

**INCOME TAX ACT OF 1967 (EXCERPT)**  
**Act 281 of 1967**  
Chapter 6

**206.301 Estimated tax; installment payments; due dates; amount; credit; payment of estimated annual tax instead of quarterly payments; filing and payment by farmer, fisherman, or seafarer; information submitted by bank or financial institution; computations; "taxable trust" defined.**

Sec. 301.

(1) Every person on a calendar year basis, if the person's annual tax can reasonably be expected to exceed the amount withheld under section 351 and the credits allowed under this part by more than \$500.00, shall pay to the department installments of estimated tax under this part on or before April 15, June 15, and September 15 of the person's tax year and January 15 in the following year. Subject to subsection (3), each installment shall be equal to 1/4 the taxpayer's estimated tax under this part after first deducting the amount estimated to be withheld under section 351.

(2) For a taxpayer on other than a calendar year basis, there shall be substituted for the due dates provided in subsection (1) the appropriate due dates in the taxpayer's fiscal year that correspond to those in the calendar year.

(3) For a taxpayer that pays estimated tax for the taxpayer's first tax year of less than 12 months, the amount paid shall be that fraction of the estimated tax that is obtained by dividing the total amount of estimated tax by the number of payments to be made with respect to the tax year.

(4) There shall be allowed as a credit against the tax imposed by this part the amounts paid to the department pursuant to this section.

(5) Instead of quarterly payments, a person subject to this section may pay an estimated annual tax for the succeeding tax year. The payment shall be made at the same time the person files the annual return for the previous full tax year.

(6) A farmer or fisherman who elects to file and pay his or her federal income tax under an alternative schedule provided in section 6654 of the internal revenue code may file and pay the tax imposed by this part in the same manner. A seafarer may file and pay the tax imposed by this part in the same manner as a farmer or fisherman under this subsection. As used in this subsection, "seafarer" means an individual whose wages may not be withheld for taxes by the state or a political subdivision of the state as provided in section 11108 of title 46 of the United States code, 46 USC 11108.

(7) A bank or financial institution that submits quarterly estimated income tax payment information through the federal tax deposit system on magnetic tape and acts as fiduciary for 200 or more taxable trusts shall submit Michigan quarterly tax payment information on magnetic tape to the department.

(8) A bank or financial institution that acts as fiduciary for more than 49 and fewer than 200 taxable trusts may enter into an irrevocable agreement with the department to submit estimated income tax payment information on magnetic tape to the department.

(9) The payment of tax based on the information required under subsections (7) and (8) shall be made through a wire transfer to the state of Michigan contractual deposit account.

(10) A payment of estimated tax shall be computed on the basis of the annualized rate established under section 51 for the appropriate tax year to which the estimated tax payment is applicable.

(11) Except as provided in subsection (1), the amount of an estimated tax installment shall be computed, payment of estimated tax shall be credited, and a period of underpayment shall be determined in the same manner as provided in the internal revenue code.

(12) As used in this section, "taxable trust" means a trust required to make payments of estimated tax pursuant to subsection (1).

**History:** 1967, Act 281, Eff. Oct. 1, 1967 ;-- Am. 1969, Act 332, Imd. Eff. Nov. 4, 1969 ;-- Am. 1971, Act 25, Imd. Eff. May 13, 1971 ;-- Am. 1975, Act 233, Imd. Eff. Aug. 27, 1975 ;-- Am. 1982, Act 515, Imd. Eff. Dec. 31, 1982 ;-- Am. 1983, Act 15, Imd. Eff. Mar. 29, 1983 ;-- Am. 1987, Act 254, Imd. Eff. Dec. 28, 1987 ;-- Am. 1988, Act 70, Imd. Eff. Mar. 28, 1988 ;-- Am. 1996, Act 484, Eff. Jan. 17, 1998 ;-- Am. 2011, Act 38, Eff. Jan. 1, 2012

**Compiler's Notes:** Section 2 of Act 15 of 1983 provides: "Because a severe economic recession has caused an actual deficit in state funds, the legislature finds that this amendatory act is necessary to, and it is the purpose of this amendatory act to, meet the actual deficiencies existing in state funds at the time of this enactment."

