

**SENATE BILL NO. 1158**

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

A bill to amend 1933 PA 167, entitled  
"General sales tax act,"  
by amending sections 4 and 6 (MCL 205.54 and 205.56), as amended  
by 1993 PA 325.

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

1       Sec. 4. (1) In computing the amount of tax levied under  
2 this act for any month, a taxpayer not subject to section 6(2)  
3 may deduct the amount provided by subdivision (a) or (b), which-  
4 ever is greater:

5       (a) If the tax that accrued to the state from the sales at  
6 retail during the preceding month is remitted to the department  
7 on or before the seventh day of the month in which remittance is  
8 due, 0.75% of the tax due at a rate of 4% for the preceding  
9 monthly period, but not to exceed \$20,000.00 of the tax due for  
10 that month. If the tax that accrued to the state from the sales

1 at retail during the preceding month is remitted to the  
2 department after the seventh day and on or before the fifteenth  
3 day of the month in which remittance is due, 0.50% of the tax due  
4 at a rate of 4% for the preceding monthly period, but not to  
5 exceed \$15,000.00 of the tax due for that month.

6 (b) The tax at a rate of 4% due on \$150.00 of taxable gross  
7 proceeds for the preceding monthly period, or a prorated portion  
8 of \$150.00 of the taxable gross proceeds for the preceding month  
9 if the taxpayer engaged in business for less than a month.

10 (2) ~~In~~ BEFORE JANUARY 1, 1999, IN computing the amount of  
11 tax levied under this act for any month, a taxpayer subject to  
12 section 6(2) may deduct the amount provided in this subsection.  
13 If the tax that is due to the state is remitted to the department  
14 on or before the eleventh day of the month in which remittance is  
15 due, 0.75% of the tax due at a rate of 4% but not to exceed  
16 \$20,000.00 of the tax due for that month may be deducted. If the  
17 tax that is due to the state is remitted to the department after  
18 the eleventh day and on or before the eighteenth day of the month  
19 in which remittance is due, 0.50% of the tax due at a rate of 4%  
20 but not to exceed \$15,000.00 of the tax due for that month may be  
21 deducted.

22 (3) BEGINNING JANUARY 1, 1999, IN COMPUTING THE AMOUNT OF  
23 TAX LEVIED UNDER THIS ACT FOR ANY MONTH, A TAXPAYER WHO IS  
24 SUBJECT TO SECTION 6(3) MAY DEDUCT THE AMOUNT PROVIDED IN THIS  
25 SUBSECTION. IF THE TAX THAT IS DUE TO THE STATE IS REMITTED TO  
26 THE DEPARTMENT ON OR BEFORE THE SEVENTH DAY OF THE MONTH IN WHICH  
27 REMITTANCE IS DUE, 0.75% OF THE TAX DUE AT A RATE OF 4% BUT NOT

1 TO EXCEED \$20,000.00 OF THE TAX DUE FOR THAT MONTH MAY BE  
2 DEDUCTED. IF THE TAX THAT IS DUE TO THE STATE IS REMITTED TO THE  
3 DEPARTMENT AFTER THE SEVENTH DAY AND ON OR BEFORE THE FIFTEENTH  
4 DAY OF THE MONTH IN WHICH REMITTANCE IS DUE, 0.50% OF THE TAX DUE  
5 AT A RATE OF 4% BUT NOT TO EXCEED \$15,000.00 OF THE TAX DUE FOR  
6 THAT MONTH MAY BE DEDUCTED.

7 (4) ~~(3)~~ A deduction ~~shall~~ IS not ~~be~~ allowed under this  
8 section for payments of taxes made to the department after the  
9 day the taxpayer is required to pay, pursuant to section 6, the  
10 tax imposed by this act.

11 (5) ~~(4)~~ If, pursuant to section ~~6(4)~~ 6(5), the commis-  
12 sioner of revenue prescribes the filing of returns and the pay-  
13 ment of the tax for periods in excess of 1 month, a taxpayer  
14 ~~shall be~~ IS entitled to a deduction from the tax collections  
15 remitted to the department for the extended payment period that  
16 is equivalent to the deduction allowed under subsection (1), ~~or~~  
17 (2), OR (3) for monthly periods.

18 (6) ~~(5)~~ The commissioner may prescribe the filing of esti-  
19 mated returns and annual periodic reconciliations as necessary to  
20 carry out the purposes of this section.

21 (7) ~~(6)~~ A person subject to a tax under this act shall not  
22 include in the amount of his or her gross proceeds used for the  
23 computation of the tax any proceeds of his or her business  
24 derived from sales to the United States, its unincorporated agen-  
25 cies and instrumentalities, any incorporated agency or instrumen-  
26 tality of the United States wholly owned by the United States or  
27 by a corporation wholly owned by the United States, the American

1 Red Cross and its chapters and branches, and this state or its  
2 departments and institutions or any of its political  
3 subdivisions.

