

INCOME TAX ACT OF 1967 (EXCERPT)
Act 281 of 1967

206.673 Tax credit under former 1975 PA 228, or 2007 PA 36, MCL 208.1101 to 208.1601, or MCL 208.1403; effect of failure to comply with terms of agreement or movement, sale, transfer, or disposal of property.

Sec. 673.

(1) A taxpayer that has claimed a credit under former 1975 PA 228 or under the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601, that included a provision that allowed for a reduction in the credit amount, a termination of the credit, or a percentage of the credit amount previously claimed added back to the tax liability of that taxpayer under that act if the taxpayer failed to comply with any terms of the agreement or other conditions of that credit or if the taxpayer sells or otherwise moves the property for which a credit was claimed fewer than 5 years after the year in which the credit was originally claimed under former 1975 PA 228 or the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601, shall have a percentage, or the entire amount, of the credit amount previously claimed under former 1975 PA 228 or the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601, added back to the taxpayer's tax liability under this act in the year that the taxpayer failed to satisfy or breached the conditions of that credit set forth under former 1975 PA 228 or the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601.

(2) A taxpayer that has claimed a credit under section 35a of former 1975 PA 228 or under section 403 of the Michigan business tax act, 2007 PA 36, MCL 208.1403, for a tangible asset that the taxpayer has sold, transferred out of this state, or otherwise disposed of during the current tax year shall have an amount equal to the sum of the amounts calculated under subdivisions (a), (b), and (c) added back to the taxpayer's liability under this act for that same tax year:

(a) Calculate the gross proceeds or benefit derived from the sale or other disposition of tangible assets, other than mobile tangible assets, minus the gain, multiplied by the apportionment factor for the taxable year as prescribed in chapter 14, and plus the loss, multiplied by the apportionment factor for the taxable year as prescribed in chapter 14 from the sale or other disposition reflected in federal taxable income. This amount shall be multiplied by the rate at which the credit was used and to the extent the credit was used under either former 1975 PA 228 or section 403 of the Michigan business tax act, 2007 PA 36, MCL 208.1403, as applicable.

(b) Calculate the gross proceeds or benefit derived from the sale or other disposition of mobile tangible assets minus the gain and plus the loss from the sale or other disposition reflected in federal taxable income. This amount shall be multiplied by the apportionment factor for the tax year as prescribed in chapter 14. The resulting amount shall then be multiplied by the rate at which the credit was used and to the extent the credit was used under either former 1975 PA 228 or section 403 of the Michigan business tax act, 2007 PA 36, MCL 208.1403, as applicable.

(c) Calculate the federal basis used for determining gain or loss as of the date of the transfer of tangible assets, other than mobile tangible assets, from this state. This amount shall be multiplied by the rate at which the credit was used and to the extent the credit was used under either former 1975 PA 228 or section 403 of the Michigan business tax act, 2007 PA 36, MCL 208.1403, as applicable. For purposes of this subdivision, transfer means removal from this state of tangible assets, other than mobile tangible assets, by means other than sale or other disposition.

History: Add. 2011, Act 181, Eff. Jan. 1, 2012 ;-- Am. 2014, Act 16, Imd. Eff. Feb. 25, 2014

Compiler's Notes: Enacting section 1 of Act 16 of 2014 provides: "Enacting section 1. This amendatory act is retroactive and effective for tax years beginning after December 31, 2011."