**206.301a Extension for filing annual return; waiver of penalties and interest during extension.**

Sec. 301a.

Notwithstanding any other provision of this part, a person required to make and file an annual return that is otherwise due on or before April 15, 2021 for the 2020 tax year under this part automatically receives an extension to file that return until May 17, 2021. Accordingly, if the Internal Revenue Service extends the federal income tax filing due date for the 2020 tax year for federal taxpayers after the effective date of the amendatory act that added this section, then the deadline under this section for a person required to make and file an annual return under this part for the 2020 tax year is also automatically extended, and that extension to file that return must coincide with that extended due date established by the Internal Revenue Service for that same tax year. A taxpayer is not subject to any interest or penalties during this extension period.

**History:** Add. 2021, Act 8, Imd. Eff. Apr. 22, 2021

**206.302 Repealed. 1987, Act 254, Imd. Eff. Dec. 28, 1987.**

**Compiler's Notes:** The repealed section pertained to computation of estimated tax payments.

**206.311 Tax return; form; content; verification; transmittal; remittance; extension, computation, and remittance of estimated tax due; interest; penalties; tentative return; payment of estimated tax; joint return; effect of filing copy of federal extension; automatic extension based on service in combat zone.**

Sec. 311.

(1) The taxpayer on or before the due date set for the filing of a return or the payment of the tax, except as otherwise provided in this part, shall make out a return in the form and content as prescribed by the department, verify the return, and transmit it, together with a remittance of the amount of the tax, to the department.

(2) Except as otherwise provided in subsection (5), the department, upon application of the taxpayer and for good cause shown, may extend under prescribed conditions the time for filing the annual or final return required by this part. Before the original due date, the taxpayer shall remit with an application for extension the estimated tax due. In computing the tax due for the tax year, interest at the rate established in, and penalties imposed by, section 23 of 1941 PA 122, MCL 205.23, shall be added to the amount of tax unpaid for the period of the extension. The department may require a tentative return and payment of an estimated tax.

(3) Taxpayers who are husband and wife and who file a joint federal income tax return pursuant to the internal revenue code shall file a joint return.

(4) Except as provided in subsection (5), if the taxpayer has been granted an extension or extensions of time within which to file a final federal return for a taxable year, the filing of a copy of the extension or extensions automatically extends the due date of the final return under this part for an equivalent period. The taxpayer shall remit with the copy of the extension or extensions the estimated tax due. In computing the tax due for the tax year, interest at the rate established in, and penalties imposed by, section 23 of 1941 PA 122, MCL 205.23, shall be added to the amount of tax unpaid for the period of the extension.

(5) If the taxpayer is eligible for an automatic extension of time within which to file a federal return based on service in a combat zone, the due date for filing an annual or final return or a return and payment of an estimated tax under this part is automatically extended for an equivalent period of time. The taxpayer is not required to file a copy of any federal extension, but shall print "COMBAT ZONE" in red ink at the top of his or her return when the return is filed. The taxpayer is not required to pay the amount of tax due at the time the return is originally due, and the department shall not impose any interest or penalties for the amount of tax unpaid for the period of the extension.

**History:** 1967, Act 281, Eff. Oct. 1, 1967 ;-- Am. 1975, Act 94, Imd. Eff. June 2, 1975 ;-- Am. 1980, Act 169, Eff. Sept. 17, 1980 ;-- Am. 1987, Act 254, Imd. Eff. Dec. 28, 1987 ;-- Am. 2004, Act 199, Imd. Eff. July 12, 2004 ;-- Am. 2011, Act 38, Eff. Jan. 1, 2012

#### **206.312 Electronic filing of farmland preservation tax credit claim with annual return.**

Sec. 312.

Beginning with the 2016 tax year, a taxpayer may, regardless of the number of development rights agreements entered into pursuant to part 361 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.36101 to 324.36117, electronically file a farmland preservation tax credit claim with the taxpayer's annual return under this part.

