

Business Tax & Individual Income Tax Updates

TREASURY MIMODERNIZATION PROJECT



Treasury is working to bring modernized functionality to our Collections and Individual Income Tax areas through a state-of-the-art technology platform. This initiative will better serve Treasury customers by streamlining processes, improving customer service, and increasing consistency across Treasury.

The Collections portion of this project is currently slated to go live in 2023 and will feature a brand-new customer portal offering features like:

- making payments and viewing payment history
- viewing assessments
- submitting Power of Attorney forms
- viewing letters from Treasury, and
- sending inquiries electronically.

We are focused on keeping Treasury customers informed of project progress and take opportunities to gather feedback through educational events and communications. To stay up-to-date on the project, subscribe for Outreach notifications at michigan.gov/treasuryoutreach.

eSERVICES

The eServices platform is Treasury's newest online resource offering Treasury customers the ability to access information and/or communicate with Treasury about tax accounts. Currently, there are four web service portals comprising eServices.

TAX PROFESSIONALS eSERVICE

- Available at etreas.michigan.gov/tp.
- Specific to individual income tax and business taxes.
- Used by service providers (CPAs, accountants, bookkeepers, etc.) to send inquiries to Treasury about their client's accounts or ask general questions.
- Tax Professionals are also able to retrieve and review answers to their questions.
- Tax Professionals must have a Power of Attorney/Authorized Representative Declaration (POA/ARD – Form 151) on file to allow Treasury to disclose protected account information.

INDIVIDUAL INCOME TAX (IIT) eSERVICE

- Available at etreas.michigan.gov/iit.
- Specific to individual income tax.
- Used by the taxpayer to check their refund status, inquire about their tax account, ask Treasury general questions, change their address, view their estimated tax payments, and calculate penalty and interest.
- If the taxpayer creates eService log in credentials, they can also view correspondence sent by Treasury and respond electronically.

BUSINESS TAX eSERVICE

- Available at etreas.michigan.gov/bt.
- Specific to sales, use, and withholding taxes, Michigan Business Tax, & Corporate Income Tax
- Used by the taxpayer to ask account specific inquiries about their business tax account or send general questions.
- Taxpayers are also able to retrieve and review answers to their questions.
- This is a distinct web service from Michigan Treasury Online (MTO). This is the web portal for business tax taxpayers to inquire about account information including, but not limited to, payments, letters, assessments, refunds, and credits.

CITY TAX eSERVICE

- Available at etreas.michigan.gov/ct.
- Specific to City of Detroit withholding, corporate income, and individual income taxes.

- Used by the taxpayer to check the return and refund status of tax returns for all three tax types.
- CANNOT file City tax returns or make City tax payments through this eService at this time.
- CANNOT make general or account specific inquiries through City Tax eService at this time.

eSERVICES HELP CENTER

- Available at michigan.gov/taxes/0,4676,7-238-103937---,00.html.
- Access the Help Center directly from each eService portal.
- Helpful information includes video tutorials, FAQs, and error troubleshooting.

IMPORTANT REVENUE ADMINISTRATIVE BULLETINS

Revenue Administrative Bulletins (RABs)			
2020-16	Replaces RAB 2015-25	Sales/Use Taxes	<p>Lessors</p> <p>Explains the sales and use tax treatment of tangible personal property acquired for lease or rental.</p>
2020-20	Replaces RAB 1991-1	Use Tax	<p>Business Tax Exemption</p> <p>Explains the circumstances under which the transfer of a vehicle, off-road vehicle (ORV), manufactured housing, aircraft, snowmobile, or watercraft to or from a business can be exempt from use tax if made in connection with an organization, reorganization, dissolution, or partial liquidation of a business.</p>
2020-22	Replaces RAB 1989-10	Income Tax	<p>Tax Exempt Status</p> <p>Describes the Michigan income tax treatment of income from obligations of the United States government and United States agencies and territories under Part 1 of the Michigan Income Tax Act for individuals and estate and trust fiduciaries.</p>

2020-23	Replaces RAB 2017-14	Income Tax	<p>Net Operating Loss</p> <p>Describes how to compute a net operating loss (NOL) and an NOL deduction for Michigan individual, trust and estate (fiduciary) income tax and described the impact of a federal NOL on Michigan tax credits.</p>
2020-25	Replaces 1988-42, 1991-19, and 1995-3	Sales/Use Tax	<p>Nonprofit Entities</p> <p>Describes the sales and use tax treatment of tangible personal property and taxable services sold to and sold by certain exempt nonprofit entities.</p>
2020-26	New	Corporate Income Tax	<p>Small Business Alternative Credit</p> <p>Describes the Small Business Alternative Credit (SBAC) and its application under Part 2 of the Michigan Income Tax Act (commonly known as the Corporate Income Tax or CIT).</p>

IMPORTANT PUBLICATIONS

Tax Policy Newsletters		
June 2020	Focusing In: Sales Tax Information for Photographers	Covers the modern photography industry and the application of sales and use taxes. Includes answers to frequently asked questions.
November 2020	Continued Focus: More Frequently Asked Questions from Professional Photographers	Follow up to the June 2020 photography industry and sales and use taxes article, providing a second set of answers to frequently asked questions.
August 2021	Sharper Focus: More Frequently Asked Questions from Professional Photographers	Final set of questions and answers for small businesses in the modern photography industry as it relates to sales and use taxes

RECENT TREASURY NOTICES

[Notice Regarding Bottle Deposit Return Program](#)

[Update to April 1, 2021 Notice Regarding the Treatment of Unemployment Compensation for Tax Year 2020](#)

[Treatment of Paycheck Protection Program \(PPP\) Loans Under the Michigan Income Tax Act](#)

[Estimated Tax Penalty and Interest Waiver for Individuals Who Received Unemployment Benefits in Tax Year 2020](#)

IIT UPDATES FOR TAX YEAR 2021

Reinstated IIT Tax Forms

- Michigan Excess Business Loss MI-461
 - Computes the Michigan portion of an excess business loss limitation
- Michigan Farming Loss Carryback Refund Request (Form 5603)
 - Computes a refund from the carryback of a Michigan net operating loss attributable to a farming loss
- Michigan Net Operating Loss Deduction (Form 5674)
 - Computes the current year Michigan net operating loss deduction for a carryforward

Retirement Benefits Deduction from a Deceased Spouse

If a surviving spouse claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year they died and the surviving spouse has not remarried, then the surviving spouse may claim the retirement and pension benefits subtraction that would have applied based on the year of birth of the older of the surviving spouse or the deceased spouse in accordance with Michigan Compiled Law (MCL) 206.30(9)(f).

Homestead Property Tax Credit

- The maximum taxable value increases to \$136,600
- The limit on total household resources increases to \$60,600
- The homestead property tax credit phase-out begins when total household resources exceed \$51,600