

## MAILBAG – Tax Considerations

Hello, Michigan Realtors® and welcome back to From the Mailbag. We recently published a Letter of the Law video that addressed property tax proration. That video garnered a lot of questions, so we thought we'd follow up and address some additional tax considerations – specifically, questions about Michigan's real estate transfer tax and property tax uncapping. With no further ado, let's dive into some questions from the mailbag.

Question 1: Are the rules for the county and state transfer tax the same?

Answer 1: No. These statutes are very similar, but there are some differences. There are more exemptions from the state transfer tax than there are for the county transfer tax.

Question 2: I am selling a property on land contract payable over a 5-year period. When is the transfer tax due?

Answer 2: Under both transfer tax statutes, the transfer tax is not due until all land contract payments are made and the property is deeded.

Question 3: I own my home and recently got married. Can I add my new wife to the deed without triggering an uncapping?

Answer 3: YES. A transfer to a spouse does not trigger an uncapping.

Question 4: I own 100% of a corporation, which in turn owns an apartment complex. The corporation has owned the property for many years and the current taxable value is significantly lower than the SEV. I am in the process of selling this property and the buyer has asked that we structure this sale as a "stock sale" in order to prevent the assessor from uncapping the taxable value. Can we avoid uncapping by structuring as a stock sale?

Answer 4: No. A sale of more than 50% of the ownership interest in an entity will trigger the uncapping of the taxable value.

Question 5: For estate planning purposes, my husband and I want to add our son to the deed on our home. Will there be uncapping implications?

Answer 5: No. The transfer of an interest in residential property to your child does not trigger an uncapping.

Question 6: Can a husband and wife each file a principal residence exemption on a different property?

Answer 6: Not if they are required to file, or do file, a joint Michigan income tax return.

As always, thank you for tuning in to another installment of From the Mailbag. For more information on referral fees, check out the Letter of the Law video linked in the description or reach out to the email listed below. Take care, and we'll see you next time!