

## INCOME TAX ACT OF 1967 (EXCERPT)

### Act 281 of 1967

#### CHAPTER 6

#### **206.301 Estimated tax; installment payments; due dates; amount; credit; payment of estimated annual tax instead of quarterly payments; filing and payment by farmer, fisherman, or seafarer; information submitted by bank or financial institution; computations; “taxable trust” defined.**

Sec. 301. (1) Every person on a calendar year basis, if the person's annual tax can reasonably be expected to exceed the amount withheld under section 351 and the credits allowed under this act by more than \$500.00, shall pay to the department installments of estimated tax under this act on or before April 15, June 15, and September 15 of the person's tax year and January 15 in the following year. Subject to subsection (3), each installment shall be equal to 1/4 the taxpayer's estimated tax under this act after first deducting the amount estimated to be withheld under section 351.

(2) For a taxpayer on other than a calendar year basis, there shall be substituted for the due dates provided in subsection (1) the appropriate due dates in the taxpayer's fiscal year that correspond to those in the calendar year.

(3) For a taxpayer that pays estimated tax for the taxpayer's first tax year of less than 12 months, the amount paid shall be that fraction of the estimated tax that is obtained by dividing the total amount of estimated tax by the number of payments to be made with respect to the tax year.

(4) There shall be allowed as a credit against the tax imposed by this act the amounts paid to the department pursuant to this section.

(5) Instead of quarterly payments, a person subject to this section may pay an estimated annual tax for the succeeding tax year. The payment shall be made at the same time the person files the annual return for the previous full tax year.

(6) A farmer or fisherman who elects to file and pay his or her federal income tax under an alternative schedule provided in section 6654 of the internal revenue code may file and pay the tax imposed by this act in the same manner. A seafarer may file and pay the tax imposed by this act in the same manner as a farmer or fisherman under this subsection. As used in this subsection, “seafarer” means an individual whose wages may not be withheld for taxes by the state or a political subdivision of the state as provided in section 11108 of title 46 of the United States code, 46 U.S.C. 11108.

(7) A bank or financial institution that submits quarterly estimated income tax payment information through the federal tax deposit system on magnetic tape and acts as fiduciary for 200 or more taxable trusts shall submit Michigan quarterly tax payment information on magnetic tape to the department.

(8) A bank or financial institution that acts as fiduciary for more than 49 and fewer than 200 taxable trusts may enter into an irrevocable agreement with the department to submit estimated income tax payment information on magnetic tape to the department.

(9) The payment of tax based on the information required under subsections (7) and (8) shall be made through a wire transfer to the state of Michigan contractual deposit account.

(10) A payment of estimated tax shall be computed on the basis of the annualized rate established under section 51 for the appropriate tax year to which the estimated tax payment is applicable.

(11) Except as provided in subsection (1), the amount of an estimated tax installment shall be computed, payment of estimated tax shall be credited, and a period of underpayment shall be determined in the same manner as provided in the internal revenue code.

(12) As used in this section, “taxable trust” means a trust required to make payments of estimated tax pursuant to subsection (1).

**History:** 1967, Act 281, Eff. Oct. 1, 1967;—Am. 1969, Act 332, Imd. Eff. Nov. 4, 1969;—Am. 1971, Act 25, Imd. Eff. May 13, 1971;—Am. 1975, Act 233, Imd. Eff. Aug. 27, 1975;—Am. 1982, Act 515, Imd. Eff. Dec. 31, 1982;—Am. 1983, Act 15, Imd. Eff. Mar. 29, 1983;—Am. 1987, Act 254, Imd. Eff. Dec. 28, 1987;—Am. 1988, Act 70, Imd. Eff. Mar. 28, 1988;—Am. 1996, Act 484, Eff. Jan. 17, 1998.

**Compiler's note:** Section 2 of Act 15 of 1983 provides: “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.”

#### **206.302 Repealed. 1987, Act 254, Imd. Eff. Dec. 28, 1987.**

**Compiler's note:** The repealed section pertained to computation of estimated tax payments.

#### **206.311 Tax return; form; content; verification; transmittal; remittance; extension,**

**computation, and remittance of estimated tax due; interest; penalties; tentative return; payment of estimated tax; joint return; effect of filing copy of federal extension; automatic extension based on service in combat zone.**

Sec. 311. (1) The taxpayer on or before the due date set for the filing of a return or the payment of the tax, except as otherwise provided in this act, shall make out a return in the form and content as prescribed by the commissioner, verify the return, and transmit it, together with a remittance of the amount of the tax, to the department.

(2) Except as otherwise provided in subsection (5), the department, upon application of the taxpayer and for good cause shown, may extend under prescribed conditions the time for filing the annual or final return required by this act. Before the original due date, the taxpayer shall remit with an application for extension the estimated tax due. In computing the tax due for the tax year, interest at the rate established in, and penalties imposed by, section 23 of 1941 PA 122, MCL 205.23, shall be added to the amount of tax unpaid for the period of the extension. The department may require a tentative return and payment of an estimated tax.

(3) Taxpayers who are husband and wife and who file a joint federal income tax return pursuant to the internal revenue code shall file a joint return.

(4) Except as provided in subsection (5), if the taxpayer has been granted an extension or extensions of time within which to file a final federal return for a taxable year, the filing of a copy of the extension or extensions automatically extends the due date of the final return under this act for an equivalent period. The taxpayer shall remit with the copy of the extension or extensions the estimated tax due. In computing the tax due for the tax year, interest at the rate established in, and penalties imposed by, section 23 of 1941 PA 122, MCL 205.23, shall be added to the amount of tax unpaid for the period of the extension.

