

## Income/Franchise:

### Michigan: Notice Explains Deadlines for Partnerships to Report Federal Tax Adjustments Under New Law

*Notice Regarding the Implementation of 2022 Public Act 148*, Mich. Dept. of Treas. (8/26/22). The Michigan Department of Treasury (Department) issued a notice addressing implementation of recently enacted legislation [see S.B. 248 (2021) / Public Act 148 of 2022 and *State Tax Matters*, Issue 2022-29, for more details on this new law] that addresses how and when some partnerships must report federal tax adjustments to the Department in response to changes in the federal partnership audit and adjustment process under the federal 2015 Bipartisan Budget Act. Highlighting both 90-day and 180-day deadlines under the new state law that generally apply under either described reporting method, the Department explains that such adjustments may be reported and paid in one of two ways:

**URL:** <https://www.michigan.gov/treasury/reference/taxpayer-notices/notice-regarding-the-implementation-of-2022-public-act-148>

**URL:** [https://www.legislature.mi.gov/\(S\(smgyvoq1tnmxyjzrchr2jvo\)\)/mileg.aspx?page=getObject&objectName=2021-SB-0248](https://www.legislature.mi.gov/(S(smgyvoq1tnmxyjzrchr2jvo))/mileg.aspx?page=getObject&objectName=2021-SB-0248)

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/STM/220722\\_3.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/STM/220722_3.html)

- The partnership may report adjustments to members, who must then separately report and pay their share of the applicable Michigan income tax due (*i.e.*, the “push out” method); or
- The partnership may elect to report and pay any applicable Michigan income tax on behalf of its members (*i.e.*, the “pay up” method).

These deadlines, according to the Department, are established by reference to the “final determination date” of the federal adjustment and that for federal adjustments arising from a partnership level audit, the “final determination date” generally refers to the first day on which no federal adjustment arising from the audit remains to be finally determined, including the period of any subsequent appeal.

The Department also explains that while these new Michigan law changes generally apply for the reporting of certain federal adjustments for tax years beginning on and after January 1, 2018, for any federal adjustment that is required to be reported under the new law that has a final determination date *prior* to January 1, 2023, it will “regard as timely any reports, elections, and payments that are made as if January 1, 2023, was the applicable ‘final determination date’” to provide additional time for impacted taxpayers to comply with their statutory obligations. The Department additionally notes that it expects the procedures for reporting federal adjustments under this new Michigan law to be available “no later than January 1, 2023.” Please contact us with any questions.

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