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Bulletin 19 of 2023
November 14, 2023
Disabled Veterans Exemption

TO: Assessors and Equalization Directors
FROM: Michigan State Tax Commission
SUBJECT: MCL 211.7b Disabled Veterans Exemption

Bulletin 4 of 2023 is rescinded

MCL 211.7b(1)(a) provides an exemption from property taxes under the General Property Tax Act for real property owned and used as a homestead by a disabled veteran who served in the United States Armed Forces, including the reserve components, and was discharged or released under honorable conditions. "Disabled veteran" is defined as a veteran who is a resident of this state and who meets 1 of the following criteria:

- (i) Has been determined by the United States Department of Veterans Affairs to be permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate.
- (ii) Has a certificate from the United States Department of Veterans Affairs certifying that the veteran is receiving or has received pecuniary assistance due to disability for specially adapted housing.
- (iii) Has been rated by the United States Department of Veterans Affairs as individually unemployable.

MCL 211.7b(1)(b) allows an unremarried surviving spouse of a qualifying disabled veteran to retain and claim the exemption:

A surviving spouse of a disabled veteran who, immediately before death, was eligible for the exemption under this section. An exemption under this subdivision continues as long as the surviving spouse does not remarry, and the exemption applies to any property used and owned as a homestead by the surviving spouse, including homestead property acquired after the decedent's death.

How To Apply for The Disabled Veterans Exemption

To request the exemption, the disabled veteran (or unremarried surviving spouse) must file Form 5107 *Affidavit for Disabled Veterans Exemption* with the local assessing unit in the

city or township where the property is located. **Do not file with the Department of Treasury or the State Tax Commission.** Form 5107 may be submitted to the local assessing unit after January 1 and before December 31 during the year in which the exemption is requested.

The disabled veteran (or unremarried surviving spouse) must include with Form 5107 some type of official benefits notice or other documentation from the U.S. Department of Veterans Affairs. A letter from the County Department of Veterans Affairs indicating they have reviewed their records and the veteran qualifies is not sufficient. The documentation from the U.S. Department of Veterans Affairs should contain information that details that the disabled veteran meets one or more of the criteria required in MCL 211.7b.

A) Totally disabled as a result of military service and entitled to veterans benefits at the 100% rate

The Veterans Administration defines a service-connected disability as a disability related to an injury or disease that developed during or was aggravated while on active duty or active duty for training. The Veterans Administration Schedule for Rating Disabilities is used to assess the medical conditions and illnesses incurred or aggravated during the veteran's military service and a percentage rating from 0% to 100% is assigned based on the severity of the disability.

Individuals filing the affidavit for the exemption under criteria a) must provide a copy of the letter from the Veterans' Administration indicating they have a 100% service-connected disability and are entitled to receive benefits.

Note: The statute does not require the disabled veteran to have already received the benefit, it only requires that they have been determined to be permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate.

B) Assistance for specially adapted housing

The Veterans' Administration provides veterans with certain permanent and total service-connected disabilities financial assistance to purchase or construct an adapted home or modify an existing home to accommodate a disability. There are two grant programs: specially adapted housing grant (SAH) and the special housing adaptation grant (SHA).

The State Tax Commission has determined that receipt of either grant would qualify an individual for the exemption under criteria b).

Individuals filing the affidavit for the exemption under criteria b) must provide a copy of the certificate from the Veterans' Administration indicating they are receiving or have received pecuniary assistance due to disability for specially adapted housing.

C) Individually unemployable

Individual unemployability is part of the Veterans' Administration disability compensation program. Under this program, veterans may receive compensation at the 100% rate even though their service-connected disability is not rated at 100%.

The Veterans Administration determines eligibility; to be eligible a veteran must prove they are unable to maintain substantially gainful employment because of their service-connected disability. In addition, they must have one service-connected disability rated at 60% or more or two or more service-connected disabilities with at least one rated at 40% or more with a combined rating of 70% or more.

Individuals filing the affidavit for the exemption under criteria c) must provide a copy of the letter from the Veterans' Administration indicating they are individually unemployable.

