



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

*Business Strategists & Certified Public Accountants*

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*The power to make a difference.*

*The people to make it count.™*

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**Michigan Business Tax (MBT) Seminars in September:  
 Twenty-Eight Amendments to the MBT Will Be  
 Discussed Along With Examples**

GRAND RAPIDS, MI – Monday, August 18, 2008 – Starting on September 3<sup>rd</sup> in Sterling Heights, a series of four Michigan Business Tax – Basic seminars will be presented by the Michigan Association of Certified Public Accountants (MACPA). Since Governor Granholm signed Public Act 36 of 2007, the Michigan Business Tax Act (MBTA), there has been twenty-eight amendments. The newly revised Michigan Business Tax – Basic seminar will cover and focus on all of the amendments and also provide examples of MBT tax calculations.

Register at the MACPA Website: <http://www.michcpa.org>

**Seminar Dates and Locations:**

Wednesday 9/3/08	Sterling Inn – Sterling Heights
Monday 9/8/08	NMC Hagerty Center – Traverse City
Wednesday 9/17/08	WMU Downtown Center – Grand Rapids
Friday 9/26/08	Hilton Detroit - Troy

**Seminar 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,

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apportionment, and unitary filing provisions designed to extend the reach of the tax beyond Michigan borders will be discussed.

The seminar will also cover the twenty-eight amendments to the original Michigan Business Tax Act as well as Revenue Administrative Bulletins issued to provide clarification of MBT issues and definitions. Extensive reference will be made to the Treasury Frequently Asked Questions (FAQs).

Examples of calculations will be presented to display how the law is applied to the numbers. Tax compliance and planning considerations will be presented.

### **Major Topics:**

#### Who Is Subject to the Michigan Business Tax

- 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

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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 Credit
- Film Production Credit
- Anchor Company Credit
- Polycrystalline Silicon 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 will be happy to be of assistance.

Sincerely,

Ed Kisscorni, CPA/MBA



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