



HOUSE BILL No. 6173

November 30, 2000, Introduced by Rep. Bisbee and referred to the Committee on Tax Policy.

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending section 14 (MCL 205.104), as amended by 1986 PA 41.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 14. (1) A person in the business of selling tangible
2 personal property and liable for any tax imposed under this act
3 shall keep accurate and complete beginning and annual inventory
4 and purchase records of additions to inventory, complete daily
5 sales records, receipts, invoices, bills of lading, and any and
6 all pertinent documents in a form the department ~~may require~~
7 REQUIRES. If an exemption from this tax is claimed by reason of
8 any of the exemptions or deductions granted under this act, a
9 record shall be kept of the name and address of the person to
10 whom the sale is made, the date of the sale, the article
11 purchased, the use to be made of the article, and the amount of

1 the sale, and if that person has a sales tax license issued under
2 the provisions of the general sales tax act, ~~Act No. 167 of the~~
3 ~~Public Acts of 1933, as amended being sections 205.51 to 205.78~~
4 ~~of the Michigan Compiled Laws, that number shall also be~~
5 ~~included~~ 1933 PA 167, MCL 205.51 TO 205.78, THE SALES TAX
6 LICENSE NUMBER. IF A TAXPAYER MAINTAINS THE RECORDS REQUIRED
7 UNDER THIS SECTION, AND ACCEPTS AN EXEMPTION CERTIFICATE FROM THE
8 BUYER IN GOOD FAITH ON A FORM PRESCRIBED BY THE DEPARTMENT, THE
9 TAXPAYER IS NOT LIABLE FOR COLLECTION OF THE UNPAID TAX AFTER A
10 FINDING THAT THE SALE DID NOT QUALIFY FOR EXEMPTION UNDER THIS
11 ACT. AS USED IN THIS SECTION, "GOOD FAITH" MEANS THAT THE TAX-
12 PAYER RECEIVED A COMPLETED AND SIGNED EXEMPTION CERTIFICATE FROM
13 THE BUYER. Any person knowingly making a sale of tangible per-
14 sonal property for the purpose of resale at retail to another
15 person not licensed under ~~Act No. 167 of the Public Acts of~~
16 ~~1933, as amended, shall be~~ 1933 PA 167, MCL 205.51 TO 205.78, IS
17 liable for the tax imposed by this act unless the transaction is
18 exempt under the provisions of section 4h. These records must be
19 kept for a period of 4 years after the tax imposed under this act
20 to which the records apply is due or as otherwise provided by
21 law. If the department considers it necessary, the department
22 may require any person, by notice served upon that person, to
23 make a return, render under oath certain statements, or keep cer-
24 tain records the department considers sufficient to show whether
25 or not that person is liable for tax under this act. If the tax-
26 payer fails to file a return or to maintain or preserve proper
27 records as prescribed in this section, or the department has

1 reason to believe that any records maintained or returns filed
2 are inaccurate or incomplete and that additional taxes are due,
3 the department may assess the amount of the tax due from the tax-
4 payer based on information that is available or that may become
5 available to the department. That assessment ~~shall be~~ IS con-
6 sidered prima facie correct for the purpose of this act and the
7 burden of proof of refuting the assessment ~~shall be~~ IS upon the
8 taxpayer. FOR PURPOSES OF THIS SECTION, EXEMPTION CERTIFICATE
9 INCLUDES A BLANKET EXEMPTION CERTIFICATE ON A FORM PRESCRIBED BY
10 THE DEPARTMENT THAT COVERS ALL EXEMPT TRANSFERS BETWEEN THE TAX-
11 PAYER AND THE BUYER FOR A PERIOD OF 4 YEARS OR FOR A PERIOD OF
12 LESS THAN 4 YEARS AS STATED ON THE BLANKET EXEMPTION CERTIFICATE
13 IF THAT PERIOD IS AGREED TO BY THE BUYER AND TAXPAYER.

14 (2) FOR A PERIOD OF NOT LESS THAN 30 DAYS OR MORE THAN 60
15 DAYS THAT ENDS BEFORE MARCH 1, 2001, AS DESIGNATED BY THE DEPART-
16 MENT, A PERSON LIABLE FOR ANY TAX IMPOSED UNDER THIS ACT IS
17 EXEMPT FROM THE GOOD FAITH REQUIREMENT DESCRIBED IN SUBSECTION
18 (1) IF THAT PERSON SUBMITS TO THE DEPARTMENT COPIES OF ALL SALES
19 TAX EXEMPTION CERTIFICATES FROM BUYERS DESCRIBED IN SUBSECTION
20 (1).

21 (3) A BUYER ELIGIBLE TO CLAIM ANY OF THE EXEMPTIONS OR
22 DEDUCTIONS GRANTED UNDER THIS ACT SHALL REGISTER ON A FORM PRE-
23 SCRIBED BY THE DEPARTMENT. IF A BUYER FAILS TO SATISFY THE REG-
24 ISTRATION REQUIREMENT 6 MONTHS AFTER EITHER NOTICE TO REGISTER
25 FROM THE DEPARTMENT OR BECOMING ELIGIBLE TO CLAIM AN EXEMPTION OR
26 DEDUCTION UNDER THIS ACT, WHICHEVER IS LATER, THE BUYER IS NOT
27 ENTITLED TO SUBMIT AN EXEMPTION CERTIFICATE CLAIMING AN EXEMPTION

1 OR DEDUCTION OTHERWISE GRANTED BY THIS ACT UNTIL THE BUYER
2 REGISTERS. AFTER THE DEPARTMENT HAS ISSUED NOTICE TO REGISTER, A
3 NONREGISTERED BUYER SHALL BE ALLOWED TO CLAIM EXEMPTION IN A
4 REFUND CLAIM THAT IS FILED WITH THE DEPARTMENT WITHIN THE TIME
5 PERMITTED UNDER SECTION 27A OF 1941 PA 122, MCL 205.27A.