Proration

MCL 211.7b(3) states that once granted, the exemption applies to "all property taxes for the current year that have been paid by the individual who qualified for the exemption under subsection (1)(a) or (b) and all property taxes for the current tax year that would have been owed by that individual if the property was not exempt."

If the property is not owned and used as a homestead for the entire tax year, MCL 211.7b(3) requires that the exemption be prorated in one of the following three ways:

- 1) The individual must provide a copy of the closing statement or other purchase documents with Form 5107. The local treasurer must use this documentation, if provided, when calculating the amount of taxes to be exempted. There must be no refund of any property taxes not levied in the current tax year paid pursuant to the closing or other purchase documents to the seller by the individual who qualified for the exemption.
- 2) If the closing statement or other purchase documents are not provided, the local treasurer must calculate the amount of taxes to be exempted by dividing the total property taxes levied in the year by 365 and then multiplying that number by the number of days the individual will use and own the property as a homestead.
- 3) Based on a proration that takes into account the effective date of any removal of the exemption, which the assessor shall designate as the date of the relevant conveyance or disposition. Using that date, the local treasurer shall calculate the amount of property taxes levied in the current tax year to be exempted by dividing the total property taxes levied in the year by 365 and then multiplying that number by the number of days the individual, while qualified for the exemption, used and owned the property as a homestead.

See the Disabled Veterans Exemption Frequently Asked Questions for more information and examples.

Rescission or Revocation

Under MCL 211.7c, beginning January 1, 2025, the exemption once granted, remains in effect without subsequent annual reapplication by the disabled veteran or unremarried surviving spouse. The exemption continues until rescinded by the property owner or revoked by the assessor.

Rescission by disabled veteran or unremarried surviving spouse

The disabled veteran or unremarried surviving spouse must file Form 6054 with the assessor for the city or township within 45 days of any of the following:

- 1) They cease to use and own as a homestead the property for which the exemption was granted.
- 2) They no longer meet the qualifications under MCL 211.7b to receive the exemption.

Revocation by the assessor

The assessor may deny a new claim for the exemption, an existing exemption, or based on an audit. The assessor is required to notify the property owner of the denial in writing, using Form 6055, which includes the reason for the denial and the appeal rights.

The exemption can be denied for the current year and the three immediately preceding years. Once denied, the property owner will be liable for the taxes, plus applicable penalty and interest as stated in MCL 211.7c(d).

Local Unit Audit Program

The local unit is required to implement an audit program that includes all information required under MCL 211.7b(2). The audit may not occur more than once every three years unless there is a reasonable belief the property no longer qualifies for the exemption.

Additional audit requirements as to the form and manner of the audit program will be forthcoming from the State Tax Commission.

Board of Review Authorities and Responsibilities

The March, July, and December Boards of Review have **no authority** to hear claims for the disabled veterans exemption for the current year. The exemption is granted or denied by the local unit assessor.

Qualified Error at July or December Board of Review

The July and December Boards of Review, under MCL 211.53b, have the authority to grant a disabled veteran's exemption as a qualified error for any of the following for the current year and immediately preceding tax year:

- 1) An error made by the local tax collecting unit in the processing of a timely filed exemption affidavit.
- 2) A delay in the determination by the United States Department of Veterans Affairs that a veteran is permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate.
- 3) **For tax year 2023 only**, a denial by the Board of Review of an exemption claimed by the unremarried surviving spouse.

Appeal Rights

A written denial by the assessor may be appealed by completing and submitting a petition to the Michigan Tax Tribunal within 35 days of the date of the denial.

A decision of the July or December Board of Review may be appealed by completing and submitting a petition to the Michigan Tax Tribunal within 35 days of the July or December Board of Review's written decision.

More information on how to file an appeal is available by contacting the Michigan Tax Tribunal. Information can also be viewed on the Michigan Tax Tribunal's website at <https://www.michigan.gov/taxtribunal>.

Additional Information

Additional information, including the State Tax Commission's *Disabled Veterans Exemption Frequently Asked Questions* is available on the State Tax Commission website under the [Disabled Veterans Exemption Information](#) link.

State Tax Commission contact information:

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