

CERTIFICATE OF COMPLIANCE -- STATE OF MICHIGAN

January 31,2005

SECTION	TOPIC	DESCRIPTION	Is this requirement met by law, regulation or administrative practice (Yes or No). Enter N/A when not applicable.	If so, provide the citation for legal authority (statute, case, regulation, etc.)	For SST conforming changes, provide effective dates.	Notes (e.g., administrative practices, noncompliance explanations, etc.)
Section 301	State level administration					
		Does the state provide state level administration of state and local sales and use taxes?	yes	MCL 205.1(1)(a), MCL 205.20		
		Are sellers only required to register with, file returns and remit funds to a state-level authority?	yes	MCL 205.19(1), MCL 205.53(1), MCL 205.56(1), MCL 205.95(1), MCL 205.96(1)		
		Are local taxes collected and distributed by a single state-level authority?	N/A			Michigan does not have local jurisdiction taxes.
		Does the state conduct or authorize others to conduct an audit that includes both state and local taxes and prohibit independent local audits of sellers registered under the Agreement?	N/A			Michigan does not have local jurisdiction taxes. State-level audits are conducted. MCL 205.3(a), MCL 205.21(1)
Section 302	State and local tax base					
		Do all local jurisdictions have a common tax base? There are exceptions for motor vehicles, aircraft, watercraft, modular homes, manufactured homes and mobile homes.	N/A			Michigan does not have local jurisdiction taxes.
		Are the state and local tax bases identical? Note: The Agreement requires identical state and local tax bases by January 1, 2006.	N/A			Michigan does not have local jurisdiction taxes.

Section 303	Seller registration					
		Does the state participate in the multistate online registration system?	yes	MCL 205.819(2)		
		Are voluntary sellers registering under the multistate online registration system exempted from paying registration fees?	yes	MCL 205.819(2)		
Section 305	Local rate and boundary change					
		Does the state have local jurisdictions that levy a sales or use tax? If yes, answer the following questions.	no			Michigan does not have local jurisdictions that levy a sales or use tax.
		A. Does the state limit the effective date of local rate changes to the first day of a calendar quarter after a minimum of 60 days notice?	N/A			Michigan does not have local jurisdictions that levy a sales or use tax.
		B. Does the state limit the effective date of local rate changes from catalog sales wherein the purchaser computed the tax based on local tax rates published in the catalog only on the first day of a calendar quarter after a minimum of 120 days notice?	N/A			Michigan does not have local jurisdictions that levy a sales or use tax.
		C. Does the state limit local boundary changes for the purposes of sales and use taxes to the first day of calendar quarter after a minimum of 60 days notice?	N/A			Michigan does not have local jurisdictions that levy a sales or use tax.
		D. Does the state provide a database with boundary changes?	N/A			Michigan does not have local jurisdictions that levy a sales or use tax.
		E. Does the state provide a database identifying rate and jurisdictional information based on 5 and 9 digit zip codes?	N/A			Michigan does not have local jurisdictions that levy a sales or use tax.
		F. Does the database provided by the state apply the lowest rate in the zip code if the area includes more than one tax rate?	N/A			Michigan does not have local jurisdictions that levy a sales or use tax.
		G. Does the state commit to participating with other states in development of an address-based system?	N/A			Michigan does not have local jurisdictions that levy a sales or use tax.

Section 306	Relief from certain liability					
		Does the state relieve the seller and the CSP from liability for collecting incorrect amount of tax by relying on data provided by state on rates, boundaries, and jurisdiction assignments?	no			MCL 205.819(9) relieves seller and CSP for reliance on state rate data. Michigan has no local jurisdiction taxes and state boundaries are fixed.
Section 307	Database requirements and exceptions					
		A. Does the state provide a database per Section 305, in downloadable format?	no			Michigan does not have local jurisdiction taxes and is not required to comply with Section 305.
Section 308	State and local tax rates					
		A. Has the state eliminated multiple state sales and use tax rates after Dec. 31, 2005 (a single additional rate on food/food ingredients/drugs is allowed)?	yes			MCL 205.54n and 205.94n provide for a different rate (4%) on home utilities. This is permitted under Agreement Sec. 308C.
		B. Does the state have local jurisdictions that levy a sales or use tax? If yes, answer the following questions.	no			
		1. Do the local jurisdictions have no more than one sales tax rate or one use tax rate per local jurisdiction?	N/A			
		2. If a local jurisdiction levies both a sales tax and use tax, are the local rates identical?	N/A			
Section 310	General sourcing rules					
		A. Verify that each sourcing rule is followed by the state as required under Section 309.				
		1. If received at business location of seller, then sourced to that location.	yes	MCL 205.69(1)(a) MCL 205.110(1)(a)		
		2. If not received at business location of seller, then sourced to location of receipt.	yes	MCL 205.69(1)(b) MCL 205.110(1)(b)		

