



HOUSE BILL No. 5694

March 19, 1996. Introduced by Reps. Ryan, Bodem, Profit, Horton, Kukuk, Hill, McManus, Green, Bullard, Perricone, Whyman, Kaza, Pitoniak, McBryde and Goschka and referred to the Committee on Tax Policy.

A bill to amend section 351 of Act No. 281 of the Public Acts of 1967, entitled "Income tax act of 1967," as amended by Act No. 82 of the Public Acts of 1991, being section 206.351 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 351 of Act No. 281 of the Public Acts of
2 1967, as amended by Act No. 82 of the Public Acts of 1991, being
3 section 206.351 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 351. (1) Every employer in this state required under
6 the provisions of the internal revenue code to withhold a tax on
7 the compensation of an individual, except as otherwise provided,
8 shall deduct and withhold a tax in an amount computed by
9 applying, except as provided by subsection (7), the rate

1 prescribed in section 51 to the remainder of the compensation
2 after deducting therefrom the same proportion of the total amount
3 of personal and dependency exemptions of the individual allowed
4 under this act that the period of time covered by the compensa-
5 tion is of 1 year. The commissioner may prescribe withholding
6 tables that may be used by employers ~~in computing~~ TO COMPUTE
7 the amount of tax required to be withheld.

8 (2) The taxes withheld under this section shall accrue to
9 the state on the last day of the month in which ~~they~~ THE TAXES
10 are withheld but shall be returned and paid to the department by
11 the employer within 15 days after the end of any month or as pro-
12 vided in section 355, except prior to July 1, 1993, taxes depos-
13 ited pursuant to section 19(2) of Act No. 122 of the Public Acts
14 of 1941, being section 205.19 of the Michigan Compiled Laws, are
15 accrued on the last day of the filing period.

16 (3) An employer required by this section to deduct and with-
17 hold taxes on compensation holds the amount of tax withheld as a
18 trustee for the state, is liable for the payment of the tax to
19 the state, and is not liable to any individual for the amount of
20 the payment.

21 (4) An employer in this state is not required to deduct and
22 withhold a tax on the compensation paid to a nonresident individ-
23 ual employee, who, under section 256, may claim a tax credit
24 equal to or in excess of the tax estimated to be due for the
25 ~~taxable~~ TAX year or is exempted from liability for the tax
26 imposed by this act. In each ~~taxable~~ TAX year, the nonresident

1 individual shall furnish TO the employer, on a form approved by
2 the department, a verified statement of nonresidence.

3 (5) If ~~the~~ AN employer is a corporation and does not for
4 any reason file the returns or pay the tax due under this act,
5 any of the officers of the corporation having control, supervi-
6 sion of, or charged with the responsibility for making the
7 returns or payments shall be personally liable for a failure to
8 file or pay. The dissolution of a corporation does not discharge
9 a corporate officer's liability for the failure of the corpora-
10 tion to file a return or remit the tax that was due before
11 dissolution. The sum due for any liability imposed upon a corpo-
12 rate officer under this subsection may be assessed and collected
13 as provided in sections 23 and 24 of Act No. 122 of the Public
14 Acts of 1941, ~~as amended,~~ being sections 205.23 and 205.24 of
15 the Michigan Compiled Laws.

16 (6) An employer required to withhold a tax under this act,
17 by the fifteenth day of the following month, shall provide the
18 department with a copy of any exemption certificate on which the
19 employee ~~is claiming~~ CLAIMS more than 9 personal or dependency
20 exemptions, ~~or~~ claims a status ~~exempting~~ THAT EXEMPTS the
21 employee from withholding under this section, OR ELECTS TO PAY
22 THE TAX IMPOSED BY THIS ACT CALCULATED UNDER SECTION 51A.

23 (7) ~~Subject to the deductions and exceptions provided by~~
24 ~~this section, for the period that commences on the effective date~~
25 ~~of this subsection and ends on December 31, 1983, the department~~
26 ~~shall prescribe withholding rates and tables sufficient to~~
27 ~~withhold the following amounts.~~ AN EMPLOYER SHALL DEDUCT AND

1 WITHHOLD THE TAX IMPOSED BY THIS ACT CALCULATED UNDER SECTION 51A
2 FOR A RESIDENT WHO FILES AN EXEMPTION CERTIFICATE UNDER SUBSEC-
3 TION (6) TO ELECT TO PAY THE TAX CALCULATED UNDER SECTION 51A.

4 ~~(a) A tax computed by applying 4.6% to the compensation of~~
5 ~~the individual.~~

6 ~~(b) A tax computed by applying to the compensation of the~~
7 ~~individual paid in the period for which this subsection is appli-~~
8 ~~cable, a rate equal to the product of 1.75% multiplied by the~~
9 ~~quotient of 365 divided by the number of days in the period for~~
10 ~~which this subsection is applicable.~~

11 Section 2. This amendatory act shall not take effect unless
12 Senate Bill No. _____ or House Bill No. 5695 (request
13 no. 06900'96) of the 88th Legislature is enacted into law.