

Income/Franchise:

Michigan: Newsletter Summarizes Recent Developments Involving Unitary Groups, REMICs, and Teleworking

Treasury Update Newsletter, Mich. Dept. of Treasury, Tax Policy Division (2/23). A newsletter published by the Tax Policy Division of the Michigan Department of Treasury summarizes some recent noteworthy Michigan Court of Claims cases, including the following two:

URL: <https://www.michigan.gov/treasury/-/media/Project/Websites/treasury/Newsletters/Treasury-Update-Newsletter-Feb-2023.pdf>

1. Docket No. 21-000156-MT, Mich. Ct. of Claims (11/7/22), which held that a Michigan Business Tax (MBT) audit of the tax returns of single entity taxpayers that are later included in an untimely unitary business group (UBG) return filing does not extend the statute of limitations for the UBG to request a refund; and
2. Docket Nos. 20-000186 and 22-000013-MT, Mich. Ct. of Claims (11/30/22), which held that a taxpayer holding investments in real estate mortgage investment conduits (REMICs) cannot exclude excess inclusion income (EII) from federal taxable income that is the starting point for computing its tax base under Michigan's corporate income tax.

The newsletter also addresses how nonresidents of the City of Detroit (City) who occasionally work in the City and telework from home may be subject to tax by the City on their compensation – generally explaining that a nonresident is not subject to tax on wages earned while telecommuting from a location outside the City; however, any wages earned by a nonresident while working within the City are taxable. Please contact us with any questions.

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