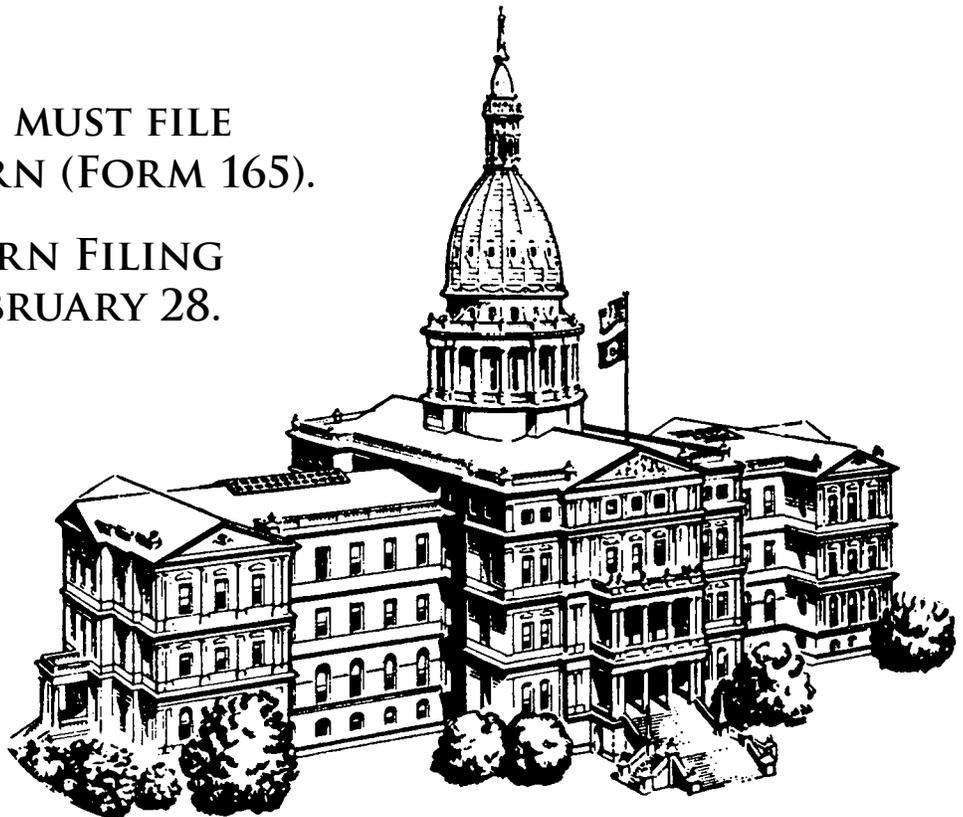


# SALES, USE, AND WITHHOLDING TAX FORMS AND INSTRUCTIONS

EACH BUSINESS MUST FILE  
AN ANNUAL RETURN (FORM 165).

ANNUAL RETURN FILING  
DEADLINE: FEBRUARY 28.



Visit Treasury's Web site at [www.michigan.gov/bustax](http://www.michigan.gov/bustax) for assistance with:

- Existing Electronic Funds Transfer (EFT) account questions.
- Specific account questions (credits, assessments, penalty waivers, etc.).
- Technical questions (taxability of items, law changes, etc.).
- Checking the status of your sales, use and withholding tax transactions.

Assistance is also available by calling (517) 636-6925. Listen to all options on the automated phone system before making a selection. Assistance is available using TTY through the Michigan Relay Service by calling 1-800-649-3777 or 711. Printed material in an alternate format may be requested by calling (517) 636-6925.

**NOTE:** Flow-Through Withholding must now be reported on a *Michigan Flow-Through Withholding Quarterly Return* (Form 4917) and a *Michigan Flow-Through Withholding Reconciliation Return* (Form 4918). Both forms are available at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

**Filing Requirements: You are required to file each return, even if no tax is due. Your filing frequency is determined by the Michigan Department of Treasury (Treasury).**

| <b>Filing Frequency</b>  | <b>Due Date</b>   | <b>Combined Return (Form 160)</b> | <b>Discount Voucher (Form 161)</b> | <b>EFT: ACH Debit or Credit (No form required)</b> | <b>Annual Return (Form 165)</b> |
|--|---|-----------------------------------|------------------------------------|--|---------------------------------|
| <b>Annual Filer Only:</b> <i>Total tax liability of less than \$750 for a calendar year (Jan-Dec).</i>   | February 28 (after tax year end)  |                                   |                                    |  | ✓                               |
| <b>Quarterly Filer:</b> <i>Total tax liability of \$750 - \$3,600 for a calendar year (Jan-Dec).</i>   | 20th of the month following quarter's end   | ✓                                 |                                    |  | ✓                               |
| <b>Monthly Filer:</b> <i>Total tax liability greater than \$3,600 for a calendar year (Jan-Dec). Seasonal filers: see page 7.</i>                        | 20th of the following month   | ✓                                 | ✓                                  |  | ✓                               |
| <b>Electronic Funds Transfer (EFT):</b> <i>Available to all taxpayers - transmissions are required on a monthly basis.</i>                               | 20th of the following month   |                                   |                                    | ✓  | ✓                               |
| <b>Accelerated Sales and Use Tax EFT:</b> <i>Required if Sales or Use Tax liability was at least \$720,000 in the preceding calendar year.</i>           | Monthly Transmissions: <ul style="list-style-type: none"> <li>• 1st payment 20th of the month</li> <li>• 2nd payment last day of the month</li> <li>• 3rd payment 20th of the subsequent month</li> </ul> |                                   |                                    | ✓  | ✓                               |
| <b>Accelerated Withholding Tax EFT:</b> <i>Required if Withholding Tax liability averaged \$40,000 or more per month in the preceding calendar year.</i> | Paid according to federal schedule  |                                   |                                    | ✓  | ✓                               |

**GENERAL INFORMATION**

**Important Information**

**New Registration Online Services.** Beginning in the Spring of 2014, Treasury will provide enhancements to online services for business tax filers. The first of these enhancements will allow online management of account profile information such as business address changes, the ability to add, change or delete Authorized Representatives for your business, and the ability to update Corporate Officer information.

**Sales, Use and Withholding (SUW) e-filing.** New online services for SUW tax filers will begin in calendar year 2015. Treasury will offer free electronic filing of SUW returns through its own secure site, which will include a simple and safe electronic payment option. Visit Treasury's Web site for updates as new services become available.

**Discontinuance of SUW Return Mailings.** To promote efficient, easy, and accurate processing, the SUW return e-file option will be available January 1, 2015. This free e-file option will be a fast and secure method for submitting your monthly, quarterly, and/or annual returns and payments. Therefore, beginning with the January 2015 return period, Treasury will not mail pre-identified returns. We encourage you to choose our e-file option when available; however, a printable form will still be available on Treasury's Web site.

**Filing by Electronic Funds Transfer (EFT).** Using EFT to submit your sales, use, and withholding tax payments eliminates the requirement to file monthly or quarterly paper returns. The filing of the *Annual Return for Sales, Use and Withholding Taxes* (Form 165) is still required. The *EFT Debit Application* (Form 2248) or *EFT Credit Application* (Form 2328) must be completed and signed by an officer giving his or her title and returned to Treasury.

**Accelerated Tax Payments.** Filers who paid more than \$480,000 in withholding tax in the preceding calendar year must pay according to their federal schedule and must pay withholding taxes by EFT.

