

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4891

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending section 17 (MCL 205.67), as amended by 1995 PA 254.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 17. (1) A person liable for any tax imposed under this
2 act shall keep accurate and complete beginning and annual inven-
3 tory and purchase records of additions to inventory, complete
4 daily sales records, receipts, invoices, bills of lading, and all
5 pertinent documents in a form the department requires. If an
6 exemption from sales tax is claimed because the sale is for
7 resale or for any of the other exemptions or deductions granted
8 under this act, a record shall be kept of the name and address of
9 the person to whom the sale is made, the date of the sale, the
10 article purchased, the ~~use to be made of the article, and~~ TYPE
11 OF EXEMPTION CLAIMED, the amount of the sale, and, if that person

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1 has a sales tax license, ~~that~~ THE SALES TAX LICENSE number.
2 ~~shall also be included.~~ If a taxpayer maintains the records
3 required under this section, and accepts an exemption certificate
4 from the buyer in good faith on a form prescribed by the depart-
5 ment, the taxpayer is not liable for collection of the unpaid tax
6 after a finding that the sale did not qualify for exemption under
7 this act. As used in this section, "good faith" means that the
8 taxpayer ~~exercised reasonable care and effort to determine that~~
9 ~~the purchaser was entitled to the exemption being claimed~~
10 RECEIVED A COMPLETED AND SIGNED EXEMPTION CERTIFICATE FROM THE
11 BUYER. A person knowingly making a sale of tangible personal
12 property for the purpose of resale at retail to another person
13 not licensed under this act is liable for the tax imposed under
14 this act unless the transaction is exempt under the provisions of
15 section 4k. These records must be retained for a period of 4
16 years after the tax imposed under this act to which the records
17 apply is due or as otherwise provided by law. If the department
18 considers it necessary, the department may require a person, by
19 notice served upon that person, to make a return, render under
20 oath certain statements, or keep certain records the department
21 considers sufficient to show whether or not that person is liable
22 for tax under this act. If the taxpayer fails to file a return
23 or to maintain or preserve proper records as prescribed in this
24 section, or the department has reason to believe that any records
25 maintained or returns filed are inaccurate or incomplete and that
26 additional taxes are due, the department may assess the amount of
27 the tax due from the taxpayer based on information that is

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1 available or that may become available to the department. That
2 assessment is considered prima facie correct for the purpose of
3 this act and the burden of proof of refuting the assessment is
4 upon the taxpayer. For purposes of this section, exemption cer-
5 tificate includes a blanket exemption certificate on a form pre-
6 scribed by the department that covers all exempt transfers
7 between the taxpayer and the buyer for a period of ~~3~~ 4 years or
8 for a period of less than ~~3~~ 4 years as stated on the blanket
9 exemption certificate if that period is agreed to by the buyer
10 and taxpayer.

11 (2) FOR A PERIOD OF NOT LESS THAN 30 DAYS OR MORE THAN 60
12 DAYS THAT ENDS BEFORE SEPTEMBER 1, 2000, AS DESIGNATED BY THE
13 DEPARTMENT, A PERSON LIABLE FOR ANY TAX IMPOSED UNDER THIS ACT IS
14 EXEMPT FROM THE GOOD FAITH REQUIREMENT DESCRIBED IN SUBSECTION
15 (1) IF THAT PERSON SUBMITS TO THE DEPARTMENT COPIES OF ALL SALES
16 TAX EXEMPTION CERTIFICATES FROM BUYERS DESCRIBED IN SUBSECTION
17 (1).

18 (3) A BUYER ELIGIBLE TO CLAIM ANY OF THE EXEMPTIONS OR
19 DEDUCTIONS GRANTED UNDER THIS ACT SHALL REGISTER ON A FORM PRE-
20 SCRIBED BY THE DEPARTMENT. IF A BUYER FAILS TO SATISFY THE REG-
21 ISTRATION REQUIREMENT 6 MONTHS AFTER EITHER
22 NOTICE TO REGISTER FROM THE DEPARTMENT OR BECOMING
23 ELIGIBLE TO CLAIM AN EXEMPTION OR DEDUCTION UNDER THIS ACT,
24 WHICHEVER IS LATER, THE BUYER IS NOT ENTITLED TO SUBMIT AN EXEMP-
25 TION CERTIFICATE CLAIMING AN EXEMPTION OR DEDUCTION OTHERWISE
GRANTED BY THIS ACT UNTIL THE BUYER REGISTERS. AFTER THE DEPARTMENT
HAS ISSUED NOTICE TO REGISTER, A NONREGISTERED BUYER SHALL BE
ALLOWED TO CLAIM EXEMPTION IN A REFUND CLAIM THAT IS FILED WITH THE
DEPARTMENT WITHIN THE TIME PERMITTED UNDER SECTION 27A OF 1941 PA
122, MCL 205.27a.