

**SUBSTITUTE FOR
HOUSE BILL NO. 5091**

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 711 (MCL 206.711), as amended by 2017 PA 110.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 711. (1) Every person required by this part to deduct and
2 withhold taxes for a tax year on income other than distributive
3 share of income from a flow-through entity shall furnish to the
4 person who received the income a statement in duplicate on or
5 before January 31 of the succeeding year of the total income paid
6 during the tax year and the amount deducted or withheld. However,
7 if employment is terminated before the close of a calendar year by
8 a person that goes out of business or permanently ceases to exist,

1 then the statement required by this subsection shall be issued
2 within 30 days after the last compensation, winnings, or payoff of
3 a winning ticket is paid. A duplicate of a statement made pursuant
4 to this section and an annual reconciliation return, MI-W3, shall
5 be filed with the department by February 28 of the succeeding year
6 **FOR TAX YEARS BEFORE THE 2018 TAX YEAR AND BY JANUARY 31 OF THE**
7 **SUCCEEDING YEAR FOR THE 2018 TAX YEAR AND EACH TAX YEAR AFTER 2018**
8 except that a person that goes out of business or permanently
9 ceases to exist shall file the statement and the annual
10 reconciliation return within 30 days after going out of business or
11 permanently ceasing to exist. For tax years that begin before July
12 1, 2016, a flow-through entity that was required to withhold taxes
13 on distributive shares of business income shall file an annual
14 reconciliation return with the department no later than the last
15 day of the second month following the end of the flow-through
16 entity's federal tax year. The department may require a flow-
17 through entity to file an annual business income information return
18 with the department on the due date, including extensions, of its
19 annual federal information return.

20 (2) Every person required by this part to deduct or withhold
21 taxes shall make a return or report in form and content and at
22 times as prescribed by the department. **AN EMPLOYER THAT HAS MORE**
23 **THAN 250 EMPLOYEES SHALL FILE ITS ANNUAL RETURN OR REPORT REQUIRED**
24 **UNDER THIS SECTION IN ELECTRONIC FORM.** An employer that has entered
25 into an agreement with a community college pursuant to chapter 13
26 of the community college act of 1966, 1966 PA 331, MCL 389.161 to
27 389.166, and is required to deduct or withhold taxes from

1 compensation and make payments to a community college pursuant to
2 the agreement for a portion of those taxes withheld shall, for as
3 long as the agreement remains in effect, delineate in the return or
4 report required under this subsection between the amount deducted
5 or withheld and paid to the state and that amount paid to a
6 community college. An employer that has entered into a written
7 agreement pursuant to the good jobs for Michigan program created
8 under section 90h of the Michigan strategic fund act, 1984 PA 270,
9 MCL 125.2090h, shall, for as long as the written agreement remains
10 in effect, delineate in the return or report required under this
11 subsection the portion of those taxes withheld and paid to the
12 state that are attributable to certified new jobs.

13 (3) Every person who receives income subject to withholding
14 under this part shall furnish to the person required by this part
15 to deduct and withhold taxes information required to make an
16 accurate withholding. A person who receives income subject to
17 withholding under this part shall file with the person required by
18 this part to deduct and withhold taxes revised information within
19 10 days after a decrease in the number of exemptions or a change in
20 status from a nonresident to a resident. The person who receives
21 income subject to withholding under this part may file revised
22 information when the number of exemptions increases or when a
23 change in status occurs from that of a resident of this state to a
24 nonresident of this state. Revised information shall not be given
25 retroactive effect for withholding purposes. A person required by
26 this part to deduct and withhold taxes shall rely on this
27 information for withholding purposes unless directed by the

1 department to withhold on some other basis. If a person who
2 receives income subject to withholding under this part fails or
3 refuses to furnish information, the person required by this part to
4 deduct and withhold taxes shall withhold at the full rate of tax
5 from the person's income subject to withholding under this part.