

SENATE BILL No. 277

April 18, 1991, Introduced by Senator GAST and referred
to the Committee on Finance.

A bill to amend sections 351, 355, 471, and 475 of Act
No. 281 of the Public Acts of 1967, entitled
"Income tax act of 1967,"
section 351 as amended by Act No. 15 of the Public Acts of 1983
and section 475 as amended by Act No. 211 of the Public Acts of
1982, being sections 206.351, 206.355, 206.471, and 206.475 of
the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 351, 355, 471, and 475 of Act No. 281
2 of the Public Acts of 1967, section 351 as amended by Act No. 15
3 of the Public Acts of 1983 and section 475 as amended by Act
4 No. 211 of the Public Acts of 1982, being sections 206.351,
5 206.355, 206.471, and 206.475 of the Michigan Compiled Laws, are
6 amended to read as follows:

1 Sec. 351. (1) Every employer in this state required under
2 the provisions of the internal revenue code to withhold a tax on
3 the compensation of an individual, except as otherwise provided,
4 shall deduct and withhold a tax in an amount computed by apply-
5 ing, except as provided by subsection ~~-(7)-~~ (8), the rate pre-
6 scribed in section 51 to the remainder of the compensation after
7 deducting therefrom the same proportion of the total amount of
8 personal and dependency exemptions of the individual allowed
9 under this act that the period of time covered by the compensa-
10 tion is of 1 year. The commissioner may prescribe withholding
11 tables ~~which~~ THAT may be used by employers in computing the
12 amount of tax required to be withheld.

13 (2) The taxes withheld under this section shall accrue to
14 the state on the last day of the month in which they are withheld
15 but shall be returned and paid to the department by the employer
16 within 15 days after the end of any month or as provided in sec-
17 tion 355, EXCEPT TAXES THAT ARE TO BE REMITTED BY ELECTRONIC
18 FUNDS TRANSFER PURSUANT TO SECTION 19 OF ACT NO. 122 OF THE
19 PUBLIC ACTS OF 1941, BEING SECTION 205.19 OF THE MICHIGAN
20 COMPILED LAWS, ARE ACCRUED ON THE LAST DAY OF THE FILING PERIOD.
21 REMITTANCE BY ELECTRONIC FUNDS TRANSFER IS CONSIDERED TO HAVE
22 BEEN MADE ON THE DATE THAT THE REMITTANCE IS ADDED TO THE BANK
23 ACCOUNT DESIGNATED BY THE TREASURER OF THE STATE OF MICHIGAN.

24 (3) FOR A TAXPAYER REMITTING TAX BY ELECTRONIC FUNDS TRANS-
25 FER PURSUANT TO SECTION 19 OF ACT NO. 122 OF THE PUBLIC ACTS OF
26 1941, A RETURN IS NOT REQUIRED TO ACCOMPANY THE REMITTANCE.
27 REMITTANCES ON A WEEKLY BASIS SHALL BE EQUAL TO 100% OF THE TOTAL

1 LIABILITY FOR THE WEEK. QUARTERLY RECONCILIATION REPORTS IN A
2 FORM PRESCRIBED BY THE DEPARTMENT ARE DUE WITHIN 30 DAYS AFTER
3 THE END OF THE QUARTER AND ARE TO BE FILED SEPARATELY FROM ELEC-
4 TRONIC FUNDS TRANSFER.

5 (4) ~~-(3)-Every~~ AN employer required by this section to
6 deduct and withhold taxes on compensation holds the amount of tax
7 withheld as a trustee for the state, ~~and~~ is liable for the pay-
8 ment ~~thereof~~ OF THE TAX to the state, and is not liable to any
9 individual for the amount of the payment.

10 (5) ~~-(4)-Employers~~ AN EMPLOYER in this state ~~shall~~ IS not
11 ~~be~~ required to deduct and withhold a tax on the compensation
12 paid to A nonresident individual ~~employees~~ EMPLOYEE, who, under
13 ~~the provisions of~~ section 256, ~~are entitled to~~ MAY claim a
14 tax credit equal to or in excess of the tax estimated to be due
15 for the taxable year ~~or~~ ~~are~~ IS exempted from liability for
16 the tax imposed by this act. In each taxable year, the nonresi-
17 dent individual shall furnish the employer, on a form approved by
18 the department, a verified statement of nonresidence.

