



State and Local Tax Newsletter 2006-5



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EHTC State and Local Tax Services

INCOME & FRANCHISE TAX

- Tax Minimization Studies
- Business Structure Reviews
- Allocation and Apportionment Planning
- Combined, Consolidated, & Unitary Planning
- Nexus Studies
- Amended State Tax Returns from IRS Audits
- Single Business Tax Training

SALES & USE TAX

- Reverse Audits
- Compliance System Review
- Direct Pay & Compliance Agreements
- Exemption Certificate Documentation
- Industrial Processing / Manufacturing Exemption
- Utility Studies
- Nexus Studies
- Sales & Use Tax Training
- Transportation Company
- Procurement Company

PROPERTY (AD VOLOREM) TAX

- Real Property Tax Reviews
- Personal Property Tax Reviews

TAX AUDIT & APPEALS

- Sales & Use Tax Audit Defense & Appeals
- Single Business Tax Audit Defense & Appeals
- Property Tax Audit Defense & Appeals
- State and Local Tax Litigation Support
- Merger & Acquisition Due Diligence Reviews
- Voluntary Disclosure

BUSINESS INCENTIVE SERVICES

- Business Relocation &

SINGLE BUSINESS TAX Year End Review

GRAND RAPIDS, MI – Tuesday, December 26, 2006 – The big news on the Single Business Tax front in 2006 was it's repeal. The repeal will not be effective until after 2007. Therefore, we still have two filing seasons and years of other SBT issues. The focus of 2007 will be the search for a replacement of the SBT. Following is a list or summary of what happened in 2006. The attached PowerPoint presentation provides more detail.

Single Business Tax – 2006 In Review:

1. Changes in apportionment weighting starts in 2006.
2. Industrial personal property tax credit of 15% starts in 2006.
3. Property tax credit used in the performance of transferred jobs starts in 2006.
4. Industrial restructuring apportionment provisions extended and amended.
5. Internal Policy Directive 2006-1 Section 35 Tax Exemption for Flow Through Entities
6. Internal Policy Directive 2006-3 Requests for Consolidated or Combined Filing and Extensions
7. Internal Policy Directive 2006-4 Non-Corporate Entity Casual Transactions
8. Internal Policy Directive 2006-7 Income Tax IRC Section 199 Deductions
9. Internal Policy Directive 2006-8 Apportionment – Cost of Performance
10. Michigan Tax Tribunal Docket No. 307832 June 7, 2006
Nathan Kolender
Single Business Tax Successor Liability
11. Michigan Tax Tribunal Docket No. 311682 May 10, 2006
Strathmore Finance Company, Inc.
Single Business Tax Penalties and Interest
12. Michigan Tax Tribunal Docket No. 311795 Sept. 14, 2006
Plymouth Nursery, Inc.
Small Business Credit – Compensation paid to officer
13. Michigan Tax Tribunal Docket No. 321164 Nov. 3, 2006
Small Business Credit – Compensation paid to shareholder

Edward S. Kisscorni is the Director of State and Local Taxation with EHTC in Grand Rapids. Ed has over 35 years of experience in Michigan state and local taxation as an auditor with the Michigan Department of Treasury, in the tax department of a large international CPA firm, as a sole practitioner, and in the state and local tax group of a national CPA firm.

He currently serves on the Treasury Business Advisory Group and other organizations.

Ed's practice areas include Consultation and Planning and Litigation Support in the areas of State and Local Taxation and Accountant's Legal Liability.

STATE AND LOCAL TAX WHITEPAPERS

MICHIGAN SINGLE BUSINESS TAX

- History
- Compensation
- Capital Acquisition Deduction
- Agricultural Exemption
- Entities Under Common Control
- Combined or Consolidated Returns
- Jurisdictional Standards
- Apportionment & Allocation
- Foreign Taxpayers
- Small Business Credit
- Investment Tax Credit
- Michigan Economic Growth Authority Credit (MEGA)
- Brownfield Zone Credit
- Renaissance Zone Credit
- Historic Resource Credit

STATE AND LOCAL TAX WHITEPAPERS