

**REVENUE DIVISION OF DEPARTMENT OF TREASURY (EXCERPT)**  
**Act 122 of 1941**

**205.30 Credit or refund; interest.**

Sec. 30. (1) The department shall credit or refund an overpayment of taxes; taxes, penalties, and interest erroneously assessed and collected; and taxes, penalties, and interest that are found unjustly assessed, excessive in amount, or wrongfully collected with interest at the rate calculated under section 23 for deficiencies in tax payments.

(2) A taxpayer who paid a tax that the taxpayer claims is not due may petition the department for refund of the amount paid within the time period specified as the statute of limitations in section 27a. If a tax return reflects an overpayment or credits in excess of the tax, the declaration of that fact on the return constitutes a claim for refund. If the department agrees the claim is valid, the amount of overpayment, penalties, and interest shall be first applied to any known liability as provided in section 30a, and the excess, if any, shall be refunded to the taxpayer or credited, at the taxpayer's request, against any current or subsequent tax liability. Except claims for refunds, other than those made under part 1 of the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532, that have not been approved, denied, or adjusted within 1 year of the date received may be treated as denied at the election of the taxpayer, and may be appealed by the taxpayer in accordance with section 22.

(3) The department shall certify a refund to the state disbursing authority who shall pay the amount out of the proceeds of the tax in accordance with the accounting laws of the state. Interest at the rate calculated under section 23 for deficiencies in tax payments regarding those refunds shall be added to the refund commencing 45 days after the claim is filed or 45 days after the date established by law for the filing of the return, whichever is later. Interest on refunds intercepted and applied as provided in section 30a shall cease as of the date of interception. Refunds for amounts of less than \$1.00 shall not be paid.

(4) Beginning January 1, 2014, in addition to and separate from the interest added to a refund under subsection (3), for refunds for taxes imposed under part 1 of the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532, the state disbursing authority shall add interest to refunds that are not paid within 1 of the following dates for the applicable tax year:

(a) May 1, for returns received by the department on or before March 1 of the applicable tax year.

(b) Sixty days from the date the return was received by the department for returns received by the department after March 1 of the applicable tax year.

(5) Interest described in subsection (4) shall be paid at a rate of 3% per annum, calculated from the date the original return was due under section 315(1) of the income tax act of 1967, 1967 PA 281, MCL 206.315, and until a date preceding the date of the refund by not more than 7 days, if all of the following conditions are met:

(a) The refund is due on an original return which was timely filed under section 315(1) of the income tax act of 1967, 1967 PA 281, MCL 206.315.

(b) The refund is not adjusted by the department.

(c) The return is not subject to section 27a(3) or (4) except for audit by the department.

(d) The return is complete for processing purposes with no calculation errors and contains all required information as prescribed by the department under section 315(1)(d) of the income tax act of 1967, 1967 PA 281, MCL 206.315, including any state and federal returns, forms, or schedules necessary to process the return.

(e) The taxpayer who has filed a complete return under subdivision (d) has complied with the department's request, if any, for additional documentation or information within 30 days of that request.

(f) No portion of the refund is subject to interception under section 30a.

(g) The amount to be refunded is more than \$1.00.

(6) Beginning January 1, 2015, in addition to and separate from the interest added to a refund under subsection (3), for refunds for taxes imposed under the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601, the state disbursing authority shall add interest to refunds that are not paid within 90 days after the claim is approved or 90 days after the date established by law for filing the return, whichever is later. Interest described in this subsection shall be paid at a rate of 3% per annum for each day the refund is not issued within the time frame required in this subsection if all of the following conditions are met:

(a) The refund is claimed on an original return which was timely filed under section 505(1) of the Michigan business tax act, 2007 PA 36, MCL 208.1505.

(b) The refund is not adjusted by the department.

(c) The refund is not claimed by a taxpayer filing as a unitary business group.

(d) The return is not subject to section 27a(3) or (4) except for audit by the department.

