

## Form 5081: 2016 Sales, Use and Withholding Taxes Annual Return

**IMPORTANT:** This is a return for Sales Tax, Use Tax, and Withholding Tax. If the taxpayer inserts a zero on (or leaves blank) any line for reporting Sales Tax, Use Tax, or Withholding Tax, the taxpayer is certifying that no tax is owed for that tax type. If it is determined that tax is owed, the taxpayer will be liable for the deficiency as well as penalty and interest.

Check the applicable boxes to indicate which taxes you will be reporting on the return.

### PART 1: SALES AND USE TAX SECTION

#### Sales Tax

**Line 1:** Document total gross sales for tax year being reported. Any costs incurred before ownership of the property is transferred to the buyer (including shipping, handling, and delivery charges) are not considered services and are subject to tax.

**Line 2:** Use lines 2a – 2l to deduct nontaxable sales you made from gross sales that are taxed at the 6% tax rate. Deductions taken for tax exempt sales must be substantiated in your records. You must obtain a completed copy of Form 3372, or the same information in another format, from the purchaser.

**Line 2a: Resale.** Enter sales which will be resold to others.

**Line 2b: Industrial Processing.** The property sold must be for direct use in producing a product for eventual sale at retail or to be affixed to and made a structural part of real estate located in another state.

**Line 2c: Agriculture Production.** The property sold must be for direct use in agricultural production.

**Line 2d: Interstate Commerce.** Enter sales made in interstate commerce. To claim such a deduction, the property or service must be delivered by you to the out-of-state purchaser. Property transported out of state by the purchaser does not qualify under interstate commerce. You must keep documentation of shipment out-of-state to support this deduction.

**Line 2e: Exempt Services.** Enter charges for nontaxable services billed separately, such as repair or maintenance, if these charges were included in gross receipts on line 1. Any costs incurred before the property is transferred to the buyer (including shipping, handling, and delivery charges) are not considered services and are subject to tax.

**Line 2f: Bad Debt.** You may deduct the amount of bad debts from your proceeds if the debts are charged off as uncollectible on your books and records at the time the debts become worthless and you have deducted the debts on your return for a period during which the bad debts are written off as uncollectible. The debt must also be eligible to be deducted for federal income tax purposes. A bad debt deduction may be claimed by a third-party lender provided the retailer who reported the tax and the lender financing the sale executed and maintained a written election designating which party may claim the deduction. Certain additional conditions must be met. See MCL 205.54g and MCL 205.94d for more information.

**Line 2g: Food for Human/Home Consumption.** Enter total of retail sales of grocery-type food, excluding tobacco and alcoholic beverages. Prepared food is subject to tax. See MCL 205.54g and MCL 205.94d for more information.

**Line 2h: Government Exemption.** Enter direct sales to the United States Government, State of Michigan, or its political subdivisions.

**Line 2i: Michigan Motor Fuel Tax.** Motor fuel retailers may deduct the Michigan motor fuel taxes that were included in gross sales on line 1 and paid to the State or the distributor.

**Line 2j: Direct Payment Exemption.** Sales to companies that claim direct payment of sales or use tax to the State of Michigan. Such companies must have a sales tax license or use tax registration, and have a letter from Treasury specifically granting direct payment authority.

**Line 2k: Other Exemptions.** Identify deductions not covered in items 2a through 2j on this line. Examples of deductions are:

- Assessments imposed under the Convention and Tourism Act, the Convention Facility Development Act, the Regional Tourism Marketing Act, or the Community Convention or Tourism Marketing Act. Hotels and motels may deduct the assessments included in gross sales and rentals provided use tax on the assessments was not charged to the customers.
- Credits allowed to customers for sales tax originally paid on merchandise voluntarily returned; provided the return is made within the time period for returns stated in the taxpayer's refund policy or 180 days after the initial sale, whichever is earlier. Repossessions are not allowable deductions.
- Sales to contractors of materials which will become part of a finished structure for a qualified exempt nonprofit hospital, qualified exempt nonprofit housing entity or church sanctuary. The purchaser will provide a Michigan Sales and Use Tax Contractor Eligibility Statement (Form 3520). See RAB 1999-2.
- Qualified nonprofit organizations may take a deduction of their sales if total sales are less than \$5,000 and they did not collect sales tax from their customers. If total sales are \$5,000 or more, the entire amount of sales is subject to tax. For qualifications, see RAB 1995-3.
- Direct sales not for resale to certain nonprofit agencies, churches, schools, hospitals, and homes for the care of children and the aged, provided such activities are nonprofit and payment is directly from the funds of the exempt organization.

