

SUBSTITUTE FOR
HOUSE BILL NO. 5643

A bill to amend 1975 PA 228, entitled
"Single business tax act,"
by amending section 77 (MCL 208.77), as amended by 1999 PA 115.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 77. (1) ~~The commissioner may require or permit the~~
2 ~~filing of a consolidated or combined return by~~ **A taxpayer that**
3 **is** an affiliated group of United States corporations **may file a**
4 **consolidated or combined return** if all of the following
5 conditions exist:
6 (a) All members of the affiliated group are Michigan
7 taxpayers.
8 (b) Each member of the affiliated group maintains a
9 relationship with 1 or more members of the group which includes
10 intercorporate transactions of a substantial nature other than
11 control, ownership, or financing arrangements, or any combination

1 thereof.

2 (c) The business activities of each member of the affiliated
3 group are subject to apportionment by a specific apportionment
4 formula contained in this act which specific formula also is
5 applicable to all other members of the affiliated group, and
6 would be so applicable to each member even if it were not a
7 member of the affiliated group.

8 **(2) The taxpayer's election under subsection (1) is**
9 **effective for 3 tax years beginning with the tax year in which**
10 **the election is made.**

11 **(3) —(2)—** As used in this section, "United States
12 corporation" means a domestic corporation as those terms are
13 **described and** defined in section 7701(a)(3) and (4) of the
14 internal revenue code.

15 Enacting section 1. This amendatory act takes effect for
16 tax years that begin after December 31, 2004.