



# HOUSE BILL No. 5837

September 21, 1994, Introduced by Rep Gubow and referred to the Committee on Taxation

A bill to amend section 3a of Act No 301 of the Public Acts of 1939, entitled as amended

An act to provide for the imposition and the collection of a specific tax upon the privilege of ownership of intangible personal property and on certain enterprises having possession of intangible personal property of another to define owners of intangible personal property to provide for the disposition of the proceeds thereof to prescribe the powers and duties of the department of revenue with respect thereto to prescribe penalties to make an appropriation to carry out the provisions of this act and to repeal all acts and parts of acts inconsistent with the provisions of this act,

as added by Act No 465 of the Public Acts of 1988 being section 205 133a of the Michigan Compiled Laws

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Section 3a of Act No 301 of the Public Acts of  
2 1939, as added by Act No 465 of the Public Acts of 1988, being  
3 section 205 133a of the Michigan Compiled Laws, is amended to  
4 read as follows

Sec 3a (1) As used in this section

(a) S corporation means a small business corporation as defined in section 1361 of the internal revenue code of 1986 26 U S C 1361, that has not terminated an election made under section 1362 of the internal revenue code of 1986, 26 U S C 1362

(b) "Taxpayer's share of S corporation income means the taxpayer's pro rata share as determined under section 1377(a) of the internal revenue code OF 1986 26 U S C 1377, of the S corporation s taxable income as computed under section 1363(b) of the internal revenue code OF 1986, 26 U S C 1363

(2) A taxpayer who, with respect to an S corporation is required to determine federal income tax liability based on section 1366 of the internal revenue code OF 1986, 26 U S C 1366, may claim a deduction from income equal to the lesser of the amount includable as income due to a distribution by an S corporation or 1 of the following amounts

(a) For tax years ending in 1988 10% of the taxpayer s share of the S corporation income

(b) For tax years ending in 1989 15% of the taxpayer s share of the S corporation income

(c) For tax years ending ~~after 1989~~ IN 1990 THROUGH 1993 20% of the taxpayer's share of the S corporation income

(D) FOR TAX YEARS ENDING AFTER 1993, 44% OF THE TAXPAYER S SHARE OF THE S CORPORATION INCOME

(3) FOR TAX YEARS BEGINNING AFTER 1993, UPON ELECTION BY THE S CORPORATION AND ITS STOCKHOLDERS IN A TIME AND MANNER PRESCRIBED BY THE REVENUE COMMISSIONER FOR PURPOSES OF

1 DETERMINING THE AMOUNT INCLUDABLE AS INCOME DUL TO A DISTRIBUTION  
2 BY AN S CORPORATION IN SUBSECTION (2) DISTRIBUTIONS TO THE TAX-  
3 PAYER FROM AN S CORPORATION ATTRIBUTABLE TO A TAXABLE YEAR THAT  
4 WERE MADE AFTER THE END OF THE TAXABLE YEAR BUT ON OR BEFORE THE  
5 DUE DATE FOR THE FILING OF THE TAXPAYER'S ANNUAL RETURN FOR THAT  
6 TAXABLE YEAR, INCLUDING ANY EXTENSIONS OF THE TAXPAYER S TAX  
7 RETURN FILING DATE ALLOWED BY THE REVENUE COMMISSIONER SHALL BE  
8 CONSIDERED AS HAVING BEEN PAID ON THE LAST DAY OF THE TAXABLE  
9 YEAR