

Income/Franchise:

Michigan: Insurance Affiliates Qualifying as Unitary Business Group Cannot File a Combined Return

Docket No. 21-000039, Mich. Tax Trib. (1/23/23). In a case involving affiliated insurance companies that met Michigan’s corporate income tax statutory requirements for qualifying as a “unitary business group” (UBG), the Michigan Tax Tribunal (Tribunal) held summary judgment for the Michigan Department of Treasury that pursuant to other applicable Michigan statutes, the affiliates are *not* permitted to file as a UBG for Michigan premiums and retaliatory taxes and thus may *not* “reap the benefits of” claiming certain Michigan insurance-related (“MAIPF”) tax credits on a combined tax return. Specifically, the Tribunal explained that although Michigan Compiled Laws 206.691 requires UBGs to file combined returns for taxpayers subject to a corporate income tax base in Michigan, it does *not* require UBGs to file combined returns for Michigan premiums and retaliatory taxes – thus illustrating that the Michigan Legislature “did not intend to have premiums tax calculated on a group wide basis.” Please contact us with any questions.

URL: <https://www.michigan.gov/taxtrib/-/media/Project/Websites/taxtrib/Entire-Tribunal-Decisions/2023/21-000039-combined.pdf>

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