

2025 Michigan Tax Update



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Electronic Filing Requirement

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- **W-2 and 1099 Forms and Sales, Use and Withholding Taxes Annual Return (Form 5081):**
- Michigan's electronic filing threshold requiring electronic filing for state copies of W-2s and 1099s is dropping from 250 to 10 beginning in tax year 2025 (due in 2026).
- This update is to bring Michigan into alignment with the Internal Revenue Service (IRS) electronic filing standards for information returns.
- In addition, Form 5081, which reports withholding tax, must also be filed electronically if the entity issued ten or more W-2s and 1099s for the tax year. Free electronic filing for W-2s and 1099s, as well as Form 5081, is available through mto.treasury.michigan.gov.

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Research & Development Tax Credit

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- Refundable credit for certain entities that have increased qualified research and development expenses in Michigan relative to a base amount.
- Claimed by Corporate Income Tax (CIT) taxpayers on CIT returns or by flow-through entities that are employers on the withholding tax annual return if a tentative claim is filed.
- Tax years beginning on and after January 1, 2025, starting with research and development expenses incurred during the 2025 calendar year.
- The first statutory filing deadline is April 1, 2026.
- For more information about the R&D tax credit, visit www.michigan.gov/taxes.

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New eServices Website

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- Michigan Modernized Income Tax System (MiMITS) Project:
- MiMITS replaces the current Michigan individual income tax legacy system and creates a modern technology system for the bottle deposit program.
- It is scheduled to go live in January 2026.
- The new system will allow the Michigan Department of Treasury (Treasury) to streamline processes, improve efficiencies, and provide enhanced services to customers. Treasury is committed to providing a holistic approach to tax services while maintaining security and strengthening Treasury's ability to safeguard customer data.
- For the most up-to-date information and resources on this project, visit www.michigan.gov/taxes.

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Tax Professionals eService Portal

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- The Tax Professionals eService Portal is designed to be used by tax practitioners and allows them to interact with Treasury regarding Corporate Income Tax (CIT), Flow-Through Entity (FTE) Tax, Individual Income Tax (IIT), Marihuana Retailers Excise (MRE) Tax, Michigan Business Tax (MBT), and Sales, Use and Withholding (SUW) Taxes.
- It can be accessed at etreas.michigan.gov/tp. Tax professionals can use this eService to:
 - Send inquiries about their clients' tax accounts
 - Ask general questions
 - Retrieve and review Treasury's responses.
- Tax professionals sending account-specific inquiries must have an *Authorized Representative Declaration (Power of Attorney)* (Form 151) on file permitting Treasury to disclose protected account information to them. Representatives with account-specific questions that do not have a Power of Attorney (POA) on file must email the completed form in PDF format to Treas_PRO@michigan.gov with the service request number of their eService inquiry in the email subject.

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Penalty and/or Interest Relief Request

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- Taxpayers with a federal extension due to combat zone service may check Box 35a
- Taxpayers affected by a declared Michigan disaster zone may request relief from penalty and/or interest by:
 - Checking Box 35b, then
 - Completing Boxes 35c and 35d
- Relief is only available if:
 - Treasury issued a relief notice for the declared disaster, and
 - The taxpayer was directly impacted

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Penalty and/or Interest Relief Request

- Relief includes extensions for filing and payment deadlines (e.g., quarterly estimates, return filings), with penalties and interest waived
- Taxpayer must provide:
 - Date of Treasury's relief notice
 - Date of the disaster
 - Description of how they were affected
 - Additional documentation may be requested before relief is granted

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Individual Income Tax

- Tax Rate 4.25%
- Personal Exemption = \$ 5,800
- Special Exemption = \$ 3,400
- Qualified Disable Vet = \$ 500
- Stillbirth Certificate Exemption = \$ 5,800
- Senior Interest, Dividend & Capital Gains
 - \$ 14,688 Single
 - \$ 29,376 Joint

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2025 Retirement & Pension Subtraction

Filing Type	Private Retirement and Pension Limit ¹	Phase-In Limit ²	Michigan Standard Deduction ³
Single Filer	\$65,897	\$49,423	\$20,000
Joint Filer	\$131,794	\$98,846	\$40,000

