

# SENATE BILL No. 98

January 28, 2009, Introduced by Senators PAPPAGEORGE, CASSIS, GILBERT, HARDIMAN, SANBORN, GARCIA, CROPSEY, VAN WOERKOM, RICHARDVILLE, KAHN, GEORGE and BIRKHOLZ and referred to the Committee on Finance.

A bill to amend 2007 PA 36, entitled  
"Michigan business tax act,"  
by amending section 501 (MCL 208.1501).

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 501. (1) A taxpayer that reasonably expects liability for  
2 the tax year to exceed \$800.00 shall file an estimated return and  
3 pay an estimated tax for each quarter of the taxpayer's tax year.

4       (2) For taxpayers on a calendar year basis, the quarterly  
5 returns and estimated payments shall be made by April 15, July 15,  
6 October 15, and January 15. Taxpayers not on a calendar year basis  
7 shall file quarterly returns and make estimated payments on the  
8 appropriate due date which in the taxpayer's fiscal year  
9 corresponds to the calendar year.

(3) ~~The~~ EXCEPT AS OTHERWISE PROVIDED UNDER THIS SUBSECTION, THE estimated payment made with each quarterly return of each tax year shall be for the estimated business income tax base and modified gross receipts tax base for the quarter or 25% of the ~~estimated~~ REQUIRED annual liability PAYMENT. THE REQUIRED ANNUAL PAYMENT IS THE LESSER OF 100% OF THE TAX SHOWN ON THE RETURN FOR THAT TAX YEAR, INCLUDING THE SURCHARGE IMPOSED UNDER SECTION 281, OR 100% OF THE TAX SHOWN ON THE TAXPAYER'S RETURN FOR THE IMMEDIATELY PRECEDING YEAR UNDER THIS ACT, INCLUDING THE SURCHARGE IMPOSED UNDER SECTION 281, OR, FOR THE 2008 TAX YEAR ONLY, 200% OF THE TAX SHOWN ON THE TAXPAYER'S RETURN UNDER FORMER 1975 PA 228. The second, third, and fourth estimated payments in each tax year shall include adjustments, if necessary, to correct underpayments or overpayments from previous quarterly payments in the tax year. ~~to a revised estimate of the annual tax liability.~~ FOR A TAXPAYER THAT CALCULATES AND PAYS ESTIMATED PAYMENTS FOR FEDERAL INCOME TAX PURPOSES PURSUANT TO SECTION 6655(E) OF THE INTERNAL REVENUE CODE, THAT TAXPAYER MAY USE THE SAME METHODOLOGY AS USED TO CALCULATE THE ANNUALIZED INCOME INSTALLMENT OR THE ADJUSTED SEASONAL INSTALLMENT, WHICHEVER IS USED AS THE BASIS FOR THE FEDERAL ESTIMATED PAYMENT, TO CALCULATE THE ESTIMATED PAYMENTS REQUIRED EACH QUARTER UNDER THIS SECTION. A PENALTY FOR UNDERPAYMENT OF AN ESTIMATED TAX UNDER THIS ACT SHALL NOT BE ASSESSED FOR A TAXPAYER'S FIRST TAX YEAR BEGINNING AFTER DECEMBER 31, 2007 IF THAT TAXPAYER PAID 80% OF THE TAX DUE UNDER THIS ACT FOR THE TAX YEAR AND 100% OF THE TAX THAT WOULD HAVE BEEN DUE UNDER FORMER 1975 PA 228.

(4) The interest provided by this act shall not be assessed if

1 any of the following occur:

2 (a) If the sum of the estimated payments equals at least 85%  
3 of the liability and the amount of each estimated payment  
4 reasonably approximates the tax liability incurred during the  
5 quarter for which the estimated payment was made.

6 (b) For the 2009 tax year and each subsequent tax year, if the  
7 preceding year's tax liability under this act was \$20,000.00 or  
8 less and if the taxpayer submitted 4 equal installments the sum of  
9 which equals the immediately preceding tax year's tax liability.

10 (5) Each estimated return shall be made on a form prescribed  
11 by the department and shall include an estimate of the annual tax  
12 liability and other information required by the state treasurer.  
13 The form prescribed under this subsection may be combined with any  
14 other tax reporting form prescribed by the department.

15 (6) With respect to a taxpayer filing an estimated tax return  
16 for the taxpayer's first tax year of less than 12 months, the  
17 amounts paid with each return shall be proportional to the number  
18 of payments made in the first tax year.

19 (7) Payments made under this section shall be a credit against  
20 the payment required with the annual tax return required in section  
21 505.

22 (8) If the department considers it necessary to insure payment  
23 of the tax or to provide a more efficient administration of the  
24 tax, the department may require filing of the returns and payment  
25 of the tax for other than quarterly or annual periods.

26 (9) A taxpayer that elects under the internal revenue code to  
27 file an annual federal income tax return by March 1 in the year

1 following the taxpayer's tax year and does not make a quarterly  
2 estimate or payment, or does not make a quarterly estimate or  
3 payment and files a tentative annual return with a tentative  
4 payment by January 15 in the year following the taxpayer's tax year  
5 and a final return by April 15 in the year following the taxpayer's  
6 tax year, has the same option in filing the estimated and annual  
7 returns required by this act.