



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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DATE: October 3, 2007
TO: Assessor's and Equalization Directors
FROM: State Tax Commission
SUBJECT: Sales Tax Uplift (Imputed Sales Tax)

The State Tax Commission at their October 2, 2007 meeting made the following determination related to sales tax uplift or imputed sales tax:

Beginning in 2007, the State Tax Commission added the following language to the personal property statement: "All costs reported must include freight, sales tax and installation costs, even in cases where the cost was actually incurred by another. Imputed sales tax, freight and installation costs must be reported by equipment leasing companies in cases where the lessee has paid or will pay such costs, or will provide the equivalent benefit in kind. Sales tax must be imputed and reported by equipment leasing companies in cases where the lessee is paying sales or use tax on installment lease payments".

This language makes it clear that sales tax must be imputed and reported even in cases where the lessee is paying the sales tax or is paying a use tax. The Commission determined that the language in the personal property statement prior to 2007 may not have been clear that sales tax must be imputed. Therefore, any pending 154 petitions to add sales tax where it was not imputed will be dismissed. Companies are expected to have imputed sales tax in 2007 and for all years going forward. The Commission will consider 154 petitions to add sales tax for the 2007 year for those companies that did not correctly report sales tax.