

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

CHAPTER 23

**206.831 Estimated payments and quarterly returns.**

Sec. 831. (1) Except as otherwise provided under this section, a taxpayer that reasonably expects liability for the tax year to exceed \$800.00 shall file an estimated return and pay an estimated tax for each quarter of the taxpayer's tax year in the same manner as provided in section 301.

(2) The interest and penalty provided by this part shall not be assessed for the 2022 tax year and 2023 tax year, if the preceding year's tax liability under this part was \$20,000.00 or less and if the taxpayer submitted 4 equal installments the sum of which equals the immediately preceding tax year's tax liability. For tax years beginning on and after January 1, 2024, both of the following apply:

(a) The interest and penalty provided by this part shall not be assessed if the taxpayer submitted 4 equal installments the sum of which equals at least 1 of the following:

(i) 90% of the taxpayer's current year's tax liability.

(ii) 100% of the taxpayer's previous year's tax liability.

(b) The interest and penalty provided by this part shall not be assessed for any quarterly estimated payment due prior to the taxpayer making the election to pay the tax due under this part for that tax year, unless the department determines that the deficiency is due to the taxpayer's intentional disregard of the law.

(3) Each estimated return shall be made on a form prescribed by the department and shall include an estimate of the annual tax liability and other information required by the state treasurer. The form prescribed under this subsection may be combined with any other tax reporting form prescribed by the department.

(4) Payments made under this section shall be a credit against the payment required with the annual tax return required in section 833.

(5) If the department considers it necessary to insure payment of the tax or to provide a more efficient administration of the tax, the department may require filing of the returns and payment of the tax for other than quarterly or annual periods.

**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."

**206.833 Annual or final return; filing; form and content; remittance of final liability; information return; extension.**

Sec. 833. (1) An annual or final return for the tax imposed under this part shall be filed with the department in the form and content prescribed by the department by the last day of the third month after the end of the taxpayer's tax year. Any final liability shall be remitted by the annual due date of the taxpayer's annual or final return, excluding any extension of time to file the return as provided under subsections (2) and (3). A taxpayer that elected to file a return for 3 years under section 813 whose tax liability under this part is less than or equal to \$100.00 shall file an information return in accordance with section 711.

(2) The department, upon application of the taxpayer and for good cause shown, may extend the date for filing the annual return. Interest at the rate under section 23(2) of 1941 PA 122, MCL 205.23, shall be added to the amount of the tax unpaid for the period of the extension. The state treasurer shall require with the application payment of the estimated tax liability unpaid for the tax period covered by the extension.

(3) If a taxpayer is granted an extension of time within which to file the federal income tax return for any tax year, the filing of a copy of the request for extension together with a tentative return and payment of an estimated tax with the department by the due date provided in subsection (1) shall automatically extend the due date for the filing of an annual or final return under this part until the last day of the sixth month following the original due date of the return. Interest at the rate under section 23(2) of 1941 PA 122, MCL 205.23, shall be added to the amount of the tax unpaid for the period of the extension.

**History:** Add. 2021, Act 135, Imd. Eff. Dec. 21, 2021.

**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."

**206.835 Furnishing copy of return filed under internal revenue code; amended return.**

Sec. 835. (1) A taxpayer required to file a return under this part may be required to furnish a true and correct copy of any return or portion of any return filed under the provisions of the internal revenue code.

(2) A taxpayer shall file an amended return with the department showing any alteration in or modification of a federal income tax return that affects its tax base under this part. The amended return shall be filed within 180 days after the final determination by the internal revenue service.

**History:** Add. 2021, Act 135, Imd. Eff. Dec. 21, 2021.

**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."

### **206.837 Added interest; exception for 2021 refunds.**

Sec. 837. For tax years ending in 2021 only, if a taxpayer elects to pay the tax under section 813 for the tax year ending in 2021 and the annual return filed under this part for that tax year results in a refund, that refund is not subject to added interest under section 30(3) of 1941 PA 122, MCL 205.30.

**History:** Add. 2021, Act 135, Imd. Eff. Dec. 21, 2021.

**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."

### **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."

#### **206.841 Administration of tax; conflicting provisions; rules; forms; additional tax liability; statistics detailing distribution of tax receipts.**

Sec. 841. (1) The tax imposed by this part shall be administered by the department of treasury pursuant to 1941 PA 122, MCL 205.1 to 205.31, and this part. If a conflict exists between 1941 PA 122, MCL 205.1 to 205.31, and this part, the provisions of this part apply.

(2) The department may promulgate rules to implement this part pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(3) The department shall prescribe forms for use by taxpayers and may promulgate rules in conformity with this part for the maintenance by taxpayers of records, books, and accounts, and for the computation of the tax, the manner and time of changing or electing accounting methods and of exercising the various options contained in this part, the making of returns, and the ascertainment, assessment, and collection of the tax imposed under this part.

(4) The tax imposed by this part is in addition to all other taxes for which the taxpayer may be liable.

(5) The department shall prepare and publish statistics from the records kept to administer the tax imposed by this part that detail the distribution of tax receipts by type of business, legal form of organization, sources of tax base, timing of tax receipts, and types of deductions. The statistics shall not result in the disclosure of information regarding any specific taxpayer.

(6) The department may require the taxpayer to remit any payment due under this part to the department by an electronic funds transfer method approved by the department.

**History:** Add. 2021, Act 135, Imd. Eff. Dec. 21, 2021.

**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."

#### **206.843 Distribution to state school aid fund; balance to general fund.**

Sec. 843. From the tax levied under this part, that percentage of the gross collections before refunds that is equal to 1.012% divided by the tax rate levied under this part shall be deposited in the state school aid fund created in section 11 of article IX of the state constitution of 1963 and the balance of the revenue collected under this part after the distribution to the school aid fund shall be deposited into the general fund.

**History:** Add. 2021, Act 135, Imd. Eff. Dec. 21, 2021.

**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."

#### **206.845 Classification as disregarded entity for federal income tax purposes; treatment of certain conversions into a limited liability company.**

Sec. 845. Notwithstanding any other provision of this act, both of the following apply:

(a) A person that is a disregarded entity for federal income tax purposes under the internal revenue code is classified as a disregarded entity for purposes of this part.

(b) A person that converts into a limited liability company under section 7 of 1883 PA 129, MCL 484.7, is treated as a corporation for purposes of this part unless that converted entity is a disregarded entity for federal income tax filing purposes under the internal revenue code and its regarded owner is treated as a corporation for state and federal income tax purposes.

**History:** Add. 2021, Act 135, Imd. Eff. Dec. 21, 2021;—Am. 2024, Act 177, Imd. Eff. Dec. 23, 2024.

**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."

#### **206.847 Imposition of tax; subject to certain state and local tax deduction limitations under the internal revenue code.**

Sec. 847. The tax created under this part is levied and imposed for any tax year that section 164(b)(6)(B) of the internal revenue code limits the amount an individual is allowed to deduct under section 164(a) of the

internal revenue code for the same tax year. The tax created under this part is not levied and imposed for any tax year that section 164(b)(6)(B) of the internal revenue code does not limit the amount an individual is allowed to deduct under section 164(a) of the internal revenue code for the same tax year.

**History:** Add. 2021, Act 135, Imd. Eff. Dec. 21, 2021.

**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."