







Legislation Senate Bill 100 of 1015

- ▶ Public Act 79 of 2015 - Amends MCL 205.22
- ▶ Signed into law June 16, 2015
- ▶ Effective 90 days after adjournment of the 2015 legislative session (scheduled December 17, 2015)
- ▶ Removes requirement to pay disputed tax, penalties, and interest in Court of Claims appeal
- ▶ Allows 60 days to appeal to Tax Tribunal (currently 35 days)

Supreme Court Decision Same-Sex Marriage

- ▶ As of June 26, 2015, same sex spouses filing a Michigan tax return and who are married under state laws, must claim either married filing joint or married filing separate status
- ▶ May amend returns to claim married filing jointly but it's not required
- ▶ If spouses file a MFJ federal return, they MUST file MFJ state
- ▶ If spouses file MFS federal return, they may choose MFJ or MFS

Employer Proved Same Sex Spousal Benefits

- ▶ Employers who withheld on value of employee benefits for same sex spouse may adjust withholding for the remainder of the year
- ▶ Employees can file amended returns if taxable income included the value of employer provided benefits for employee's same sex spouse
- ▶ Value of spousal benefits not taxable - difference between box 1 and box 16 of federal W-2

New Power of Attorney

- ▶ Form 151 - Revised October 2015
- ▶ Four different types of authority
- ▶ Allows taxpayers to request all future tax dispute notices to be provided to designated representative
 - ▶ Fax to: 517.636.4488
 - ▶ Collections/MARCS: 517.272.5562

Service Fee Housing

- ▶ HB 4051 of 2015 amends MCL 205.28(1)(f):
- ▶ Treasury may disclose the address of each housing unit that is part of a housing project exempt from ad valorem taxes and subject to a service fee in lieu of tax
- ▶ Method of disclosure was not finalized at the time of this publication

City of Detroit

- ▶ City Income Tax Administration (CITA)
- ▶ City of Detroit will administer 2014 and prior year individual tax returns
- ▶ Treasury will administer all future tax years beginning with 2015
- ▶ 2015 Detroit returns may be e-filed
- ▶ 2015 Detroit individual income tax forms and instructions will be available on Treasury's CITA website in January 2016

City of Detroit

- ▶ CITA website is expected to go live in November 2015
- ▶ CITA Contact Center is expected to go live in December 2015
- ▶ 2015 refunds will not be available for direct deposit
- ▶ E-payments for quarterly estimated payment of extension payments are not available

City of Detroit

- ▶ 2015 tax due payment must be submitted by check or money order
- ▶ Submit e-filed return payments with City-V Form
- ▶ CITA contact email information currently available: Treas_CityTax@Michigan.gov

2016 Individual Income Tax Updates

- ▶ Tax Rate, unchanged, 4.25%
- ▶ Personal Exemption, unchanged, \$4000
- ▶ Special Exemption, unchanged, \$2,600
- ▶ Qualified disabled veteran deduction, unchanged, \$400

Pension Deduction Updates

- ▶ Tier 1 - Born before 1946
 - ▶ Single or Married Filing Separate
 - ▶ Private Pension Limit \$49,811
 - ▶ Interest, Dividend, & CG Deduction \$11,104
 - ▶ Married Filing Joint Private Pension Limit \$99,623
 - ▶ Interest, Dividend, CG Deduction \$22,207
- ▶ Tier 2 - Born in 1949 - 1952
 - ▶ Single or Married Filing Separate \$20,000
 - ▶ Married Filing Joint \$40,000

Tier 2 - Standard Deduction

- ▶ Individuals born in 1946, 1947, and 1948 who have reached age 67 may be eligible for a deduction against all income rather than solely against pension income (No Form 4884 Needed):
 - ▶ \$20,000 for Single and Married Filing Separate filers
 - ▶ \$40,000 for Joint filers
- ▶ Not available to the extent deductions are claimed for military, railroad, and Michigan National Guard pension distributions

Tier 2 - SSA Exempt

- ▶ Individuals that receive retirement benefits from employment with a governmental agency not covered by the Social Security Act (SSA) may have their maximum pension deduction increased by up to \$15,000
- ▶ For returns where both filer and spouse receive pension benefits from SSA exempt employment, the maximum pension deduction is increased by up to \$30,000

Tier 3 Pension Deduction

- ▶ Individuals who reach age 62 in 2015 (born in 1953) and receive pension benefits from employment with governmental agencies not covered by the Social Security Act (SSA) may be eligible for a pension deduction:
- ▶ \$15,000 for Single Filers
- ▶ \$30,000 if both spouses on a jointly filed return received pension benefits from SSA exempt employment.

