

HOUSE BILL No. 4965

September 13, 2011, Introduced by Rep. Nesbitt and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 711 (MCL 206.711), as added by 2011 PA 38.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 711. (1) Every ~~employer, flow-through entity, eligible~~
2 ~~production company, casino licensee, race meeting licensee, and~~
3 ~~track licensee~~ **PERSON** required by this part to deduct and withhold
4 taxes for a tax year on compensation, ~~share of income available for~~
5 ~~distribution~~, winnings, or payoff on a winning ticket shall furnish
6 to each employee, member, or person with winnings or a payoff on a
7 winning ticket subject to withholding under this part on or before
8 January 31 of the succeeding year a statement in duplicate of the
9 total compensation, ~~share of income available for distribution~~,
10 winnings, or payoff on a winning ticket paid during the tax year

1 and the amount deducted or withheld. However, if employment is
 2 terminated before the close of a calendar year by ~~an employer who~~
 3 ~~goes out of business or permanently ceases to be an employer in~~
 4 ~~this state, or a flow through entity, eligible production company,~~
 5 ~~casino licensee, race meeting licensee, or track licensee~~ **A PERSON**
 6 **THAT** goes out of business or permanently ceases to be a flow-
 7 through entity, eligible production company, casino licensee, race
 8 meeting licensee, or track licensee before the close of a calendar
 9 year, **EXIST**, then the statement required by this subsection shall
 10 be issued within 30 days after the last compensation, ~~share of~~
 11 ~~income available for distribution, winnings, or payoff of a winning~~
 12 ticket is paid. A duplicate of a statement made pursuant to this
 13 section and an annual reconciliation return, MI-W3, shall be filed
 14 with the department by February 28 of the succeeding year except
 15 that ~~an employer, flow through entity, eligible production company,~~
 16 ~~casino licensee, race meeting licensee, and track licensee who~~ **A**
 17 **PERSON THAT** goes out of business or permanently ceases to be an
 18 employer, flow through entity, eligible production company, casino
 19 licensee, race meeting licensee, and track licensee **EXIST** shall
 20 file the statement and the annual reconciliation return within 30
 21 days after going out of business or permanently ceasing to be an
 22 employer, flow through entity, eligible production company, casino
 23 licensee, race meeting licensee, and track licensee **EXIST**. **A FLOW-**
 24 **THROUGH ENTITY THAT HAS WITHHELD TAXES ON DISTRIBUTIVE SHARES OF**
 25 **BUSINESS INCOME REASONABLY EXPECTED TO ACCRUE SHALL FILE AN ANNUAL**
 26 **RECONCILIATION RETURN WITH THE DEPARTMENT NO LATER THAN THE LAST**
 27 **DAY OF THE SECOND MONTH FOLLOWING THE END OF THE FLOW-THROUGH**

1 ENTITY'S FEDERAL TAX YEAR. THE DEPARTMENT MAY REQUIRE THE FLOW-
2 THROUGH ENTITY TO FILE AN ANNUAL BUSINESS INCOME INFORMATION RETURN
3 WITH THE DEPARTMENT ON THE DUE DATE, INCLUDING EXTENSIONS, OF ITS
4 ANNUAL FEDERAL INFORMATION RETURN.

5 (2) Every ~~employer, flow-through entity, eligible production~~
6 ~~company, casino licensee, and race meeting licensee and track~~
7 ~~licensee~~ **PERSON** required by this part to deduct or withhold taxes
8 ~~from compensation, share of income available for distribution,~~
9 ~~winnings, or payoff on a winning ticket~~ shall make a return or
10 report in form and content and at times as prescribed by the
11 department. An employer or flow-through entity that has entered
12 into an agreement with a community college pursuant to chapter 13
13 of the community college act of 1966, 1966 PA 331, MCL 389.161 to
14 389.166, and is required to deduct or withhold taxes from
15 compensation and make payments to a community college pursuant to
16 the agreement for a portion of those taxes withheld shall, for as
17 long as the agreement remains in effect, delineate in the return or
18 report required under this subsection between the amount deducted
19 or withheld and paid to the state and that amount paid to a
20 community college.

21 (3) Every **PERSON THAT RECEIVES A PENSION OR ANNUITY PAYMENT,**
22 employee, member, or person with winnings or a payoff on a winning
23 ticket subject to withholding under this part shall furnish to **THE**
24 **PERSON THAT DISBURSES THE PENSION OR ANNUITY PAYMENT,** his or her
25 employer, flow-through entity, eligible production company, casino
26 licensee, race meeting licensee, and track licensee information
27 ~~required for the employer, flow-through entity, eligible production~~

1 ~~company, casino licensee, race meeting licensee, and track licensee~~
2 to make an accurate withholding. ~~An~~ **A PERSON THAT RECEIVES PENSION**
3 **OR ANNUITY PAYMENTS**, employee, member, or person with winnings or a
4 payoff on a winning ticket subject to withholding under this part
5 shall file with **THE PERSON THAT DISBURSES THE PENSION OR ANNUITY**
6 **PAYMENT**, his or her employer, flow-through entity, eligible
7 production company, casino licensee, race meeting licensee, and
8 track licensee revised information within 10 days after a decrease
9 in the number of exemptions or a change in status from a
10 nonresident to a resident. The **PERSON WHO RECEIVES PENSION OR**
11 **ANNUITY PAYMENTS**, employee, nonresident member, or person with
12 winnings or a payoff on a winning ticket subject to withholding
13 under this part may file revised information when the number of
14 exemptions increases or when a change in status occurs from that of
15 a resident of this state to a nonresident of this state. Revised
16 information shall not be given retroactive effect for withholding
17 purposes. ~~An employer, flow-through entity, eligible production~~
18 ~~company, casino licensee, race meeting licensee, and track licensee~~
19 **A PERSON REQUIRED BY THIS PART TO DEDUCT AND WITHHOLD TAXES** shall
20 rely on this information for withholding purposes unless directed
21 by the department to withhold on some other basis. If ~~an~~ **A PERSON**
22 **WHO RECEIVES A RETIREMENT OR ANNUITY PAYMENT**, employee, member, or
23 person with winnings or a payoff on a winning ticket subject to
24 withholding under this part fails or refuses to furnish
25 information, the ~~employer, flow-through entity, eligible production~~
26 ~~company, casino licensee, race meeting licensee, and track licensee~~
27 **PERSON REQUIRED BY THIS PART TO DEDUCT AND WITHHOLD TAXES** shall

1 withhold the full rate of tax from the **PERSON'S RETIREMENT OR**
2 **ANNUITY PAYMENT**, employee's total compensation, the member's ~~share~~
3 ~~of income available for distribution~~, **DISTRIBUTIVE SHARE OF**
4 **BUSINESS INCOME REASONABLY EXPECTED TO ACCRUE**, or the winnings of a
5 person with winnings or a payoff on a winning ticket subject to
6 withholding under this part.

7 Enacting section 1. This amendatory act takes effect January
8 1, 2012.