

Sales/Use/Indirect:

Michigan: Bulletin Explains Implementation of New Law Exempting Delivery and Installation Charges

Revenue Administrative Bulletin 2023-16: Sales Tax and Use Tax—Taxability of Delivery and Installation Charges, Mich. Dept. of Treas. (9/11/23). The Michigan Department of Treasury (Department) issued a new bulletin summarizing and explaining the implementation of new law [see H.B. 4039 / H.B. 4253, signed by gov. 4/26/23, and *State Tax Matters*, Issue 2023-17, for more details on this new law] that amends Michigan sales and use tax provisions by modifying the definitions of taxable “sales price” and “purchase price” to exclude certain delivery and installation charges from those definitions when the charges are separately stated on the invoice, bill of sale, or similar document provided to the purchaser, *and* adequate underlying books and records of such transactions are maintained. However, the bulletin explains that utilities supplying gas or electricity must include delivery charges such as transmission and distribution charges in the tax base, regardless of how those charges are stated on customers’ bills or in utilities’ books or records. Moreover, the bulletin states that while these law changes also require the Department to cancel outstanding balances relating to delivery charges and installation charges on notices of intent to assess or on final assessments issued before the new law’s April 26, 2023 effective date and prohibit the Department from assessing any taxpayer for delivery charges or installation charges for any period before this effective date, the law changes do *not* require the Department to issue underlying refunds of tax remitted for periods before the April 26, 2023 effective date. Please contact us with any questions.

URL: [https://www.michigan.gov/taxes/rep-legal/rab/2023-revenue-administrative-bulletins/revenue-administrative-bulletin-2023-16#:~:text=RAB%202023%2D16.&text=Effective%20April%2026%2C%202023%20\(the,delivery%20charges%20and%20installation%20charges.](https://www.michigan.gov/taxes/rep-legal/rab/2023-revenue-administrative-bulletins/revenue-administrative-bulletin-2023-16#:~:text=RAB%202023%2D16.&text=Effective%20April%2026%2C%202023%20(the,delivery%20charges%20and%20installation%20charges.)

URL: [https://www.legislature.mi.gov/\(S\(2n5h5aqtodp4lcyfg241nea\)\)/mileg.aspx?page=getObject&objectName=2023-HB-4039](https://www.legislature.mi.gov/(S(2n5h5aqtodp4lcyfg241nea))/mileg.aspx?page=getObject&objectName=2023-HB-4039)

URL: [https://www.legislature.mi.gov/\(S\(hc3exohvrdq2mj0vvnfzsbv\)\)/mileg.aspx?page=getObject&objectname=2023-HB-4253](https://www.legislature.mi.gov/(S(hc3exohvrdq2mj0vvnfzsbv))/mileg.aspx?page=getObject&objectname=2023-HB-4253)

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230428_8.html

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