		3. If subsections 1 & 2 do not apply, then sourced to address of purchaser in business records of seller that are maintained in ordinary course of seller's business.	yes	MCL 205.69(1)(c) MCL 205.110(1)(c)		
		4. If subsections 1, 2 & 3 do not apply, then sourced to address of purchaser obtained during consummation of sale, including address of purchaser's payment instrument, if no other address is available.	yes	MCL 205.69(1)(d) MCL 205.110(1)(d)		
		5. If subsections 1, 2, 3 & 4 do not apply, then sourced to location from which tangible personal property was shipped, from which digital good or computer software delivered electronically was first available for transmission by seller, or from which service was provided.	yes	MCL 205.69(1)(e) MCL 205.110(1)(e)		MCL 205.69(1)(e) and MCL 205.110(1)(e) do not reference address "from which the service was provided;" the few services taxed in Michigan are local in character.
		B. Lease or rental of tangible personal property is sourced as follows:				
		1. If recurring periodic payments, then sourced the same as retail sale. Subsequent payments are sourced to the primary property location for each period covered by the payment?	yes	MCL 205.69(2)(a) MCL 205.110(2)(a)		
		2. If no recurring periodic payments, then sourced in accordance with rules of retail sale?	yes	MCL 205.69(2)(b) MCL 205.110(2)(b)		
		3. Does not affect tax based upon a lump sum or accelerated basis or property acquired for lease?	yes	MCL 205.69(5) MCL 205.110(5)		
		C. Lease or rental of motor vehicles, trailers, semi-trailers, or aircraft that do not qualify as transportation equipment shall be sourced as follows:				
		1. If recurring periodic payments, then sourced to primary property location?	yes	MCL 205.69(3)(a) MCL 205.110(3)(a)		
		2. If no recurring periodic payments, then sourced in accordance with rules of retail sale?	yes	MCL 205.69(3)(b) MCL 205.110(3)(b)		
		3. This provision does not affect tax based upon a lump sum or accelerated basis or property acquired for lease?	yes	MCL 205.69(5) MCL 205.110(5)		

		D. The retail sale, including lease or rental, of transportation equipment shall be sourced in accordance with rules for retail sale?	yes	MCL 205.69(4) MCL 205.110(4)		
		1. Has the state defined transportation equipment as required in Section 310, subsection D, of the Agreement?	yes	MCL 205.69(6)(b) MCL 205.110(6)(b)		
Section 311	General sourcing definitions					
		For purposes of Section 310, subsection A, are the terms "receive" and "receipt" defined to mean: taking possession of tangible personal property, making first use of services, or taking possession or making first use of digital goods, whichever comes first? Note: The terms "receive" and "receipt" do not include possession by a shipping company on behalf of the purchaser.	no			Michigan sales and use tax statutes, which do not refer to digital goods, define "receive" and "receipt" as meaning 1 or more of the following, but exclude possession by a shipping company on behalf of the purchaser: (i) taking possession of tangible personal property; (ii) making first use of services. MCL 205.69(6)(a); MCL 205.110(6)(a)
Section 312	Multiple points of use					
		Does the state provide that, notwithstanding Section 310, a business purchaser that does not hold a direct pay permit that knows at time of purchase that digital good, computer software delivered electronically or service will be concurrently available for use in more than one jurisdiction shall provide seller with a Multiple Points of Use Exemption Form?	no			The Michigan sales and use tax statutory provisions addressing the MPU Exemption do not refer to "digital good" or "service." Michigan sales and use tax statutes addressing the Multiple Points of Use Exemption provide that a business purchaser (other than a direct pay permit holder) that, at the time of its purchase of electronically delivered computer software, knows that the electronically delivered computer software will be concurrently available for use in more than 1 taxing jurisdiction shall deliver an MPU exemption form to the seller at the time of purchase. MCL 205.69(7), MCL 205.70(1); MCL 205.110(7), MCL 205.102(1). Michigan sales and use tax statutes apply only to a limited number of specifically-identified "services," none of which would be available for use in multiple jurisdictions.

