

# HOUSE BILL No. 4563

April 10, 2003, Introduced by Rep. Farrah and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending section 365 (MCL 206.365), as amended by 1996  
PA 448.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 365. (1) Every employer, flow-through entity, casino  
2 licensee, and race meeting licensee and track licensee required  
3 by this act to deduct and withhold taxes for a tax year on  
4 compensation, share of income available for distribution,  
5 winnings, or payoff on a winning ticket shall furnish to each  
6 employee, nonresident member, or person with winnings or a payoff  
7 on a winning ticket subject to withholding under this act on or  
8 before January 31 of the succeeding year a statement in duplicate  
9 of the total compensation, share of income available for  
10 distribution, winnings, or payoff on a winning ticket paid during

1 the tax year and the amount deducted or withheld, or, if  
2 employment is terminated before the close of a calendar year by  
3 an employer, **flow-through entity, casino licensee, and race**  
4 **meeting licensee and track licensee** who goes out of business or  
5 permanently ceases to be an employer, **flow-through entity, casino**  
6 **licensee, and race meeting licensee and track licensee** in this  
7 state, within 30 days after the last payment of compensation,  
8 **share of income available for distribution, winnings, or payoff**  
9 **on a winning ticket.** A duplicate of a statement made pursuant to  
10 this section and an annual reconciliation return, MI-W3, shall be  
11 filed with the department by February 28 of the succeeding year  
12 except that an employer, **flow-through entity, casino licensee,**  
13 **and race meeting licensee and track licensee** who goes out of  
14 business or permanently ceases to be an employer, **flow-through**  
15 **entity, casino licensee, and race meeting licensee and track**  
16 **licensee** shall file the statement and the annual reconciliation  
17 return within 30 days after going out of business or permanently  
18 ceasing to be an employer, **flow-through entity, casino licensee,**  
19 **and race meeting licensee and track licensee.**

20 (2) Every employer, **flow-through entity, casino licensee, and**  
21 **race meeting licensee and track licensee** required by this act to  
22 deduct or withhold taxes from compensation, **share of income**  
23 **available for distribution, winnings, or payoff on a winning**  
24 **ticket** shall make a return or report in form and content and at  
25 times as prescribed by the department.

26 (3) Every employee, **nonresident member, or person with**  
27 **winnings or a payoff on a winning ticket** subject to withholding

1 under this act shall furnish to his or her employer, flow-through  
2 entity, casino licensee, and race meeting licensee and track  
3 licensee information required for the employer, flow-through  
4 entity, casino licensee, and race meeting licensee and track  
5 licensee to make an accurate withholding. An employee,  
6 nonresident member, or person with winnings or a payoff on a  
7 winning ticket subject to withholding under this act shall file  
8 with his or her employer, flow-through entity, casino licensee,  
9 and race meeting licensee and track licensee revised information  
10 within 10 days after a decrease in the number of exemptions or a  
11 change in status from a nonresident to a resident. An employee  
12 shall file revised information with his or her employer within 10  
13 days after the employee completes the residency requirements  
14 under section 31(11)(d), and when a change of status occurs from  
15 resident of a renaissance zone to nonresident of a renaissance  
16 zone. Within 10 days after an employer receives revised  
17 information from an employee who completes the residency  
18 requirements under section 31(11)(d), the employer shall forward  
19 a copy of that revised information to the department. The  
20 employee, nonresident member, or person with winnings or a payoff  
21 on a winning ticket subject to withholding under this act may  
22 file revised information when the number of exemptions increases  
23 or when a change in status occurs from that of a resident of this  
24 state to a nonresident of this state. Revised information shall  
25 not be given retroactive effect for withholding purposes. An  
26 employer, flow-through entity, casino licensee, and race meeting  
27 licensee and track licensee shall rely on this information for

1 withholding purposes unless directed by the department to  
2 withhold on some other basis. If an employee, **nonresident**  
3 **member, or person with winnings or a payoff on a winning ticket**  
4 **subject to withholding under this act** fails or refuses to furnish  
5 information, the employer, **flow-through entity, casino licensee,**  
6 **and race meeting licensee and track licensee** shall withhold the  
7 full rate of tax from the employee's total compensation, **the**  
8 **nonresident member's share of income available for distribution,**  
9 **or the winnings of a person with winnings or a payoff on a**  
10 **winning ticket subject to withholding under this act.** As used in  
11 this subsection, "renaissance zone" means a renaissance zone  
12 designated pursuant to the Michigan renaissance zone act, ~~Act~~  
13 ~~No. 376 of the Public Acts of 1996, being sections 125.2681 to~~  
14 ~~125.2696 of the Michigan Compiled Laws~~ **1996 PA 376, MCL 125.2681**  
15 **to 125.2696.**

16 Enacting section 1. This amendatory act takes effect  
17 October 1, 2003.

18 Enacting section 2. This amendatory act does not take  
19 effect unless Senate Bill No. \_\_\_\_\_ or House Bill No. 4561  
20 (request no. 03228'03) of the 92nd Legislature is enacted into  
21 law.