

HOUSE BILL No. 5453

November 1, 2001, Introduced by Reps. Vear, Raczkowski, Hummel, Gosselin, Drolet, Bradstreet, Cassis, Woronchak, Pappageorge, Koetje, Rocca, Bob Brown, Bovin, Wojno, Patterson, Jelinek, DeRossett, Howell, Hansen, Newell, Sanborn, Ehardt, Mortimer, Bishop, Shackleton, Meyer, Kowall, George, Voorhees, Kooiman, Mead, Vander Roest, Allen, Kuipers, Cameron Brown, Stewart, Birkholz, Middaugh and DeVuyst and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 301 (MCL 206.301), as amended by 1996 PA
484.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 301. (1) Every person on a calendar year basis, if the
2 person's annual tax can reasonably be expected to exceed the
3 amount withheld under section 351 and the credits allowed under
4 this act by more than \$500.00 FOR TAX YEARS THAT BEGIN BEFORE
5 JANUARY 1, 2002 AND BY MORE THAN THE REQUIRED INSTALLMENT AMOUNTS
6 UNDER SECTION 6654(d) OF THE INTERNAL REVENUE CODE FOR TAX YEARS
7 THAT BEGIN AFTER DECEMBER 31, 2001, shall pay to the department
8 installments of estimated tax under this act on or before
9 April 15, June 15, and September 15 of the person's tax year and
10 January 15 in the following year. Subject to subsection (3),

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1 each installment shall be equal to $1/4$ the taxpayer's estimated
2 tax under this act after first deducting the amount estimated to
3 be withheld under section 351.

4 (2) For a taxpayer on other than a calendar year basis,
5 there shall be substituted for the due dates provided in subsec-
6 tion (1) the appropriate due dates in the taxpayer's fiscal year
7 that correspond to those in the calendar year.

8 (3) For a taxpayer that pays estimated tax for the
9 taxpayer's first tax year of less than 12 months, the amount paid
10 shall be that fraction of the estimated tax that is obtained by
11 dividing the total amount of estimated tax by the number of pay-
12 ments to be made with respect to the tax year.

13 (4) There shall be allowed as a credit against the tax
14 imposed by this act the amounts paid to the department pursuant
15 to this section.

16 (5) Instead of quarterly payments, a person subject to this
17 section may pay an estimated annual tax for the succeeding tax
18 year. The payment shall be made at the same time the person
19 files the annual return for the previous full tax year.

20 (6) A farmer or fisherman who elects to file and pay his or
21 her federal income tax under an alternative schedule provided in
22 section 6654 of the internal revenue code may file and pay the
23 tax imposed by this act in the same manner. A seafarer may file
24 and pay the tax imposed by this act in the same manner as a
25 farmer or fisherman under this subsection. As used in this sub-
26 section, "seafarer" means an individual whose wages may not be
27 withheld for taxes by the state or a political subdivision of the

1 state as provided in section 11108 of title 46 of the United
2 States code, 46 U.S.C. 11108.

3 (7) A bank or financial institution that submits quarterly
4 estimated income tax payment information through the federal tax
5 deposit system on magnetic tape and acts as fiduciary for 200 or
6 more taxable trusts shall submit Michigan quarterly tax payment
7 information on magnetic tape to the department.

8 (8) A bank or financial institution that acts as fiduciary
9 for more than 49 and fewer than 200 taxable trusts may enter into
10 an irrevocable agreement with the department to submit estimated
11 income tax payment information on magnetic tape to the
12 department.

13 (9) The payment of tax based on the information required
14 under subsections (7) and (8) shall be made through a wire trans-
15 fer to the state of Michigan contractual deposit account.

16 (10) A payment of estimated tax shall be computed on the
17 basis of the annualized rate established under section 51 for the
18 appropriate tax year to which the estimated tax payment is
19 applicable.

20 (11) Except as provided in subsection (1), the amount of an
21 estimated tax installment shall be computed, payment of estimated
22 tax shall be credited, and a period of underpayment shall be
23 determined in the same manner as provided in the internal revenue
24 code.

25 (12) As used in this section, "taxable trust" means a trust
26 required to make payments of estimated tax pursuant to subsection
27 (1).