

MICHIGAN CORPORATE INCOME TAX



A 6% Michigan Corporate Income Tax (CIT) will be levied beginning January 1, 2012. The tax will apply to C corporations and any entity that elects to be taxed as a C corporation.

- Michigan’s overall business tax climate ranking is now 13th in the U.S., according to the Tax Foundation.** In isolating the corporate tax rankings, the Foundation’s Michigan ranking jumps to 22nd from the previous level of 48th.
- Low tax rates will be established in Michigan.** The new structure will tax C-Corporations at 6% on federal taxable income apportioned to Michigan. Other entities – individuals, partnerships, LLCs, etc. – would have income flow to their personal income tax. The personal income tax rate will remain 4.35%, dropping to 4.25% in 2013.
- The change will reduce business taxes by an estimated 86%.** Income will be apportioned based 100% on the sales factor. Corporations with less than \$350,000 of apportioned gross receipts or less than \$100 in liability will not be required to file or pay the CIT. All industries are in line for significant tax cuts, thus reducing operational costs and encouraging new investment in the state.

The New Tax

- ♦ Eliminates almost all tax credits; however, any taxpayer that has an existing credit (or a “certificated credit”) approved and executed before January 1, 2012 will be able to realize the full benefits of their credit(s); including:

MEGAs	Anchor Jobs
Brownfields	Defense Contracting
Renaissance Zones	Anchor Districts
Historic Preservation	Polycrystalline Energy
Michigan Film	Battery Production
Early Stage Venture Investment	Hybrid R&D Tech
Photovoltaics	

- ♦ Visit MichiganAdvantage.org for further details and developments

source: Michigan Economic Development Corporation
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