



HOUSE BILL No. 4700

April 5, 1995, Introduced by Reps. Rocca, Gnodtke, Voorhees, Goschka, Walberg, Bullard, Lowe, Whyman, McManus, Munsell, Dobb, Cropsey, Pitoniak, Hill and Rhead and referred to the Committee on Tax Policy.

A bill to amend section 4 of Act No. 228 of the Public Acts of 1975, entitled "Single business tax act," as amended by Act No. 6 of the Public Acts of 1995, being section 208.4 of the Michigan Compiled Laws; and to add section 4d.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 4 of Act No. 228 of the Public Acts of
2 1975, as amended by Act No. 6 of the Public Acts of 1995, being
3 section 208.4 of the Michigan Compiled Laws, is amended and sec-
4 tion 4d is added to read as follows:

5 Sec. 4. (1) "Casual transaction" means a transaction made
6 or engaged in other than in the ordinary course of repeated and
7 successive transactions of a like character, except that a
8 transaction made or engaged in by a person that is incidental to

1 that person's regular business activity is a business activity
2 within the meaning of this act.

3 (2) "Commissioner" means the state commissioner of revenue.

4 (3) Except as otherwise provided in sections 4a, 4b, ~~and~~
5 4c, AND 4D, "compensation" means all wages, salaries, fees,
6 bonuses, commissions, or other payments made in the taxable year
7 on behalf of or for the benefit of employees, officers, or direc-
8 tors of the taxpayers and subject to or specifically exempt from
9 withholding under chapter 24, sections 3401 to 3406 of the inter-
10 nal revenue code. Compensation includes, on a cash or accrual
11 basis consistent with the taxpayer's method of accounting for
12 federal income tax purposes, payments to state and federal unem-
13 ployment compensation funds, payments under the federal insurance
14 contribution act and similar social insurance programs, payments,
15 including self-insurance, for worker's compensation insurance,
16 payments to individuals not currently working, payments to depen-
17 dents and heirs of individuals because of current or former labor
18 services rendered by those individuals, payments to a pension,
19 retirement, or profit sharing plan, and payments for insurance
20 for which employees are the beneficiaries, including payments
21 under health and welfare and noninsured benefit plans and pay-
22 ments of fees for the administration of health and welfare and
23 noninsured benefit plans. Compensation does not include dis-
24 counts on the price of the taxpayer's merchandise or services
25 sold to the taxpayer's employees, officers, or directors that are
26 not available to other customers or payments to an independent
27 contractor.

1 (4) "Department" means the revenue division of the
2 department of treasury.

3 SEC. 4D. FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 1994,
4 COMPENSATION DOES NOT INCLUDE PAYMENTS UNDER HEALTH AND WELFARE
5 AND NONINSURED BENEFIT PLANS AND PAYMENTS OF FEES FOR THE ADMIN-
6 ISTRATION OF HEALTH AND WELFARE AND NONINSURED BENEFIT PLANS.