

**MICHIGAN BUSINESS TAX ACT (EXCERPT)**  
**Act 36 of 2007**

\*\*\*\*\* 208.1109.new THIS NEW SECTION IS EFFECTIVE JANUARY 1, 2008 \*\*\*\*\*

**208.1109.new Definitions; "E" and "F".**

Sec. 109. (1) "Employee" means an employee as defined in section 3401(c) of the internal revenue code. A person from whom an employer is required to withhold for federal income tax purposes is prima facie considered an employee.

(2) "Employer" means an employer as defined in section 3401(d) of the internal revenue code. A person required to withhold for federal income tax purposes is prima facie considered an employer.

(3) "Federal taxable income" means taxable income as defined in section 63 of the internal revenue code.

(4) "Financial institution" means that term as defined under chapter 2B.

(5) "Foreign operating entity" means a United States person that satisfies each of the following:

(a) Would otherwise be a part of a unitary business group that has at least 1 person included in the unitary business group that is taxable in this state.

(b) Has substantial operations outside the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or a political subdivision of any of the foregoing.

(c) At least 80% of its income is active foreign business income as defined in section 861(c)(1)(B) of the internal revenue code.

**History:** 2007, Act 36, Eff. Jan. 1, 2008.

**Compiler's note:** Enacting section 1 of Act 36 of 2007 provides:

"Enacting section 1. This act takes effect January 1, 2008 and applies to all business activity occurring after December 31, 2007."

**Popular name:** MBT