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TAXES: LIMITED LIABILITY CO.

House Bill 5892 and 5909

Sponsor: Rep. Kirk A. Profit

Committee: Tax Policy

Complete to 6-8-98

A SUMMARY OF HOUSE BILL 5892 AS INTRODUCED 5-28-98 AND HOUSE BILL 5909 AS INTRODUCED 6-4-98

The bills would address the tax status of limited liability companies and their members or managers. House Bill 5892 would amend the Single Business Tax Act (MCL 208.6) to specify that a limited liability company that files as a corporation for federal tax purposes would be treated as a corporation under the SBT, and a limited liability company that files as a partnership for federal tax purposes would be treated as a partnership under the SBT. (Members of the corporation would be treated as shareholders or partners, respectively.) House Bill 5909 would amend the revenue act (MCL 205.27a) so that members or managers of a limited liability company having control or supervision of, or charged with the responsibility for, making the returns or payments would be personally liable for a company's failure to file the required returns or pay the taxes due (as corporate officers currently are for corporations). The bill also would specify that the dissolution of the company would not discharge a member or manager's liability for a prior failure of the company to make a return or remit taxes due (as is the case with corporate officers of corporations). The revenue act applies to the collection of a variety of state taxes.

House Bills 5892 and 5909 (6-8-98)

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.