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WITHHOLDING OPTIONAL AFTER 55 FOR SOME INDIVIDUALS

House Bill 5800
Sponsor: Rep. Bruce Patterson
Committee: Tax Policy

Complete to 5-22-00

A SUMMARY OF HOUSE BILL 5800 AS INTRODUCED 5-17-00

The bill would amend the Income Tax Act to allow certain persons 55 years old and older to be exempt from employer withholding. If an eligible person filed a withholding exemption certificate with his or her employer or other entity that was a source of income subject to tax, the employer or other entity would not be allowed to deduct and withhold taxes on compensation for the tax year for which a certificate was filed. The bill would apply to tax years beginning after December 31, 1999.

The bill would apply to an individual that met all of the following criteria in the year preceding the tax year for which a certificate was filed: was 55 years of age or older; had filed a return or an exemption certificate; had adjusted gross income of \$25,000 or less for a single return or \$35,000 or less for a husband and wife filing jointly; and did not owe any state income tax or penalty to the Department of Treasury and had not had any reporting, payment, or tax avoidance problems with the department for the prior 25 years.

An exemption certificate would exempt the taxpayer from withholding for one year and would have to be filed before April 15 of the tax year for which the exemption would apply. An employer or other entity that received a withholding exemption certificate would have to send a copy to the Department of Treasury within 30 days after its receipt.

MCL 206.351

Analyst: C. Couch

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