

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

***** 206.716.added THIS ADDED SECTION IS EFFECTIVE 91 DAYS AFTER ADJOURNMENT OF THE
2024 REGULAR SESSION SINE DIE *****

***** 206.716 THIS SECTION IS REPEALED BY ACT 186 OF 2024 EFFECTIVE APRIL 2, 2025 *****

206.716.added Definitions; research and development tax credits.

Sec. 716. As used in this chapter and section 677:

(a) "Authorized business" means the following:

(i) Except as otherwise provided under this subparagraph, for purposes of a credit under section 717, a flow-through entity that is subject to the withholding requirements under section 703(2) and that has increased its qualifying research and development expenses. Authorized business does not include a flow-through entity that is subject to the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1519, for the tax year.

(ii) For purposes of a credit under section 677, a taxpayer that has increased its qualifying research and development expenses. As used in this subparagraph, "taxpayer" means that term as defined under section 611.

(b) "Base amount" means the average annual amount of qualifying research and development expenses during the 3 calendar years immediately preceding the calendar year ending with or within the tax year for which a credit is being claimed under section 677 or 717. An authorized business with no prior qualifying research and development expenses has a base amount of zero. If qualifying research and development expenses were incurred in only 1 or 2 of the immediately preceding 3 calendar years, the average annual amount must be based on the number of calendar years during which qualifying research and development expenses were incurred.

(c) "Michigan strategic fund" means the Michigan strategic fund created in section 5 of the Michigan strategic fund act, 1984 PA 270, MCL 125.2005.

(d) "Qualifying research and development expenses" means qualified research expenses as that term is defined in section 41(b) of the internal revenue code of 1986, 26 USC 41, for research conducted in this state. Qualifying research and development expenses does not include qualified research expenses for research conducted outside of this state.

(e) "Research university" means a public university described in section 4, 5, or 6 of article VIII of the state constitution of 1963 or an independent nonprofit college or university in this state.

History: Add. 2024, Act 118, Eff. (sine die).