



# SENATE BILL No. 438

February 24, 1993, Introduced by Senator GEAKE and referred to the Committee on Finance.

A bill to amend sections 4 and 6 of Act No. 167 of the Public Acts of 1933, entitled as amended "General sales tax act," section 4 as amended by Act No. 219 of the Public Acts of 1981 and section 6 as amended by Act No. 186 of the Public Acts of 1980, being sections 205.54 and 205.56 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Sections 4 and 6 of Act No. 167 of the Public  
2 Acts of 1933, section 4 as amended by Act No. 219 of the Public  
3 Acts of 1981 and section 6 as amended by Act No. 186 of the  
4 Public Acts of 1980, being sections 205.54 and 205.56 of the  
5 Michigan Compiled Laws, are amended to read as follows:

1       Sec. 4. ~~(1) In computing the amount of tax levied under~~  
2 ~~the provisions of this act for any month, the taxpayer may deduct~~  
3 ~~the following amounts from the tax due under this act:~~

4       ~~(a) For monthly tax payments for periods ending after~~  
5 ~~January 1, 1983 and before January 1, 1984, the amount provided~~  
6 ~~by subparagraph (i) or (ii), whichever is greater:~~

7       ~~(i) If the tax that accrued to the state from the sales at~~  
8 ~~retail during the preceding month is remitted to the department~~  
9 ~~on or before the seventh day of the month in which remittance is~~  
10 ~~due, 0.50% of the tax due for the preceding monthly period, but~~  
11 ~~not to exceed \$15,000.00 of the tax due for that month. If the~~  
12 ~~tax that accrued to the state from the sales at retail during the~~  
13 ~~preceding month is remitted to the department after the seventh~~  
14 ~~day and on or before the fifteenth day of the month in which~~  
15 ~~remittance is due, 0.25% of the tax due for the preceding monthly~~  
16 ~~period, but not to exceed \$10,000.00 of the tax due for that~~  
17 ~~month.~~

18       ~~(ii) The tax due on \$100.00 of taxable gross proceeds for~~  
19 ~~the preceding monthly period, or a prorated portion of \$100.00 of~~  
20 ~~the taxable gross proceeds for the preceding month if the tax~~  
21 ~~payer engaged in business for less than a month.~~

22       ~~(b) For monthly tax payments for periods ending on or after~~  
23 ~~January 1, 1984, the amount provided by subparagraph (i) or (ii),~~  
24 ~~whichever is greater:~~

25       ~~(i) If the tax that accrued to the state from the sales at~~  
26 ~~retail during the preceding month is remitted to the department~~  
27 ~~on or before the seventh day of the month in which remittance is~~

1 ~~due, 0.75% of the tax due for the preceding monthly period, but~~  
2 ~~not to exceed \$20,000.00 of the tax due for that month. If the~~  
3 ~~tax that accrued to the state from the sales at retail during the~~  
4 ~~preceding month is remitted to the department after the seventh~~  
5 ~~day and on or before the fifteenth day of the month in which~~  
6 ~~remittance is due, 0.50% of the tax due for the preceding monthly~~  
7 ~~period, but not to exceed \$15,000.00 of the tax due for that~~  
8 ~~month.~~

9 ~~(ii) The tax due on \$150.00 of taxable gross proceeds for~~  
10 ~~the preceding monthly period, or a prorated portion of \$150.00 of~~  
11 ~~the taxable gross proceeds for the preceding month if the tax-~~  
12 ~~payer engaged in business for less than a month.~~

13 ~~(2) A deduction shall not be allowed under this section for~~  
14 ~~payments of taxes made to the department after the day the tax-~~  
15 ~~payer is required to pay, pursuant to section 6, the tax imposed~~  
16 ~~by this act.~~

17 ~~(3) If, pursuant to section 6(4), the commissioner of reve-~~  
18 ~~nue prescribes the filing of returns and the payment of the tax~~  
19 ~~for periods in excess of 1 month, a taxpayer shall be entitled to~~  
20 ~~a deduction from the tax collections remitted to the department~~  
21 ~~for the extended payment period that is equivalent to the deduc-~~  
22 ~~tion allowed under subsection (1) for monthly periods. If por-~~  
23 ~~tions of the extended payment period prescribed by the commis-~~  
24 ~~sioner of revenue occurs in both 1983 and 1984, the deduction~~  
25 ~~shall be computed using the applicable percentage or fixed deduc-~~  
26 ~~tion prescribed in subsection (1)(a) for taxes accruing to the~~  
27 ~~state in 1983 and the applicable percentage or fixed deduction~~

