

SENATE BILL No. 1056

January 23, 2008, Introduced by Senators PRUSI and CASSIS and referred to the Committee on Finance.

A bill to amend 2007 PA 36, entitled
"Michigan business tax act,"
by amending section 115 (MCL 208.1115).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 115. (1) "Sale" or "sales" means, except as provided in
2 subdivision (e), the amounts received by the taxpayer as
3 consideration from the following:

4 (a) The transfer of title to, or possession of, property that
5 is stock in trade or other property of a kind that would properly
6 be included in the inventory of the taxpayer if on hand at the
7 close of the tax period or property held by the taxpayer primarily
8 for sale to customers in the ordinary course of the taxpayer's
9 trade or business. For intangible property, the amounts received
10 shall be limited to any gain received from the disposition of that

1 property.

2 (b) The performance of services that constitute business
3 activities.

4 (c) The rental, lease, licensing, or use of tangible or
5 intangible property, including interest, that constitutes business
6 activity.

7 (d) Any combination of business activities described in
8 subdivisions (a), (b), and (c).

9 (e) For taxpayers not engaged in any other business
10 activities, sales include interest, dividends, and other income
11 from investment assets and activities and from trading assets and
12 activities.

13 (2) "Shareholder" means a person who owns outstanding stock in
14 a business or is a member of a business entity that files as a
15 corporation for federal income tax purposes. An individual is
16 considered as the owner of the stock owned, directly or indirectly,
17 by or for family members as defined by section 318(a)(1) of the
18 internal revenue code.

19 (3) "State" means any state of the United States, the District
20 of Columbia, ~~the Commonwealth of Puerto Rico,~~ any territory or
21 possession of the United States, and any foreign country, or a
22 political subdivision of any of the foregoing.

23 (4) "Subchapter S corporation" means a corporation electing
24 taxation under subchapter S or chapter 1 of subtitle A of the
25 internal revenue code, sections 1361 to 1379 of the internal
26 revenue code.