

# HOUSE BILL No. 6241

November 5, 1998, Introduced by Rep. Profit and referred to the Committee on Tax Policy.

A bill to amend 1975 PA 228, entitled  
"Single business tax act,"  
by amending section 4 (MCL 208.4), as amended by 1995 PA 285.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 4. (1) "Casual transaction" means a transaction made  
2 or engaged in other than in the ordinary course of repeated and  
3 successive transactions of a like character, except that a trans-  
4 action made or engaged in by a person that is incidental to that  
5 person's regular business activity is a business activity within  
6 the meaning of this act.

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

8       (3) ~~Except~~ FOR TAX YEARS THAT BEGIN BEFORE JANUARY 1, 1999  
9 AND EXCEPT as otherwise provided in this section, "compensation"  
10 means all wages, salaries, fees, bonuses, commissions, or other  
11 payments made in the taxable year on behalf of or for the benefit

1 of employees, officers, or directors of the taxpayers and subject  
2 to or specifically exempt from withholding under chapter 24, sec-  
3 tions 3401 to 3406 of the internal revenue code. Compensation  
4 includes, on a cash or accrual basis consistent with the  
5 taxpayer's method of accounting for federal income tax purposes,  
6 payments to state and federal unemployment compensation funds,  
7 payments under the federal insurance contribution act and similar  
8 social insurance programs, payments, including self-insurance,  
9 for worker's compensation insurance, payments to individuals not  
10 currently working, payments to dependents and heirs of individu-  
11 als because of current or former labor services rendered by those  
12 individuals, payments to a pension, retirement, or profit sharing  
13 plan, and payments for insurance for which employees are the ben-  
14 eficiaries, including payments under health and welfare and non-  
15 insured benefit plans and payments of fees for the administration  
16 of health and welfare and noninsured benefit plans. Compensation  
17 does not include any of the following:

18       (a) Discounts on the price of the taxpayer's merchandise or  
19 services sold to the taxpayer's employees, officers, or directors  
20 that are not available to other customers.

21       (b) Payments to an independent contractor.

22       (c) For tax years beginning after December 31, 1994, pay-  
23 ments to state and federal unemployment compensation funds.

24       (d) For tax years beginning after December 31, 1994, the  
25 employer's portion of payments under the federal insurance con-  
26 tribution act, the railroad retirement tax act, chapter 22 of

1 title 26 of the United States Code, 26 U.S.C. 3201 to 3233, and  
2 similar social insurance programs.

3 (e) For tax years beginning after December 31, 1994, pay-  
4 ments, including self-insurance payments, for worker's compensa-  
5 tion insurance or federal employers liability act insurance pur-  
6 suant to chapter 149, 35 Stat. 65, 45 U.S.C. 51 to 60.

7 (4) FOR TAX YEARS THAT BEGIN ON AND AFTER JANUARY 1, 1999,  
8 "COMPENSATION" MEANS WAGES AS DEFINED AND DESCRIBED IN SECTION  
9 3306 OF THE FEDERAL UNEMPLOYMENT TAX ACT, CHAPTER 23 OF SUBTITLE  
10 C OF THE INTERNAL REVENUE CODE, 26 U.S.C. 3306.

11 (5) ~~-(4)-~~ "Department" means the revenue division of the  
12 department of treasury.