		A. Does the state relieve the seller of obligation upon receipt and purchaser incurs obligation on a direct pay basis?	yes	MCL 205.70(2) MCL 205.102(2)		
		B. Does the state allow the purchaser to use any reasonable, but consistent and uniform, method of apportionment supported by purchaser's records as of time of sale?	yes	MCL 205.70(3) MCL 205.102(3)		
		C. Does the state provide that the Multiple Points of Use Exemption form is in effect for all future sales by seller to purchaser (except apportionment), until revoked in writing?	yes	MCL 205.70(4) MCL 205.102(4)		
		D. Does the state exempt the holder of a direct pay permit from providing a Multiple Points of Use Exemption Form to the seller and allow the purchaser to use a method of apportionment as provided in subsection B?	yes	MCL 205.70(5) MCL 205.102(5)		
Section 313	Direct mail sourcing					
		A. Does the state provide that, notwithstanding Section 310, a purchaser of direct mail that does not hold a direct pay permit shall provide to seller a Direct Mail Form or information to show jurisdictions to which mail is delivered?	yes	MCL 205.69(7); MCL 205.110(7) MCL 205.71(1); MCL 205.103(1)		
		1. Is the seller relieved of obligation upon receipt and purchaser incurs obligation on a direct pay basis? Form remains in effect for all sales by seller to purchaser.	yes	MCL 205.71(2) & (3) MCL 205.103(2) & (3)		
		2. Does the state provide that upon receipt of delivery information, the seller shall collect tax according to purchaser's submitted information and in the absence of bad faith, seller is relieved of further liability?	yes	MCL 205.71(4) MCL 205.103(4)		
		B. Does the state provide that if the purchaser does not have direct pay permit and does not provide Direct Mail Form or delivery information, seller shall collect tax pursuant to Section 301 (A)(5) of Agreement?	yes	MCL 205.71(5) MCL 205.103(5)		

		C. Does the state provide that if purchaser provides documentation of direct pay permit, the purchaser is not required to provide a Direct Mail Form or delivery information to seller?	yes	MCL 205.71(6) MCL 205.103(6)		
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Section 314	Telecom sourcing rule					
		Please verify that each Telecom sourcing rule is followed by the state as required under Section 314 of the Agreement.				
		A. Except for the defined telecom services in subsection C below, if sold on a call-by-call basis, then sourced to each level of taxing jurisdiction where call originates and terminates in that jurisdiction or each level of taxing jurisdiction where call either originates or terminates and in which service address is located?	yes	MCL 205.93c(1)		
		B. Except for the defined Telecom services in subsection C below, if sold on a basis other than call-by-call basis, then sourced to customer's place of primary use?	yes	MCL 205.93c(2)		
		C1. Is the sale of mobile telecom other than air-to-ground radiotelephone service and prepaid calling service, sourced to customer's place of primary use as required under Mobile Telecommunications Sourcing Act?	yes	MCL 205.93b(1)(a) MCL 205.93b(7)		
		2. Is the sale of post-paid calling service sourced to the origination point of telecom signal as first identified by either the seller's telecom system or information received by the seller from its service provider, where system used to transport signals is not that of the seller?	yes	MCL 205.93c(3)(a)		
		3. Is the sale of prepaid calling service sourced in accordance with Section 310 of the Agreement?	yes	MCL 205.93c(3)(b)		
		4. Is the sale of a private communication service:				
		a. Service for a separate charge related to a customer channel termination point sourced to each level of jurisdiction in which such customer channel termination point is located?	yes	MCL 205.93c(3)(c)(i)		

		b. Service where all customer termination points are located entirely within one jurisdiction or levels of jurisdictions sourced in such jurisdiction in which the customer channel termination points are located?	yes	MCL 205.93c(3)(c)(ii)		
		c. Service for segments of a channel between two customer channel termination points located in different jurisdictions and which segment of channel are separately charged sourced fifty percent in each level of jurisdiction in which the customer channel termination points are located?	yes	MCL 205.93c(3)(c)(iii)		
		d. Service for segments of a channel located in more than one jurisdiction or levels of jurisdiction and which segments are not separately billed sourced in each jurisdiction based on the percentage determined by dividing the number of customer channel termination points in such jurisdiction by the total number of customer channel termination points?	yes	MCL 205.93c(3)(c)(iv)		
Section 315	Telecom sourcing definitions					
		Does the state define the following terms in sourcing telecommunications:				
		A. Air-to-ground radiotelephone service?	yes	MCL 205.93c(4)(a)		
		B. Call-by-call basis?	yes	MCL 205.93c(4)(b)		
		C. Communications channel?	yes	MCL 205.93c(4)(c)		
		D. Customer?	yes	MCL 205.93c(4)(d)		
		E. Customer channel termination point?	yes	MCL 205.93c(4)(e)		
		F. End user?	yes	MCL 205.93c(4)(f)		
		G. Home service provider?	yes	MCL 205.93c(4)(g)		
		H. Mobile telecommunications service?	yes	MCL 205.93c(4)(h)		
		I. Place of primary use?	yes	MCL 205.93c(4)(i)		
		J. Post-paid calling service?	yes	MCL 205.93c(4)(j)		
		K. Prepaid calling service?	yes	MCL 205.93c(4)(k)		
		L. Private communication service?	yes	MCL 205.93c(4)(l)		
		M. Service address?	yes	MCL 205.93c(4)(m)		

