

HOUSE BILL No. 5091

October 12, 2017, Introduced by Rep. Kahle and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 711 (MCL 206.711), as amended by 2016 PA 158.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 711. (1) Every person required by this part to deduct and
2 withhold taxes for a tax year on income other than distributive
3 share of income from a flow-through entity shall furnish to the
4 person who received the income a statement in duplicate on or
5 before January 31 of the succeeding year of the total income paid
6 during the tax year and the amount deducted or withheld. However,
7 if employment is terminated before the close of a calendar year by
8 a person that goes out of business or permanently ceases to exist,
9 then the statement required by this subsection shall be issued
10 within 30 days after the last compensation, winnings, or payoff of
11 a winning ticket is paid. A duplicate of a statement made pursuant

1 to this section and an annual reconciliation return, MI-W3, shall
2 be filed with the department by ~~February 28~~ **JANUARY 31** of the
3 succeeding year except that a person that goes out of business or
4 permanently ceases to exist shall file the statement and the annual
5 reconciliation return within 30 days after going out of business or
6 permanently ceasing to exist. For tax years that begin before July
7 1, 2016, a flow-through entity that was required to withhold taxes
8 on distributive shares of business income shall file an annual
9 reconciliation return with the department no later than the last
10 day of the second month following the end of the flow-through
11 entity's federal tax year. The department may require a flow-
12 through entity to file an annual business income information return
13 with the department on the due date, including extensions, of its
14 annual federal information return.

15 (2) Every person required by this part to deduct or withhold
16 taxes shall make a return or report in form and content and at
17 times as prescribed by the department. **THE DEPARTMENT MAY REQUIRE**
18 **CERTAIN EMPLOYERS TO MAKE THE RETURN OR REPORT REQUIRED UNDER THIS**
19 **SECTION IN ELECTRONIC FORM.** An employer that has entered into an
20 agreement with a community college pursuant to chapter 13 of the
21 community college act of 1966, 1966 PA 331, MCL 389.161 to 389.166,
22 and is required to deduct or withhold taxes from compensation and
23 make payments to a community college pursuant to the agreement for
24 a portion of those taxes withheld shall, for as long as the
25 agreement remains in effect, delineate in the return or report
26 required under this subsection between the amount deducted or
27 withheld and paid to the state and that amount paid to a community

1 college.

2 (3) Every person who receives income subject to withholding
3 under this part shall furnish to the person required by this part
4 to deduct and withhold taxes information required to make an
5 accurate withholding. A person who receives income subject to
6 withholding under this part shall file with the person required by
7 this part to deduct and withhold taxes revised information within
8 10 days after a decrease in the number of exemptions or a change in
9 status from a nonresident to a resident. The person who receives
10 income subject to withholding under this part may file revised
11 information when the number of exemptions increases or when a
12 change in status occurs from that of a resident of this state to a
13 nonresident of this state. Revised information shall not be given
14 retroactive effect for withholding purposes. A person required by
15 this part to deduct and withhold taxes shall rely on this
16 information for withholding purposes unless directed by the
17 department to withhold on some other basis. If a person who
18 receives income subject to withholding under this part fails or
19 refuses to furnish information, the person required by this part to
20 deduct and withhold taxes shall withhold at the full rate of tax
21 from the person's income subject to withholding under this part.