**Line 2l: Tax included in gross sales.** If you have tax included in your gross sales, divide your gross sales by 17.6667 and enter the amount.

**Line 2m:** This line will be automatically calculated and populated.

**Line 3:** This line will be automatically calculated and populated.

**Line 4:** This line will be automatically calculated and populated.

**Line 5:** If you collected more tax than the amount on line 3, enter the difference.

**Line 6:** This line will be automatically calculated and populated.

**Line 7: Annual filers:** if your tax due is \$108 or more, enter \$72 for your discount. If your tax due is less than \$108, multiply line 9 by 2/3 (0.6667) and enter.

**Accelerated/Monthly/Quarterly filers:** Enter total discounts allowed for the year.

**Line 8:** This line will be automatically calculated and populated.

**Line 9:** Enter total sales tax payments plus credits from the *2015 Fuel Supplier and Wholesaler Prepaid Sales Tax Schedule* (Form 5083), *2015 Fuel Retailer Supplemental Schedule* (Form 5085), and *2015 Vehicle Dealer Supplemental Schedule* (Form 5086), if applicable, made for the current tax year.

**Note:** All pre-paid sales tax schedules are e-file only.

### **Use Tax:**

**Line 1:** Enter total sales of tangible personal property including cash, credit, and installment transactions.

**Line 2:** Lessors of tangible personal property who pay use tax on rental receipts must enter rental income. Enter total hotel and motel room rentals including assessments imposed under the Convention and Tourism Act, the Convention Facility Development Act, the Regional Tourism Marketing Act, the Community Convention or Tourism Marketing Act.

**Line 3:** Enter gross income from telecommunications services.

**Line 4:** This line will be automatically calculated and populated.

**Line 5:** Use lines 5a – 5j to deduct nontaxable sales you made from gross sales that are taxed at the 4% tax rate. Deductions taken for tax exempt sales must be substantiated in your records. You must obtain a completed copy of Form 3372, or the same information in another format, from the purchaser.

**Line 5a: Resale.** Enter sales which will be resold to others.

**Line 5b: Industrial Processing.** The property sold must be for direct use in producing a product for eventual sale at retail or to be affixed to and made a structural part of real estate located in another state.

**Line 5c: Agriculture Production.** The property sold must be for direct use in agricultural production.

**Line 5d: Interstate Commerce.** Enter sales made in interstate commerce. To claim such a deduction, the property or service must be delivered by you to the out-of-state purchaser. Property transported out of state by the purchaser does not qualify under interstate commerce. You must keep documentation of shipment out-of-state to support this deduction.

**Line 5e: Exempt Services.** Enter charges for nontaxable services billed separately, such as repair or maintenance, if these charges were included in gross receipts on line 1. Any costs incurred before the property is transferred to the buyer (including shipping, handling, and delivery charges) are not considered services and are subject to tax.

**Line 5f: Bad Debt.** You may deduct the amount of bad debts from your proceeds if the debts are charged off as uncollectible on your books and records at the time the debts become worthless and

you have deducted the debts on your return for a period during which the bad debts are written off as uncollectible. The debt must also be eligible to be deducted for federal income tax purposes. A bad debt deduction may be claimed by a third-party lender provided the retailer who reported the tax and the lender financing the sale executed and maintained a written election designating which party may claim the deduction. Certain additional conditions must be met. See MCL 205.54g and MCL 205.94d for more information.

**Line 5g: Food for Human/Home Consumption.** Enter total of retail sales of grocery-type food, excluding tobacco and alcoholic beverages. Prepared food is subject to tax. See MCL 205.54g and MCL 205.94d for more information.

**Line 5h: Government Exemption.** Enter direct sales to the United States Government, State of Michigan, or its political subdivisions.

**Line 5i: Direct Payment Exemption.** Sales to companies that claim direct payment of sales or use tax to the State of Michigan. Such companies must have a sales tax license or use tax registration, and have a letter from Treasury specifically granting direct payment authority.

