



Echelbarger, Himebaugh, Tamm & Co., P.C.
STATE AND LOCAL TAX NEWSLETTER

Business Strategists & Certified Public Accountants

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Ed's Blog
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Michigan Business Tax Seminars Scheduled for May

GRAND RAPIDS, MI – Monday, May 5, 2008 – During the month of May I will be traveling the state of Michigan with my associate Ron Kaley presenting a series of day long seminars for the Michigan Association of Certified Public Accountants (MACPA) on the Michigan Business Tax (MBT). The seminar material will go into much greater depth on MBT issues now that we have two Revenue Administrative Bulletins (RABs) and eighty pages of Frequently Asked Questions (FAQs) from the Department of Treasury (Treasury).

It became apparent that there was so much material to cover in the MBT. Therefore, we decided to break the material into two completely different day long seminars on just the MBT. The Michigan Business Tax - Basic seminars, which will be presented in May, will cover everything with only a brief presentation of nexus, apportionment and unitary. Those topics will be covered in great depth in the Michigan Business Tax - Advanced seminars to be presented in June.

Four Michigan Business Tax Basic seminars will be presented on the following dates at the locations indicated:

- Wednesday, May 14th at the Marriott at Centerpoint in Pontiac
- Monday, May 19th at the Waterfront Conference Center in Traverse City
- Wednesday, May 28th at the WMU Downtown Conference Center in Grand Rapids

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- Friday, May 30th at the VisTaTech Center at Schoolcraft College in Livonia

Following is the seminar description and major topics to be covered in the May Michigan Business Tax - Basic seminars:

DESCRIPTION:

The Michigan Business Tax (MBT) was created by enactment of the "Michigan Business Tax Act" (MBTA). The date of enactment is January 1, 2008 and it applies to all business activity occurring after December 31, 2007. The MBT is a combination business income tax and modified gross receipts tax with a significant number of credits. This seminar will cover both taxes in detail as well as all the credits.

The seminar will cover the small business credit provisions which have been retained in the MBT and greatly expanded. Several new credits reward Michigan employment and investments. The nexus, apportionment and unitary filing provisions designed to extend the reach of the tax beyond Michigan borders will be briefly discussed.

The seminar will also cover several amendments to the original Michigan Business Tax Act as well as Revenue Administrative Bulletins (RABs) issued to provide clarification of MBT issues and definitions. Extensive reference will be made to the Department of Treasury (Treasury) Frequently Asked Questions (FAQs). An MBT Estimator will be used to provide examples of MBT computations and the effect on certain taxpayers and industries.

Major Topics

Introduction

- Theoretical Basis for the MBT
- Major Components of the MBT

Who Is Subject to the Michigan Business Tax

[Merger & Acquisition Due Diligence Reviews](#)

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- Definition of Person
- Definition of Taxpayer
- Definition of Business Activity
- Internal Revenue Code Reference

Business Income Tax

- Imposition
- Public Law 86-272
- Business Income
- Business Income Tax Base
- Adjustments
- Business Losses
- Unitary Business Group

Modified Gross Receipts Tax

- Imposition
- Gross Receipts
- Exclusions from Gross Receipts
- Purchases from Other Firms Inventory
- Modified Gross Receipts Tax Base

Surcharge

- New Section 281
- Sunset
- Limitation

Persons Exempt from the Michigan Business Tax

- Government
- Exempt Entities
- Nonprofit cooperative housing corporation
- Agricultural business activity
- Farmers cooperative corporation

- Activities under the Agricultural Commodities marketing Act
- Attorney-in-fact
- Multiple employer dental plan

Insurance Companies

- Gross Direct Premiums Tax

Financial Institutions

- Franchise Tax on Net Capital

Unitary Business Group

- Defined
- Foreign person
- Business Income Tax Base of a Unitary Business Group
- Modified gross receipts Tax base of a Unitary Business Group
- Combined Return Filing Obligation\
- Intercompany Eliminations

Nexus

- Business Income Tax Nexus
 - PL 86-272
- Modified Gross Receipts Nexus
 - Physical presence
 - Economic nexus – "actively solicits sales"

Apportionment

- Single Factor – Sales Factor
- Unitary Business Group
 - Finnigan Method
- Sourcing of Revenues
- Tangible Personal Property
- Services - The "Benefit Received" Doctrine

Filing Threshold and Smoothing Credit

Credits Relating to a Michigan Business Activity

- Compensation Credit
- Investment Tax Credit
- Research and Development Credit
- Research and Development and Technology Innovation Credit
- Entrepreneurial Credit

The New Revised and Expanded Small Business Credit

- Alternate Tax
- Disqualifiers

The Expanded Personal Property Tax Credit

- Industrial Personal Property
- Telephone Personal Property
- Natural Gas Pipeline Property

Special Taxpayer Credits

- Motor Sports Entertainment Complex
- Professional Sports Facility
- New Motor Vehicle Dealer
- Retail Grocery
- Bottle Deposit Law Credit
- Private Equity Fund Credit

Credits Carried Over From the Single Business Tax

- Contribution Credit
- Community Foundation Credit
- Homeless Shelters Credit
- MEGA
- Qualified Start-Up Credit

- Brownfield Credit
- Renaissance Zone Credit
- Historic Resource Credit

Administrative Provisions

- Estimated Tax Returns
 - Filing Requirement
 - Safe Harbor
 - Due dates
- Annual Return
 - Filing Due Date
- Extensions
- Short Period Returns
- Federal Income Tax returns and Information
- Interest and Penalty Provisions
- Administrative Rules
- Severability Provision

Stay tuned for more news and follow the [MichiganStateAndLocalTaxBlog](#) for information as it becomes available.

If you have any questions, please go ahead and contact me. I would be happy to be of assistance.

Sincerely,

Ed Kisscorni, CPA/MBA



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