



HOUSE BILL No. 4914

May 25, 1995, Introduced by Reps. Whyman and Bullard and referred to the Committee on Tax Policy.

A bill to amend sections 301 and 411 of Act No. 281 of the Public Acts of 1967, entitled "Income tax act of 1967," section 301 as amended by Act No. 70 of the Public Acts of 1988 and section 411 as amended by Act No. 254 of the Public Acts of 1987, being sections 206.301 and 206.411 of the Michigan Compiled Laws; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 301 and 411 of Act No. 281 of the
2 Public Acts of 1967, section 301 as amended by Act No. 70 of the
3 Public Acts of 1988 and section 411 as amended by Act No. 254 of
4 the Public Acts of 1987, being sections 206.301 and 206.411 of
5 the Michigan Compiled Laws, are amended to read as follows:

6 Sec. 301. (1) Every person on a calendar year basis, if the
7 person's annual tax can reasonably be expected to exceed the

1 amount withheld under section 351 and the credits allowed under
2 this act by more than \$500.00, shall pay to the department
3 installments of estimated tax under this act on or before
4 April 15, June 15, and September 15 of the person's tax year and
5 January 15 in the following year. Subject to subsection (3),
6 each installment shall be equal to 1/4 the taxpayer's estimated
7 tax under this act after first deducting the amount estimated to
8 be withheld under section 351.

9 (2) For a taxpayer on other than a calendar year basis,
10 there shall be substituted for the due dates provided in subsec-
11 tion (1) the appropriate due dates ~~that~~ in the taxpayer's
12 fiscal year THAT correspond to THOSE IN the calendar year.

13 (3) For a taxpayer ~~paying~~ THAT PAYS estimated tax for the
14 taxpayer's first tax year of less than 12 months, the amount paid
15 shall be that fraction of the estimated tax that is obtained by
16 dividing the total amount of estimated tax by the number of pay-
17 ments to be made with respect to the tax year.

18 (4) There shall be allowed as a credit against the tax
19 imposed by this act the amounts paid the department pursuant to
20 this section.

21 (5) Instead of the quarterly payments, a person subject to
22 this section may pay an estimated annual tax for the succeeding
23 tax year. The payment shall be made at the same time the person
24 files the annual return for the previous full tax year.

25 (6) A farmer or fisherman who elects to file and pay his or
26 her federal income tax under an alternative schedule provided in
27 section 6654 of the internal revenue code may file and pay the

1 tax imposed by this act in the same manner. A seafarer may file
2 and pay the tax imposed by this act in the same manner as a
3 farmer or fisherman under this subsection. As used in this sub-
4 section, "seafarer" means an individual whose wages may not be
5 withheld for taxes by the state or a political subdivision of the
6 state as provided in section 11108 of ~~shipping~~ TITLE 46 OF THE
7 UNITED STATES CODE, 46 U.S.C. 11108.

8 (7) A BANK OR FINANCIAL INSTITUTION THAT SUBMITS QUARTERLY
9 ESTIMATED INCOME TAX PAYMENT INFORMATION THROUGH THE FEDERAL TAX
10 DEPOSIT SYSTEM ON MAGNETIC TAPE AND ACTS AS FIDUCIARY FOR 200 OR
11 MORE TAXABLE TRUSTS SHALL SUBMIT MICHIGAN QUARTERLY TAX PAYMENT
12 INFORMATION ON MAGNETIC TAPE.

13 (8) A BANK OR FINANCIAL INSTITUTION THAT ACTS AS FIDUCIARY
14 FOR MORE THAN 49 AND FEWER THAN 200 TAXABLE TRUSTS MAY ENTER INTO
15 AN IRREVOCABLE AGREEMENT WITH THE DEPARTMENT TO SUBMIT ESTIMATED
16 INCOME TAX PAYMENT INFORMATION ON MAGNETIC TAPE.

17 (9) THE PAYMENT OF TAX REQUIRED UNDER SUBSECTIONS (7) AND
18 (8) SHALL BE MADE THROUGH A WIRE TRANSFER TO THE STATE OF
19 MICHIGAN CONTRACTUAL DEPOSIT ACCOUNT.

20 (10) ~~-(7)-~~ A payment of estimated tax shall be computed on
21 the basis of the annualized rate established pursuant to section
22 ~~51(9)-~~ 51 for the appropriate tax year to which the estimated
23 tax payment is applicable.

24 (11) ~~-(8)-~~ Except as provided in subsection (1), the amount
25 of an estimated tax installment shall be computed, payment of
26 estimated tax shall be credited, and a period of underpayment

1 shall be determined in the same manner as provided in the
2 internal revenue code.

3 (12) AS USED IN THIS SECTION, "TAXABLE TRUST" MEANS A TRUST
4 REQUIRED TO MAKE PAYMENTS OF ESTIMATED TAX PURSUANT TO SUBSECTION
5 (1).

6 Sec. 411. ~~(1)~~ The running of the statute of limitations
7 provided in Act No. 122 of the Public Acts of 1941, being sec-
8 tions 205.1 to 205.31 of the Michigan Compiled Laws, is suspended
9 for the period pending final determination of litigation of or
10 hearing on a taxpayer's federal income tax return or a return
11 required by this act, and for 1 year after that period.

12 ~~(2) The running of a statute of limitations provided in Act~~
13 ~~No. 122 of the Public Acts of 1941, being sections 205.1 to~~
14 ~~205.31 of the Michigan Compiled Laws, is suspended for any tax-~~
15 ~~able year for which a return is not filed.~~

16 Section 2. Sections 263 and 269 of Act No. 281 of the
17 Public Acts of 1967, being sections 206.263 and 206.269 of the
18 Michigan Compiled Laws, are repealed.

19 Section 3. This amendatory act shall take effect January
20 17, 1996.