



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 568 (as reported without amendment)
Sponsor: Senator Philip E. Hoffman
Committee: Finance

CONTENT

The bill would amend the General Sales Tax Act to provide for a blanket exemption certificate, on a form prescribed by the Department of Treasury, that would cover all tax-exempt transfers between a taxpayer and a buyer. A blanket exemption certificate could apply for a three-year period, or for less than three years as stated on the certificate if that period were agreed to by the buyer and the taxpayer.

Currently, the Act requires a taxpayer (anyone acting as a seller/retailer) to collect the sales tax on transfers of tangible personal property, and remit the tax to the State. The Act contains numerous provisions under which certain sales to nonprofit organizations, churches, schools, farmers, industrial processors, etc. are exempt from the tax. If an exemption from the tax is claimed, the retailer must keep a record of the sale each time a sale is made, including the name and address of the buyer, the sale date, the article purchased and its use, the sale amount, and the buyer's sales tax license number if the buyer has a license. If a taxpayer maintains the required records, and accepts an exemption certificate from the buyer in good faith on a Department of Treasury form, the taxpayer is not liable for collections of any unpaid tax if it is found that the sale did not qualify for an exemption.

MCL 205.67

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 10-18-95

Fiscal Analyst: J. Wortley