Section 316	Enactment of Exemptions				
		<p>Product-based exemptions. Can the state confirm that where the Agreement has a definition for a product or for a term that includes the product, the state exempts all items within each definition and does not tax only part of the items included within each definition?</p>	yes, generally	MCL 205.52 MCL 205.93	<p><u>FOOD</u> -- "Food" is defined as in the Agreement, MCL 205.54g(3); MCL 205.94d(3). In accordance with the Agreement, food is generally exempt, though heated/cooled food sold through vending machines is generally taxed, except milk, non-alcoholic beverages in sealed containers and fresh fruit are exempt, MCL 205.54g(2); MCL 205.94d(2). Prepared food is generally taxed, MCL 205.54g(1)(a); MCL 205.94d(1)(a), except:</p> <ol style="list-style-type: none"> 1) prepared food purchased with federal food stamps is exempt, MCL 205.54g(1)(c); MCL 205.94d(1)(c); 2) meals eligible to be purchased with federal food stamps are exempt, MCL 205.54g(1)(a); MCL 205.94d(1)(a); 3) food (including prepared food) sold to enrolled students by non-profit educational institutions is exempt under MCL 205.54a(1)(c), and; 4) meals provided at a reduced price to employees during work hours are not taxed, MCL 205.52(4); MCL 205.94a(h).
					<p><u>COMPUTER SOFTWARE</u> -- In accordance with the Agreement, custom computer software is exempt, MCL 205.54d(f) & (g); MCL 205.94a(c) & (d), and prewritten computer software is taxed. MCL 205.52(1); MCL 205.93(1).</p> <p><u>DRUGS</u> -- In accordance with the Agreement, insulin, oxygen dispensed pursuant to a prescription, and drugs which can only legally be dispensed pursuant to a prescription (all for human use) are exempt. MCL 205.54g(1) and 205.54d(k) & (l); MCL 205.94d(1)(a) and 205.94a(f) & (g). Other drugs are taxed. MCL 205.52(1); MCL 205.93(1).</p>

		Entity- and use-based exemptions. Can the state confirm that in any entity-based or use-based exemption that includes a product that is defined by the Agreement, the exemption uses the Agreement definition of the product?	yes			
Section 317	Administration of exemptions					
		A. Does the state provide for the following in regard to purchasers claiming exemption:				
		1. Seller shall obtain identifying information from purchaser and reason for claiming exemption?	yes	MCL 205.62(1) MCL 205.104b(1)		
		2. Purchaser is not required to provide signature, unless paper exemption certificate?	yes	MCL 205.62(3) MCL 205.104b(3)		
		3. Seller shall use standard form for claiming exemption electronically?	yes	MCL 205.62(2) MCL 205.104b(2)		
		4. Seller shall obtain same information for proof regardless of medium?	yes	MCL 205.62(1) MCL 205.104b(1)		
		5. Seller shall maintain records of exempt transaction and provide to state when requested?	yes	MCL 205.62(4) MCL 205.104b(4)		
		B. Does the state relieve the seller that follows above requirements from any tax if determined that purchaser improperly claimed exemption and hold purchaser liable? Does not apply to seller who fraudulently fails to collect or solicits purchasers to participate in unlawful claim of exemption.	yes	MCL 205.62(5) MCL 205.104b(5)		

