

SENATE BILL NO. 1157

May 21, 1998, Introduced by Senators STEIL, EMMONS and ROGERS
and referred to the Committee on Finance.

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending sections 4f and 6 (MCL 205.94f and 205.96), as
amended by 1993 PA 326.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4f. (1) In computing the amount of tax payments
2 required for any month of a seller not subject to section 6(2)
3 who collects the tax from the purchaser under the provisions of
4 this act, the seller who collects the tax from a purchaser may
5 deduct the amount provided by subdivision (a) or (b), whichever
6 is greater:
7 (a) If the tax that accrued to the state from the purchase
8 of tangible personal property or services during the preceding
9 month is remitted to the department on or before the seventh day
10 of the month in which remittance is due, 0.75% of the tax

1 collected at a rate of 4% for the preceding monthly period, but
2 not to exceed \$20,000.00 of the tax collected for that month. If
3 the tax that accrued to the state from the purchase of tangible
4 personal property or services during the preceding month is
5 remitted to the department after the seventh day of the month and
6 on or before the fifteenth day of the month in which remittance
7 is due, 0.50% of the tax collected at a rate of 4% for the pre-
8 ceding monthly period, but not to exceed \$15,000.00 of the tax
9 collected for that month.

10 (b) The tax collected at a rate of 4% on \$150.00 of taxable
11 purchase price for the preceding monthly period or a prorated
12 portion of \$150.00 of the taxable purchase price for the preced-
13 ing month if the seller engaged in business for less than a
14 month.

15 (2) ~~In~~ BEFORE JANUARY 1, 1999, IN computing the amount of
16 tax levied under this act for any month, a seller who collects
17 the tax from the purchaser under this act and who is subject to
18 section 6(2) may deduct the amount provided in this subsection.
19 If the tax that is due to the state from the purchase of tangible
20 personal property or services is remitted to the department on or
21 before the eleventh day of the month in which remittance is due,
22 0.75% of the tax due at a rate of 4% but not to exceed \$20,000.00
23 of the tax due for that month may be deducted. If the tax that
24 is due to the state from the purchase of tangible personal prop-
25 erty or services is remitted to the department after the eleventh
26 day and on or before the eighteenth day of the month in which
27 remittance is due, 0.50% of the tax due at a rate of 4% but not

1 to exceed \$15,000.00 of the tax due for that month may be
2 deducted.

3 (3) BEGINNING JANUARY 1, 1999, IN COMPUTING THE AMOUNT OF
4 TAX LEVIED UNDER THIS ACT FOR ANY MONTH, A SELLER WHO COLLECTS
5 THE TAX FROM THE PURCHASER UNDER THIS ACT AND WHO IS SUBJECT TO
6 SECTION 6(3) MAY DEDUCT THE AMOUNT PROVIDED IN THIS SUBSECTION.
7 IF THE TAX THAT IS DUE TO THE STATE FROM THE PURCHASE OF TANGIBLE
8 PERSONAL PROPERTY OR SERVICES IS REMITTED TO THE DEPARTMENT ON OR
9 BEFORE THE SEVENTH DAY OF THE MONTH IN WHICH REMITTANCE IS DUE,
10 0.75% OF THE TAX DUE AT A RATE OF 4% BUT NOT TO EXCEED \$20,000.00
11 OF THE TAX DUE FOR THAT MONTH MAY BE DEDUCTED. IF THE TAX THAT
12 IS DUE TO THE STATE FROM THE PURCHASE OF TANGIBLE PERSONAL PROP-
13 ERTY OR SERVICES IS REMITTED TO THE DEPARTMENT AFTER THE SEVENTH
14 DAY AND ON OR BEFORE THE FIFTEENTH DAY OF THE MONTH IN WHICH
15 REMITTANCE IS DUE, 0.50% OF THE TAX DUE AT A RATE OF 4% BUT NOT
16 TO EXCEED \$15,000.00 OF THE TAX DUE FOR THAT MONTH MAY BE
17 DEDUCTED.

18 (4) ~~-(3)-~~ A deduction is not allowed under this section for
19 payments of taxes made to the department after the day the person
20 is required to pay the tax imposed by this act pursuant to sec-
21 tion 6.

22 (5) ~~-(4)-~~ If, pursuant to section ~~-6(3)-~~ 6(4), the commis-
23 sioner of revenue prescribes the filing of returns and the pay-
24 ment of the tax for periods in excess of 1 month, a seller who
25 collects the tax from the purchaser is entitled to a deduction
26 from the tax collections remitted to the department for the
27 extended payment period that is equivalent to the deduction

1 allowed under subsection (1), ~~or~~ (2), OR (3) for monthly
2 periods.

3 (6) ~~(5)~~ The commissioner may prescribe the filing of esti-
4 mated returns and annual periodic reconciliations as necessary to
5 carry out the purposes of this section.

