



Michigan Department of Licensing and Regulatory Affairs
MICHIGAN LIQUOR CONTROL COMMISSION (MLCC)
525 W. Allegan, P.O. Box 30005
Lansing, Michigan 48909

NOTICE: SUCCESSOR TAX LIABILITY
[Authorized by MCL 436.1501(6)]

When purchasing a liquor license or even a portion of a business, a buyer can be held liable for tax debts incurred by the previous owner. This is known as Successor Liability. Prior to committing to the purchase of any license or establishment, the buyer should request a tax clearance certificate from the seller that indicates that all taxes have been paid up to the date of issuance. Obtaining sound professional assistance from an attorney or accountant can be helpful to identify and avoid any pitfalls and hidden liabilities when buying even a portion of a business. Sellers can make a request for the tax clearance certificate through the Michigan Department of Treasury.

As a successor in the business, you should withhold sufficient purchase money to cover any business tax debts incurred by the previous owner. These funds may be released when the previous owner produces a receipt showing the taxes have been paid, or a Tax Clearance Certificate from the Michigan Department of Treasury stating that no taxes are due. Note that only the seller can request this information from the Department of Treasury. For more information visit the Michigan Department of Treasury website at www.michigan.gov/taxes

For unemployment tax purposes, successors may also be held liable for tax debts incurred by the previous owner. By law, the seller must provide the buyer with certain unemployment insurance information at least two days before an offer to purchase is accepted. For more information about unemployment tax debts, visit the Unemployment Insurance Agency website at www.michigan.gov/uia.

Other Liabilities

To protect yourself from other hidden liabilities, it is important that you thoroughly research the business you are purchasing. Some of the steps you can take to protect yourself are:

- Obtain sound professional assistance from an accountant or an attorney.
- Attend a Michigan Department of Treasury New Business Tax Seminar to become acquainted with your rights and responsibilities relative to Sales, Use and Withholding taxes. Seminars are conducted in the Spring and Fall of the year. Look for registration information and seminar dates on the www.michigan.gov/taxes website.
- For more information about Starting a Business in Michigan, visit the Michigan Economic Development Corporation Website at <http://www.michiganbusiness.org>.
- Visit the Uniform Commercial Code website, [UCC Online](http://www.ucconline.com), to obtain financing statements about the business, such as information about tax liens and security interest in collateral.
- Check with the County Register of Deeds for possible liens against the property.