Section 318	Uniform tax returns					
		Does the state:				
		A. Require that only one tax return for each taxing period for each seller be filed for the state and all local jurisdictions?	yes	MCL 205.56 (1) MCL 205.96 (1)		Michigan has no local taxing jurisdictions.
		B. Require that returns be filed no sooner than the twentieth day of the month following the month in which the transaction occurred?	yes	MCL 205.56 (1) MCL 205.96 (1)		
		C. Allow any Model 1, 2 or 3 seller to submit its return in a simplified format that does not include more data fields than permitted by the governing board?	yes	MCL 205.56 (1) MCL 205.96 (1) Policy: IPD 2004-4		Both sales and use tax acts authorize the department to prescribe the forms to be filed. MCL 205.56 (1) and MCL 205.96 (1).
		D. Allow a seller that is registered under the Agreement, which does not have a legal requirement to register in the state, and is not a Model 1, 2 or 3 seller to file a return no more than once per year unless the seller has accumulated more than \$1,000 in state and local taxes?	yes	MCL 205.56 (3) MCL 205.96 (3) Policy: IPD 2004-3		
Section 319	Uniform rules for remittance of funds					
		Does the state:				
		A. Require only one remittance for each return and only require additional remittance if: (1) seller collects more than \$30,000 in sales and use taxes in state during preceding year, (2) the additional remittance is determined through a calculation method, and (3) the seller is not required to file additional return?	yes	MCL 205.56 (1) & (2) MCL 205.96 (1) & (2)		

		B. Allow for payment by both ACH Credit & ACH Debit?	yes	MCL 205.56 (1) MCL 205.96 (1)		See Forms 2328 and 2248 at http://www.michigan.gov/treasury for description of pertinent administrative practice
		C. Provide alternative method for "same day" payment if electronic fund transfer fails (electronic check or Fed Wire)?	yes	MCL 205.56 (1) MCL 205.96 (1) Policy: IPD 2004-6		IPD 2004-6 indicates that an ACH Debit or Credit transaction will be accepted late as a "same day" alternative, under certain circumstances (without penalty or interest), but wire transfers are not accepted.
		D. Provide that if due date falls on a legal banking holiday in state, taxes due on next business day?	yes	MCL 205.56 (6) MCL 205.96 (5)		
		E. Require any data that accompanies remittance to be formatted using uniform tax type and payment type codes?	yes	MCL 205.56 (1) MCL 205.96 (1) Policy: IPD 2004-2		
Section 320	Uniform rules for recovery of bad debts					
		Does the state:				
		A. Allow a deduction for bad debts?	yes	MCL 205.54i MCL 205.99a		
		B. Use definition of bad debt in 26 U.S.C. Sec. 166 as basis with adjustment to exclude: financing charges or interest; sales or use taxes charged on purchase price; uncollectible amounts on property that remains in possession of seller until full price paid; expenses incurred in attempt to collect debt, and repossessed property?	yes	MCL 205.54i(1) MCL 205.99a(5)		
		C. Allow bad debts to be deducted on return for period during which bad debt is written off on books and records and is eligible be deducted for federal income tax purposes? If no federal return, use books & records and apply as if had filed federal return?	yes	MCL 205.54i(2) MCL 205.99a(1)		
		D. Require that, if deduction is taken and it is later collected in whole or part, tax must be reported on return for period in which collection made?	yes	MCL 205.54i(2) MCL 205.99a(1)		

		E. Provide that, when amount of bad debt exceeds taxable sales for period when written off, refund claim may be filed within statute of limitations (measured from due date of return on which bad debt could first be claimed)?	yes	MCL 205.54i(2) MCL 205.99a(1) MCL 205.27a(2)		MCL 205.54i(2) and MCL 205.99a(1) establish when bad debt may be claimed on a return. MCL 205.27a(2) establishes refund statute of limitations based on date the bad debt could first be claimed.
		F. Where filing responsibilities assumed by CSP, allow service provider to claim, on behalf of seller, any bad debt allowance? CSP must credit or refund full amount of allowance or refund received to seller.	yes	MCL 205.54i(4) MCL 205.99a(3)		
		G. Provide that, for purposes of reporting payment on previously claimed bad debt, any payments made are applied first proportionately to taxable price of property or service and sales tax thereon, and secondly to interest, service charges, and any other charges?	yes	MCL 205.54i(2) MCL 205.99a(1)		
		H. If books and records of party support allocation among states, then permit allocation?	yes	MCL 205.54i(5)) MCL 205.99a(4)		
Section 321	Confidentiality and privacy protections under Model 1					
		A. Does the state provide public notification to consumers, including exempt purchasers, of state's practices relating to collection, use and retention of personally identifiable information?	yes	MCL 205.827(8)		see website: www.michigan.gov/treasury (click on Inside Treasury, then Office of Disclosure)
		B. Does the state provide that when any personally identifiable information is no longer required for purposes in subsection (D)(4), such information shall no longer be retained by state?	yes	MCL 205.827(9)		
		C. Does the state provide that when personally identifiable information regarding an individual is retained by or on behalf of state, state shall provide reasonable access to information by such individual and a right to correct inaccurate information?	yes	MCL 205.827(6)		