19 (6) ~~-(5)-~~ If the employer is a corporation and does not for
20 any reason file the returns or pay the tax due ~~as required~~
21 under this act, any of the officers of the corporation having
22 control, supervision of, or charged with the responsibility for
23 making the returns ~~and~~ OR payments shall be personally liable
24 for a failure to file or pay. The dissolution of a corporation
25 ~~shall~~ DOES not discharge a corporate officer's liability for
26 the failure of the corporation to file a return or remit the tax
27 that was due before dissolution. The sum due for any liability

1 imposed upon a corporate officer under this subsection may be
 2 assessed and collected as provided in sections 23 and 24 of Act
 3 No. 122 of the Public Acts of 1941, as amended, being sections
 4 205.23 and 205.24 of the Michigan Compiled Laws.

5 (7) ~~-(6)- Every~~ AN employer required to withhold a tax under
 6 this act, ~~-shall,-~~ by the ~~-15th-~~ FIFTEENTH day of the following
 7 month, SHALL provide the department with a copy of any exemption
 8 certificate on which the employee is claiming more than 9 per-
 9 sonal or dependency exemptions or claims a status exempting the
 10 employee from withholding ~~-as prescribed by-~~ UNDER this section.

11 (8) ~~-(7)-~~ Subject to the deductions and exceptions provided
 12 by this section, for the period that commences on the effective
 13 date of this subsection and ends on December 31, 1983, the
 14 department shall prescribe withholding rates and tables suffi-
 15 cient to withhold the following amounts:

16 (a) A tax computed by applying 4.6% to the compensation of
 17 the individual.

18 (b) A tax computed by applying to the compensation of the
 19 individual paid in the period for which this subsection is appli-
 20 cable, a rate equal to the product of 1.75% multiplied by the
 21 quotient of 365 divided by the number of days in the period for
 22 which this subsection is applicable.

23 Sec. 355. All provisions relating to the administration,
 24 collection, and enforcement of this act ~~-shall-~~ apply to the
 25 employer required to withhold ~~-a tax-~~ TAXES and to the ~~-tax-~~
 26 TAXES required to be withheld. If the commissioner has
 27 reasonable grounds to believe that an employer will not pay taxes

1 withheld to the state as prescribed by this act, or to provide a
2 more efficient administration, ~~then~~ the commissioner may
3 require the employer to make the return and pay OR REMIT BY ELEC-
4 TRONIC FUNDS TRANSFER to the department the tax deducted and
5 withheld at other than monthly periods, or from time to time, or
6 require the employer to deposit the tax in a bank approved by
7 ~~him~~ THE COMMISSIONER in a separate account, in trust for the
8 department and payable to the department, and to keep the amount
9 of the ~~tax~~ TAXES in the account until payment over to the
10 department.

11 Sec. 471. The tax imposed by this act shall be adminis-
12 tered by the department. The department shall prescribe forms
13 for use by taxpayers and shall promulgate rules in conformity
14 with this act for the maintenance by taxpayers of records, books,
15 and accounts, ~~and~~ for the computation of the tax, the manner
16 and time of changing or electing accounting methods and of exer-
17 cising the various options contained in this act, the making of
18 returns, THE PAYMENT OF TAX DUE, and the ascertainment, assess-
19 ment, and collection of the tax imposed under this act. The
20 rules insofar as possible without being inconsistent with this
21 act, shall follow the rulings of the United States internal reve-
22 nue service with respect to the federal income tax, and the
23 department may adopt as a part of the rules any portions of the
24 internal revenue code or rulings, in whole or in part. A summary
25 of state expenditures and revenues by major category, in dollar
26 amounts and percentage of total, for the most recent state fiscal
27 year that ~~such~~ THE information is available, shall be printed

1 in the instruction booklet accompanying each state income tax
2 return. Each return shall contain a space for the taxpayer to
3 indicate the school district in which the taxpayer resides.

4 Sec. 475. (1) The tax imposed by this act is in addition
5 to all other taxes for which the taxpayer ~~may be~~ IS liable and
6 the proceeds derived from the tax shall be credited to the gen-
7 eral fund to be allocated and distributed as ~~hereinafter~~ pro-
8 vided IN THIS ACT.

9 (2) Each year that the refund designation program estab-
10 lished in section 440 is in effect, an amount equal to the cumu-
11 lative designations made under section 440 less the annual amount
12 appropriated to the department of treasury for the purpose of
13 administering the children's trust fund and implementing section
14 440, shall be appropriated from the general fund to the
15 children's trust fund in the department of treasury for use
16 solely in support of the purposes provided in the act that cre-
17 ated the children's trust fund.

18 ~~(3) All remittances of taxes imposed by this act shall be~~
19 ~~made to the department by bank draft, check, cashier's check,~~
20 ~~money order, certificate of deposit, or money. No remittance~~
21 ~~other than cash is a final discharge of liability for the tax~~
22 ~~herein levied unless and until it has been paid in cash.~~