Filers who paid more than \$720,000 in sales or use tax in the preceding calendar year must pay their sales and use taxes on an accelerated schedule. Accelerated tax payments must be remitted by EFT. Additional forms and information about EFT and Accelerated Tax payments can be found at [www.michigan.gov/biztaxpayments](http://www.michigan.gov/biztaxpayments).

Debit transactions will be ineligible for EFT if the account used for the electronic debit is funded or otherwise associated with a foreign financial institution account to the extent that the payment transaction would qualify as an International ACH Transaction (IAT) under NACHA Rules. Contact your financial

institution for questions about the status of your account. Contact Treasury's EFT Unit at (517) 636-6925 for alternate payment methods.

**NOTE:** As passed, Public Act 458 of 2012 changed the sales and use tax filing requirements beginning January 1, 2014. These changes include a reduction in the number of prepayments required each month, as well as, a change to the prepayment calculation. However, please be advised that House Bill 4920 of 2013 was recently introduced and this legislation would delay these filing changes until January 1, 2015. At this time, the Department anticipates the passage of House Bill 4920. Visit Treasury's Web site for filing requirement updates.

**Sales Tax Computation.** To determine the tax, retailers must compute the tax to the third decimal place and round up to a whole cent when the third decimal place is greater than four or down to a whole cent when the third decimal place is four or less.

**Filers Who Pay Once a Year.** Filers with no deductions should use the simplified instructions on page 8.

**Changes to an Existing Registration for Michigan Taxes.** To make changes to an existing Treasury registration for taxes such as an address change, add or delete a location, or name change, you must notify Treasury's Registration Section using the *Notice of Change or Discontinuance* (Form 163) or in writing. Changes made at the Post Office or other State agencies do not update Treasury records. Do not write changes on the annual return.

**Pre-Identified Returns and Vouchers.** The *Combined Return for Michigan Taxes* (Form 160) and *Discount Voucher for Sales and Use Taxes* (Form 161) sent to you contain specific information about your account that is processed by electronically scanning the document. **Do not change, copy, or use forms from another business.** If you lose your booklet of materials, contact Treasury to have a new booklet mailed to you. **IMPORTANT:** To ensure your payment is credited to your account, use ONLY your pre-identified returns. Use the correct pre-identified form for the period for which you are filing.

**Magnetic Media/W-2 Reporting.** The State only accepts magnetic *Wage and Tax Statements* (Form W-2) reporting in the format published by the Social Security Administration. Filing and format instructions are provided on *Transmittal for Magnetic Media Reporting of W-2s, W-2Gs, and 1099s to the State of Michigan* (Form 447).

**Retail Sales to Federally Recognized Indian Tribes or Their Qualifying Members.** The State has set up special sales and use tax protocols for certain situations involving federally recognized Indian tribes and their qualifying members. For additional details, visit [www.michigan.gov/taxes](http://www.michigan.gov/taxes) for Native American information.

**Sales Tax, Use Tax, and Withholding Tax Reporting Requirements.** If a taxpayer inserts a "zero" on (or leaves blank) any line on a form 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.

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## Registering and Filing Returns

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Businesses that make retail sales or hire employees must register their business and file periodic returns to pay the sales, use, and withholding taxes due. Treasury sets a monthly, quarterly, or annual filing frequency based on your tax liability. Appropriate forms will be provided to you. Visit [www.michigan.gov/business](http://www.michigan.gov/business) for additional information.

Your filing frequency may change over time. When it does, Treasury will notify you and send you the necessary materials. If you file only once annually and your accumulated sales, use, and withholding taxes become \$750 or more, you must notify Treasury immediately. We will change your filing status and provide you with the appropriate tax materials.

**E-Registration for Business Taxes.** If you already have a Federal Employer Identification Number (FEIN) and wish to register for business taxes, you may submit your registration information online. By completing your application online, your business can:

- Receive its Sales Tax License within seven days.
- Add taxes or licenses to its registration.

You cannot use your Social Security number as your FEIN. Registration information and a link to the joint Unemployment Insurance Agency/Treasury e-Registration site can be found at [www.michigan.gov/business](http://www.michigan.gov/business).

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## Sales Tax

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You must register to pay sales tax if you make retail sales of goods in Michigan **even if the items you sell are not taxable.**

**501(c)(3) or 501(c)(4) Nonprofit Organizations.** If you make sales at retail, you must register for a sales tax license even if the items you sell are not taxable. If your gross sales during the year are less than \$5,000, you do not need to collect or pay sales tax. However, if you collect sales tax, you must remit it even if your aggregate sales for the year are less than \$5,000.

For example, if you expect your gross sales to be \$6,500 and collect sales tax, but your actual gross sales were only \$4,000, you must pay the sales tax collected to Treasury. See the worksheet instructions for line 5i on page 11.

If you don't collect sales tax on your sales, but your sales are \$5,000 or more, you are liable for the tax on all sales. To calculate the sales tax due, divide your gross sales by 17.6667 and enter the result on your worksheet, line 5j (see worksheet instructions, page 11). See Revenue Administrative Bulletin (RAB) 1995-3 on Treasury's Web site or contact Customer Service at (517) 636-6925.

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## Use Tax on Sales and Rentals

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You must register and pay use tax if you:

- Are doing business in Michigan but do not have a retail location in Michigan;
- Voluntarily collect use tax from your customers;
- Sell telecommunications services;
- Rent hotel and motel rooms or other accommodations; or
- Lease tangible personal property to Michigan customers from a Michigan or an out-of-state location.

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## Use Tax on Purchases

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Almost every business has a use tax liability. You must pay use tax on your purchases if you:

- Buy goods from out-of-state, unlicensed vendors, unless a valid exemption can be claimed;
- Buy inventory exempt from tax for resale on which no tax is due, then remove items from that inventory for personal or business use; or
- Use the items you buy for resale as gifts for friends and family or for other personal uses.

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## Income Tax Withholding

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You must register and pay income tax withholding if you:

- Pay wages to an employee; or
- Withhold income tax amounts from other kinds of payments (e.g., lottery winnings, insurance payments, retirement income, etc.); or
- Pay pension, annuity, or other retirement benefits that will be subject to income tax.

If you are self-employed and expect your annual tax due to be more than \$500, you must report and pay income tax quarterly using *Michigan Estimated Individual Income Tax Voucher* (MI-1040ES). Otherwise, you may pay your income tax on *Michigan Individual Income Tax Return* (MI-1040).

For complete withholding information, see *2014 Michigan Income Tax Withholding Guide* (Form 446).

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## Flow-Through Withholding

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All flow-through withholding tax collected must be reported

and paid using the *Michigan Flow-Through Withholding Quarterly Return* (Form 4917), and annually reconciled on the *Michigan Annual Flow-Through Withholding Reconciliation Return* (Form 4918). **No flow-through withholding should be reported on, or paid with, Forms 160 & 165.**

The individual flow-through withholding rate is 4.25 percent. You must register and pay individual flow-through withholding if you:

- Are a flow-through entity, S-corporation, partnership, limited partnership, limited liability partnership, or limited liability corporation with taxable income available for distribution to nonresident members, non-resident shareholders, or non-resident partners. Refer to Treasury's Web site listed below for more information.
- Are a flow-through entity and one or more of the entity's members is a nonresident flow-through entity. The flow-through entity in Michigan shall withhold Michigan income tax from any such nonresident flow-through entity on behalf of all of the nonresident members.

The corporate flow-through withholding rate is 6 percent. You must register and pay corporate flow-through withholding if you:

- Are a flow-through entity, S-corporation, partnership, limited partnership, limited liability partnership, or limited liability corporation with greater than \$200,000 business income available for distribution to a corporate owner or another flow-through entity.