		D. Does the state provide that if anyone other than a member state or person authorized by state law or Agreement, seeks to discover personally identifiable information, state should make reasonable and timely effort to notify individual of request?	yes	MCL 205.827(10)		
		E. Is the state's privacy policy subject to enforcement by state's AG or other appropriate government authority?	yes	MCL 205.827(5)		
Section 322	Sales tax holidays					
		A. Does the state allow for sales tax holidays? If yes, does the state:	no			Michigan does not allow for sales tax holidays.
		1. Limit the holiday exemptions after December 31, 2004, to items that are specifically defined in Agreement and exemptions are uniformly applied?	N/A			
		2. Provide notice of holiday at least 60 days prior to first day of calendar quarter in which holiday will begin?	N/A			
		B. Does the state use price thresholds during a holiday? If yes, does the state:	N/A			
		1. Provide that the threshold established by state includes only items priced below threshold?	N/A			
		2. Confirm that the state does not exempt only a portion of the price of an individual item during holiday?	N/A			
		C. Does the state meet procedural requirements for holidays? If yes, does the state provide procedures for:	N/A			
		1. Layaway sales?	N/A			
		2. Bundled sales?	N/A			
		3. Coupons and discounts?	N/A			
		4. Splitting of items normally sold together?	N/A			
		5. Rain checks?	N/A			
		6. Exchanges?	N/A			
		7. Delivery charges?	N/A			
		8. Order date and back orders?	N/A			
		9. Returns?	N/A			
		10. Different time zones?	N/A			

Section 323	Caps and thresholds					
		A. Does the state:				
		1. Eliminate all caps or thresholds on application of rates or exemptions that are based on value of transaction or item after December 31, 2005? OK until that date.	yes			MCL 205.54f exempts certain commissions on sales from non-electric vending machines where consideration is less than 10 cents. As provided in Section 105 of Agreement, the Agreement does not apply to vending machine sales.
		2. Eliminate all caps that are based on application of rates unless the application of rates are administered in a manner that places no additional burden on retailer?	yes			
		B. Does the state that has local jurisdictions that levy sales or use tax eliminate caps or thresholds on application of rates or exemptions that are based on value of transaction or item after December 31, 2005? OK until that date.	N/A			Michigan does not have local taxing jurisdictions.
Section 324	Rounding rule					
		A. Does the state provide that the tax computation must be carried to the third decimal place after December 31, 2005.	yes	MCL 205.73(2) & (3) MCL 205.107		
		B. Does the state provide that the tax must be rounded to a whole cent using a method that rounds up to next cent whenever third decimal place is greater than four after December 31, 2005.	yes	MCL 205.73(2) & (3) MCL 205.107		
		C. Does the state allow sellers to elect to compute tax due on a transaction, on a item or invoice basis, and shall allow rounding rule to be applied to aggregated state and local taxes?	yes	Policy: IPD 2004-5		
		D. Can the state confirm that it has repealed any requirements for sellers to collect tax on bracket system?	yes	MCL 205.73(2) & (3) MCL 205.107		

Section 325	Customer refund procedures					
		A. Does the state provide that a cause of action against seller does not accrue until purchaser has provided written notice to seller and seller has had 60 days to respond? Notice must contain information necessary to determine validity of request.	yes	MCL 205.60(2) MCL 205.101(3)		
		B. Does the state provide for uniform language in regard to presumption of a reasonable business practice when seller: i) uses either a provider or a system, including a proprietary system, that is certified by the state; and ii) has remitted to state all taxes collected, less deductions, credits or collection allowances?	yes	MCL 205.60(2) MCL 205.101(3)		
Section 326	Direct pay permits					
		Does the state provide for a direct pay authority?	yes	MCL 205.98		
Section 327	Library of definitions					
		Does the state use common definitions as provided in Section 327 of the Agreement and set out in the Library of Definitions in Appendix C?	yes			
		A. If term defined in Library appears in state's statutes, rules or regulations, does the state adopt definition in substantially same language?	yes			1. Discounts and bundling are not addressed in Michigan's Sales Tax or Use Tax Acts' definitions of "sales price" or "purchase price." MCL 205.51(1)(d), MCL 205.92(f). 2. Michigan's Use Tax Act defines "purchase price" as consideration "paid by consumer to seller." MCL 205.92(f). 3. Michigan provides a different use tax base on consumption of certain cars and trucks purchased for resale by a dealer. MCL 205.93(2).

