

STATE OF MICHIGAN
89TH LEGISLATURE
REGULAR SESSION OF 1997

Introduced by Reps. Dobb, Galloway, Hammerstrom, Whyman, Green, Brackenridge, Wetters, Middaugh, Rhead, Crissman, Raczkowski, Bodem, Freeman, Profit, Martinez, Kukuk, Walberg, Gustafson, Cassis, McBryde, Baade, Jellema, Agee, Goschka, Middleton, Olshove, Wallace, Wojno, Hanley, London, DeVuyst, Law, Palamara, Gernaat, Llewellyn and Perricone

ENROLLED HOUSE BILL No. 4509

AN ACT to amend 1937 PA 94, entitled "An act to provide for the levy, assessment and collection of a specific excise tax on the storage, use or consumption in this state of tangible personal property and certain services; to appropriate the proceeds thereof; and to prescribe penalties for violations of the provisions of this act," (MCL 205.91 to 205.111) by adding section 8.

The People of the State of Michigan enact:

Sec. 8. (1) A seller required to collect the tax under this act who provides a service described under section 3a(a) or (c) may deduct the amount of an uncollectible account from the amount of the price of services used to determine the total tax liability under this act. The amount of the uncollectible account deducted from the price upon which the tax liability is calculated must be charged off as uncollectible on the books of the seller. If the seller provides taxable and nontaxable services, the deduction shall equal the full amount of the uncollectible account only if the uncollectible account is documented as a taxable transaction in the seller's records. If documentation is not available, the maximum deduction for any uncollectible account is equal to the amount determined by multiplying the uncollectible account by the quotient of the price of services taxed under this act provided during the immediately preceding calendar year divided by the price of all services provided during the immediately preceding calendar year whether taxed or not taxed under this act.

(2) If a person pays all or a part of an uncollectible account after the seller has claimed a deduction, the seller is liable for the amount of taxes deducted for that portion of the uncollectible account and shall remit the taxes in his or her next payment to the department.

(3) The department may require supporting evidence for any claim of an uncollectible account under this section.

(4) As used in this section, "uncollectible account" means any portion of a debt related to the provision of a service for which the price is not deductible or excludable that has become worthless or uncollectible in the time period between the date when taxes accrue to the state for the seller's immediately preceding use tax return and the date when taxes accrue to the state for the current return and that is eligible to be claimed or could be eligible to be claimed if the seller kept accounts on an accrual basis as a deduction under section 166 of the internal revenue code. An uncollectible account does not include any interest on the price, expenses incurred in attempting to collect any account receivable or any portion of the debt recovered, or any account receivable that has been sold to a third party.

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved -----

Governor.