

SINGLE BUSINESS TAX ACT (EXCERPT)
Act 228 of 1975

***** 208.35b THIS SECTION IS REPEALED BY ACT 325 OF 2006 EFFECTIVE DECEMBER 31, 2007

208.35b Calculation of compensation related to United States business activity by foreign transporter; election; definitions.

Sec. 35b. (1) Notwithstanding anything to the contrary in section 19, a foreign person that does not have a permanent establishment in the United States and whose business activity consists of the transportation of persons or property for others by motor vehicle may elect, for purposes of section 19, to calculate compensation related to United States business activity by 1 of the following methods:

(a) Calculate compensation under section 19 and reduce the final calculation by 50%.

(b) Calculate compensation by determining total compensation everywhere, apportioned to the United States by a formula, the numerator of which is revenue miles traveled in the United States and the denominator of which is revenue miles traveled everywhere.

(2) A person that calculates compensation related to United States business activity under subsection (1)(a) shall not claim a reduction under section 31(4).

(3) As used in this section:

(a) "Permanent establishment" means either of the following:

(i) If an income tax treaty applies to the foreign person, that term as defined in that income tax treaty in effect between the United States and another nation.

(ii) If no income tax treaty applies to the foreign person, that term as defined in the United States model income tax convention.

(b) "Foreign person" means that term as defined in section 19(6).

(c) "Revenue miles" means that term as defined in section 57.

History: Add. 2000, Act 373, Imd. Eff. Jan. 2, 2001.