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Can Update to Transfer Tax Law put Cash in your Pocket?

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Real estate continues to be a "hot spot" in the economy. Prices continue to rise, sales continue to occur at blazing speeds, and the demand for new houses and the tradespeople who build them is growing. In fact, West Michigan was recently recognized as one of the "hottest" real estate markets in the United States.

When you sell a house, you, as the seller, are typically responsible for paying the transfer taxes. There are a couple of components to transfer taxes. One component is State transfer tax. There was a recent update to the transfer tax law that will help some home sellers get a refund of their State transfer taxes.

Generally speaking, if you sold your home within the past 4 years and the state equalized value of your home was lower when you sold it than it was when you bought it, you should be entitled to a refund of your State transfer taxes. There is a specific form and supporting documentation that must be submitted to claim the refund.

It is best to submit the information sooner rather than later, as the state treasury department is way behind due to the volume of refund claims. When I last spoke with them, it was taking 10 - 16 weeks to process requests, rather than the 6 - 8 weeks stated on the form.

A refund can be substantial. For example, the seller of a home that meets the requirements and sells for \$158,000 should qualify for a refund of approximately \$1,180.

In many cases you can find your state equalized value online at your local county's website. If think you may qualify and would like help applying for the refund, call us.