**Line 5j: Other Exemptions.** Identify deductions not covered in items 5a through 5j on this line. Examples of deductions are:

- Assessments imposed under the Convention and Tourism Act, the Convention Facility Development Act, the

Regional Tourism Marketing Act, or the Community Convention or Tourism Marketing Act. Hotels and motels may deduct the assessments included in gross sales and rentals provided use tax on the assessments was not charged to the customers.

- Credits allowed to customers for sales tax originally paid on merchandise voluntarily returned; provided the return is made within the time period for returns stated in the taxpayer's refund policy or 180 days after the initial sale, whichever is earlier. Repossessions are not allowable deductions.
- Sales to contractors of materials which will become part of a finished structure for a qualified exempt nonprofit hospital, qualified exempt nonprofit housing entity or church sanctuary. The purchaser will provide a Michigan Sales and Use Tax Contractor Eligibility Statement (Form 3520). See RAB 1999-2.
- Qualified nonprofit organizations may take a deduction of their sales if total sales are less than \$5,000 and they did not collect sales tax from their customers. If total sales are \$5,000 or more, the entire amount of sales is subject to tax. For qualifications, see RAB 1995-3.
- Direct sales not for resale to certain nonprofit agencies, churches, schools, hospitals, and homes for the care of children and the aged, provided such activities are nonprofit and payment is directly from the funds of the exempt organization.

**Line 5k: Total Deductions.** This line will be automatically calculated and populated.

**Line 6:** This line will be automatically calculated and populated.

**Line 7:** This line will be automatically calculated and populated.

**Line 8:** If you collected more tax than the amount on line 6, enter the difference.

**Line 9:** This line will be automatically calculated and populated.

**Line 10: Annual filers:** if your tax due is \$108 or more, enter \$72 for your discount. If your tax due is less than \$108, multiply line 9 by 2/3 (0.6667) and enter.

**Accelerated/Monthly/Quarterly filers:** Enter total discounts allowed for the year.

**Line 11:** This line will be automatically calculated and populated.

**Line 12:** Enter total use tax payments made for the tax year.

## **PART 2: USE TAX ON ITEMS PURCHASED FOR BUSINESS OR PERSONAL USE**

**Line 1:** Enter the total amount of taxable purchases and withdrawals from inventory for the tax year being reported.

**Line 2:** This line will be automatically calculated and populated.

**Line 3:** Enter total use tax payments paid for the year.

## **PART 3: WITHHOLDING TAX**

**Note:** Send W-2 and 1099-MISC forms with a letter including your company name, address and Federal Employer's Identification Number (FEIN) or Treasury-assigned account number to:

Michigan Department of Treasury  
Sales, Use and Withholding  
Lansing, MI 48930

**Line 1:** Enter your gross Michigan payroll, pension, and other taxable compensation.

**Line 2:** Enter the total number of W-2 and 1099 forms.

**Line 3:** Enter the total Michigan income tax withheld for the year.

**Line 4:** Enter the total Michigan income tax withheld that was paid on your monthly, quarterly or accelerated returns (do not include penalty and interest).

## **PART 4: SUMMARY**

**Line 1:** This line will be automatically calculated and populated.

**Line 2:** This line will be automatically calculated and populated.

**Line 3:** This line will be automatically calculated and populated.

**Line 4:** Enter the amount of excess tax paid you wish to be credited forward.

**Line 5:** This line will be automatically calculated and populated.

**Line 6:** This line will be automatically calculated and populated.

**Line 7:** Enter any penalty to be paid with the return.

**Line 8:** Enter any interest to be paid with the return.

**Line 9:** This line will be automatically calculated and populated.

### **How to Compute Penalty and Interest**

If your return is filed after February 28 and no tax is due, compute penalty at \$10 per day up to a maximum of \$400. If your return is filed with additional tax due, include penalty and interest with your payment. Penalty is 5% of the tax due and increases by an additional 5% per month or fraction thereof, after the second month, to a maximum of 25%. Interest is charged daily using the average prime rate, plus 1 percent.

Refer to [www.michigan.gov/taxes](http://www.michigan.gov/taxes) for current interest rate information or help in calculating late payment fees.