

# Legislative Analysis



## FLOW-THROUGH ENTITY TAX MODIFICATIONS

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<http://www.house.mi.gov/hfa>

**House Bill 6286 as introduced**  
**Sponsor: Rep. Andrew W. Beeler**  
**Committee: Tax Policy**  
**Complete to 9-20-22**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 6286 would amend the Income Tax Act to change the date by which a flow-through entity must make an election to pay the flow-through entity tax and to make other changes as described below.

Currently under the act, a flow-through entity may elect to pay the flow-through entity tax by filing an election with the Department of Treasury on or before the fifteenth day of the third month of that tax year. This election is irrevocable and continues for the next two tax years.

The bill would change the date by which this election must be filed to the fifteenth day of the third month of the *subsequent* tax year. (However, an election for a tax year beginning in 2021 would still have to be filed by April 15, 2022.)

In addition, the act currently requires flow-through entities that do not elect to pay the flow-through entity tax to provide certain listed information to any member to which information is required to be provided by the Internal Revenue Code.

The bill would add to this list information about the member's share of the tax allocated to the reporting flow-through entity by other flow-through entities paid after the original due date of the prior tax year return of that flow-through entity, including any extensions.

MCL 206.813 et al.

### FISCAL IMPACT:

Because the provisions of House Bill 6286 would only potentially change the timing for flow-through entities to file returns, there would be no net revenue impact. However, allowing taxpayers to delay making the election will make it more difficult to accurately track income tax revenues.

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