**History:** Add. 2016, Act 266, Imd. Eff. June 28, 2016

#### **206.315 Tax return of person, other than corporation, whose adjusted gross income exceeds personal exemptions; due date; contents; composite income tax return.**

Sec. 315.

(1) Every person, other than a corporation, required to make a return for any taxable period under the internal revenue code, except as otherwise specifically provided in this part, if his or her adjusted gross income is in excess of the personal exemptions allowed by this part shall render on or before the fifteenth day of the fourth month following the close of that taxable period to the department a return setting forth all of the following:

(a) The amount of adjusted gross income on the return made to the United States internal revenue service for federal income tax purposes and as provided in the definitions contained in this part and the rules issued under this part.

(b) The personal and dependency exemptions as allowed by this part.

(c) The amount of tax due under this part, less credits claimed against the tax.

(d) Other information for the purposes of carrying out this part as may be prescribed by the department.

(e) The balance of the tax shown to be due on the return is due and shall be paid by the date fixed for filing the return unless the balance is less than \$1.00, in which event payment is not required.

(2) A nonresident member who has income in this state from 1 or more flow-through entities may elect to be included in the composite income tax return of a flow-through entity of which the nonresident member is a member.

(3) A flow-through entity may file a composite income tax return on behalf of electing nonresident members and report and pay the tax due based on the electing nonresident members' shares of income available for distribution from the flow-through entity for doing business in, or deriving income from, sources within this state.

(4) A nonresident member that has been included in a composite income tax return and also files an individual income tax return for the same taxable period may claim a credit against the tax imposed by this part on that individual income tax return for the amount of taxes paid on behalf of the nonresident member by the flow-through entity on that composite income tax return.

(5) A composite income tax return is due on or before each April 15 and shall report the information required by the department for the immediately preceding calendar year.

**History:** 1967, Act 281, Eff. Oct. 1, 1967 ;-- Am. 1969, Act 332, Imd. Eff. Nov. 4, 1969 ;-- Am. 1975, Act 233, Imd. Eff. Aug. 27, 1975 ;-- Am. 2003, Act 49, Eff. Oct. 1, 2003 ;-- Am. 2011, Act 38, Eff. Jan. 1, 2012

#### **206.321 Repealed. 1975, Act 233, Imd. Eff. Aug. 27, 1975.**

**Compiler's Notes:** The repealed section pertained to tax returns of corporations and financial institutions.

## **206.322 Whole dollar amounts; use.**

Sec. 322.

Any person electing to use "whole dollar amounts" under the provisions of section 6102 of the internal revenue code may use "whole dollar amounts" in the same manner for the purposes of this part.

**History:** Add. 1969, Act 332, Imd. Eff. Nov. 4, 1969 ;-- Am. 2011, Act 38, Eff. Jan. 1, 2012

## **206.325 Furnishing copy of federal tax return and supporting schedules; filing amended return showing final alteration, modification, recomputation, or determination of deficiency; assessment of increased tax resulting from federal audit; payment of additional tax; credit or refund of overpayment; partnership audit or adjustment reporting; definitions.**

Sec. 325.

(1) A taxpayer required to file a return under this part may be required to furnish a true and correct copy of any tax return or portion of any tax return and supporting schedules that the taxpayer has filed under the provisions of the internal revenue code.

(2) Except as provided in subsection (3), a taxpayer shall file an amended return with the department showing any final alteration in, or modification of, the taxpayer's federal income tax return that affects the taxpayer's taxable income under this part and of any similarly related recomputation of tax or determination of deficiency under the internal revenue code. If an increase in taxable income results from a federal audit that increases the taxpayer's federal income tax by less than \$500.00, the requirement under this subsection to file an amended return does not apply but the department may assess an increase in tax resulting from the audit. The amended return must be filed within 180 days after the final determination date. If the department finds upon all the facts that an additional tax under this part is owing, the taxpayer shall immediately pay the additional tax. If the department finds that the taxpayer has overpaid the tax imposed by this part, a credit or refund of the overpayment must immediately be made as provided in section 30 of 1941 PA 122, MCL 205.30. This subsection does not apply to the reporting of a final federal adjustment arising from a partnership level audit or an administrative adjustment request required to be reported under chapter 18.