¹ Retirees born before 1946 and Qualified Safety Officers, or a qualified surviving spouse

² Retirees born after 1945 through 1966 or a qualified surviving spouse

³ Individuals born after 1946 through January 1, 1959

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- | Total Household Resources (THR) | Percentage |
|--|-------------------|
| \$62,500 or less | 100% (1.00) |
| \$62,501 - \$63,500 | 90% (0.90) |
| \$63,501 - \$64,500 | 80% (0.80) |
| \$64,501 - \$65,500 | 70% (0.70) |
| \$65,501 - \$66,500 | 60% (0.60) |
| \$66,501 - \$67,500 | 50% (0.50) |
| \$67,501 - \$68,500 | 40% (0.40) |
| \$68,501 - \$69,500 | 30% (0.30) |
| \$69,501 - \$70,500 | 20% (0.20) |
| \$70,501 - \$71,500 | 10% (0.10) |
| \$71,501 or above | 0% (0.00) |

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- [illegible]

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Michigan Flow-Through Entity Tax & Credit

- Reporting Requirements
- Apportionment information
- Member's share of:
 - Taxes deducted on FTE federal return
 - Tax refunds included in the FTE federal return
 - Credit funded by the deadline
 - Credit funded after the deadline

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Revenue Administrative Bulletins (RABs)

Number	Replaces	Tax Act	Title and Description
2024-21	1993-3	Sales & Use Taxes	The Prescription Drug and Over-the-Counter Drug Exemptions
2024-23	-	Corporate Income Tax	Federal Taxable Income, Net Operating Loss and Business Loss Under Part 2 of the Michigan Income Tax Act
2024-24	2018-28	Michigan Income Tax Act	Alternative Apportionment for the Michigan Business Tax, Corporate Income Tax, and Income Tax
2025-5	2018-19	Revenue Act	Successor Liability

Access [Revenue Administrative Bulletins \(RABs\)](#) on Treasury's website.

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Tax Policy Newsletters

Publication	Article Title
March 2025	Tax Tribunal: Michigan Electricity Generator's Wholesale Sales Of Electricity To The Midcontinent Independent System Operator Are Michigan Sales Under CIT Procedurally Defective Claim Against Treasury Dismissed for Lack of Jurisdiction Public Act 216 Amends Flow-Through Entity Tax New Research and Development Credit Begins in 2025 Tribunal Confirms in Lake Effect Case That MRTMA Business Expense Deduction Does Not Apply to Medical Marihuana Facilities Taxpayer Properly Requests and Successfully Establishes Reasonable Cause for Penalty Abatement Exemption Expanded to Include "Enterprise Data Centers"
July 2025	Connorbor: Sales Tax Applies to Retail Sales of Marihuana, Says COA Updated - Medicaid Waiver for Home Care Providers Court of Appeals: Taxpayer Facing Treasury Enforcement of Tax Liens Not Entitled to Declaratory Judgement to Preserve Legal Rights of Nonparty, IRS Michigan Supreme Court Orders Mini-Oral Argument on the Application (MOAA) in Nationwide Agribusiness Insurance

Access [Tax Policy Newsletters](#) on Treasury's website.

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Treasury Notices	
Date	Title
November 20, 2024	No Changes to Income Tax Payments as Detroit Explores Cryptocurrency for Property Taxes
February 3, 2025	2024 PA 216 Amends Flow-Through Entity Tax
April 1, 2025	March 2025: Severe Winter Weather and Ice Storm Notice
April 2, 2025	Notice Regarding New Research and Development Credit
May 1, 2025	2025 Tax Year Income Tax Rate for Individuals and Fiduciaries
June 10, 2025	Relief Available Upon Request for Individuals and Businesses in Counties Impacted by Severe Weather
August 28, 2025	Notice: Flooding Caused by July 2025 Severe Storm System
September 15, 2025	Flow-Through Entity Tax Election Relief in Light of One Big Beautiful Bill Act
September 25, 2025	Tax Rate Calculation on Gross Premiums Attributable to Qualified Health Plans for Tax Year 2025

Access [Treasury Notices](#) on Treasury's website.

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Tax Planning 2026
Effective 2026 - 2028
No Tax on Tips
No Tax on Overtime
Aligns with H.R. 1
No Tax on Social Security

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