

## Income/Franchise:

### Michigan Department of Treasury Updates Corporate Income Tax FAQs on Nexus and Apportionment

*Corporate Income Tax (Full Legal FAQs)*, Mich. Dept. of Treas. (6/22). The Michigan Department of Treasury (Department) issued some answers to an updated lengthy list of frequently asked questions (FAQs) addressing state corporate income tax (CIT) nexus, apportionment, and unitary business groups. Some of the covered CIT issues include:

**URL:** <https://www.michigan.gov/taxes/questions/cit>

- How to calculate the amount of sales to be included in a taxpayer's apportionment factor when a taxpayer for apportionment purposes is unitary with a flow-through entity;
- How a unitary business group must apportion its tax base when some members of the group do not have nexus with Michigan; and
- What jurisdictional standard is applied to determine whether a taxpayer is subject to tax in another state for apportionment purposes.

Regarding nexus standards, the Department explains that a taxpayer, other than an insurance company, generally has CIT nexus with Michigan if:

- The taxpayer has a physical presence in Michigan for more than one day in a tax year,
- The taxpayer actively solicits sales in Michigan and has gross receipts of \$350,000 or more sourced to Michigan, or
- The taxpayer has an ownership interest or a beneficial interest in a flow-through entity, directly or indirectly, through one or more other flow-through entities that has nexus in Michigan.

Other FAQs address calculating the CIT base, determining unitary business groups, credit application, CIT filing requirements, and insurance companies and financial institutions. Please contact us with any questions.

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