



State and Local Tax

Newsletter

2006-6



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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 VOLEM) 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 &

MICHIGAN SALES AND USE TAX Year End Review

GRAND RAPIDS, MI – Wednesday, December 27, 2006 – The big sales and use tax news in 2006 came from the courts as two Court of Appeals decisions were rendered. Several decisions will provide future guidance. However, audit activity is up, creating issues that may be the subject of litigation in the future. The attached PowerPoint presentation provides more details.

Michigan Sales and Use Tax – 2006 In Review

1. PA 17 and PA 18 of 2006 provide exemptions in two cases pertaining to a domestic air carrier.
2. PA 428 and PA 434 of 2006 eliminate delivery charges for delivery of direct mail from both the sales tax and the use tax base.
3. Internal Policy Directive 2005-3 Real Property Contractors Acting as Retailers
4. Internal Policy Directive 2006-2 Taxability of over-the-counter medications dispensed pursuant to a prescription and paid for as provided by existing Medicaid arrangements.
5. Daimler Chrysler Services of North America, LLC Michigan Court of Appeals; July 25, 2006
6. Betten Auto Center, Inc. Michigan Court of Appeals; August 1, 2006
Longranger II Corp Michigan Tax Tribunal; March 30, 2005
7. Continental Rentals, Inc. Michigan Tax Tribunal; January 28, 2005
8. Florida Leasco, LLC Michigan Tax Tribunal; August 23, 2005
9. Audit Issues
 - a. Real v Tangible Personal Property
 - b. Service v Tangible Personal Property
 - c. Certified Pollution Control Facility
 - i. Repair parts and maintenance supplies
 - ii. Consumable supplies
 - d. Sourcing Rules
 - i. Direct mail
 - e. Incidence of tax
 - i. Property stored for later delivery

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