



HOUSE BILL No. 4545

March 8, 1995, Introduced by Reps. Profit, Bullard, Dobb and Palamara and referred to the Committee on Tax Policy.

A bill to amend sections 77 and 78 of Act No. 228 of the Public Acts of 1975, entitled "Single business tax," being sections 208.77 and 208.78 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 77 and 78 of Act No. 228 of the Public
2 Acts of 1975, being sections 208.77 and 208.78 of the Michigan
3 Compiled Laws, are amended to read as follows:

4 Sec. 77. (1) ~~The~~ FOR TAX YEARS BEGINNING BEFORE JANUARY
5 1, 1995, THE commissioner may require or permit the filing of a
6 consolidated or combined return by an affiliated group of corpo-
7 rations which are Michigan taxpayers if all of the following con-
8 ditions exist:

9 (a) All members of the affiliated group are Michigan
10 taxpayers.

1 (b) Each member of the affiliated group maintains a
2 relationship with 1 or more members of the group which includes
3 intercorporate transactions of a substantial nature other than
4 control, ownership, or financing arrangements, or any combination
5 thereof.

6 (c) The business activities of each member of the affiliated
7 group are subject to apportionment by a specific apportionment
8 formula contained in this act which specific formula also is
9 applicable to all other members of the affiliated group, and
10 would be so applicable to each member even if it were not a
11 member of the affiliated group.

12 (2) FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 1994, THE
13 COMMISSIONER SHALL PERMIT THE FILING OF A CONSOLIDATED OR COM-
14 BINED RETURN BY AN AFFILIATED GROUP OF CORPORATIONS IF THAT GROUP
15 ELECTS TO FILE A CONSOLIDATED OR COMBINED RETURN. THE ELECTION
16 TO FILE A CONSOLIDATED OR COMBINED RETURN IS A PERMANENT ELECTION
17 UNLESS, UPON A REQUEST BY THE AFFILIATED GROUP, THE COMMISSIONER
18 ALLOWS THE GROUP TO DECONSOLIDATE. AS USED IN THIS SUBSECTION,
19 "AFFILIATED GROUP" MEANS THAT TERM AS DEFINED IN SECTION
20 1504(a)(1) AND (2) OF THE INTERNAL REVENUE CODE.

21 Sec. 78. ~~Except~~ FOR TAX YEARS BEGINNING BEFORE JANUARY 1,
22 1995 AND EXCEPT as expressly provided in section 77, a provision
23 of this act shall not be construed to permit or require the
24 filing of a consolidated or combined return or a consolidation or
25 combination of the tax base or apportionment factors of 2 or more
26 corporations.