Additional information, form access, and updates on the tax changes for 2014 are available at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

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# WHAT FORM TO FILE AND FILING INSTRUCTIONS

With this booklet you received the following pre-identified forms with your business name and account number:

- Annual return
- Notice of change in your business status
- Monthly (or quarterly) returns
- Discount vouchers (for sales and use tax filers only)

Some forms may not apply to you.

To prepare your return accurately, complete your worksheet before attempting to complete your return. Each item on the return corresponds to a line number on the worksheet.

Enter your amounts carefully and completely in the boxes provided. Do not write any messages, credit amounts, or symbols (+, -, ( )) on the returns or vouchers; returns are processed by automated equipment. Instead, use Form 163 or write to Treasury.

Use Form 160 if you are paying all the taxes due at one time either on the 12th or the 20th. If you are paying only part of your tax, use Form 161. Form 161 is a payment form only and does not replace the return. A return is still required even if no tax is due.

Complete the form and carefully detach it. Make sure you are sending the form for the correct filing period. Make your check payable to the "State of Michigan" and write "SUW" and your account number on your check. Do not fold your check or the form. Mail the form and check to the address

printed on the bottom of your return or voucher.

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## Combined Return for Michigan Taxes (Form 160)

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Monthly and quarterly filers **not** registered to pay by EFT must use this return. (Annual filers and EFT filers do not use this return.) You are required to file even if no tax is due.

The return and payment are due on or before the 20th of the month following the tax period (month or quarter). If the 20th falls on a holiday or weekend, the due date is the first business day following the weekend or holiday.

**Corporate Income Tax (CIT) Estimates.** If paying quarterly, CIT estimates are due on the 15th of the month following the end of the quarter. If filing CIT monthly using Form 160 or paying by EFT, monthly payments may be filed on the 20th day of the month. For example, a calendar year taxpayer may file monthly CIT estimates using Form 160 on February 20, March 20, and April 20 rather than a single quarterly payment on April 15 provided the combined estimates for those months are calculated using the instructions provided.

### Filing Instructions

When you file the paper return, complete only one form and write a single check for the total sales, use, withholding taxes, and CIT due using the following instructions:

**Sales Tax.** Enter amount from worksheet line 10B.

**Sales Tax Discount.** Enter amount from worksheet line 11B. Be sure to include any discount you may have taken if you filed a voucher by the 12th.

**Use Tax (sales/rentals).** Enter amount from worksheet line 10A.

**Use Tax Discount.** Enter amount from worksheet line 11A. Be sure to include any discount you may have taken if you filed a voucher by the 12th.

**Use Tax (purchases).** Enter amount from worksheet line 14b.

**Michigan Withholding.** Enter amount from worksheet line 16.

**CIT Estimates.** Enter amount from the worksheet line 19 that you are paying with this return.

**Voucher Payment.** Enter amount of tax paid early from the total payment line of Form 161. This is not a credit or subtotal line. Only enter an amount here if you filed by the 12th.

**Penalty and Interest.** Enter amount from worksheet line 18.

**Total Payment.** Enter the amount of your check.

For further instruction on completing and mailing Form 160, see page 5.

#### **Completing and mailing your Combined Return (Form 160):**

1. Enter tax due figures when completing Form 160. Gross sales figures are reported on the annual return only.
2. Figures entered on Form 160 must correspond to the description provided for that tax line.
3. Subtotal amounts must not be entered on Form 160.
4. Account information changes must not be requested on Form 160. File Form 163 to request account changes.
5. A Form 160 must be submitted for each filing period required according to your filing status. This includes return periods that have zero due or no activity.
6. Payment for the CIT estimate must be enclosed with Form 160 if reporting your CIT estimate on that form.
7. All discounts must be calculated and reported correctly.
8. Appropriate pre-identified return is used for the filing period indicated on that return.
9. Negative/credit figures must not be entered on the return.
10. Enclose payment with return if an amount is due.
11. Your account number must be written on your check.
12. **Do not** report or pay your Michigan Flow-Through Withholding on Form 160.

#### **Discount Voucher for Sales and Use Taxes (Form 161)**

Form 161 is only used by filers who pay part of their tax early to obtain a discount. If you pay all your tax early, use Form 160. If you use Form 161 to make an early payment, you must still file Form 160, even if your balance due is zero.

Do not use Form 161 if you are a monthly filer who owes less than \$1,200 for that filing period in sales or use tax, a quarterly filer, or a taxpayer who files once a year.

When the tax rate increased from 4 percent to 6 percent, the law required all of the 2 percent increase to go to the School Aid fund. The additional 2 percent is not discounted. Therefore,

discounts are calculated using 2/3 (0.6667) of the sales and/or use tax collected at the 6 percent tax rate.

#### **Filing Instructions**

- On the first line (tax amount you are paying early), enter the amount of each tax (sales or use) you are paying early.
- If you are paying all your tax (even by the 12th), use the monthly/quarterly return (Form 160).
- On the second line, enter the amount of discount for each tax type that you computed using chart 2 on page 12.
- On the third line, subtract the discount from the amount due and enter the result.

#### **Notice of Change or Discontinuance (Form 163)**

Use Form 163 to notify Treasury of any change(s) in your account. You must report:

- Change in mailing address.
- Change in legal business address.
- Change in account number. For Federal ID (FEIN) change, attach IRS verification.
- Discontinuance of business.
- Sale of all or part of a business.
- Sale of a business but operating another business.
- Change of ownership (e.g., adding a partner or incorporating).
- Addition or deletion of a tax type (to add a tax, you must be registered with the State of Michigan).
- Change in seasonally active months.

#### **Annual Return for Sales, Use and Withholding Taxes (Form 165)**

All sales tax, use tax, and income tax withholding filers must file Form 165 each year, even if no tax is due. Form 165 is the only return required from businesses that file once a year. For taxpayers who submit monthly or quarterly returns, Form 165 balances the tax due for the year with the monthly or quarterly payments made during the year. Do not use Form 165 instead of your monthly or quarterly return. Form 165 and payment are due February 28. **No extensions** are granted for filing Form 165.

See Annual Return addresses on page 16.

#### **If You Don't Have Monthly/Quarterly Returns**

Not having returns does not relieve your obligation to pay timely. Pre-identified returns have been mailed for your account and should be used when available. If a pre-identified return is not available, Form 160 is available at [www.michigan.gov/taxes](http://www.michigan.gov/taxes). Instructions and a mailing address will be provided once the form is accessed online. If Internet access is unavailable, send your payment with a letter including your name, address, telephone number, account number, return period, and amount of each tax and payment involved. **See Combined Return addresses on page 16.**

If you do not have pre-identified returns, you should include a written request with your mailing, or contact the Registration Unit at (517) 636-6925 for a set of pre-identified returns to be mailed to you.

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## Late or Insufficient Payment

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Returns filed late or without payment of tax due are subject to penalty and interest. Instructions for line 18 on the monthly or quarterly worksheet explain how to figure penalty and interest on those returns. Form 165 instructions for line 26 explain how to figure penalty and interest. Additional penalties may be charged for failing to meet statutory requirements.

If your return is not filed, Treasury will estimate your tax and bill you. Also, late filing of a return may result in an immediate assessment and legal action may be taken to collect unpaid taxes, penalty, and interest.

Legal action may include filing liens on real and personal property, levying on bank accounts or receivables, seizure and sale of assets, and cancellation of your sales tax license. Business owners and corporate officers may be held personally responsible for unpaid taxes.

Accelerated, monthly, and quarterly taxpayers who fail to file Form 165 are subject to a penalty of \$10 per day from the due date until the return is filed. Maximum penalty is \$400.