6 Sec. 6. (1) Every person storing, using, or consuming tan-
7 gible personal property or services, the storage, use, or con-
8 sumption of which is subject to the tax imposed by ~~the~~ THIS act
9 when the tax was not paid to a seller, and every seller collect-
10 ing the tax from the purchaser, unless otherwise prescribed by
11 the department under the provisions of subsection (2), ~~or~~ (3),
12 OR (4), on or before the fifteenth day of each calendar month
13 shall file with the department a return for the preceding calen-
14 dar month, in a form prescribed by the department, showing the
15 price of each purchase of tangible personal property or services
16 during the preceding month, and other information the department
17 considers necessary for the proper administration of this act.
18 At the same time, each person shall pay to the department the
19 amount of tax imposed by this act with respect to the purchases
20 covered by the return. A return shall be signed by the person
21 liable for the tax or his or her duly authorized agent. If the
22 return is prepared by a person other than the taxpayer, the
23 return shall also be signed by ~~the~~ THAT person and show his or
24 her address.

25 (2) ~~Each~~ BEFORE JANUARY 1, 1999, EACH seller that had a
26 total tax liability after subtracting the tax payments made to
27 the secretary of state under this act or the GENERAL sales tax

1 act, ~~Act No. 167 of the Public Acts of 1933, being sections~~
 2 ~~205.51 to 205.78 of the Michigan Compiled Laws~~ 1933 PA 167, MCL
 3 205.51 TO 205.78, or after subtracting the tax credits available
 4 under section 6a of the general sales tax act, ~~Act No. 167 of~~
 5 ~~the Public Acts of 1933, being section 205.6a of the Michigan~~
 6 ~~Compiled Laws~~ 1933 PA 167, MCL 205.6A, in the immediately pre-
 7 ceding calendar year of ~~\$480,000.00 for 1993, \$660,000.00 for~~
 8 ~~1994, or \$720,000.00 for each year after 1994,~~ or more on or
 9 before the eighteenth of each month shall remit to the depart-
 10 ment, by an electronic funds transfer method approved by the com-
 11 missioner of revenue, an amount equal to 95% of the taxpayer's
 12 liability under this act for the same month in the immediately
 13 preceding calendar year, or 95% of the actual liability for the
 14 current month being reported, plus a reconciliation payment equal
 15 to the difference between the tax liability determined for the
 16 immediately preceding month minus the amount of tax previously
 17 paid for that month. ~~However, for the period beginning May 1,~~
 18 ~~1994 through April 30, 1995, the payment required under this sub-~~
 19 ~~section shall be 140% of the taxpayer's liability under this act~~
 20 ~~for the same month in the immediately preceding calendar year or~~
 21 ~~95% of the actual liability for the current month being reported,~~
 22 ~~plus the reconciliation payment described in this subsection.~~

23 (3) BEGINNING JANUARY 1, 1999, EACH SELLER THAT HAD A TOTAL
 24 TAX LIABILITY AFTER SUBTRACTING THE TAX PAYMENTS MADE TO THE SEC-
 25 RETARY OF STATE UNDER THIS ACT OR THE GENERAL SALES TAX ACT, 1933
 26 PA 167, MCL 205.51 TO 205.78, OR AFTER SUBTRACTING THE TAX
 27 CREDITS AVAILABLE UNDER SECTION 6A OF THE GENERAL SALES TAX ACT,

1 1933 PA 167, MCL 205.56A, IN THE IMMEDIATELY PRECEDING CALENDAR
2 YEAR OF \$720,000.00 OR MORE SHALL REMIT TO THE DEPARTMENT, BY AN
3 ELECTRONIC FUNDS TRANSFER METHOD APPROVED BY THE COMMISSIONER OF
4 REVENUE ON OR BEFORE THE FIFTEENTH OF THE IMMEDIATELY FOLLOWING
5 CALENDAR MONTH, AN AMOUNT EQUAL TO 95% OF THE TAXPAYER'S LIABIL-
6 ITY UNDER THIS ACT FOR THE SAME MONTH IN THE IMMEDIATELY PRECED-
7 ING CALENDAR YEAR, OR 95% OF THE ACTUAL LIABILITY FOR THE MONTH
8 BEING REPORTED, PLUS A RECONCILIATION PAYMENT EQUAL TO THE DIF-
9 FERENCE BETWEEN THE TAX LIABILITY DETERMINED FOR THE IMMEDIATELY
10 PRECEDING REMITTANCE MINUS THE AMOUNT OF TAX PREVIOUSLY PAID FOR
11 THAT MONTH.

12 (4) ~~-(3) The commissioner of revenue, if~~ IF considered nec-
13 essary to insure payment of the tax or to provide a more effi-
14 cient administration, THE REVENUE COMMISSIONER may require and
15 prescribe the filing of returns and payment of the tax for other
16 than monthly periods.

17 (5) ~~-(4)~~ If a corporation licensed under this act fails for
18 any reason to file the required returns or to pay the tax due,
19 any of its officers having control or supervision of, or charged
20 with the responsibility for, making the returns and payments ~~is~~
21 ARE personally liable for the failure. The dissolution of a cor-
22 poration does not discharge an officer's liability for a prior
23 failure of the corporation to make a return or remit the tax
24 due.

25 (6) ~~-(5)~~ The tax imposed under this act shall accrue to
26 ~~the~~ THIS state on the last day of each calendar month.