1 ~~prescribed in subsection (1)(b) for taxes accruing to the state~~  
2 ~~in 1984.~~

3 (1) ~~(4)~~ The commissioner may prescribe the filing of esti-  
4 mated returns and annual periodic reconciliations. ~~as necessary~~  
5 ~~to carry out the purposes of this section.~~

6 (2) ~~(5)~~ A person subject to a tax under this act shall not  
7 include in the amount of his or her gross proceeds used for the  
8 computation of the tax any proceeds of his or her business  
9 derived from sales to the United States, its unincorporated agen-  
10 cies and instrumentalities, any incorporated agency or instrumen-  
11 tality of the United States wholly owned by the United States or  
12 by a corporation wholly owned by the United States, the American  
13 Red Cross and its chapters and branches, and this state or its  
14 departments and institutions or any of its political  
15 subdivisions.

16 Sec. 6. (1) ~~The~~ EACH taxpayer ~~shall,~~ unless otherwise  
17 provided by law ~~,~~ or as required pursuant to subsection (2) OR  
18 (4), on or before the fifteenth day of each month ~~,~~ SHALL make  
19 out a return for the preceding month on a form prescribed by the  
20 department ~~,~~ showing the entire amount of all sales and gross  
21 proceeds of his or her business, the allowable deductions there-  
22 from, and the amount of tax for which he or she is liable, and  
23 shall transmit the return, together with a remittance for the  
24 amount of the tax, to the department ~~,~~ on or before the fif-  
25 teenth day of the month. The monthly return shall be signed by  
26 the taxpayer or his or her duly authorized agent ~~,~~ and, if  
27 prepared for the taxpayer by any other person, the return shall

1 so state, ~~giving~~ GIVE the name and address of that person ~~and~~  
2 be signed by that person, and ~~giving~~ GIVE the name of his or  
3 her employer, if any.

4 (2) ~~For returns of a taxpayer showing sales and gross pro-~~  
5 ~~ceeds which include amounts exempt from tax under section 4i, the~~  
6 ~~taxpayer shall report the number and description by model type of~~  
7 ~~passenger automobiles which were sold and to which section 4i~~  
8 ~~applied, the amount of gross proceeds which are exempt from tax~~  
9 ~~under section 4i, and the amount of tax exempted by section 4i.~~

10 EACH TAXPAYER THAT HAD A TOTAL TAX LIABILITY UNDER THIS ACT OR  
11 THE USE TAX ACT, ACT NO. 94 OF THE PUBLIC ACTS OF 1937, BEING  
12 SECTIONS 205.91 TO 205.111 OF THE MICHIGAN COMPILED LAWS, IN THE  
13 IMMEDIATELY PRECEDING CALENDAR YEAR OF \$480,000.00 OR MORE ON OR  
14 BEFORE THE EIGHTEENTH OF EACH MONTH SHALL REMIT TO THE DEPART-  
15 MENT, BY AN ELECTRONIC FUNDS TRANSFER METHOD APPROVED BY THE COM-  
16 MISSIONER OF REVENUE, AN AMOUNT EQUAL TO 95% OF THE TAXPAYER'S  
17 LIABILITY UNDER THIS ACT FOR THE SAME MONTH IN THE IMMEDIATELY  
18 PRECEDING CALENDAR YEAR PLUS A RECONCILIATION PAYMENT EQUAL TO  
19 THE DIFFERENCE BETWEEN THE TAX LIABILITY DETERMINED FOR THE IMME-  
20 DIATELY PRECEDING MONTH MINUS THE AMOUNT OF TAX PREVIOUSLY PAID  
21 FOR THAT MONTH.

22 (3) The tax imposed under this act shall accrue to the state  
23 on the last day of the month in which the sale is incurred.

24 (4) The commissioner of revenue, when ~~he or she deems it~~  
25 necessary to insure payment of the tax or to provide a more effi-  
26 cient administration, may require the filing of returns and  
27 payment of the tax for other than monthly periods.