INCOME TAX ACT OF 1967 (EXCERPT)
Act 281 of 1967

***** 206.51.amended THIS AMENDED SECTION IS EFFECTIVE OCTOBER 1, 2011 *****

206.51.amended Tax rate on taxable income of person other than corporation; percentages of revenues deposited in state school aid fund; imposition of annualized rates; computation of taxable income of nonresident; resident beneficiary of trust; tax credit; including items of income and deductions from trust in taxable income; intent of section; “person other than a corporation” and “taxable income” defined.

Sec. 51. (1) For receiving, earning, or otherwise acquiring income from any source whatsoever, there is levied and imposed under this part upon the taxable income of every person other than a corporation a tax at the following rates in the following circumstances:
   (a) Before May 1, 1994, 4.6%.
   (b) After April 30, 1994 and before January 1, 2000, 4.4%.
   (c) For tax years that begin on and after January 1, 2000 and before January 1, 2002, 4.2%.
   (d) For tax years that begin on and after January 1, 2002 and before January 1, 2003, 4.1%.
   (e) On and after January 1, 2003 and before July 1, 2004, 4.0%.
   (f) On and after July 1, 2004 and before October 1, 2007, 3.9%.
   (g) On and after October 1, 2007 and before January 1, 2013, 4.35%.
   (h) Beginning on and after January 1, 2013, 4.25%.

(2) The following percentages of the net revenues collected under this section shall be deposited in the state school aid fund created in section 11 of article IX of the state constitution of 1963:
   (a) Beginning October 1, 1994 and before October 1, 1996, 14.4% of the gross collections before refunds from the tax levied under this section.
   (b) After September 30, 1996 and before January 1, 2000, 23.0% of the gross collections before refunds from the tax levied under this section.
   (c) Beginning January 1, 2000, that percentage of the gross collections before refunds from the tax levied under this section that is equal to 1.012% divided by the income tax rate levied under this section.

(3) The department shall annualize rates provided in subsection (1) as necessary for tax years that end after April 30, 1994. The applicable annualized rate shall be imposed upon the taxable income of every person other than a corporation for those tax years.

(4) The taxable income of a nonresident shall be computed in the same manner that the taxable income of a resident is computed, subject to the allocation and apportionment provisions of this part.

(5) A resident beneficiary of a trust whose taxable income includes all or part of an accumulation distribution by a trust, as defined in section 665 of the internal revenue code, shall be allowed a credit against the tax otherwise due under this part. The credit shall be all or a proportionate part of any tax paid by the trust under this part for any preceding taxable year that would not have been payable if the trust had in fact made distribution to its beneficiaries at the times and in the amounts specified in section 666 of the internal revenue code. The credit shall not reduce the tax otherwise due from the beneficiary to an amount less than would have been due if the accumulation distribution were excluded from taxable income.

(6) The taxable income of a resident who is required to include income from a trust in his or her federal income tax return under the provisions of 26 USC 671 to 679, shall include items of income and deductions from the trust in taxable income to the extent required by this part with respect to property owned outright.

(7) It is the intention of this section that the income subject to tax of every person other than corporations shall be computed in like manner and be the same as provided in the internal revenue code subject to adjustments specifically provided for in this part.

(8) As used in this section:
   (a) "Person other than a corporation" means a resident or nonresident individual or any of the following:
      (i) A partner in a partnership as defined in the internal revenue code.
      (ii) A beneficiary of an estate or a trust as defined in the internal revenue code.
      (iii) An estate or trust as defined in the internal revenue code.
   (b) "Taxable income" means taxable income as defined in this part subject to the applicable source and attribution rules contained in this part.

Compiler's note: Section 4 of Act 76 of 1971 provides:

"Expiration of act; conditions.

"Section 4. The provisions of this amendatory act shall expire August 1, 1972 unless prior thereto the legislature has submitted to the electors constitutional amendments which shall (a) grant property tax relief by limiting of levying of more than 10 mills on property for school operational purposes, (b) permit the legislature to enact taxes on income graduated either as to rate or base or both, or (c) a combination of (a) and (b) as one amendment and (a) as a separate amendment and which said amendments shall be voted upon at a special election to be held on November 2, 1971 or at the general election to be held November 1972."

The legislature did not submit to the electors at a November 2, 1971 special election or at the November, 1972 general election proposed constitutional amendment(s) to effect the purposes enumerated in Section 4 of Act 76 of 1971.

Section 51 of Act 250 of 1978, purporting to amend this section, was submitted to and disapproved by the people as part of Proposal E at the general election held on November 4, 1980.

Section 2 of Act 15 of 1983 provides:

"Legislative finding and purpose.

"Section 2. Because a severe economic recession has caused an actual deficit in state funds, the legislature finds that this amendatory act is necessary to, and it is the purpose of this amendatory act to, meet the actual deficiencies existing in state funds at the time of this enactment."