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## Sales Tax License

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Sales tax licenses are renewed annually unless discontinued by the taxpayer or by Treasury. The sales tax license is non-transferable.

You may not use the sales tax license to purchase goods and supplies for your own use. See page 3 for use tax information.

Sales tax licensees who buy goods for resale must furnish their suppliers with a completed *Michigan Sales and Use Tax Certificate of Exemption* (Form 3372) containing their sales tax license number or provide the same information to the seller in another format.

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## Taxpayer's Account Number

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If you had an FEIN when you registered, your Michigan taxpayer account number is your FEIN. If you did not have an FEIN when you registered, you were assigned a Treasury (TR) number. The TR number is temporary, you must notify Treasury when you get your FEIN.

You may have an FEIN and also have been assigned an ME number(s) by Treasury. Keep your active tax accounts accurate by filing separate returns for each account number.

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## Amended Monthly/Quarterly Returns

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**NOTE:** Form 160 is used to amend periods in the current year. Use Form 165 to amend previous years. Fillable Forms 160 and 165 are available at [www.michigan.gov/businessstax](http://www.michigan.gov/businessstax).

If an amendment for the current year results in additional tax due, complete a blank return with the corrected figures, write "amended return" on the top of the form, and send your return and payment to the address listed on the form. Provide a written explanation for the amendment, include your account number and filing period, and mail to the Treasury Correspondence address located on page 16.

If the amendment results in a credit within the current year, do not change the figures on the return for the period being amended. Carry the credit forward on your worksheet and reduce the tax due on the monthly/quarterly return. Continue

until you have an amount due and enter and pay the amount on the next monthly/quarterly return filed.

Do not enter a negative amount on Form 160, as the scanning equipment reads all entries as tax due. See monthly or quarterly worksheet instructions for line 21. If the amendment results in a credit carried forward to the next year, use Form 165. Treasury will notify you when your credit is available.

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## Amended Annual Returns

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**NOTE:** Form 165 is used to amend a previous year's return. Form 160 is used to amend periods in the current year. Forms 160 and 165 are available at [www.michigan.gov/businessstax](http://www.michigan.gov/businessstax).

To amend Form 165 for a previous year, complete the return with the corrected figures. Check the "Amended Return" box on page 1 and indicate the date amended. On page 2 of Form 165, write an explanation for the amendment.

If the amendment results in additional tax due, send your amended annual return and payment to: **See Amended Annual Returns on page 16.**

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## Correcting W-2 Errors

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If the error was for more withholding than was on the original W-2, issue a corrected W-2 and send a copy to Treasury. As provided in Rule 206.33(3)(b), the employer can only receive a refund if the original W-2 is recovered from the employee. When an employee retains the original, erroneous W-2, the employee, not the employer, must request the refund. The corrected form should be clearly marked "Corrected by Employer."

If the error was for less withholding than was on the original W-2, do not issue a corrected W-2. This type of correction must be handled in one of the following ways (1979 AC, R 206.22):

- 1) The employer may repay the amount withheld in error to the employee anytime within the same calendar year. The employer shall obtain a receipt from the employee and keep in his records. The employer may adjust his records and deduct the amount refunded from the tax owing on his next return, or ask for a cash refund.
- 2) If the employer does not repay the employee as noted above, the employee may claim a credit for the amount withheld on their individual income tax return (Form MI-1040).

If an issued W-2 is lost or destroyed, give the employee a substitute copy clearly marked "Reissued by Employer."

**Note:** If the withholding error occurs before a W-2 is issued, adjust a later paycheck and make the same adjustment in the next payment due to Treasury.

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## Gasoline Retailers and Wholesalers

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Complete Form 160 or 161 first; then carry forward your payment figure to a *Fuel Retailer Supplemental Report* (Form 2189) or to *Fuel Supplier and Wholesale Distributor Prepaid Sales Tax Report* (Form 429), and complete.

Attach your supplemental report to your return. Write your business name and account number on all supplemental reports to ensure proper credit for prepaid sales tax on fuel.

The credit will reduce the amount of tax you will pay with your

monthly or quarterly tax returns. If you have a start-up loan from December 1983, you may apply any credit above your tax due or you may complete a *Refund Request for Prepaid Sales Tax on Gasoline* (Form 3891). When preparing Form 165, include the fuel retailer and wholesaler prepayments on line 13b.

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### Seasonal Taxpayers

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Seasonal businesses must file a Combined Return (Form 160) monthly for each of the seasonally active months shown on your returns, even if no tax is due. If you have sales or pay wages during the months your business is normally closed, download Form 160 (*Combined Return*) at [michigan.gov/taxes](http://michigan.gov/taxes), and submit it for the appropriate month(s).

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### Returns Due After Selling or Quitting Business

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All taxpayers must submit a final monthly or quarterly return within 15 days after the date of selling or quitting business. Your final annual return is due by February 28. Contact the Tax Clearance Unit at (517) 636-5260 to confirm all debts have been satisfied.

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### Instructions and Worksheets

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This booklet includes instructions and worksheets to calculate your tax due and prepare returns for sales, use, and withholding taxes. Most taxpayers collect and pay tax at the 6 percent rate and don't need a worksheet with a 4 percent column. Taxpayers who still collect at the 4 percent rate will receive a different set of worksheets and an annual return with both the 4 percent and 6 percent columns. If you don't receive the worksheets and need them, contact Customer Service at (517) 636-6925.

Keep the completed worksheets for your records and for possible audit. Do not file your worksheet in place of filing a monthly, quarterly, or annual return. Filing the wrong form delays crediting information and payments to your account.

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### General Instructions – Annual Return (Form 165) Filing Requirements

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You must file Form 165 if you are registered for sales tax, use tax, or income tax withholding in the State of Michigan. Monthly and quarterly filers must file Form 165 on a calendar-year basis (not your fiscal year).

Taxpayers who had multiple active account numbers (TR,

ME, and/or FEIN) in a tax year are required to file separate annual returns for each account number assigned. Identify the registered tax types for each account number and include only those tax figures on the corresponding annual return. If you have an outside payroll or accounting agency, coordinate this filing responsibility with them.

If during the year your accumulated sales, use, and withholding taxes become \$750 or more, you must notify Treasury to change your filing status and provide you with the appropriate tax returns.

Form 165 must be signed and dated by the taxpayer. The taxpayer must also include their title. This may be the owner, officer, member, manager, or partner. No other person may sign for the taxpayer in the taxpayer's signature box.

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### W-2 Wage and Tax Statements

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You must furnish W-2 statements to your employees by January 31. Refer to "Correcting W-2 Errors" on page 6 for amending W-2 statements.

Employers with Michigan employees must report W-2 information to Michigan on or before February 28 by enclosing W-2 forms with Form 165.

Payers reporting Michigan withholding on a 1099-R must also enclose those 1099-R forms with Form 165. **See page 16 for Annual Return (Form 165) and W-2 mailing information.**

A form 1099-MISC must be filed for miscellaneous income for services performed in the State of Michigan, regardless of the state of residence of the payee, whether there was withholding or not. Taxpayers not registered for withholding should file correspondence with the business account number and mail to:

Michigan Department of Treasury  
Lansing, MI 48930

If you have 250 or more Michigan employees, you must report using magnetic media. If you have fewer than 250 employees, you may report using magnetic media or using the State copy of the federal W-2. See Form 447 for information about magnetic media reporting. Address your magnetic media to:

Michigan Department of Treasury  
Business Taxes Division  
Magnetic Media Unit - SUW  
Lansing, MI 48930

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## ANNUAL RETURN (FORM 165): LINE-BY-LINE INSTRUCTIONS

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*Lines not listed are explained on the form.*

**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.

**NOTE:** If you pay only income tax withholding or file annually and do not have deductions, use the simplified instructions on page 8.