		B. Can the state confirm that it does not use a Library definition that is contrary to meaning of Library definition?	yes			see Notes for Section 316
		C. Except as provided in Section 316 and Library, can the state confirm that it imposes tax on all products and services included within each definition or exempt from tax all products or services within each definition?	yes, generally			see Notes for Section 316
Section 328	Taxability matrix					
		A. Has the state completed its taxability matrix in the downloadable format approved by Governing Board?	yes	MCL 205.831(3)		
		B. Has the state relieved sellers and CSP from liability to state and its local jurisdictions for having charged and collected incorrect tax resulting from erroneous data in matrix?	yes	MCL 205.819(9)		
Section 329	Effective date for rate changes					
		Does the state provide that the effective date of rate changes for services covering a period starting before or ending after statutory effective date shall be as follows:				
		1. For rate increase, new rate shall apply to first billing period starting on or after effective date?	no			Rate increase would require constitutional amendment.
		2. For rate decrease, new rate shall apply to bills rendered on or after effective date?	yes	MCL 205.93(5)		Any services taxed are under the use tax. No provision necessary in sales tax.
Section 401	Seller participation					
		A. Does the state participate in the Governing Board's online registration system?	yes	MCL 205.819(2)		
		B. Does the state provide that it will not use registration with central registration system and collection of taxes in member states in determining whether seller has nexus with state for any tax at any time?	yes	MCL 205.819(6)		

Section 402	Amnesty for registration					
		A. Subject to limitations in this section:				
		1. Does the state provide amnesty to seller who registers to pay or collect and remit applicable tax in accordance with Agreement, provided seller was not so registered in state in 12-month period preceding effective date of state's participation in agreement?	yes	MCL 205.829(1)		
		2. Does the state provide that amnesty will preclude assessment for tax together with penalty and interest for sales made during period seller was not registered in state, provided registration occurs within 12 months of effective date of state's participation in Agreement?	yes	MCL 205.829(1)		
		3. Does the state provide that Amnesty shall be provided when that state joins Agreement after seller has registered?	yes	MCL 205.829(1)		
		B. Does the state provide that amnesty is not applicable to seller if notice of audit is received and audit is not yet resolved, including any related administrative and judicial processes?	yes	MCL 205.829(2)(c)		
		C. Does the state provide that amnesty is not applicable to taxes already paid to state or collected by seller?	yes	MCL 205.829(2)(b)		
		D. Does the state provide that amnesty is fully effective, absent fraud or misrepresentation of material fact, as long as seller continues registration and continues payment of taxes for period of at least 36 months? State shall toll statute applicable to asserting a tax liability during 36 month period.	yes	MCL 205.829(3)		
		E. Does the state provide that amnesty is applicable only to taxes due from seller in capacity as seller and not in capacity as buyer?	yes	MCL 205.829(2)(a)		

Section 403	Method of remittance					
		Does the state provide that a seller may select one of the technology models:				
		A. Model 1-seller selects CSP as agent to perform all functions except remit tax on its own purchases?	yes	MCL 205.821(a)		
		B. Model 2-seller selects CAS which calculates amount of tax due?	yes	MCL 205.821(b)		Under MCL 205.821(b), Model 2 seller uses CAS to perform part of seller's sales/use tax collection functions, but seller retains responsibility for remitting tax.
		C. Model 3-seller utilizes own proprietary system that has been certified as a CAS?	yes	MCL 205.821(c)		
Section 404	Registration by an agent					
		Does the state provide that a seller may be registered by agent?	yes	MCL 205.819(7)		
Section 501	Provider and System Certification					
		A. Does state law provide for provider and system certification to aid in the administration of sales and use tax collection?	yes	MCL 205.813(3)		State delegation authorized to participate with governing board in certifying CSPs and CASs
Section 601	Monetary allowance under Model 1					
		A. Does state law provide for a monetary allowance of CSPs as may be required in accordance with the terms of a contract between the Governing Board and the CSP?	yes	MCL 205.823(1)		
		B. Does state law provide for a percentage of revenue monetary allowance for a voluntary seller's registration through a CSP for a period not to exceed 24 months?	yes	MCL 205.823(1)(b)		
Section 602	Monetary allowance for Model 2 sellers					
		A. Does state law provide for a monetary allowance for Model 2 sellers as may be required by the Governing Board?	yes	MCL 205.823(2)		
		B. Does state law provide for a percentage of revenue monetary allowance for a period not to exceed 24 months for a voluntary seller's registration?	yes	MCL 205.823(2)		

