Agenda Item #11
April 7, 2026

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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RACHAEL EUBANKS
STATE TREASURER

TO: Assessors, Equalization Directors and Interested Parties

FROM: State Tax Commission

DATE: April 7, 2026

SUBJECT: Form 5107 – State Tax Commission Affidavit for Disabled Veterans Exemption: Updates and Proration Examples

At the State Tax Commission Meeting held on April 7, 2026, the Commission approved revisions to Form 5107, *State Tax Commission Affidavit for Disabled Veterans Exemption*.

The updated form includes the following instructions located at the top:
"For a newly purchased home, include a copy of the closing documents or other purchase documents, if any, to support the proration of property taxes (see page 2 instructions*)"*

Additional instructions on page 2 are provided, in part:
"If a home is newly purchased, a copy of the closing or other purchase documents, if any, must be submitted with the Form 5107. If these documents are not provided, the current-year property tax exemption will be prorated based on the number of days of the calendar year that the claimant owned and occupied the home as a homestead, even if the closing or other purchase documents require the claimant to pay all property taxes for the current calendar year."

When closing or other purchase documents are provided, either at the time of application or submitted afterward, the tax proration reflected in those documents must be used to determine the application of the exemption in the first year of a newly purchased home.

Examples of tax proration based upon closing documents are provided below.

PRORATION EXAMPLES:

Assume a disabled veteran (DV) closes on a home purchased on June 1, 2023, and the property tax exemption is prorated based on how property taxes are prorated at closing.

- If at closing property taxes are **prorated on a calendar year (CY)** basis, the seller pays the DV 5/12 of the CY 2023 property taxes. The DV will receive a property tax exemption for 7/12 of the CY 2023 property taxes.

- If at closing property taxes are **prorated as if paid in advance**, the DV pays the seller 1/12 of the summer 2022 taxes, and 6/12 of the winter 2022 taxes. The DV is then responsible for 100% of the taxes levied in 2023. In this case, the DV will receive a property tax exemption for 100% of the CY 2023 property taxes but will not receive a refund for the 2022 taxes paid at closing.

Assume a disabled veteran (DV) closes on a home purchased on October 1, 2023. The seller has already paid the summer 2023 bill, and the property tax exemption is prorated based on how property taxes are prorated at closing.

- If at closing property taxes are **prorated on a calendar year (CY) basis**, the seller is responsible for 9/12 of the 2023 property tax levy. If the summer 2023 bill exceeds 9/12 of the annual bill, the DV pays the seller the difference. If the summer bill is less than 9/12 of the annual bill, the seller pays the DV the difference. The DV receives a property tax exemption for 25% of the 2023 taxes, applied equally to the summer 2023 and winter 2023 tax bills.

- If at closing property taxes are **prorated as if paid in advance**, the DV pays the seller 2/12 of the winter 2022 tax bill and 9/12 of the summer 2023 bill, and the DV is responsible for 100% of the December 2023 tax bill. The DV will receive the property tax exemption for 9/12 of the summer 2023 bill and 100% of the winter 2023 bill. The DV will not receive a refund for the 2022 taxes paid at closing.