

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

***** 206.673.added THIS ADDED SECTION IS EFFECTIVE JANUARY 1, 2012 *****

206.673.added Tax credit under former 1975 PA 228, or 2007 PA 36, MCL 208.1101 to 208.1601, or MCL 208.1403; effect of failure to comply with terms of agreement or movement, sale, transfer, or disposal of property.

Sec. 673. (1) A taxpayer that has claimed a credit under former 1975 PA 228 or under the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601, that included a provision that allowed for a reduction in the credit amount, a termination of the credit, or a percentage of the credit amount previously claimed added back to the tax liability of that taxpayer under that act if the taxpayer failed to comply with any terms of the agreement or other conditions of that credit or if the taxpayer sells or otherwise moves the property for which a credit was claimed less than 5 years after the year in which the credit was originally claimed under former 1975 PA 228 or the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601, shall have a percentage, or the entire amount, of the credit amount previously claimed under former 1975 PA 228 or the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601, added back to the taxpayer's tax liability under this act in the year that the taxpayer failed to satisfy or breached the conditions of that credit set forth under former 1975 PA 228 or the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601.

(2) A taxpayer that has claimed a credit under section 35a of former 1975 PA 228 or under section 403 of the Michigan business tax act, 2007 PA 36, MCL 208.1403, for a tangible asset that the taxpayer has sold, transferred out of this state, or otherwise disposed of during the current tax year shall to the extent the credit was used, and at the rate at which the credit was used under former 1975 PA 228 or at the rate at which the credit was used under section 403 of the Michigan business tax act, 2007 PA 36, MCL 208.1403, have an amount equal to the sum of the amounts calculated under subdivisions (a), (b), and (c) added back to the taxpayer's liability under this act for that same tax year:

(a) Calculate the gross proceeds or benefit derived from the sale or other disposition of tangible assets, other than mobile tangible assets, minus the gain, multiplied by the apportionment factor for the taxable year as prescribed in chapter 14, and plus the loss, multiplied by the apportionment factor for the taxable year as prescribed in chapter 14 from the sale or other disposition reflected in federal taxable income and minus the gain from the sale or other disposition added to the corporate income tax base in section 623.

(b) Calculate the gross proceeds or benefit derived from the sale or other disposition of mobile tangible assets minus the gain and plus the loss from the sale or other disposition reflected in federal taxable income and minus the gain from the sale or other disposition added to the corporate income tax base in section 623. This amount shall be multiplied by the apportionment factor for the tax year as prescribed in chapter 14.

(c) Calculate the federal basis used for determining gain or loss as of the date of the transfer of tangible assets other than mobile tangible assets.

History: Add. 2011, Act 181, Eff. Jan. 1, 2012.