

Legislative Analysis



AUTOMATIC EXTENSION FOR STATE AND CITY INCOME TAX DUE DATES

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

House Bill 4568 as reported from committee
Sponsor: Rep. Matt Hall

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

House Bill 4569 as reported from committee
Sponsor: Rep. Andrew W. Beeler

House Bill 4571 as reported from committee
Sponsor: Rep. Tenisha Yancey

Committee: Tax Policy
Complete to 4-2-21

SUMMARY:

House Bills 4568 and 4571 would amend the Income Tax Act, and House Bill 4569 would amend the City Income Tax Act, to extend the due dates for certain 2020 income tax returns and provide that a taxpayer will not be subject to any interest or penalties during the extension period.

On March 17, 2021, the federal Treasury Department and Internal Revenue Service (IRS) issued IRS Notice 2021-59, announcing that the federal income tax filing due date would be automatically extended from April 15, 2021, to May 17, 2021.¹

Two days later, the Michigan Department of Treasury extended its own state individual and composite income tax return deadlines to conform with the revised federal deadline.² However, the exemption from penalties and interest until May 17 issued by the Department of Treasury applies only to individual income tax returns (not corporate income tax returns, quarterly estimated payments for the 2021 tax year, or city income taxes or fiduciary returns for the 2020 tax year).

House Bill 4571 would codify the Department of Treasury's extension for **individual filers** and provide that an additional extension by the IRS of the 2020 federal income tax filing due date for federal taxpayers would also automatically extend the state deadline to that same date.

Proposed MCL 206.301a

House Bill 4568 would provide that those **individual filers** whose annual **state returns** are otherwise due by April 15, 2021, have an automatic extension to file until May 17, 2021.

Additionally, the bill would provide that **corporate income tax filers** whose annual **state returns** are otherwise due by April 30, 2021, have an automatic extension to file until June 1, 2021.

Proposed MCL 206.301a and 206.681a

¹ <https://www.irs.gov/newsroom/tax-day-for-individuals-extended-to-may-17-treasury-irs-extend-filing-and-payment-deadline>

² <https://www.michigan.gov/taxes/0,4676,7-238--555009--,00.html>

House Bill 4569 would amend Chapter 2 of the City Income Tax Act, which governs the uniform city income tax ordinance, to revise the due date for **city returns**. Under the bill, a person whose annual return, quarterly return, or declaration of estimated tax is otherwise due by April 15 or April 30, 2021, would receive an automatic extension until May 17 or June 1, 2021, whichever is applicable. An additional extension of the deadline by the IRS would automatically extend the state deadline to that same date. If the deadline were extended beyond April 15 or April 30, 2021, and the ultimate filing or remittance complied with the bill, any interest and penalties for the failure to file or remit for that extended period would be waived. Applicable penalties and interest would begin to accrue on the day after the revised due date.

Proposed MCL 141.640 and 141.680

BRIEF DISCUSSION:

House Bill 4571 would codify the Department of Treasury's extension into state statute, and House Bill 4569 would extend the deadlines to cities that levy income taxes so that they conform to their typical timing with respect to state and federal deadlines (the deadlines for all cities except Detroit are and would remain two weeks after the state and federal deadlines for individual filers).

According to committee testimony, House Bill 4568, which currently proposes language similar to that in HB 4571 (and extends it to corporate filers), is intended as a bill that can be quickly amended in the Senate if necessary to accommodate any additional changes necessitated by the revised deadlines.

FISCAL IMPACT:

Because the bills only extend the filing deadlines by roughly 30 days, there would be no state or local fiscal impact other than the implicit loss of interest for a short period.

POSITIONS:

A representative of the Michigan Municipal League testified in support of House Bill 4569. (3-24-21)

The following entities indicated support for the bills (3-24-21):

Department of Treasury
Michigan Manufacturers Association

Legislative Analyst: Jenny McInerney
Fiscal Analyst: Jim Stansell

■ 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.