

MICHIGAN ESTATE TAX ACT (EXCERPT)
Act 188 of 1899

205.202 Tax on certain transfers of property; exemptions; tax rate on excess; exemption applicable to beneficiary's interest; allowance granted by court order to widow or family of decedent; tax rate in cases other than those specified; exemption on transfer of property or ownership of family-owned business.

Sec. 2. (1) Where the persons entitled to a beneficial interest in the property are the grandfather, grandmother, father, mother, husband, wife, child, legally adopted child, stepchild, brother, sister, wife or widow of a son, or the husband or widower of a daughter of the decedent grantor, donor, or vendor, or for the use of a person to whom the decedent grantor, donor, or vendor stood in the mutually acknowledged relation of a parent, if the relationship began at or before the child's seventeenth birthday and continued until the death of the decedent grantor, donor, or vendor, or to or for the use of a lineal descendant of or a lineal descendant of a stepchild of the decedent grantor, donor, or vendor, the transfer of property of the clear market value of \$10,000.00 or for a decedent who dies after December 31, 1992 but before January 1, 1994, \$15,000.00, for a decedent who dies after December 31, 1993 but before January 1, 1995, \$25,000.00, or, for a decedent who dies after December 31, 1994, \$50,000.00 is exempt from all taxation under this act.

(2) Where the transfer is to a husband or wife the transfer of property of the clear market value of \$65,000.00 shall be exempt from all taxation under this act. If property is not transferred to a minor child or children, the widow shall be entitled to an additional exemption of \$5,000.00 for each child to whom property is not transferred.

(3) If the clear market value of the property transferred to each of the persons included in the classes specified in subsection (1) exceeds the exemptions specified, the exemptions shall first be deducted from the value of the property. When the clear market value of the property does not exceed \$50,000.00 before deducting the exemptions, the transfer of the property in excess of the exemptions and up to \$50,000.00 shall be taxed at the rate of 2% of the clear market value of the property. When the clear market value of the property exceeds \$50,000.00 the excess over exemptions of the first \$50,000.00 shall be taxed as provided in this subsection and the transfer of that portion of the property in excess of \$50,000.00 and up to \$250,000.00 shall be taxed at the rate of 4% of the clear market value of the property. The transfer of that portion of the property in excess of \$250,000.00 and up to \$500,000.00 shall be taxed at the rate of 7% of the clear market value of the property. The transfer of that portion of the property in excess of \$500,000.00 and up to \$750,000.00 shall be taxed at the rate of 8% of the clear market value of the property. The transfer of that portion of the property in excess of \$750,000.00 shall be taxed at the rate of 10% of the clear market value of the property.

(4) The exemptions of section 1 and subsections (1), (2), and section 2d shall apply and be granted to each beneficiary's interest in the property, and not to the entire estate of a decedent. A deduction or exemption from the tax shall not be made for an allowance granted by the order of a court for the maintenance and support of the widow or family of a decedent pending the administration of the estate when there is income from the estate accruing after death, which is available to pay the allowance, or for a longer period than 1 year, or for a greater amount than is actually used and expended for the maintenance and support of the widow or family for 1 year.

(5) Except as provided in this act, in cases other than those specified in subsection (3), the tax shall be at the rate of 12% upon the clear market value of the property transferred not exceeding \$50,000.00, 14% upon all in excess of \$50,000.00 and up to \$500,000.00, and 17% upon all in excess of \$500,000.00.

(6) For the estate of a decedent who dies after December 31, 1992, a tax is not imposed under this section on the transfer of any property, real or personal, of a family-owned business or the transfer of the ownership of a family-owned business to a qualified heir or heirs.

History: 1899, Act 188, Eff. Sept. 23, 1899;—Am. 1903, Act 195, Imd. Eff. June 9, 1903;—Am. 1913, Act 30, Eff. Aug. 14, 1913;—Am. 1915, Act 198, Eff. Aug. 24, 1915;—CL 1915, 14525;—Am. 1919, Act 148, Eff. Aug. 14, 1919;—Am. 1923, Act 257, Eff. Aug. 30, 1923;—Am. 1925, Act 380, Eff. Aug. 27, 1925;—Am. 1929, Act 35, Imd. Eff. Apr. 8, 1929;—CL 1929, 3673;—Am. 1935, Act 161, Imd. Eff. June 6, 1935;—CL 1948, 205.202;—Am. 1971, Act 55, Imd. Eff. July 6, 1971;—Am. 1978, Act 628, Imd. Eff. Jan. 6, 1979;—Am. 1992, Act 65, Imd. Eff. May 28, 1992;—Am. 1993, Act 54, Imd. Eff. June 3, 1993.

Compiler's note: For applicability of section, see MCL 205.223(a).

Popular name: Inheritance Tax