



**House
Legislative
Analysis
Section**

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TAX PENALTIES

House Bill 4576

Sponsor: Rep. Jack Minore

Committee: Tax Policy

Complete to 4-24-03

A SUMMARY OF HOUSE BILL 4576 AS INTRODUCED 4-10-03

The bill would amend the Revenue Act to revise various taxpayer penalties put in place by Public Act 657 of 2002 (Senate Bill 1446) that became effective for notices of intent to assess issued after February 28, 2003. The bill would restore the penalties that existed in the act prior to Public Act 657. The bill's effective date would be March 1, 2003. The changes are as follows.

1) The penalty for failing to remit a tax with "a negotiable remittance" (i.e. sending a bad check) would be 25 percent of the tax due; the current penalty is \$50.

2) The penalty for failing or refusing to file a return or pay a tax would be \$10 or 5 percent of the tax, whichever was greater, if the failure was for not more than one month, with an additional 5 percent penalty for each additional month or fraction of a month, up to a maximum of 50 percent. Currently 5 percent is added if the failure is for not more than two months, with an additional 5 percent for each additional month, up to a maximum of 25 percent.

3) The maximum penalty for failing to remit income tax withholding would be 50 percent of the tax. The current maximum penalty is 25 percent. (The penalty is 0.167 percent per day up to the specified maximum.)

MCL 205.19 and 205.24

House Bill 4576 (4-24-03)

Analyst: C. Couch

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