

**SUBSTITUTE FOR
SENATE BILL NO. 98**

A bill to amend 2007 PA 36, entitled
"Michigan business tax act,"
by amending section 501 (MCL 208.1501).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 501. (1) A taxpayer that reasonably expects liability for
2 the tax year to exceed \$800.00 shall file an estimated return and
3 pay an estimated tax for each quarter of the taxpayer's tax year.

4 (2) For taxpayers on a calendar year basis, the quarterly
5 returns and estimated payments shall be made by April 15, July 15,
6 October 15, and January 15. Taxpayers not on a calendar year basis
7 shall file quarterly returns and make estimated payments on the
8 appropriate due date which in the taxpayer's fiscal year
9 corresponds to the calendar year.

10 (3) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED UNDER THIS SUBSECTION,**

1 **THE** estimated payment made with each quarterly return of each tax
2 year shall be for the estimated business income tax base and
3 modified gross receipts tax base for the quarter or 25% of the
4 estimated annual liability. The second, third, and fourth estimated
5 payments in each tax year shall include adjustments, if necessary,
6 to correct underpayments or overpayments from previous quarterly
7 payments in the tax year to a revised estimate of the annual tax
8 liability. **FOR A TAXPAYER THAT CALCULATES AND PAYS ESTIMATED**
9 **PAYMENTS FOR FEDERAL INCOME TAX PURPOSES PURSUANT TO SECTION**
10 **6655(E) OF THE INTERNAL REVENUE CODE, THAT TAXPAYER MAY USE THE**
11 **SAME METHODOLOGY AS USED TO CALCULATE THE ANNUALIZED INCOME**
12 **INSTALLMENT OR THE ADJUSTED SEASONAL INSTALLMENT, WHICHEVER IS USED**
13 **AS THE BASIS FOR THE FEDERAL ESTIMATED PAYMENT, TO CALCULATE THE**
14 **ESTIMATED PAYMENTS REQUIRED EACH QUARTER UNDER THIS SECTION. A**
15 **PENALTY FOR UNDERPAYMENT OF AN ESTIMATED TAX UNDER THIS ACT SHALL**
16 **NOT BE ASSESSED FOR A TAXPAYER'S FIRST TAX YEAR BEGINNING AFTER**
17 **DECEMBER 31, 2007 IF THAT TAXPAYER PAID 80% OF THE TAX DUE UNDER**
18 **THIS ACT FOR THE TAX YEAR.**

19 (4) The interest provided by this act shall not be assessed if
20 any of the following occur:

21 (a) If the sum of the estimated payments equals at least 85%
22 of the liability and the amount of each estimated payment
23 reasonably approximates the tax liability incurred during the
24 quarter for which the estimated payment was made.

25 (b) For the 2009 tax year and each subsequent tax year, if the
26 preceding year's tax liability under this act was \$20,000.00 or
27 less and if the taxpayer submitted 4 equal installments the sum of

1 which equals the immediately preceding tax year's tax liability.

2 (5) Each estimated return shall be made on a form prescribed
3 by the department and shall include an estimate of the annual tax
4 liability and other information required by the state treasurer.
5 The form prescribed under this subsection may be combined with any
6 other tax reporting form prescribed by the department.

7 (6) With respect to a taxpayer filing an estimated tax return
8 for the taxpayer's first tax year of less than 12 months, the
9 amounts paid with each return shall be proportional to the number
10 of payments made in the first tax year.

11 (7) Payments made under this section shall be a credit against
12 the payment required with the annual tax return required in section
13 505.

14 (8) If the department considers it necessary to insure payment
15 of the tax or to provide a more efficient administration of the
16 tax, the department may require filing of the returns and payment
17 of the tax for other than quarterly or annual periods.

18 (9) A taxpayer that elects under the internal revenue code to
19 file an annual federal income tax return by March 1 in the year
20 following the taxpayer's tax year and does not make a quarterly
21 estimate or payment, or does not make a quarterly estimate or
22 payment and files a tentative annual return with a tentative
23 payment by January 15 in the year following the taxpayer's tax year
24 and a final return by April 15 in the year following the taxpayer's
25 tax year, has the same option in filing the estimated and annual
26 returns required by this act.

27 Enacting section 1. This amendatory act is retroactive and is

1 effective for tax years beginning after December 31, 2007.