



HOUSE BILL No. 6032

September 11, 1996, Introduced by Rep. Profit and referred to the Committee on Tax Policy.

A bill to amend section 4 of Act No. 228 of the Public Acts of 1975, entitled "Single business tax act," as amended by Act No. 6 of the Public Acts of 1995, being section 208.4 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 4 of Act No. 228 of the Public Acts of
2 1975, as amended by Act No. 6 of the Public Acts of 1995, being
3 section 208.4 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 4. (1) "Casual transaction" means a transaction made
6 or engaged in other than in the ordinary course of repeated and
7 successive transactions of a like character, except that a
8 transaction made or engaged in by a person that is incidental to

1 that person's regular business activity is a business activity
2 within the meaning of this act.

3 (2) "Commissioner" means the state commissioner of revenue.

4 (3) Except as otherwise provided in sections 4a, 4b, and 4c,
5 "compensation" means all wages, salaries, fees, bonuses, commis-
6 sions, or other payments made in the taxable year on behalf of or
7 for the benefit of employees, officers, or directors of the tax-
8 payers and subject to or specifically exempt from withholding
9 under ~~chapter 24,~~ sections 3401 to 3406 OF SUBCHAPTER A OF
10 CHAPTER 24 of the internal revenue code. Compensation includes,
11 on a cash or accrual basis consistent with the taxpayer's method
12 of accounting for federal income tax purposes, payments to state
13 and federal unemployment compensation funds, payments under the
14 federal insurance contribution act and similar social insurance
15 programs, payments, including self-insurance, for worker's com-
16 pensation insurance, payments to individuals not currently work-
17 ing, payments to dependents and heirs of individuals because of
18 current or former labor services rendered by those individuals,
19 payments to a pension, retirement, or profit sharing plan, and
20 payments for insurance for which employees are the beneficiaries,
21 including payments under health and welfare and noninsured bene-
22 fit plans and payments of fees for the administration of health
23 and welfare and noninsured benefit plans. Compensation does not
24 include discounts on the price of the taxpayer's merchandise or
25 services sold to the taxpayer's employees, officers, or directors
26 that are not available to other customers, ~~or~~ payments to an

1 independent contractor, OR OWNER-EMPLOYEE INCOME. AS USED IN
2 THIS SUBSECTION:

3 (A) "OWNER-EMPLOYEE" MEANS THAT TERM AS DEFINED IN
4 SECTION 401(c)(3) OF THE INTERNAL REVENUE CODE.

5 (B) "OWNER-EMPLOYEE INCOME" MEANS INCOME SUBJECT TO OR SPE-
6 CIFICALLY EXEMPT FROM WITHHOLDING UNDER SECTIONS 3401 TO 3406 OF
7 SUBCHAPTER A OF CHAPTER 24 OF THE INTERNAL REVENUE CODE PAID TO
8 AN OWNER-EMPLOYEE.

9 (4) "Department" means the revenue division of the depart-
10 ment of treasury.