

Instructions for preparation of the Monthly Internet Gaming Tax Form – Detroit Casino Operators

General:

An Internet Gaming operator must remit to the Michigan Gaming Control Board (Board) the wagering tax based on the adjusted gross receipts.

Forms must be filed each month, regardless of whether or not a tax is incurred during the month. The payment for each monthly accounting period is due on the tenth day of the following month.

If a due date falls on a weekend or a holiday, the due date shifts to the first business day following the weekend or holiday.

Enter all amounts, unless otherwise directed, in dollars and cents (i.e., 125.50 or 545.00). When necessary, round up or down to the nearest cent.

The amounts reported must be based on “cash basis”.

“AC” denotes field auto-calculates if using electronic version of the form.

Line 1:

Enter the total of all sums, including, but not limited to, valid or invalid checks, valid or invalid credit or debit card deposits, valid or invalid ACH deposits, currency, coupons, free play or promotional credits, redeemable credits, vouchers, entry fees assessed for tournaments or other contests, or instruments of monetary value whether collected or uncollected, in each case actually wagered by an authorized participant at or with an internet gaming operator on an internet game.

Line 2:

Enter, as a positive number, the total winnings paid (total cash value paid to authorized participants).

“Winnings” means the total cash value of all property or sums including currency or instruments of monetary value paid to an authorized participant by an internet gaming operator as a direct result of a winning internet wager.

Line 3:

Enter as a positive number the amounts returned to an authorized participant due to a game, platform, or system malfunction and previously included in the computation of gross receipts.¹

Line 4:

Enter as a positive number the amounts returned to an authorized participant due to an internet wager being voided due to concerns regarding integrity of the wager or game and previously included in the computation of gross receipts.¹

¹ Line 3, 4 and 5 if amounts are reported on these lines, the internet gaming operator must submit a written explanation identifying the reason a deduction was taken and provide supporting documentation for the amount of the deduction and proof it previously was included in the computation of gross receipts.

Line 5:

Enter as a positive number the total of uncollectible markers or successfully disputed credit or debit card charges previously included in the computation of gross receipts.¹

Line 6 (AC):

Calculate and enter the total deductions (Sum of Lines 2, 3, 4, and 5).

Line 7 (AC):

Calculate and enter the gross receipts (Line 1 minus Line 6).

Line 8 (AC):

Enter net adjustment(s) from Schedule A, Line 11. Only enter an amount on this line if approved by the Board.² Adjustments included in Line 8 may include corrections to reporting errors on a previously submitted Monthly Internet Gaming Tax Form.

On **Schedule A** enter the form period the adjustment is related to, a description of the adjustment and the amount of adjustment (positive or negative).

Line 9 (AC):

Enter the calculated Free Play deduction from Schedule B, Line 19.

On **Schedule B** complete as follows:

Sch B - Line 1: Enter the year (YYYY) the internet gaming operations began.

Sch B - Line 2: Enter the current year (YYYY).

Sch B - Line 3 (AC): Calculate the number of years the Internet Gaming Operations have been operating, by subtracting Line 1 from Line 2.

Year-to-Date Information:

Sch B - Line 4: Enter the cumulative year-to-date Gross Receipts amount from Line 6 of the previous reporting period Schedule B.

Sch B - Line 5 (AC): Enter the current reporting period Gross Receipts from the Monthly Internet Gaming Tax Form, Line 7.

Sch B - Line 6 (AC): Total year-to-date Gross Receipts. Sum of Line 4 and Line 5.

Sch B - Line 7: Enter the cumulative year-to-date Free Play provided and wagered by authorized participants from Line 9 of the previous reporting period Schedule B.

Sch B - Line 8: Enter the current reporting period Free Play provided and wagered by authorized participants.

² If an internet gaming operator is aware of a reporting error related to a form previously submitted, the internet gaming operator must notify the Board in writing. The notification must explain the error, how it was detected, the tax impact and potential tax adjustment needed to correct the error. Please include all documentation to support the error and potential tax adjustments. The Board will review to determine if any tax adjustments are needed. If so, the Board will notify the internet gaming operator of the tax adjustment they can include on the next monthly internet gaming tax form on Schedule A.

Sch B - Line 9 (AC): Total year-to-date Free Play provided and wagered by authorized participants. Sum of Line 7 and Line 8.

Sch B - Line 10 (AC): Calculate the year-to-date limited amount of Free Play deduction allowed, based on number of years of operation as noted on Line 3 (MCL 432.303(3)(a)).

MCL 432.303(3)(a) states, "Adjusted gross receipts" means gross receipts less a deduction equal to the amount of free play provided and wagered by authorized participants as an incentive to place or as a result of placing internet wagers under this act. The deduction under this subdivision is limited as follows:

(i) For years 1-3, a deduction not to exceed 10% of gross receipts.

(ii) For year 4, a deduction not to exceed 6% of gross receipts.

(iii) For year 5, a deduction not to exceed 4% of gross receipts.

