



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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Issued By: Community Engagement and Finance Division
Bureau of Local Government and School Services

To: Local Units of Government with Fiscal Years Ending June 30, 2020 that
Assess an Income Tax

**Effective
Date:** April 2, 2020

2020-01 Accounting Treatment for the Extension of Local Income Tax

In accordance with [Executive Order 2020-26, Extension of April 2020 Michigan Income Tax Filing Deadlines](#), the Governor has “temporarily suspended so as to extend the deadline for all taxpayers required to file an annual city income tax return in April 2020, as:

- An annual city income tax return otherwise due on April 15, 2020, and any accompanying city income tax payment due with the return, will instead be due on July 15, 2020
- An annual city income tax return otherwise due on April 30, 2020, and any accompanying city income tax payment due with the return, will instead be due on July 31, 2020.”

Because of the delay, the time when a local unit receives income tax revenues may extend beyond the close of their fiscal year end. Government Accounting Standards Board (GASB) Statement 33 indicates that this derived tax revenue should be recognized when “the exchange transaction on which the tax is imposed occurs [when earned] or when the resources are received, whichever comes first ... net of estimated refunds and estimated uncollectible amounts.” (paragraph 16). For fund-based statements (modified accrual basis of accounting), revenue must also be available.

This means that in accordance with local policy, which is usually 60 days, the collection of income tax 60 days subsequent to the end of the local unit’s fiscal year should be accrued back to the period in which the tax was due/earned. With income tax collection being extended to July 15th or July 30th, local units with a fiscal year end of June 30, 2020, would accrue the revenue back to the fiscal year that ended on June 30, 2020.

If you have further questions, please contact TreasLocalGov@michigan.gov.