



HOUSE BILL No. 4986

June 16, 1995, Introduced by Reps. Munsell, Dobb, Pitoniak, DeLange, Bankes, Perricone, Whyman, Goschka, Hill, Jersevic, Lowe, Bullard, Bodem, Profit, Jaye and London and referred to the Committee on Tax Policy.

A bill to amend section 4 of Act No. 228 of the Public Acts of 1975, entitled "Single business tax act," as amended by Act No. 6 of the Public Acts of 1995, being section 208.4 of the Michigan Compiled Laws; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 4 of Act No. 228 of the Public Acts of
2 1975, as amended by Act No. 6 of the Public Acts of 1995, being
3 section 208.4 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 4. (1) "Casual transaction" means a transaction made
6 or engaged in other than in the ordinary course of repeated and
7 successive transactions of a like character, except that a
8 transaction made or engaged in by a person that is incidental to

1 that person's regular business activity is a business activity
2 within the meaning of this act.

3 (2) "Commissioner" means the state commissioner of revenue.

4 (3) ~~Except~~ FOR TAX YEARS BEGINNING BEFORE JANUARY 1, 1996
5 AND EXCEPT as otherwise provided in sections 4a, 4b, and 4c,
6 "compensation" means all wages, salaries, fees, bonuses, commis-
7 sions, or other payments made in the taxable year on behalf of or
8 for the benefit of employees, officers, or directors of the tax-
9 payers and subject to or specifically exempt from withholding
10 under SUBCHAPTER A OF chapter 24, sections 3401 to 3406 of the
11 internal revenue code. Compensation includes, on a cash or
12 accrual basis consistent with the taxpayer's method of accounting
13 for federal income tax purposes, payments to state and federal
14 unemployment compensation funds, payments under the federal
15 insurance contribution act and similar social insurance programs,
16 payments, including self-insurance, for worker's compensation
17 insurance, payments to individuals not currently working, pay-
18 ments to dependents and heirs of individuals because of current
19 or former labor services rendered by those individuals, payments
20 to a pension, retirement, or profit sharing plan, and payments
21 for insurance for which employees are the beneficiaries, includ-
22 ing payments under health and welfare and noninsured benefit
23 plans and payments or fees for the administration of health and
24 welfare and noninsured benefit plans. Compensation does not
25 include discounts on the price of the taxpayer's merchandise or
26 services sold to the taxpayer's employees, officers, or directors

1 that are not available to other customers or payments to an
2 independent contractor.

3 (4) FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 1995,
4 "COMPENSATION" MEANS ALL PAYMENTS OF WAGES, SALARIES, FEES,
5 BONUSES, AND COMMISSIONS MADE IN THE TAXABLE YEAR ON BEHALF OF OR
6 FOR THE BENEFIT OF EMPLOYEES, OFFICERS, OR DIRECTORS OF THE TAX-
7 PAYER AND SUBJECT TO OR SPECIFICALLY EXEMPT FROM WITHHOLDING
8 UNDER SUBCHAPTER A OF CHAPTER 24, SECTIONS 3401 TO 3406 OF THE
9 INTERNAL REVENUE CODE BUT DOES NOT INCLUDE EITHER OF THE
10 FOLLOWING:

11 (A) DISCOUNTS ON THE PRICE OF THE TAXPAYER'S MERCHANDISE OR
12 SERVICES SOLD TO THE TAXPAYER'S EMPLOYEES, OFFICERS, OR DIRECTORS
13 THAT ARE NOT AVAILABLE TO OTHER CUSTOMERS.

14 (B) PAYMENTS TO AN INDEPENDENT CONTRACTOR.

15 (5) ~~(4)~~ "Department" means the revenue division of the
16 department of treasury.

17 Section 2. Sections 4a, 4b, and 4c of Act No. 228 of the
18 Public Acts of 1975, being sections 208.4a, 208.4b, and 208.4c of
19 the Michigan Compiled Laws, are repealed effective January 1,
20 1996.