

SENATE BILL No. 402

April 24, 2003, Introduced by Senator EMERSON and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 365 (MCL 206.365), as amended by 1996
PA 448.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 365. (1) Every employer, **flow-through entity, casino**
2 **licensee, and race meeting licensee and track licensee** required
3 by this act to deduct and withhold taxes for a tax year on
4 compensation, **share of income available for distribution,**
5 **winnings, or payoff on a winning ticket** shall furnish to each
6 employee, **nonresident member, or person with winnings or a payoff**
7 **on a winning ticket subject to withholding under this act** on or
8 before January 31 of the succeeding year a statement in duplicate
9 of the total compensation, **share of income available for**
10 **distribution, winnings, or payoff on a winning ticket** paid during

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1 the tax year and the amount deducted or withheld, or, if
2 employment is terminated before the close of a calendar year by
3 an employer, **flow-through entity, casino licensee, and race**
4 **meeting licensee and track licensee** who goes out of business or
5 permanently ceases to be an employer, **flow-through entity, casino**
6 **licensee, and race meeting licensee and track licensee** in this
7 state, within 30 days after the last payment of compensation,
8 **share of income available for distribution, winnings, or payoff**
9 **on a winning ticket.** A duplicate of a statement made pursuant to
10 this section and an annual reconciliation return, MI-W3, shall be
11 filed with the department by February 28 of the succeeding year
12 except that an employer, **flow-through entity, casino licensee,**
13 **and race meeting licensee and track licensee** who goes out of
14 business or permanently ceases to be an employer, **flow-through**
15 **entity, casino licensee, and race meeting licensee and track**
16 **licensee** shall file the statement and the annual reconciliation
17 return within 30 days after going out of business or permanently
18 ceasing to be an employer, **flow-through entity, casino licensee,**
19 **and race meeting licensee and track licensee.**

20 (2) Every employer, **flow-through entity, casino licensee, and**
21 **race meeting licensee and track licensee** required by this act to
22 deduct or withhold taxes from compensation, **share of income**
23 **available for distribution, winnings, or payoff on a winning**
24 **ticket** shall make a return or report in form and content and at
25 times as prescribed by the department.

26 (3) Every employee, **nonresident member, or person with**
27 **winnings or a payoff on a winning ticket** subject to withholding

1 **under this act** shall furnish to his or her employer, **flow-through**
2 **entity, casino licensee, and race meeting licensee and track**
3 **licensee** information required for the employer, **flow-through**
4 **entity, casino licensee, and race meeting licensee and track**
5 **licensee** to make an accurate withholding. An employee,
6 **nonresident member, or person with winnings or a payoff on a**
7 **winning ticket subject to withholding under this act** shall file
8 with his or her employer, **flow-through entity, casino licensee,**
9 **and race meeting licensee and track licensee** revised information
10 within 10 days after a decrease in the number of exemptions or a
11 change in status from a nonresident to a resident. An employee
12 shall file revised information with his or her employer within 10
13 days after the employee completes the residency requirements
14 under section 31(11)(d), and when a change of status occurs from
15 resident of a renaissance zone to nonresident of a renaissance
16 zone. Within 10 days after an employer receives revised
17 information from an employee who completes the residency
18 requirements under section 31(11)(d), the employer shall forward
19 a copy of that revised information to the department. The
20 **employee, nonresident member, or person with winnings or a payoff**
21 **on a winning ticket subject to withholding under this act** may
22 file revised information when the number of exemptions increases
23 or when a change in status occurs from that of a resident of this
24 state to a nonresident of this state. Revised information shall
25 not be given retroactive effect for withholding purposes. An
26 employer, **flow-through entity, casino licensee, and race meeting**
27 **licensee and track licensee** shall rely on this information for

1 withholding purposes unless directed by the department to
2 withhold on some other basis. If an employee, **nonresident**
3 **member, or person with winnings or a payoff on a winning ticket**
4 **subject to withholding under this act** fails or refuses to furnish
5 information, the employer, **flow-through entity, casino licensee,**
6 **and race meeting licensee and track licensee** shall withhold the
7 full rate of tax from the employee's total compensation, **the**
8 **nonresident member's share of income available for distribution,**
9 **or the winnings of a person with winnings or a payoff on a**
10 **winning ticket subject to withholding under this act.** As used in
11 this subsection, "renaissance zone" means a renaissance zone
12 designated pursuant to the Michigan renaissance zone act, ~~Act~~
13 ~~No. 376 of the Public Acts of 1996, being sections 125.2681 to~~
14 ~~125.2696 of the Michigan Compiled Laws~~ **1996 PA 376, MCL 125.2681**
15 **to 125.2696.**

16 Enacting section 1. This amendatory act takes effect
17 October 1, 2003.

18 Enacting section 2. This amendatory act does not take
19 effect unless Senate Bill No. 404

20 of the 92nd Legislature is enacted into
21 law.