(3) For tax years that begin on and after January 1, 2018, a partnership that is not subject to chapter 18, but has determined that the partners' share of income, deductions, and credits previously reported to its partners and included in a return filed under this part requires adjustment, may, at the discretion of the department, file a report with the department and pay the tax due or claim a refund on behalf of its partners in a manner similar to the process set forth in chapter 18. Any refund issued to the partnership under this subsection is in lieu of any overpayment of taxes that may be claimed by the partners.

(4) As used in this section:

(a) "Administrative adjustment request", "final federal adjustment", and "partnership level audit" mean those terms as defined in section 721.

(b) "Final determination date" means the following:

(i) Except as provided in subparagraphs (ii) and (iii), if the federal adjustment arises from an IRS audit or other action by the IRS, the final determination date is the first day on which no federal adjustments arising from that audit or other action remain to be finally determined, whether by IRS decision with respect to which all rights of appeal have been waived or exhausted, by agreement, or, if appealed or contested, by a final decision with respect to which all rights of appeal have been waived or exhausted. For agreements required to be signed by the IRS and the taxpayer, the final determination date is the date on which the last party signed the agreement.

(ii) For federal adjustments arising from an IRS audit or other action by the IRS, if the taxpayer is a member of a unitary business group and required to file a combined return under section 691, the final determination date means the first day on which no related federal adjustments arising from that audit or other action remain to be finally determined, as described in subparagraph (i), for the entire unitary business group.

(iii) If the federal adjustment results from filing an amended federal return, a federal refund claim, or an administrative adjustment request or if the federal adjustment is reported on an amended federal return or other similar report filed under section 6225(c) of the internal revenue code, the final determination date means the day on which the amended return, refund claim, administrative adjustment request, or other similar report was filed.

**History:** 1967, Act 281, Eff. Oct. 1, 1967 ;-- Am. 1969, Act 332, Imd. Eff. Nov. 4, 1969 ;-- Am. 1987, Act 254, Imd. Eff. Dec. 28, 1987 ;-- Am. 2011, Act 38, Eff. Jan. 1, 2012 ;-- Am. 2022, Act 148, Imd. Eff. July 19, 2022

**Compiler's Notes:** Enacting section 1 of Act 148 of 2022 provides: "Enacting section 1. This amendatory act is retroactive and applies to all tax years that begin on and after January 1, 2018."

#### **206.331 Filing or submitting information as to income paid to others; filing copies or alternate forms of federal tax return.**

Sec. 331.

(1) At the request of the department, every person required by the internal revenue code to file or submit an information return of income paid to others shall, to the extent the information is applicable to residents of this state, at the same time file or submit the information in form and content as may be prescribed to the department.

(2) Every corporation, voluntary association, joint venture, partnership, estate or trust at the request of the department shall file a copy of any tax return or portion of any tax return which has been filed under the internal revenue code. The department may prescribe alternate forms of returns.

**History:** 1967, Act 281, Eff. Oct. 1, 1967 ;-- Am. 1975, Act 233, Imd. Eff. Aug. 27, 1975

#### **206.335-206.341 Repealed. 1975, Act 233, Imd. Eff. Aug. 27, 1975.**

**Compiler's Notes:** The repealed sections pertained to combined reports, to agreements improperly reflecting income, and to returns and payments based on distribution shares of business income.

#### **206.339 Treatment of certain conversions into a limited liability company.**

Sec. 339.

Notwithstanding any other provision of this act, a person that converts into a limited liability company under section 7 of 1883 PA 129, MCL 484.7, is treated as a corporation for purposes of this part unless that converted entity is a disregarded entity for federal income tax filing purposes under the internal revenue code and its regarded owner is treated as a corporation for state and federal income tax purposes.

**History:** Add. 2024, Act 177, Imd. Eff. Dec. 23, 2024