



State and Local Tax

Newsletter

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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 & Expansion Services
- Tax Credits, Exemptions, & Abatements
- Grants, Financing, & Infrastructure Assistance

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TAX RESTRUCTURING PROPOSALS

Governor's Advisory Panel Recommends Tax Restructuring

“Michigan must create a modern tax structure that abandons the focus on the economic system of the 20th century and looks to the developing economy of the new century.”

GRAND RAPIDS, MI – Thursday, February 15, 2007 – Last week the governor released her budget which included her Tax Restructuring Proposal. The seven point plan includes the following:

- The Michigan Business Tax
- A two percent tax on services
- A federally decoupled estate tax
- A five cent increase on the cigarette tax
- A increase in the liquor mark-up percentage
- Elimination of certain tax loopholes
- A new car trade-in allowance for the sales tax

Replacement for the Single Business Tax

There is no shortage of proposal for replacement of the Single Business Tax. The process is moving along with one proposal, the BEST TAX, having been introduced and reported out of the Senate Finance Committee. The Michigan Chamber of Commerce proposal has been introduced and Governor's plan is in the drafting stages.

The Michigan Business Tax (MBT) – The Governor's Proposal

The Governor has proposed a single tax to replace the Single Business Tax based on three factors; gross receipts taxed at .125%, assets taxed at .125% and profit taxed at 1.875%. The proposal would also eliminate the 6 mill state education tax and the 18 mill operating tax for all industrial and commercial personal property parcels. The MBT is in the process of drafting legislation.

The Business and Economic Stimulus Tax (BEST) -The Senate Republican Proposal

The Senate Republicans have introduced a tax plan which would tax a combination of gross receipts and net worth at a .72% rate. The plan also includes a 1.5% business income tax. The proposal includes a 10% credit for existing industrial personal property purchased in the previous 5 years and an exemption for all new purchases. The BEST tax proposal has been reported out of the Senate Finance Committee to the Senate floor.

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

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About EHTC

Echelbarger, Himebaugh, Tamm & Co., P.C. (EHTC), a professional corporation was established in 1977 by Dennis M. Echelbarger. Since that time, our Firm has grown to become one of the largest, most successful, local accounting firms in the Greater Grand Rapids, Michigan area, and we are a recognized leader in the business community. Our success is based on building partnering relationships with our customers. We are large enough to serve a wide diversity of customers but small enough to maintain personalized attention.

EHTC's professional team is highly trained to provide technical and consulting services in the areas of accounting, taxes, and strategic planning to nonprofit, profit and service organizations and related entities.

Minimizing your tax liability requires careful, advance planning rather than preparing tax returns as deadlines near. Our tax professionals provide complete tax services and are assisted by our extensive tax library and the latest technology.

We pay careful attention to your unique circumstances such as your current requirements and your plans for the future. We then recommend a plan that best suits your needs while minimizing financial risk.

The Michigan State Chamber of Commerce Proposal

The state chamber proposal calls for a business income tax at 3.05% combined with a business license tax on gross receipts at a general rate of .48% and a special rate of .24% on wholesale and retail sales. It also includes a 50% refundable personal property tax credit for all industries.

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STATE AND LOCAL TAX WHITEPAPERS

MICHIGAN SALES AND USE TAX

- Michigan Sales Tax
- Exemptions from the Michigan Sales Tax
- Sourcing of Sales
- Records & Record Keeping Requirements
- Direct Pay Authorization
- Compliance Agreements
- Michigan Use Tax
- Exemption Documentation Requirements
- Construction Contractors
- Contractor vs. Retailer
- Service vs. Tangible Personal Property
- Industrial Processing
- Extractive Operations
- Containers, Cartons & Wrapping Materials
- Health Care
- Computer Software
- Rentals
- Taxability of Interstate Motor Carrier Property
- Discounts, Rebates, & Coupons
- Drop Shipments
- Delivery Services
- Food for Human Consumption
- Interstate Commerce
- Isolated Sales



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