

# Legislative Analysis



## CHANGE FILING DEADLINE FOR WITHHOLDING STATEMENT AND RETURN

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5091 as introduced**  
**Sponsor: Rep. Bronna Kahle**  
**Committee: Tax Policy**  
**Complete to 1-23-18**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 5091 would amend the Income Tax Act (MCL 206.711) to change the annual date, from February 28 to January 31, by which a person must file an income tax withholding statement and an annual reconciliation return with the Michigan Department of Treasury. The bill would also allow the department to require returns or reports made by certain employers to be made electronically.

Currently under the Act, **every person required to deduct and withhold income taxes** for a tax year must send to the individual receiving the income, by January 31 of the succeeding year, a statement of the total income paid during the tax year and the amount deducted or withheld. Additionally, the person must file this same statement, along with an annual reconciliation return, MI-W3, with the Department of Treasury by February 28.<sup>1</sup> The bill would change this deadline to January 31.

Also under the Act, **every person required to deduct or withhold income taxes** must make a return or report in form and content and at times prescribed by the department. The bill would allow the department to require certain employers to make the return or report in electronic form.

[Section 703 of the Income Tax Act requires certain persons to deduct and withhold estimated income taxes from payments made to individuals subject to the tax. Generally speaking, those required to withhold taxes include employers who must withhold federal income taxes under the Internal Revenue Code, payers of taxable pensions or annuities, and casinos and racetracks. Certain flow-through entities are also required to withhold under certain circumstances.]

### FISCAL IMPACT:

House Bill 5091 would have no operational fiscal impact on the Department of Treasury. However, according to the Department of Treasury, the provisions of the bill could assist with fraud detection efforts and improved data matching as it relates to income taxes.

Legislative Analyst: Patrick Morris  
Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

<sup>1</sup> For more information on withholding documentation, see "2016 Michigan Income Tax Withholding Guide," Michigan Department of Treasury. [http://www.michigan.gov/documents/taxes/446\\_2016\\_519513\\_7.pdf](http://www.michigan.gov/documents/taxes/446_2016_519513_7.pdf)