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### Sales and Use Tax

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**Lines 1 through 9:** Monthly and quarterly filers, in each

column add the entries from all your worksheets for the year and enter the totals on the corresponding line on Form 165.

Taxpayers who file annually, follow the line-by-line instructions for the monthly and quarterly worksheet, beginning on page 11.

**Line 11:** Monthly and quarterly filers, enter the total discounts allowed for the year in each column. Total the amounts from the monthly or quarterly worksheet line 11 in each column. Include discounts from Form 2189 and *Vehicle Dealer Supplemental Report* (Form 92).

Taxpayers filing annually receive a discount if the return is filed timely. The discount applies only to 2/3 (0.6667) of the sales and/or use tax collected at the 6 percent tax rate. Use Chart 1 on page 8 to figure your discount.

If you opened for business late in the year or ended your business early in the year, the \$6 per month discount is allowed only for the months you were in business. No discount is allowed if the return is filed after February 28.

**Line 13:** Enter the total amount of each tax paid after discounts during the report year. Include the amount from your fuel retailer or fuel supplier and wholesale reports. Do not include any penalties or interest paid. This amount should be the total of all payments for the year from your monthly/quarterly worksheet, line 12.

**Use Tax on Purchases or Inventory Withdrawal**

**Line 14:** Enter purchases which were taxable. Multiply by 0.06 and enter the tax due on line 14b.

**Line 15:** Enter the use tax on purchases or inventory withdrawal paid during the year. This amount should be the total of all payments for the year from your monthly/quarterly worksheet line 14b.

**Income Tax Withholding**

**Line 16:** Enter your gross Michigan payroll and other taxable compensation for the year.

**Line 17:** Enter the number of W-2 statements, 1099-MISCs, 1099-Rs, plus other 1099s with Michigan withholding you are submitting for the year.

**Line 18:** Enter the total Michigan income tax withheld for the year as shown on the W-2 and 1099-MISC statements.

**Line 19:** Enter the total Michigan income tax withheld that was paid on your monthly or quarterly returns. This should be the total of line 16 on all your worksheets for the year. (Do not include penalty and interest.)

**Summary**

**Line 22:** If line 21 (tax paid) is greater than line 20 (tax due), enter the difference (overpayment) here.

**Line 23:** Enter the amount of the overpayment you want applied to your monthly or quarterly return. Treasury will notify you when your credit is available.

**Line 24:** Enter the amount of overpayment from line 22 you want refunded to you. Refunds will not be made in amounts of less than \$1.

**Line 25:** If line 21 (tax paid) is less than line 20 (tax due), enter the additional tax due. Pay any amount of \$1 or more with this return.

**Line 26:** If your return is late, compute the penalty and interest due. If no tax is due on line 25, the penalty is \$10 per day to a maximum of \$400.

If you have a tax due on line 25, the penalty is as follows:

- 5 percent of the tax due (line 25) if the late payment is received within two months of the due date.
- 5 percent of the tax due for each subsequent month, or part thereof, the tax is not paid.
- Maximum penalty is 25 percent of tax due.
- Interest is due at the rate of 1 percent above the prime interest rate from the day the tax is due until it is paid. The prime rate will be adjusted January 1 and July 1.

- A penalty and interest calculator is available on Treasury’s Web site at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

**Line 27:** Amount due with this return. Add lines 25 and 26. Make check payable to the “State of Michigan.” Write your **account number and “SUW”** on your check. Do not pay if the amount due is less than \$1.

**ANNUAL RETURN (Form 165) – Simplified Instructions for Annual Filers With No Deductions**

If you file annually (no quarterly or monthly payments) and have no allowable deductions, use the instructions below to complete Form 165 faster. If you are not registered for sales or use tax, skip to step 9.

**Step 1:** Complete lines 1 through 4.

**Step 2:** Carry amount from line 4 to line 6.

**Step 3:** Multiply the amount on line 4 by the tax rate (6 percent) and enter the result on line 8.

**Step 4:** Enter on line 9 any amount you collected in excess of line 8. For example, if you entered \$40 on line 8 but actually collected \$50, enter \$10 on line 9.

**Step 5:** Add lines 8 and 9 and enter on line 10.

**Step 6:** Line 11 is your discount amount. You are eligible for a discount if you pay the tax due by February 28. The discount applies only to 2/3 (0.6667) of the sales and/or use tax collected at the 6 percent tax rate. Use Chart 1 to figure your discount and enter it on line 11.

If you were only open part of the year, multiply the number of months you were open by \$6. Compare that against the discount amount you figured in Chart 1. Enter the smaller of these two numbers on your worksheet, line 11.

**Step 7:** Unless you paid tax during the year, line 13 should be zero.

**Step 8:** If you bought any goods during the year from an out-of-state vendor and did not pay sales tax on them or if you took items from inventory for personal or business use, complete lines 14 and 15. See page 3 for more details about the use tax.

**Step 9:** If you have employees, complete lines 16 through 19. If you have no employees, enter zero on line 19.

**Step 10:** Summary. Complete lines 20 and 21.

Enter the difference on line 25. If paying late, enter any penalty or interest due on line 26 and total your amount due on line 27.

Make your check payable to the “State of Michigan.” Write your **account number and “SUW”** on your check. If you are filing Form 165 with any other remittance form, send a separate check for each form. See page 16 for Annual Return mailing information. Retain a copy for your records.

|  |          |
|--|----------|
| <b>Chart 1 - If your tax due is \$108 or more, enter \$72 on worksheet, line 11. If your tax due is less than \$108, figure your discount below.</b> |          |
| Amount of tax due .....  | \$       |
|  | x 0.6667 |
| Discount Amount =  | \$       |
| Enter on worksheet, line 11.   |          |



|                          |                |
|--------------------------|----------------|
| Taxpayer's Business Name | Account Number |
|--------------------------|----------------|

**Type of Business Ownership** (check one only)

|  |   |   |   |
|--|---|---|---|
| <input type="checkbox"/> Individual          | <input type="checkbox"/> Michigan Corporation | <input type="checkbox"/> Non-Michigan Corporation | <input type="checkbox"/> Trust or Estate (Fiduciary)            |
| <input type="checkbox"/> Husband - Wife      | <input type="checkbox"/> Subchapter S         | <input type="checkbox"/> Subchapter S             | <input type="checkbox"/> Joint Stock Club or Investment Company |
| <input type="checkbox"/> General Partnership |   |   | <input type="checkbox"/> Social Club or Fraternal Organization  |
| <input type="checkbox"/> Limited Partnership |   |   | <input type="checkbox"/> Other (Explain)                        |

Limited Liability Company Taxed As:

|                                     |                                      |  |  |   |
|-------------------------------------|--------------------------------------|--|--|---|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Partnership | <input type="checkbox"/> C Corporation | <input type="checkbox"/> S Corporation | <input type="checkbox"/> Disregarded Entity |
|-------------------------------------|--------------------------------------|--|--|---|

Enter the reason for amending return. Include your **account number** on each page being submitted. **(Required)**