(5) If the taxpayer is eligible for an automatic extension of time within which to file a federal return based on service in a combat zone, the due date for filing an annual or final return or a return and payment of an estimated tax under this act is automatically extended for an equivalent period of time. The taxpayer is not required to file a copy of any federal extension, but shall print "COMBAT ZONE" in red ink at the top of his or her return when the return is filed. The taxpayer is not required to pay the amount of tax due at the time the return is originally due, and the department shall not impose any interest or penalties for the amount of tax unpaid for the period of the extension.

**History:** 1967, Act 281, Eff. Oct. 1, 1967;—Am. 1975, Act 94, Imd. Eff. June 2, 1975;—Am. 1980, Act 169, Eff. Sept. 17, 1980;—Am. 1987, Act 254, Imd. Eff. Dec. 28, 1987;—Am. 2004, Act 199, Imd. Eff. July 12, 2004.

**206.315 Tax return of person, other than corporation, whose adjusted gross income exceeds personal exemptions; due date; contents; composite income tax return.**

Sec. 315. (1) Every person, other than a corporation, required to make a return for any taxable period under the internal revenue code, except as otherwise specifically provided in this act, if his or her adjusted gross income is in excess of the personal exemptions allowed by this act shall render on or before the fifteenth day of the fourth month following the close of that taxable period to the department a return setting forth all of the following:

(a) The amount of adjusted gross income on the return made to the United States internal revenue service for federal income tax purposes and as provided in the definitions contained in this act and the rules issued under this act.

(b) The personal and dependency exemptions as allowed by this act.

(c) The amount of tax due under this act, less credits claimed against the tax.

(d) Other information for the purposes of carrying out this act as may be prescribed by the department.

(e) The balance of the tax shown to be due on the return is due and shall be paid by the date fixed for filing the return unless the balance is less than \$1.00, in which event payment is not required.

(2) A nonresident member who has income in this state from 1 or more flow-through entities may elect to be included in the composite income tax return of a flow-through entity of which the nonresident member is a member.

(3) A flow-through entity may file a composite income tax return on behalf of electing nonresident members and report and pay the tax due based on the electing nonresident members' shares of income available for distribution from the flow-through entity for doing business in, or deriving income from, sources within this state.

(4) A nonresident member that has been included in a composite income tax return and also files an individual income tax return for the same taxable period may claim a credit against the tax imposed by this act on that individual income tax return for the amount of taxes paid on behalf of the nonresident member by the flow-through entity on that composite income tax return.

(5) A composite income tax return is due on or before each April 15 and shall report the information required by the department for the immediately preceding calendar year.

**History:** 1967, Act 281, Eff. Oct. 1, 1967;—Am. 1969, Act 332, Imd. Eff. Nov. 4, 1969;—Am. 1975, Act 233, Imd. Eff. Aug. 27, 1975;—Am. 2003, Act 49, Eff. Oct. 1, 2003.

**206.321 Repealed. 1975, Act 233, Imd. Eff. Aug. 27, 1975.**

**Compiler's note:** The repealed section pertained to tax returns of corporations and financial institutions.

**206.322 Whole dollar amounts, use.**

Sec. 322. Any person electing to use “whole dollar amounts” under the provisions of section 6102 of the internal revenue code may use “whole dollar amounts” in the same manner for the purposes of this act.

**History:** Add. 1969, Act 332, Imd. Eff. Nov. 4, 1969.

**206.325 Furnishing copy of federal tax return and supporting schedules; filing amended return showing final alteration, modification, recomputation, or determination of deficiency; assessment of increased tax resulting from federal audit; payment of additional tax; credit or refund of overpayment.**

Sec. 325. (1) A taxpayer required to file a return under this act may be required to furnish a true and correct copy of any tax return or portion of any tax return and supporting schedules that the taxpayer has filed under the provisions of the internal revenue code.

(2) A taxpayer shall file an amended return with the department showing any final alteration in, or modification of, the taxpayer's federal income tax return that affects the taxpayer's taxable income under this act and of any similarly related recomputation of tax or determination of deficiency under the internal revenue code. If an increase in taxable income results from a federal audit that increases the taxpayer's federal income tax by less than \$500.00, the requirement under this subsection to file an amended return does not apply but the department may assess an increase in tax resulting from the audit. The amended return shall be filed within 120 days after the final alteration, modification, recomputation, or determination of deficiency. If the commissioner finds upon all the facts that an additional tax under this act is owing, the taxpayer shall immediately pay the additional tax. If the commissioner finds that the taxpayer has overpaid the tax imposed by this act, a credit or refund of the overpayment shall immediately be made as provided in section 30 of Act No. 122 of the Public Acts of 1941, being section 205.30 of the Michigan Compiled Laws.

**History:** 1967, Act 281, Eff. Oct. 1, 1967;—Am. 1969, Act 332, Imd. Eff. Nov. 4, 1969;—Am. 1987, Act 254, Imd. Eff. Dec. 28, 1987.

**206.331 Filing or submitting information as to income paid to others; filing copies or alternate forms of federal tax return.**

Sec. 331. (1) At the request of the department, every person required by the internal revenue code to file or submit an information return of income paid to others shall, to the extent the information is applicable to residents of this state, at the same time file or submit the information in form and content as may be prescribed to the department.

(2) Every corporation, voluntary association, joint venture, partnership, estate or trust at the request of the department shall file a copy of any tax return or portion of any tax return which has been filed under the internal revenue code. The department may prescribe alternate forms of returns.

**History:** 1967, Act 281, Eff. Oct. 1, 1967;—Am. 1975, Act 233, Imd. Eff. Aug. 27, 1975.

**206.335-206.341 Repealed. 1975, Act 233, Imd. Eff. Aug. 27, 1975.**

**Compiler's note:** The repealed sections pertained to combined reports, to agreements improperly reflecting income, and to returns and payments based on distribution shares of business income.