

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

***** 206.621.added THIS ADDED SECTION IS EFFECTIVE JANUARY 1, 2012; THIS ADDED SECTION IS AMENDED EFFECTIVE JANUARY 1, 2012: See 206.621.amended*****

206.621.added Nexus; "actively solicits" and "physical presence" defined.

Sec. 621. (1) Except as otherwise provided in this part or under subsection (2), a taxpayer has substantial nexus in this state and is subject to the tax imposed under this part if the taxpayer has a physical presence in this state for a period of more than 1 day during the tax year, if the taxpayer actively solicits sales in this state and has gross receipts of \$350,000.00 or more sourced to this state, or if the taxpayer has an ownership interest or a beneficial interest in a flow-through entity, directly, or indirectly through 1 or more other flow-through entities, that has substantial nexus in this state.

(2) For purposes of this section, "actively solicits" shall be defined by the department through written guidance that shall be applied prospectively.

(3) As used in this section, "physical presence" means any activity conducted by the taxpayer or on behalf of the taxpayer by the taxpayer's employee, agent, or independent contractor acting in a representative capacity. Physical presence does not include the activities of professionals providing services in a professional capacity or other service providers if the activity is not significantly associated with the taxpayer's ability to establish and maintain a market in this state.

History: Add. 2011, Act 38, Eff. Jan. 1, 2012.