

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

206.839 Non-electing flow-through entity; reporting of information required by internal revenue code; estate or trust reporting requirements.

Sec. 839. (1) A taxpayer or a flow-through entity that did not make the election under section 813 shall, in a form and manner as prescribed by the department, provide on or before the due date of the return under section 833, upon the amendment of a return filed under section 833 or the adjustment of the tax under this part by the department, to any member to which the provision of information is required by the internal revenue code all of the following for the tax year:

(a) Information regarding the allocation and apportionment of the business income described under this part and the allocation and apportionment of income subject to tax under part 1 and part 2.

(b) The member's allocable share of the reporting flow-through entity's taxes calculated under section 815(2)(e) on or measured by net income including the tax imposed by this part for the tax year. The member's allocable share of taxes calculated under section 815(2)(e) and allocated to the reporting flow-through entity by other flow-through entities with tax years ending on or within the reporting flow-through entity's tax year.

(c) The member's allocable share of the reporting flow-through entity's refund calculated under section 815(2)(g). The member's allocable share of refunds calculated under section 815(2)(g) and allocated to the reporting flow-through entity by other flow-through entities with tax years ending on or within the reporting flow-through entity's tax year.

(d) Each of the following:

(i) For tax years that begin before January 1, 2024, the member's share of the tax imposed under this part on the taxpayer for the tax year and paid by the fifteenth day of the third month after the end of the tax year. For tax years that begin on and after January 1, 2024, the member's share of the tax imposed under this part on the taxpayer for the tax year and paid on or before the date for the filing of the annual return under section 833 for the tax year, including any extension.

(ii) The member's share of the tax imposed under this part on the taxpayer for any prior tax year and paid within the tax year excluding any amount reported under subparagraph (i) for the previous tax year.

(iii) The member's share of the tax allocated to the reporting flow-through entity under subparagraphs (i) and (ii) by other flow-through entities with tax years ending on or within the reporting flow-through entity's tax year.

(e) The member's share of the tax allocated under subdivision (d) must be determined based on the member's share of the income or gain generating the tax imposed under this part and included in the member's share of business income. If a member is allocated different portions of separately reported categories of income and gain, then the allocated share of tax must be based on the tax imposed under this part on each separate category of income or gain.

(f) Any additional information determined by the department to be necessary for the filing of a direct or indirect member's tax return under this act.

(2) An estate or trust that is either a member of a flow-through entity that elects to file a return and pay the tax imposed under this part or a direct or indirect member of another flow-through entity that elects to file a return and pay the tax imposed under this part shall on or before the due date of the return required under part 1 report to its beneficiaries their allocable share of the tax imposed under this part and reported to the estate or trust under subsection (1)(d) in the same tax year. The allocable share is determined by multiplying the total amount of tax imposed under this part and reported to the estate or trust under subsection (1)(d) in the tax year by a percentage equal to a fraction, the numerator of which is the flow-through entity business income tax base that is distributed to the beneficiaries and the denominator of which is the total flow-through entity business income tax base that is included in distributable net income.

History: Add. 2021, Act 135, Imd. Eff. Dec. 21, 2021;—Am. 2024, Act 216, Eff. Apr. 2, 2025.

Compiler's note: Enacting section 1 of Act 135 of 2021 provides:

"Enacting section 1. This amendatory act is retroactive and intended to apply retroactively effective for tax years beginning on and after January 1, 2021."