**Signature (you are required to complete all information requested below)**

|   |  |      |  |                  |  |
|---|--|------|--|------------------|--|
| <p><i>I declare under penalty of perjury that this return is true and complete to the best of my knowledge.</i></p> <p><input type="checkbox"/> By checking this box, I authorize Treasury to discuss my return with the designated preparer.</p>   | <p><i>I declare under penalty of perjury that this return is based on all information of which I have any knowledge.</i></p> |      |  |                  |  |
| Signature of Taxpayer's Official Representative (must be an Owner, Officer, Member, Manager, or Partner)  | Designated Preparer's Signature, Address, Telephone and ID Number  |      |  |                  |  |
| <table style="width: 100%;"> <tr> <td style="width: 50%;">Print Official Representative's Name</td> <td style="width: 50%;">Date</td> </tr> <tr> <td>Official Representative's Title (Owner/Officer/Member/Manager/Partner) <b>(Required)</b></td> <td>Telephone Number</td> </tr> </table> | Print Official Representative's Name   | Date | Official Representative's Title (Owner/Officer/Member/Manager/Partner) <b>(Required)</b> | Telephone Number |  |
| Print Official Representative's Name  | Date   |      |  |                  |  |
| Official Representative's Title (Owner/Officer/Member/Manager/Partner) <b>(Required)</b>  | Telephone Number   |      |  |                  |  |
| Taxpayer's FEIN or Social Security Number   |  |      |  |                  |  |

**Mailing Instructions:**

**If sending an amended annual return, check the amended return box on page 1 of this return, and refer to page 6 of the *SUW Instruction Book* (Form 78) for amended return mailing addresses and other instructions.**

**If enclosing payment with your annual return, mail to:**

Michigan Department of Treasury  
 Department 78172  
 P.O. Box 78000  
 Detroit, MI 48278-0172

**If requesting a credit to your account (amount on line 23) or a refund (amount on line 24), mail to:**

Michigan Department of Treasury  
 P.O. Box 30779  
 Lansing, MI 48909

**If no payment is enclosed with your annual return, mail to:**

Michigan Department of Treasury  
 Lansing, MI 48930

**www.michigan.gov/bustax** is a secure Web site designed specifically to protect your tax information. Use this Web site to check the status of your Sales, Use, and Withholding transactions and ask specific questions about your account.

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## MONTHLY AND QUARTERLY WORKSHEETS (FORM 3862): LINE-BY-LINE INSTRUCTIONS

Begin on line 15 if filing withholding only. Columns not referenced on specific lines indicate they are not applicable. See instructions on page 7 if you file annually.

**Line 1, Gross Sales:** 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.

**Column A, Use Tax on Sales and Rentals:** This line is for out-of-state retailers who do not have retail stores in Michigan. Enter total sales of tangible personal property including cash, credit, and installment transactions.

**Column B, Sales Tax:** Enter total of all sales of tangible personal property including cash, credit, and installment transactions.

**Line 2, Rentals, Column A:** Lessors of tangible personal property who pay use tax on rental receipts must enter rental income. Also 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, or the Community Convention or Tourism Marketing Act. See Line 5i for instructions on deducting the assessments from rentals.

**Line 3, Telecommunications Services, Column A:** Enter gross income from telecommunications services.

**Allowable Deductions:** Use lines 5a - 5j to deduct nontaxable sales you made from gross sales. Deductions taken for tax exempt sales must be substantiated in your records. For lines 5a and 5b, as well as items 3 through 5 under line 5i instructions, 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/Agricultural Producing:** 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, 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 5d, 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 5e, Tax Paid to the Secretary of State, Column B:** Enter sales by licensed vehicle dealers (not including tax) of vehicles and mobile homes on which you paid sales tax to the Secretary of State.

**Line 5f, 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.

**Line 5g, Bad Debts:** 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. Effective October 1, 2009, 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 205.54i and MCL 205.99a.

**Line 5h, Michigan Motor Fuel or Diesel Fuel Tax, Column B:** 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 5i, Other Deductions:** Identify deductions not covered in items 5a through 5h 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.
- Direct sales to the United States Government, State of Michigan, or its political subdivisions. 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.
- 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.
- Sales to companies that claim direct payment of 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.
- 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.

**Line 5j.** Tax included in gross sales.

**Column A:** Does not apply.

**Column B:** Complete this line only if you have tax included in your gross sales. Subtract the sum of lines 5a through 5i from the gross sales in each column. Divide the result by 17.6667 and enter on line 5j.

**Line 5k, Total Deductions:** Enter total of lines 5a through 5j.

**Line 6:** Subtract line 5k from line 4 to determine the sales subject to tax.

**Line 8:** Multiply the amount on line 6 by 6 percent (0.06) and enter on line 8.

**Line 9:** If you collected more tax than the amount on line 8, enter the difference on line 9.

**Line 10, Total Tax Due:** Add lines 8 and 9 and enter total. If line 10 is zero or you are not paying by the 20th, skip line 11 (discounts). Enter the amount from column B on the sales tax line on your return. Enter the amount from column A on the use tax (sales/rentals) line on your return.

**Line 11:** Use Chart 2 below to figure your discount (discounts are not allowed on late payments). Enter the amount from your worksheet on the discount line of Form 161 or on the appropriate line for sales or use tax discount on Form 165. Enter separate amounts for use tax and sales tax.

The maximum discount for payments made between the 12th and the 20th is \$15,000 per tax. If you paid part of your tax on or before the 12th, the total combined discount allowed is \$20,000 per tax. If you were open for business for only part of a month or quarter and you take the minimum discount, multiply the discount by the number of days you were open, then divide the result by the number of days in the period (30 or 90).

**Use Tax on Items Purchased for Business or Personal Use.**

**Line 14a:** Enter taxable purchases.

**Line 14b:** Multiply line 14a by 0.06 and enter the tax due on line 14b.

**Line 15:** Enter gross Michigan payroll for the month or quarter.

**Line 16:** Enter income tax withheld here and on the withholding line on Form 165.

**Summary**

**Line 17:** Add lines 13, 14b, and 16 and enter the total.

**Line 18:** Penalty and interest are charged for late payment of tax. The penalty is 5 percent of the tax due if the late payment is received within the first two months of the due date. For each subsequent month, or part thereof, the penalty increases by an additional 5 percent of the tax due. The maximum penalty is 25 percent.

Interest is charged daily at a rate of 1 percent above the prime rate. The interest rate is adjusted on January 1 and July 1.

**Example:** If the payment or return was due February 20 but is not received until June 7, calculate the penalty as follows:

**2/21 TO 4/20 (2 MONTHS) = 5%**  
**4/21 TO 5/20 (1 MONTH) = 5%**  
**5/21 TO 6/7 (PARTIAL MONTH) = 5%**  
**TOTAL PENALTY = 15%**

In addition, add interest at 1 percent above the prime rate as computed on the total tax due shown on line 17. A penalty and interest calculator is available on Treasury's Web site.

**Line 19, Corporate Income Tax Estimate:** See [www.michigan.gov/business taxes](http://www.michigan.gov/business taxes) for filing instructions.

**Line 20:** Add lines 17, 18, and 19 and enter total.

**DO NOT ENTER CREDIT FIGURES ON THE RETURN.** Using credit figures on the return may result in a tax assessment. Carry credits forward on your worksheet instead.

**Line 21:** Enter any credits for your account here.

**Line 22:** Subtract line 21 from line 20. This is the amount of tax due. Enter this amount on Form 160 and make your check payable for this amount.

**IMPORTANT:** Reduce each of the taxes reported on Form 160 to reflect the amount of the credit. If the amount on worksheet line 22 is less than zero, enter zero on Form 160. Do not put amounts on any other line. Carry the rest of the credit forward to the worksheet for the next filing period.