4       Sec. 6. (1) Each taxpayer, unless otherwise provided by law  
5 or as required pursuant to subsection (2), ~~or (4)~~ (3), OR (5)  
6 on or before the fifteenth day of each month shall make out a  
7 return for the preceding month on a form prescribed by the  
8 department showing the entire amount of all sales and gross pro-  
9 ceeds of his or her business, the allowable deductions therefrom,  
10 and the amount of tax for which he or she is liable. ~~, and~~ THE  
11 TAXPAYER shall ALSO transmit the return, together with a remit-  
12 tance for the amount of the tax, to the department on or before  
13 the fifteenth day of ~~the~~ THAT month. The monthly return shall  
14 be signed by the taxpayer or his or her duly authorized agent  
15 and, if prepared for the taxpayer by any other person, the return  
16 shall so state, give the name and address of that person, be  
17 signed by that person, and give the name of his or her employer,  
18 if any.

19       (2) ~~Each~~ BEFORE JANUARY 1, 1999, EACH taxpayer that had a  
20 total tax liability, after subtracting the tax payments made to  
21 the secretary of state under this act or the use tax act, ~~Act~~  
22 ~~No. 94 of the Public Acts of 1937, being sections 205.91 to~~  
23 ~~205.111 of the Michigan Compiled Laws~~ 1937 PA 94, MCL 205.91 TO  
24 205.111, or after subtracting the tax credits available under  
25 section 6a, in the immediately preceding calendar year of  
26 ~~\$480,000.00 for 1993, \$660,000.00 for 1994, or \$720,000.00 for~~  
27 ~~each year after 1994,~~ or more on or before the eighteenth of

1 each month shall remit to the department, by an electronic funds  
2 transfer method approved by the commissioner of revenue, an  
3 amount equal to 95% of the taxpayer's liability under this act  
4 for the same month in the immediately preceding calendar year, or  
5 95% of the actual liability for the current month being reported,  
6 plus a reconciliation payment equal to the difference between the  
7 tax liability determined for the immediately preceding month  
8 minus the amount of tax previously paid for that month.

9 ~~However, for the period beginning May 1, 1994 through April 30,~~  
10 ~~1995, the payment required under this subsection shall be 140% of~~  
11 ~~the taxpayer's liability under this act for the same month in the~~  
12 ~~immediately preceding calendar year or 95% of the actual liabil-~~  
13 ~~ity for the current month being reported, plus the reconciliation~~  
14 ~~payment described in this subsection.~~

15 (3) BEGINNING JANUARY 1, 1999, EACH TAXPAYER THAT HAD A  
16 TOTAL TAX LIABILITY, AFTER SUBTRACTING THE TAX PAYMENTS MADE TO  
17 THE SECRETARY OF STATE UNDER THIS ACT OR THE USE TAX ACT, 1937 PA  
18 94, MCL 205.91 TO 205.111, OR AFTER SUBTRACTING THE TAX CREDITS  
19 AVAILABLE UNDER SECTION 6A, IN THE IMMEDIATELY PRECEDING CALENDAR  
20 YEAR OF \$720,000.00 OR MORE, SHALL REMIT TO THE DEPARTMENT, BY AN  
21 ELECTRONIC FUNDS TRANSFER METHOD APPROVED BY THE COMMISSIONER OF  
22 REVENUE ON OR BEFORE THE FIFTEENTH OF THE IMMEDIATELY FOLLOWING  
23 CALENDAR MONTH, AN AMOUNT EQUAL TO 95% OF THE TAXPAYER'S LIABIL-  
24 ITY UNDER THIS ACT FOR THE SAME MONTH IN THE IMMEDIATELY PRECED-  
25 ING CALENDAR YEAR, OR 95% OF THE ACTUAL LIABILITY FOR THE MONTH  
26 BEING REPORTED, PLUS A RECONCILIATION PAYMENT EQUAL TO THE  
27 DIFFERENCE BETWEEN THE TAX LIABILITY DETERMINED FOR THE

1 IMMEDIATELY PRECEDING REMITTANCE MINUS THE AMOUNT OF TAX  
2 PREVIOUSLY PAID FOR THAT MONTH.

3       (4) ~~—(3)—~~ The tax imposed under this act shall accrue to the  
4 state on the last day of the month in which the sale is  
5 incurred.

6       (5) ~~—(4)—~~ The commissioner of revenue, when necessary to  
7 insure payment of the tax or to provide a more efficient adminis-  
8 tration, may require the filing of returns and payment of the tax  
9 for other than monthly periods.