(e) The return is complete for processing purposes with no calculation errors and contains all required information as prescribed by the department under section 507 or 509 of the Michigan business tax act, 2007 PA 36, MCL 208.1507 and 208.1509, including any state and federal returns, forms, or schedules necessary to process the return.

(f) The taxpayer who has filed a complete return under subdivision (e) has complied with the department's request, if any, for additional documentation or information within 30 days of that request.

(g) No portion of the refund is subject to interception under section 30a.

(h) The amount to be refunded is more than \$10.00.

(7) Beginning January 1, 2017, the interest calculations in subsections (3), (4), (5), and (6) also apply to refunds of credits authorized under section 36109 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.36109, for contracts that have been approved and processed by the department of agriculture and rural development and forwarded to the department. If the state disbursing authority does not pay or refund a credit described in this subsection within 45 days from the date the return was received by the department, the department shall notify the taxpayer of the status of the return and whether the taxpayer has filed a complete return.

**History:** Add. 1980, Act 162, Eff. Sept. 17, 1980;—Am. 1985, Act 211, Imd. Eff. Jan. 8, 1986;—Am. 1986, Act 58, Eff. May 1, 1986;—Am. 1993, Act 14, Imd. Eff. Apr. 1, 1993;—Am. 2013, Act 133, Imd. Eff. Oct. 15, 2013;—Am. 2014, Act 3, Imd. Eff. Feb. 6, 2014;—Am. 2014, Act 424, Imd. Eff. Dec. 30, 2014;—Am. 2016, Act 267, Imd. Eff. June 28, 2016.

**Compiler's note:** Enacting section 4 of Act 162 of 1980 provides:

"Section 4. This amendatory act shall take effect 90 days after signature by the Governor. All new appeals from an assessment, decision or order of the department shall be made to the tax tribunal effective with the effective date of this act. An appeal to the state board of tax appeals filed prior to the effective date of this act shall proceed as follows:

"(a) A matter which has not been heard on or before January 1, 1981, shall be transferred to the tax tribunal as of January 1, 1981.

"(b) A matter which has been heard on or before January 1, 1981 shall be completed by the board and a decision issued before December 31, 1981.

"(c) An appeal having been filed in any court of record in this state prior to January 1, 1981 shall proceed in those courts until a decision is rendered. Appeals filed after January 1, 1981 shall be in accordance with this amendatory act."

Act 138 of 1981 purported to amend enacting sections 3 and 4 of Act 162 of 1980 to read as follows:

"Section 3. Sections 7, 8, and 9 of Act No. 122 of the Public Acts of 1941, as amended, being sections 205.7, 205.8, and 205.9 of the Compiled Laws of 1970, are repealed effective September 30, 1982.

"Section 4. (1) This amendatory act shall take effect September 16, 1980. All new appeals from an assessment, decision or order of the department shall be made to the tax tribunal effective September 16, 1980. An appeal to the state board of tax appeals filed prior to September 16, 1980 shall proceed as follows:

"(a) A matter which has not been heard, and submitted to the board for decision, on or before January 1, 1982 shall be transferred to the tax tribunal as of January 1, 1982.

"(b) A matter which has been heard, and submitted to the board for decision, on or before January 1, 1982 shall be completed and a decision issued before September 30, 1982.

"(2) An appeal having been filed in any court of record in this state prior to January 1, 1981 shall proceed in those courts until a decision is rendered. Appeals filed after January 1, 1981 shall be in accordance with this amendatory act."

However, the provisions of Act 162 of 1980 had already taken effect prior to October 29, 1981, the effective date of Act 138 of 1981.

Enacting sections 2 and 3 of Act 58 of 1986 provide:

"Section 2. The changes in penalties and interest affected by this amendatory act shall take effect July 1, 1986.

"Section 3. Except for section 31 and the provisions of enacting section 2, this amendatory act shall take effect May 1, 1986."

**Popular name:** Revenue Act