(iv) For year 6 and each year thereafter, no deduction of free play is allowed. The January 1 following the year in which the internet gaming operator begins internet gaming operations is considered the first year of internet gaming for the purposes of this subdivision. An internet gaming operator may deduct up to 10% of gross receipts during any period of internet gaming operations before January 1 of the first year of internet gaming operations.

Sch B - Line 11: Enter the cumulative year-to-date Free Play deductions taken in previous reporting periods (i.e., January of current year through previous month). Add Line 11 and Line 19 from previous reporting period Schedule B.

Sch B - Line 12 (AC): Calculate the carry-forward Free Play deduction amount not included previously in AGR. Line 10 minus Line 11 minus Line 8.

Free Play Deduction Calculation:

Sch B - Line 13 (AC): Enter the dollar value of the Free Play provided and wagered by authorized participants for the form period (Sch B - Line 8 above).

Sch B - Line 14 (AC): Enter the dollar value of Gross Receipts for the current reporting period from Sch B - Line 5 above.

Sch B - Line 15 (AC): Limited amount of Free Play allowed for deduction based on the number of years of operation for the current period as noted on Line 3 (i.e. Gross Receipts percentage calculation).

Sch B - Line 16 (AC): Enter the current reporting period Free Play deduction. This will be the lesser of Line 13 or Line 15.

Sch B - Line 17 (AC): If Line 16 is less than the allowable deduction based on the number of years in operation, include here the amount from Sch B - Line 12 above (carry-forward Free Play deduction not taken previously) to be included in the total Free Play deduction calculation.

Sch B - Line 18 (AC): Additional Free Play (not included in Sch B - Line 16 or Line 17 above) allowed to be deducted based on the year-to-date Gross Receipts percentage calculation.

Sch B - Line 19 (AC): Enter the sum of Line 16, Line 17, and Line 18 to calculate the total allowable Free Play deduction. Carry this amount to the Monthly Internet Gaming Tax Form Line 9.

Line 10 (AC):

Calculate and enter the adjusted gross receipts (Sum of Lines 7, 8, and 9).

Line 11 (AC):

Calculate and enter the adjusted gross receipts tax liability from Schedule C Line 3.

On **Schedule C**, complete as follows:

Sch C - Line 1: Enter the dollar amount of Cumulative Adjust Gross Receipts from the previous reporting period (unless the current reporting period is the first reporting period of the year, then report zero) – Previous reporting period Schedule C – Line 4.

Sch C - Line 2 (AC): Enter the amount of adjusted gross receipts from the Monthly Internet Gaming Tax Form – Line 10.

Sch C - Line 3 (AC): Calculate the Monthly Graduated Tax Liability (Line 2 multiplied by the applicable tax percentage(s) (MCL 432.314(1)(a-e))). Enter calculated amount here and on the Monthly Internet Gaming Tax Form Line 11.

MCL 432.314(1)(a-e) states, "Except for an internet gaming operator that is an Indian tribe, an internet gaming operator is subject to a graduated tax on the adjusted gross receipts received each calendar year by the internet gaming operator from all internet gaming it conducts under this act as set forth below:

(a) For adjusted gross receipts less than \$4,000,000.00, a tax of 20%.

(b) For adjusted gross receipts of \$4,000,000.00 or more but less than \$8,000,000.00, a tax of 22%.

(c) For adjusted gross receipts of \$8,000,000.00 or more but less than \$10,000,000.00, a tax of 24%.

(d) For adjusted gross receipts of \$10,000,000.00 or more but less than \$12,000,000.00, a tax of 26%.

(e) For adjusted gross receipts of \$12,000,000.00 or more, 28%."

Sch C - Line 4 (AC): Enter the YTD adjusted gross receipts – Line 1 plus Line 2.

Line 12 (AC):

Calculate and enter the City wagering tax due. (Line 11 multiplied by 30% (0.30)).

Line 13 (AC):

Calculate and enter the State wagering tax due. (Line 11 multiplied by 70% (0.70)).

Line 14 (AC):

Calculate and enter the total wagering tax due. (Line 12 + Line 13).

Line 15 (AC):

Calculate and enter the municipal service fee due to the City. (Line 10 multiplied by 1.25% (0.0125)).

Filing and Payment:

1. Sign and date the form.
2. Email the following to MGCBFinancialServices@michigan.gov:
 - a. Signed copy of the form
 - b. Excel version of the form
 - c. All supporting documentation for all relevant amounts reported
3. For State Taxes: ACH transfer tax payment to MGCB's account using instructions provided in a separate document. For ACH transfer instructions please send email request to MGCBFinancialServices@michigan.gov (Note: Do not combine payment with any other tax payments).
4. After completing the ACH transfer, please email the expected date, dollar amount of the transaction, the purpose of the transaction, and a copy of the excel tax form to MGCBFinancialServices@michigan.gov.
5. If you are unable to complete an ACH transfer, mail a copy of the Monthly Internet Gaming Tax Form with a check or money order made payable to "State of Michigan" to:
Michigan Gaming Control Board
c/o Internet Gaming
PO Box 30786
Lansing, MI 48909
6. For City of Detroit Taxes/Fees: Pay the City taxes and fees directly to the City of Detroit. Contact them to determine how they prefer to receive payments.