

INCOME TAX ACT OF 1967 (EXCERPT)
Act 281 of 1967

206.715 Employer credit for paid adoption leave.

Sec. 715. (1) Subject to an appropriation and the limitations under this section, for tax years beginning on and after January 1, 2023, a qualified employer that voluntarily provides paid adoption leave to qualified employees may claim a credit against the taxes required to be withheld and remitted to this state under this chapter in an amount equal to 50% of the wages paid to each qualified employee during any period during the tax year in which the qualified employee is on adoption leave. The maximum amount of credit allowed per qualified employee for a single adoption leave period is \$4,000.00. The maximum amount of leave with respect to any qualified employee for which a credit may be claimed under this section must not exceed 12 weeks. Any adoption leave that is paid by this state or a political subdivision of this state or that is required to be paid by law must not be included in determining the amount of the credit under this section for wages paid to a qualified employee for adoption leave.

(2) A qualified employer claiming a credit under this section against the withholdings tax payments made under this chapter shall, in form and content as prescribed by the department, claim the credit allowed under this section on the annual return required under section 711 for that same calendar year.

(3) As used in this section:

(a) "Adoption leave" means a period of absence related to the adoption of a child by an employee to provide time for bonding and adjustments immediately after placement of that child with the employee.

(b) "Parental leave" means the period of absence related to the active participation or supervision in the day-to-day, ongoing care or maintenance of an employee's child immediately following the birth of that child, for which the employee reduces or eliminates the number of hours worked for the employer in a normal work-time period.

(c) "Qualified employee" means an individual who has been employed by the employer for at least 1 year, and for the preceding year had compensation that does not exceed 60% of the amount applicable for highly compensated employees under section 414(q)(1)(B) of the internal revenue code for that same year.

(d) "Qualified employer" means an employer that has a written policy offering parental leave and adoption leave that satisfies both of the following:

(i) Provides at least 2 weeks of paid parental leave and adoption leave for each full-time qualified employee and a proportionate amount of parental leave and adoption leave for each part-time qualified employee.

(ii) The rate of payment for parental leave and adoption leave is not less than 50% of the wages normally paid to that same employee for services performed for the employer.

(e) "Wages" means that term as defined in section 3306(b) of the internal revenue code.

History: Add. 2022, Act 207, Imd. Eff. Oct. 7, 2022.