**LINE 11, FIGURING YOUR DISCOUNT:** You can receive a discount by filing your sales or use (on sales and rentals) taxes early or timely. Any portion of taxes paid by the 12th of the month are discounted 3/4 of 1 percent. Taxes paid between the 12th and the 20th (including the 20th) are discounted 1/2 of 1 percent. Discounts apply only to 2/3 (0.6667) of the sales and/or use tax collected at the 6 percent tax rate. Review the instructions below to see if you need to do any calculation. If you do, use Chart 2 to figure your discount. Complete the chart once for use tax and once for sales tax.

**Monthly Filers:** If your tax is less than \$9, complete Chart 2. If paying by the 12th and your tax is \$9 to \$1,200, enter \$6 on the worksheet, line 11. If greater than \$1,200, complete Chart 2. If paying by the 20th and your tax is \$9 to \$1,800, enter \$6 on the worksheet, line 11. If more than \$1,800, complete Chart 2.

**Quarterly Filers:** If your tax is less than \$27, complete Chart 2. If paying by the 12th and your tax is \$27 to \$3,600, enter \$18 on the worksheet, line 11. If your tax is more than \$3,600, complete Chart 2. If paying by the 20th and your tax is \$27 to \$5,400, enter \$18 on the worksheet, line 11. If your tax is more than \$5,400, complete Chart 2.

**CHART 2**

**Paying by the 12th (Maximum Discount: \$20,000)**

Amount you are paying early..... \_\_\_\_\_  
x 0.6667

STOP. See below. \* ..... \_\_\_\_\_  
x 0.0075

Discount Amount. Enter on worksheet, line 11 \_\_\_\_\_

**Paying by the 20th (Maximum Discount: \$15,000)**

Amount you are paying timely ..... \_\_\_\_\_  
x 0.6667

STOP. See below. \* ..... \_\_\_\_\_  
x 0.005

Discount amount. Enter on worksheet, line 11..... \_\_\_\_\_

\* If you pay your tax monthly and this amount is \$6 or less, enter this amount on your worksheet, line 11. If you pay your tax quarterly and this amount is \$18 or less, enter this amount on your worksheet, line 11. **All others, finish the chart.**

# Monthly or Quarterly Sales and Use Tax Worksheet

|                |               |
|----------------|---------------|
| Account Number | Return Period |
|----------------|---------------|

### Sales and Use Tax

1. Gross sales (including sales by out-of-state vendors subject to use tax).....
2. Rentals of tangible property and/or accommodations .....
3. Telecommunications services.....
4. Add lines 1, 2 and 3.....
5. **Allowable Deductions**
- a. Resale .....
- b. Industrial processing or agricultural producing .....
- c. Interstate commerce.....
- d. Exempt services .....
- e. Sales on which tax was paid to Secretary of State.....
- f. Food for human/home consumption.....
- g. Bad debts .....
- h. Michigan motor fuel or diesel fuel tax.....
- i. Other. Identify:
- j. Tax included in gross sales (line 1).....
- k. Total allowable deductions. Add lines 5a - 5j.....
6. Taxable balance. Subtract line 5k from line 4.....
7. Tax rate.....
8. Tax due by rate. Multiply line 6 by line 7.....
9. Tax collected in excess of line 8.....
10. Add lines 8 and 9.....
11. Total discount allowed (see charts in instructions).....
12. Total tax due. Subtract line 11 from line 10.....
13. Add line 12, Columns A and B.....

|     | A. Use Tax on Sales and Rentals | B. Sales Tax |  |
|-----|---------------------------------|--------------|--|
| 1.  |                                 |              |  |
| 2.  |                                 |              |  |
| 3.  |                                 |              |  |
| 4.  |                                 |              |  |
| 5a. |                                 |              |  |
| b.  |                                 |              |  |
| c.  |                                 |              |  |
| d.  |                                 |              |  |
| e.  |                                 |              |  |
| f.  |                                 |              |  |
| g.  |                                 |              |  |
| h.  |                                 |              |  |
| i.  |                                 |              |  |
| j.  |                                 |              |  |
| k.  |                                 |              |  |
| 6.  |                                 |              |  |
| 7.  | <b>x .06</b>                    | <b>x .06</b> |  |
| 8.  |                                 |              |  |
| 9.  |                                 |              |  |
| 10. |                                 |              |  |
| 11. |                                 |              |  |
| 12. |                                 |              |  |
| 13. |                                 |              |  |

### Use Tax on Items Purchased for Business or Personal Use \*

14. Enter your taxable purchases..... 14a.  x .06 =

|  |  |  |  |
|--|--|--|--|
|  |  |  |  |
|--|--|--|--|

### Withholding Tax

15. Gross Michigan payroll, pension, and other taxable compensation for the period.....
16. Michigan **Income Tax withheld**.....

|     |  |  |  |
|-----|--|--|--|
|     |  |  |  |
| 15. |  |  |  |
| 16. |  |  |  |

### Summary

17. Payment due. Add lines 13, 14b and 16.....
18. If filing late, enter penalty and interest (see instructions).....
19. Corporate Income Tax estimate (see instructions).....
20. **TOTAL TAX FOR PERIOD.** Add lines 17, 18 and 19.....
21. Enter any credit on your account for previous overpayments .....
22. **TOTAL PAYMENT DUE.** Subtract line 21 from line 20. Enter here and on the return.....

|     |  |  |  |
|-----|--|--|--|
|     |  |  |  |
| 17. |  |  |  |
| 18. |  |  |  |
| 19. |  |  |  |
| 20. |  |  |  |
| 21. |  |  |  |
| 22. |  |  |  |

**IMPORTANT:** This worksheet is your file copy and may be subject to audit. **DO NOT SEND.** Record your account number and your return period in the upper left corner. Keep this worksheet for your records. To check the status of your Sales, Use and Withholding transactions and ask questions about your account on-line, visit the Treasury Web site at [www.michigan.gov/businessstax](http://www.michigan.gov/businessstax).

**Use Tax on Items Purchased for Business or Personal Use:** Use line 14 to report purchases made for use in your business or for items removed from your inventory for personal or business use. Do not repeat the amounts from Column A, lines 1 - 4 here.

# Monthly or Quarterly Sales and Use Tax Worksheet

|                |               |
|----------------|---------------|
| Account Number | Return Period |
|----------------|---------------|

## Sales and Use Tax

1. Gross sales (including sales by out-of-state vendors subject to use tax).....
2. Rentals of tangible property and/or accommodations .....
3. Telecommunications services.....
4. Add lines 1, 2 and 3.....
5. **Allowable Deductions**
- a. Resale .....
- b. Industrial processing or agricultural producing .....
- c. Interstate commerce.....
- d. Exempt services .....
- e. Sales on which tax was paid to Secretary of State.....
- f. Food for human/home consumption.....
- g. Bad debts .....
- h. Michigan motor fuel or diesel fuel tax.....
- i. Other. Identify:
- j. Tax included in gross sales (line 1).....
- k. Total allowable deductions. Add lines 5a - 5j.....
6. Taxable balance. Subtract line 5k from line 4.....
7. Tax rate.....
8. Tax due by rate. Multiply line 6 by line 7.....
9. Tax collected in excess of line 8.....
10. Add lines 8 and 9.....
11. Total discount allowed (see charts in instructions).....
12. Total tax due. Subtract line 11 from line 10.....
13. Add line 12, Columns A and B.....

