

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

206.110 Taxable income of individuals, estates, or trusts; definitions; allocation; rents and royalties.

Sec. 110. (1) For a resident individual, estate, or trust, all taxable income from any source whatsoever, except that attributable to another state under sections 111 to 115 and subject to section 255, is allocated to this state.

(2) For a nonresident individual, estate, or trust, all taxable income is allocated to this state to the extent it is earned, received, or acquired in 1 or more of the following ways:

(a) For the rendition of personal services performed in this state.

(b) As a distributive share of the net profits of a business, profession, enterprise, undertaking, or other activity as the result of work done, services rendered, or other business activities conducted in this state, except as allocated to another state pursuant to sections 111 to 114 and subject to section 256.

(c) For tax years beginning after 1996, as a prize won by the taxpayer under the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.1 to 432.47.

(d) As winnings that are proceeds of a wagering transaction paid on or after October 1, 2003 by a casino or as a payoff price on a winning ticket that is the result of pari-mutuel wagering at a licensed race meeting if the casino or licensed race meeting is located in this state. As used in this subdivision:

(i) "Casino" means a casino regulated by this state under the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226, or a building on Native American land or land held in trust by the United States for a federally recognized Indian tribe on which gaming is conducted under the Indian gaming regulatory act, Public Law 100-497, 102 Stat 2467.

(ii) "Pari-mutuel wagering" and "licensed race meeting" mean those terms as used in the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336.

(3) The respective shares of a nonresident estate or trust and its beneficiaries, including, solely for purposes of allocation, resident and nonresident beneficiaries, in the income attributable to this state shall be in proportion to the respective shares of distributable net income of the beneficiaries under the internal revenue code. If the estate or trust has no distributable net income for the tax year, the share of each beneficiary in the income attributable to this state shall be in proportion to his or her share of the estate or trust income for that year, under local law or the terms of the instrument, that is required to be distributed currently and other amounts of the income distributed in the year. Any balance of the income attributable to this state shall be allocated to the estate or trust.

(4) Rents and royalties from real or tangible personal property, capital gains, interest, dividends, or patent or copyright royalties, to the extent that they constitute a nonbusiness income, shall be allocated as provided in sections 111 to 114.

History: 1967, Act 281, Eff. Oct. 1, 1967;—Am. 1969, Act 332, Imd. Eff. Nov. 4, 1969;—Am. 1990, Act 283, Imd. Eff. Dec. 14, 1990;—Am. 1996, Act 484, Eff. Jan. 1, 1997;—Am. 2003, Act 21, Imd. Eff. June 24, 2003;—Am. 2011, Act 38, Eff. Jan. 1, 2012.