Section 603	Monetary allowance for Model 3 sellers and all other sellers that are not under Models 1 or 2					
		A. Does state law provide for a percentage of revenue monetary allowance for a period not to exceed 24 months for a voluntary Model 3 seller's registration and all other sellers that are not using Models 1, 2, or 3?	yes	MCL 205.823(3)		
		APPENDIX C - LIBRARY OF DEFINITIONS				
		Please verify for each item that the state uses the definition provided by the Agreement. If the item is not applicable in your state, answer "N/A."				
Part I	Administrative definitions					
		1. Delivery charges	yes	MCL 205.51a(e) MCL 205.92b(e)		Statutory definitions refer to charges by the "seller" rather than to charges by the "seller of personal property or services." The services taxed in Michigan do not incur separately stated delivery charges.
		and taxable property, the seller allocates the delivery charge by using a percentage based on the sales price or a percentage based on weight. The seller taxes the percentage of the delivery charge allocated to taxable property but does not tax the percentage of the delivery charge allocated to the exempt property.		Policy: IPD 2004-8		
		2. Direct mail	yes	MCL 205.51a(g) MCL 205.92b(g)		
		3. Lease or rental	yes	MCL 205.51a(k) MCL 205.92b(k)		
		4. Purchase price	yes, generally	MCL 205.92(f)		Statutes do not reference discounts or bundling. Discounts policy is expressed in RAB 1995-6. "Purchase price" is statutorily defined as consideration "paid by consumer to seller."

		5. Retail sale or Sale at retail	yes	MCL 205.51(1)(b) MCL 205.92(p) ('sale')		Sales Tax statute references activities involving tangible personal property and Use Tax statute references activities involving tangible personal property and services, which are the only activities taxed under those statutes.
		6. Sales price	yes, generally	MCL 205.51(1)(d)		Statutes do not reference discounts or bundling. Discounts policy is expressed in RAB 1995-6.
		7. Tangible personal property	yes	MCL 205.51a(p) MCL 205.92(k)		
Part II	Product definitions					
		CLOTHING				
		Clothing accessories or equipment	N/A			
		Protective equipment	N/A			
		Sport or recreational equipment	N/A			
		COMPUTER RELATED				
		Computer	yes	MCL 205.51a(b) MCL 205.92b(b)		
		Computer software	yes	MCL 205.51a(c) MCL 205.92b(c)		
		Delivered electronically	yes	MCL 205.51(d) MCL 205.92b(d)		Michigan definition states delivered "from the seller to the purchaser," while the Agreement only states delivered "to the purchaser."
		Electronic	yes	MCL 205.51(j) MCL 205.92b(j)		
		Load and leave	N/A			
		Prewritten computer software	yes	MCL 205.51a(n) MCL 205.92b(n)		
		FOOD AND FOOD PRODUCTS				
		Alcoholic Beverages	yes	MCL 205.51a(a) MCL 205.92b(a)		
		Candy	N/A			
		Dietary supplement	yes	MCL 205.51a(f) MCL 205.92b(f)		
		Food and food ingredients	yes	MCL 205.54g(3) MCL 205.94d(3)		
		Food sold through vending machines	no	MCL 205.54g(2) MCL 205.95d(2)		Heated/cooled food sold through vending machines is generally taxed, except milk, non-alcoholic beverages in sealed containers, and fresh fruit are exempt.

		Prepared food	yes	MCL 205.54g(4) MCL 205.94d(4)		
		Soft drinks	N/A			
		Tobacco	yes	MCL 205.51a(q) MCL 205.92b(p)		
		HEALTH-CARE				
		Drug	yes	MCL 205.51a(h) MCL 205.92b(h)		
		Durable medical equipment	yes	MCL 205.51a(l). MCL 205.92b(l)		
		Grooming and hygiene products	N/A			
		Mobility enhancing equipment	yes	MCL 205.51a(l) MCL 205.92b(l)		
		Over-the-counter-drug	N/A			
		Prescription	yes	MCL 205.51a(m) MCL 205.92b(m)		
		Prosthetic device	yes	MCL 205.51a(o) MCL 205.92b(o)		
Part III	Sales Tax Holiday Definitions					
		Eligible property	N/A			Michigan does not have tax holidays.
		Layaway sale	N/A			
		Rain check	N/A			
		School supply	N/A			
		School instructional material	N/A			
		School computer supply	N/A			