|     | A. Use Tax on Sales and Rentals | B. Sales Tax |              |
|-----|---------------------------------|--------------|--------------|
| 1.  |                                 |              |              |
| 2.  |                                 |              |              |
| 3.  |                                 |              |              |
| 4.  |                                 |              |              |
| 5a. |                                 |              |              |
| b.  |                                 |              |              |
| c.  |                                 |              |              |
| d.  |                                 |              |              |
| e.  |                                 |              |              |
| f.  |                                 |              |              |
| g.  |                                 |              |              |
| h.  |                                 |              |              |
| i.  |                                 |              |              |
| j.  |                                 |              |              |
| k.  |                                 |              |              |
| 6.  |                                 |              |              |
| 7.  | <b>x .06</b>                    |              | <b>x .06</b> |
| 8.  |                                 |              |              |
| 9.  |                                 |              |              |
| 10. |                                 |              |              |
| 11. |                                 |              |              |
| 12. |                                 |              |              |
| 13. |                                 |              |              |

## Use Tax on Items Purchased for Business or Personal Use \*

14. Enter your taxable purchases..... 14a.  x .06 = 14b.

## Withholding Tax

15. Gross Michigan payroll, pension, and other taxable compensation for the period..... 15.

16. Michigan **Income Tax withheld**..... 16.

## Summary

17. Payment due. Add lines 13, 14b and 16..... 17.

18. If filing late, enter penalty and interest (see instructions)..... 18.

19. Corporate Income Tax estimate (see instructions)..... 19.

20. **TOTAL TAX FOR PERIOD.** Add lines 17, 18 and 19..... 20.

21. Enter any credit on your account for previous overpayments..... 21.

22. **TOTAL PAYMENT DUE.** Subtract line 21 from line 20. Enter here and on the return. .... 22.

**IMPORTANT:** This worksheet is your file copy and may be subject to audit. **DO NOT SEND.** Record your account number and your return period in the upper left corner. Keep this worksheet for your records. To check the status of your Sales, Use and Withholding transactions and ask questions about your account on-line, visit the Treasury Web site at [www.michigan.gov/businessstax](http://www.michigan.gov/businessstax).

**Use Tax on Items Purchased for Business or Personal Use:** Use line 14 to report purchases made for use in your business or for items removed from your inventory for personal or business use. Do not repeat the amounts from Column A, lines 1 - 4 here.

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## OTHER HELPFUL INFORMATION

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### Corporate Income Tax Estimates

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On January 1, 2012 legislation for the Corporate Income Tax (CIT) was enacted. Visit [www.michigan.gov/business taxes](http://www.michigan.gov/business taxes) for additional information, forms, and filing requirements.

### Successor Liability

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If you sell your business, your successor must hold enough of the purchase money to satisfy the amount of sales, use, and withholding tax that may be due until you produce a receipt for payment of the tax from Treasury or a certificate from Treasury stating no tax is due. If the successor fails to withhold sufficient funds, he or she may be held liable for unpaid taxes.

### Officer Liability

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Officers, members, managers, or partners of a corporation, limited liability company, limited liability partnership, partnership, or limited partnership who have responsibility for filing returns or making payments are personally liable for failure to file or for unpaid taxes, penalty, and interest under Public Act 169 of 1982.

### Revenue Administrative Bulletins (RAB)

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An RAB is a directive issued by Treasury. Its purpose is to promote uniform application of tax laws throughout the State and provide information and guidance to taxpayers. An RAB states the official position of Treasury, has the status of precedent in the disposition of cases unless and until revoked or modified, and may be relied on by taxpayers in situations where the facts, circumstances, and issues presented are substantially similar to those set forth in the RAB. A taxpayer must consider the effects of subsequent legislation, regulations, court decisions, and RABs when relying on an RAB. See RAB 1989-34 for more information. To access a copy of a particular RAB, go to [www.michigan.gov/treasury](http://www.michigan.gov/treasury).

### Unclaimed Property Reporting for Businesses and Government Entities

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Michigan's Uniform Unclaimed Property Act, Public Act 29 of 1995, as amended, requires businesses and government entities to report and remit to the Michigan Department of Treasury abandoned and unclaimed property belonging to owners whose last known address is in Michigan. In addition, every business or government entity that is incorporated in Michigan must report to the Treasury abandoned property belonging to owners where there is no known address.

Most businesses have unclaimed property resulting from normal operations. Any asset, tangible or intangible, belonging to a third party that remains unclaimed for a specified period of time is considered unclaimed property. For example, uncashed payroll checks must be turned over to the State after one year; most other property types, such as vendor checks and accounts receivables credit balances, must be turned over after three years. Government entities must turn over unclaimed property after one year.

**Due Date.** The due date for the unclaimed property annual report is July 1, 2014 for property reaching its dormancy period as of March 31, 2014.

**Dormancy Period.** The dormancy period for most property types is three years. A detailed listing of property types along with the corresponding dormancy periods can be found at [www.michigan.gov/unclaimedproperty](http://www.michigan.gov/unclaimedproperty).

**Report Unclaimed Property to Avoid Penalties.** Review your records to determine if you are holding unclaimed property. Property remitted voluntarily will not be subject to the 25 percent penalty outlined in the law; however, interest will be charged. If you are selected for an audit, you will be subject to the penalty and interest charges outlined in the law. State-initiated audits will cover the last ten years, as authorized in the Uniform Unclaimed Property Act.

**Noncompliance With Unclaimed Property Reporting Requirements.** Section 31(2) of the Uniform Unclaimed Property Act gives the State Treasurer the authority to conduct unclaimed property examinations (audits) if there is reason to believe that an entity is a holder that has failed to report or has underreported unclaimed property. As a result of the audit, penalty and interest may be assessed as follows:

Interest at one percentage point above the adjusted prime rate per annum per month on the property or value of the property from the date the property should have been paid or delivered, and/or

Penalty at 25 percent of the value of the property that should have been paid or delivered, and/or

Penalty at \$100 for each day the report is withheld or the duty is not performed but not more than \$5,000.

**Reporting Manual and Free Software.** The Manual for Reporting Unclaimed Property, including forms and instructions, is available at [www.michigan.gov/unclaimedproperty](http://www.michigan.gov/unclaimedproperty). Also available on Treasury's Web site is the Holder Reporting System (HRS), a free software package for creating unclaimed property reports in an electronic format for submission to Treasury.

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## MAILING INFORMATION

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### **Annual Return (Form 165) & W2**

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**If enclosing payment with your Annual Return, mail to:**

Michigan Department of Treasury  
Department 78172  
P.O. Box 78000  
Detroit, MI 48278-0172

**If requesting a Credit to your account (amount on line 23)  
or a Refund (amount on line 24), mail to:**

Michigan Department of Treasury  
P.O. Box 30779  
Lansing, MI 48909

**All other Annual Returns without payment, mail to:**

Michigan Department of Treasury  
Lansing, MI 48930

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### **Amended Annual Returns**

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If the amendment results in additional tax due, send your amended annual return and payment to:

Michigan Department of Treasury  
Department 78172  
P.O. Box 78000  
Detroit, MI 48278-0172

If no payment is included with the amended annual return, send the return to:

Michigan Department of Treasury  
Business Taxes Division  
P.O. Box 30427  
Lansing, MI 48909

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### **Combined Returns (Form 160)**

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**If you are including payment, mail to:**

Michigan Department of Treasury  
Department 77003  
Detroit, MI 48277-0003

**If you are not including payment, mail to:**

Michigan Department of Treasury  
Lansing, MI 48930

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### **Correspondence**

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Send correspondence to:

Michigan Department of Treasury  
Business Taxes Division  
P.O. Box 30427  
Lansing, Michigan 48909

Write your account number on all checks and correspondence.  
Returns should be sent to the address on the return.