

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

**206.817 Tax base; apportionment; business activity of the flow-through entity; chapter 3.**

Sec. 817.

(1) Except as otherwise provided in this part, the business income tax base established under this part shall be apportioned in accordance with allocation and apportionment provisions in chapter 3.

(2) For a taxpayer that has a direct, or indirect through 1 or more other flow-through entities, ownership interest or beneficial interest in a flow-through entity, the taxpayer's business income that is directly attributable to the business activity of the flow-through entity shall be apportioned to this state using an apportionment factor determined under chapter 3 based on the business activity of the flow-through entity.

(3) A taxpayer is subject to tax in another state in either of the following circumstances:

(a) The taxpayer is subject to, or would be subject to, if the taxpayer was not a flow-through entity, a business privilege tax, a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax.

(b) That state has jurisdiction to subject the taxpayer to 1 or more of the taxes listed in subdivision (a) regardless of whether, in fact, that state does or does not subject the taxpayer to that tax.

**History:** Add. 2021, Act 135, Imd. Eff. Dec. 21, 2021

**Compiler's Notes:** Enacting section 1 of Act 135 of 2021 provides: "Enacting section 1. This amendatory act is retroactive and intended to apply retroactively effective for tax years beginning on and after January 1, 2021."