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RAISE GROSS SALES LIMIT FOR TAX LIABILITY OPTIONS

House Bill 5302

Sponsor: Rep. Lorence Wenke

Committee: Tax Policy

Complete to 1-16-04

A SUMMARY OF HOUSE BILL 5302 AS INTRODUCED 11-13-03

Chapter 3 (Allocation of Taxable Income to Michigan and Other States) of the Income Tax Act allows a taxpayer whose only activity in the state is sales and who does not own or rent real property or tangible personal property, and whose total gross sales during the tax year do not exceed \$100,000, to determine tax liability by using whichever of the following two methods results in the lesser tax liability: 1) multiplying total sales in the state by the ratio of net income from operations to total sales, as reported on the taxpayer's federal income tax return; or (2) multiply total sales in the state by two-fifths of one percent.

House Bill 5302 would increase the gross sales limit to \$110,000 for tax years that begin after December 31, 2003.

In addition, Chapter 7 (Withholding Tax on Salaries and Wages) provides that a taxpayer who is due a refund may request a direct deposit of the refund to a financial institution in the United States by completing a form prescribed by the Department of Treasury and attaching it to the taxpayer's annual return.. The bill would specifically require the department to develop and make available the direct deposit form.

MCL 206.191 and 206.352

House Bill 5302 (1-16-04)

Analyst: M. Wolf

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.