Pension Form 4884

- ▶ Added Section D: Line 28
 - ▶ For Tier 3 individuals who have reached age 62 and who receive pension benefits from employment with a government agency not covered by the SSA

Service Fee Housing

- ▶ Public Act of 2015 allows Treasury to provide a list of service fee housing properties to assist taxpayers and preparers in calculation the homestead property tax credit
- ▶ Using property taxes assessed is 20%
- ▶ Service fee housing claimant uses 10%

RAB 2015-18

- Income Tax - Total Household Resources Defined
 - Replaces RAB 1988-46
 - Defines Total Household Resources
 - Includes a nonexclusive list of income items both taxable and nontaxable

This shows the treatment of casual gambling income as well as the separate netting of business income and loss, rental income and loss, and NOLs as required by statute.

Wages	\$23,000
State tax refund	600
Non-business (casual) gambling winnings	1,200
Business income - carpet cleaning service	14,000
Business loss from landscaping service	(30,000)
Royalty income from oil well	12,000
Rental loss from condominium rental	(5,000)
Net operating loss (NOL)	(4,000)
IRA Contribution	(2,000)
ADJUSTED GROSS INCOME	\$9,800
AGI	\$9,800
Net operating loss	4,000
Net business income/loss	16,000
State tax refund	(600)
First \$300 from gambling winnings	(300)
TOTAL HOUSEHOLD RESOURCES	\$28,900

RAB 2015-15

- Taxability of Income to Estates, Trusts, or Beneficiaries
 - Replaces RAD 1988-19
 - Explains the income tax treatment of income attributable to estates, trusts, & beneficiaries
 - Defines Resident & Nonresident Estate or Trusts & Grantor Trust
 - Describes taxable income of a beneficiary
 - Describes allocation of MI income additions and subtractions to beneficiaries

Offer in Compromise

- ▶ On January 1, 2015, the Michigan Department of Treasury launched an Offer in Compromise program pursuant to Public Act 240 of 2014 (MCL 205.23a)
- ▶ An Offer in Compromise is a request by a taxpayer for the Michigan Department of Treasury to compromise a tax debt for less than the full amount

OIC Qualifications

- ▶ Based on receipt of an accepted federal OIC
- ▶ Doubt as to liability
- ▶ Doubt as to collectability
- ▶ Must submit initial payment of \$100 or 20% of the offer, whichever is greater

OIC Qualifications

- ▶ Treasury received approximately 70 applications per month
- ▶ OIC requests granted or denied - The Treasury is still gathering statistics and developing a timeline for responses
- ▶ The statute does not allow for an offer to be less than \$100
- ▶ Treasury does not compromise UIA debt, student loan debt, or driver's responsibility fees
- ▶ Treasury follow guidance for Federal Financial Collection Standards in evaluating a taxpayer's ability to pay

Treasury Offset Program (TOP)

- ▶ The Michigan Department of Treasury has begun participating in the US Treasury Offset Program
- ▶ TOP is a debt collection program allowing federal tax refunds to be offset to collect delinquent State of Michigan income tax debts

The Offset Process

- ▶ Notice of Intent to Offset is issued to Taxpayer
- ▶ 60 days to pay or prove debt is not owed
- ▶ Account is queued for automatic offset
- ▶ Federal income tax refund is sent to Treasury Collection

TOP Resources

- ▶ Collection Information Services Unit (CISU)
517.636.5265
- ▶ Michigan Account Receivables Collection System (MARCS) - 866.754.8651
- ▶ TOP Mailing Address:
PO Box 30168
Lansing, MI 48909

Contact Treasury - Practitioners

- ▶ Practitioner Hotline - 517.373.0616
 - ▶ Leave a detailed voice message regarding general questions only about tax preparation
- ▶ Practitioner Web Services -
www.Michigan.gov/taxes - then select Tax Practitioner tab
 - ▶ General and account specific questions on individual or business accounts

Contact Treasury

- ▶ Business Taxes (Corporate, Business Tax, & SBT)
517.636.6925
- ▶ Income Tax 517.636.4486
- ▶ Motor Fuel Tax 517.636.4600
- ▶ Motor Carrier Tax 517.636.4580
- ▶ Sales, Use, and Withholding Taxes 517.636.6925
- ▶ Tobacco and Cigarette Taxes 517.636.4630

Taxpayer Advocate

- ▶ The Office of Taxpayer Advocate may be contacted to help resolve concerns that have not been resolved through Treasury's established channels.
 - ▶ Phone: 517.636.4759
 - ▶ Fax: 517.636.0640
 - ▶ E-mail: TaxpayerAdvocate@Michigan.gov

Questions?

- ▶ Nadine Smith, EA
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