

INCOME TAX ACT OF 1967 (EXCERPT)
Act 281 of 1967

206.325 Furnishing copy of federal tax return and supporting schedules; filing amended return showing final alteration, modification, recomputation, or determination of deficiency; assessment of increased tax resulting from federal audit; payment of additional tax; credit or refund of overpayment; partnership audit or adjustment reporting; definitions.

Sec. 325.

(1) A taxpayer required to file a return under this part may be required to furnish a true and correct copy of any tax return or portion of any tax return and supporting schedules that the taxpayer has filed under the provisions of the internal revenue code.

(2) Except as provided in subsection (3), a taxpayer shall file an amended return with the department showing any final alteration in, or modification of, the taxpayer's federal income tax return that affects the taxpayer's taxable income under this part and of any similarly related recomputation of tax or determination of deficiency under the internal revenue code. If an increase in taxable income results from a federal audit that increases the taxpayer's federal income tax by less than \$500.00, the requirement under this subsection to file an amended return does not apply but the department may assess an increase in tax resulting from the audit. The amended return must be filed within 180 days after the final determination date. If the department finds upon all the facts that an additional tax under this part is owing, the taxpayer shall immediately pay the additional tax. If the department finds that the taxpayer has overpaid the tax imposed by this part, a credit or refund of the overpayment must immediately be made as provided in section 30 of 1941 PA 122, MCL 205.30. This subsection does not apply to the reporting of a final federal adjustment arising from a partnership level audit or an administrative adjustment request required to be reported under chapter 18.

(3) For tax years that begin on and after January 1, 2018, a partnership that is not subject to chapter 18, but has determined that the partners' share of income, deductions, and credits previously reported to its partners and included in a return filed under this part requires adjustment, may, at the discretion of the department, file a report with the department and pay the tax due or claim a refund on behalf of its partners in a manner similar to the process set forth in chapter 18. Any refund issued to the partnership under this subsection is in lieu of any overpayment of taxes that may be claimed by the partners.

(4) As used in this section:

(a) "Administrative adjustment request", "final federal adjustment", and "partnership level audit" mean those terms as defined in section 721.

(b) "Final determination date" means the following:

(i) Except as provided in subparagraphs (ii) and (iii), if the federal adjustment arises from an IRS audit or other action by the IRS, the final determination date is the first day on which no federal adjustments arising from that audit or other action remain to be finally determined, whether by IRS decision with respect to which all rights of appeal have been waived or exhausted, by agreement, or, if appealed or contested, by a final decision with respect to which all rights of appeal have been waived or exhausted. For agreements required to be signed by the IRS and the taxpayer, the final determination date is the date on which the last party signed the agreement.

(ii) For federal adjustments arising from an IRS audit or other action by the IRS, if the taxpayer is a member of a unitary business group and required to file a combined return under section 691, the final determination date means the first day on which no related federal adjustments arising from that audit or other action remain to be finally determined, as described in subparagraph (i), for the entire unitary business group.

(iii) If the federal adjustment results from filing an amended federal return, a federal refund claim, or an administrative adjustment request or if the federal adjustment is reported on an amended federal return or other similar report filed under section 6225(c) of the internal revenue code, the final determination date means the day on which the amended return, refund claim, administrative adjustment request, or other similar report was filed.

History: 1967, Act 281, Eff. Oct. 1, 1967 ;-- Am. 1969, Act 332, Imd. Eff. Nov. 4, 1969 ;-- Am. 1987, Act 254, Imd. Eff. Dec. 28, 1987 ;-- Am. 2011, Act 38, Eff. Jan. 1, 2012 ;-- Am. 2022, Act 148, Imd. Eff. July 19, 2022

Compiler's Notes: Enacting section 1 of Act 148 of 2022 provides: "Enacting section 1. This amendatory act is retroactive and applies to all tax years that begin on and after January 1, 2018."