

USE TAX ACT (EXCERPT)
Act 94 of 1937

205.94g Exemption of property purchased as part of purchase or transfer of business; exceptions; definition.

Sec. 4g.

(1) The tax levied shall not apply to property purchased from a seller or transferor if the property is part of the purchase or transfer of a business.

(2) The exemption provided by this section shall not apply to all of the following:

(a) The purchase or transfer of tangible personal property that is stock-in-trade or other property of a kind which would properly be included in the inventory of the seller or transferor if on hand at the close of the seller's or transferor's tax period or property held by the seller or transferor for sale to customers in the ordinary course of its trade or business.

(b) The purchase or transfer of a motor vehicle, ORV, mobile home, aircraft, snowmobile, or watercraft.

(3) As used in this section, "purchase or transfer of a business" means 1 or more of the following:

(a) The purchaser or transferee has acquired and intends to use the seller's or transferor's trade name or good will.

(b) The purchaser or transferee intends to continue all or part of the business of the seller or transferor at the same location or at another location.

(c) The purchaser or transferee acquired at least 75% of the seller's or transferor's tangible personal property at 1 or more of the seller's or transferor's business locations.

History: Add. 1985, Act 66, Imd. Eff. July 1, 1985

Compiler's Notes: Section 2 of Act 66 of 1985 provides: "This amendatory act is intended to clarify the misinterpretation of Act No. 94 of the Public Acts of 1937, being sections 205.91 to 205.111 of the Michigan Compiled Laws, to the extent that the act may be construed to impose tax liability on the purchaser or transferee in cases where the seller or transferor of a business is entitled to claim an exemption for an isolated sale under section 1(f) of the general sales tax act, Act No. 167 of the Public Acts of 1933, being section 205.51 of the Michigan Compiled Laws."