



# SENATE BILL No. 155

January 31, 1995, Introduced by Senator BYRUM and referred to the Committee on Finance.

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. 484 of the Public Acts of 1982, being section 208.4 of the Michigan Compiled Laws.

## 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. 484 of the Public Acts of 1982, being  
3 section 208.4 of the Michigan Compiled Laws, is amended to read  
4 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 ~~which~~ THAT is  
9 incidental to that person's regular business activity shall be

1 considered to be a business activity within the meaning of this  
2 act.

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

4 (3) "Compensation" means 1 OF THE FOLLOWING:

5 (A) FOR TAX YEARS BEGINNING BEFORE JANUARY 1, 1995, all  
6 wages, salaries, fees, bonuses, commissions, or other payments  
7 made in the taxable year on behalf of or for the benefit of  
8 employees, officers, or directors of the taxpayers and subject to  
9 or specifically exempt from withholding under ~~section~~  
10 CHAPTER 24, SECTIONS 3401 TO 3406 of the internal revenue code.  
11 Compensation includes, on a cash or accrual basis consistent with  
12 the taxpayer's method of accounting for federal income tax pur-  
13 poses, payments to state and federal unemployment compensation  
14 funds, payments under the federal insurance contribution act and  
15 similar social insurance programs, payments, including  
16 self-insurance, for ~~workmen's~~ WORKER'S compensation insurance,  
17 payments to individuals not currently working, payments to depen-  
18 dents and heirs of individuals because of current or former labor  
19 services rendered by those individuals, payments to a pension,  
20 retirement, or profit sharing plan, and payments for insurance  
21 for which employees are the beneficiaries, including payments  
22 under health and welfare and noninsured benefit plans and pay-  
23 ments of fees for the administration of health and welfare and  
24 noninsured benefit plans. Compensation does not include dis-  
25 counts on the price of the taxpayer's merchandise or services  
26 sold to the taxpayer's employees, officers, or directors ~~which~~

1 THAT are not available to other customers or payments to an  
2 independent contractor.

3 (B) FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 1994, ALL  
4 WAGES, SALARIES, FEES, BONUSES, COMMISSIONS, OR OTHER PAYMENTS  
5 MADE IN THE TAXABLE YEAR ON BEHALF OF OR FOR THE BENEFIT OF  
6 EMPLOYEES, OFFICERS, OR DIRECTORS OF THE TAXPAYERS AND SUBJECT TO  
7 OR SPECIFICALLY EXEMPT FROM WITHHOLDING UNDER CHAPTER 24, SEC-  
8 TIONS 3401 TO 3406 OF THE INTERNAL REVENUE CODE. COMPENSATION  
9 INCLUDES, ON A CASH OR ACCRUAL BASIS CONSISTENT WITH THE  
10 TAXPAYER'S METHOD OF ACCOUNTING FOR FEDERAL INCOME TAX PURPOSES,  
11 PAYMENTS TO INDIVIDUALS NOT CURRENTLY WORKING, PAYMENTS TO DEPENDENTS  
12 AND HEIRS OF INDIVIDUALS BECAUSE OF CURRENT OR FORMER LABOR  
13 SERVICES RENDERED BY THOSE INDIVIDUALS, PAYMENTS TO A PENSION,  
14 RETIREMENT, OR PROFIT SHARING PLAN, AND PAYMENTS FOR INSURANCE  
15 FOR WHICH EMPLOYEES ARE THE BENEFICIARIES, INCLUDING PAYMENTS  
16 UNDER HEALTH AND WELFARE AND NONINSURED BENEFIT PLANS AND PAYMENTS  
17 OF FEES FOR THE ADMINISTRATION OF HEALTH AND WELFARE AND  
18 NONINSURED BENEFIT PLANS. COMPENSATION DOES NOT INCLUDE ANY OF  
19 THE FOLLOWING:

20 (i) DISCOUNTS ON THE PRICE OF THE TAXPAYER'S MERCHANDISE OR  
21 SERVICES SOLD TO THE TAXPAYER'S EMPLOYEES, OFFICERS, OR DIRECTORS  
22 THAT ARE NOT AVAILABLE TO OTHER CUSTOMERS.

23 (ii) PAYMENTS TO AN INDEPENDENT CONTRACTOR.

24 (iii) PAYMENTS TO STATE AND FEDERAL UNEMPLOYMENT COMPENSATION  
25 FUNDS.

26 (iv) PAYMENTS UNDER THE FEDERAL INSURANCE CONTRIBUTION ACT  
27 AND SIMILAR SOCIAL INSURANCE PROGRAMS.

1 (v) PAYMENTS, INCLUDING SELF-INSURANCE, FOR WORKER'S  
2 COMPENSATION INSURANCE.

3 (4) "Department" means the revenue division of the depart-  
4 ment of treasury.