is made by a taxpayer but the denial is later overturned and the PRE is reinstated. Depending upon what entity issued the denial, the denial may be overturned by the Department, Michigan Tax Tribunal, or other appellate court. Board of Reviews and assessors do not have the statutory authority to reinstate a PRE after it has been denied. For each refund, indicate on each individual line the reason for refunding the interest. Enter "T" for the Department of Treasury, "M" for the Michigan Tax Tribunal and "O" for any other reason. Supporting documentation must be attached to the summary form for each refund.

Complete the contact information at the bottom of the form in case the Department has a question or needs clarification. If the net amount is a refund, the Department will process the refund within 60 days and a warrant will be mailed to the unit of government stated on the top of the summary form.

If you have any questions, please call: 517-373-1950 or e-mail at: PTE-Section@michigan.gov.