

Administrative Rule Analysis



GENERAL SALES AND USE TAX RULES-SPECIFIC SALES AND USE TAX RULES

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Rule Set No.: 2022-009 TY
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Analysis available at
<http://www.legislature.mi.gov>

Department: Treasury
Agency: Bureau of Tax and Economic Policy
Enabling Statute: Revenue Act, 1941 PA 122, MCL 205.3

Analysis Complete to: 08/08/2023

BACKGROUND AND SUMMARY OF PROPOSED RULES

The proposed rule set generally revises, updates, renames, rescinds, and creates various general and specific sales and use tax rules to make them consistent with current law and practice. Specifically, the rules would be updated to reflect statutory amendments to the sales and use tax acts, case law interpreting such acts, and any changes necessitated by the Streamlined Sales and Use Tax Revenue Equalization Act, 2004 PA 175. The department notes that the proposed rule changes would provide clarity on the taxability of sales and purchase transactions, enhanced compliance with the statutes, improved collection of appropriated tax revenues under the laws, and the reduction of penalties on those subject to the law.

General Sales and Use Tax Rules

The rule set would *amend* rules related to sales tax licenses; casual and isolated sales; trade-in deduction and core charges; returned goods; discounts, coupons, and rebates; and use tax registration.

The rule set would also *rescind* the definition of consumer, use, and conversion.

Lastly, it would *add* a rule to address an exemption for use tax already paid on tangible personal property or services.

Specific Sales and Use Tax Rules

The rule set would *amend* rules related to automobile and other sales; sale of automotive parts; aircraft; fuel dealers; containers, cartons, and wrapping materials; consignments; contractors; employer sales and employer-sponsored incentive programs; fairs, circuses, carnivals, and other public exhibitions; federal and state governments; florists and nurserymen; lodging provided by hotels, motels, cabins, and camps; sales and breeding of animals; labels, tags, and other property included in or affixed to containers; sales made in transit; optometrists, ophthalmologists, opticians, and optical supply houses; postage stamps; photographers and photo processors; physicians, surgeons, dentists, veterinarians, osteopaths, or other health professionals; premiums and gifts; lease or rental; and air and water pollution control facility.

The rule set would *rescind* rules related to antiques, art, and artists; bakeries; barber and beauty shops; beer, wine, and liquors; bookbinders and paper cutters; cemeteries and crematories; chemicals; clipping bureaus; milk and dairy products; directories; employee associations and organizations; farmers, market masters, and other marketers; foreign commerce; gasoline stations and other motor fuel

retailers; golf and country clubs; ice producing; industrial processing; interstate commerce; jewelers and jewelry repairs; linen and laundry suppliers and laundries; mining, oil wells, and extractive operations; tombstones, markers and other memorials; morticians, undertakers, and funeral directories; multigraphers and mimeographers; pawnbrokers; pharmacists; telephone and telegraph; printers, lithographers, photostaters, typographers, and blueprinters; professional shoppers; public utilities; restaurants, hotels lunchrooms, and other establishments; repairers and servicers; shoe repairers; sign painting; transportation charges; vending machines and other automatic sales devices; tire retreading and vulcanizing; vessels and watercraft; advertising agencies; radio and television stations; isolated vehicle, aircraft, watercraft, and snowmobile transfers; and medical equipment and appliances.

Lastly, it would *add* a rule related to the exemption for diesel fuel used in certain vehicles operated for hire.

FISCAL IMPACT OF PROPOSED RULES

The proposed rules are not anticipated to affect the expenditures or revenues of the State or local units of government.

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