

## Income/Franchise:

### Michigan Department of Treasury Discusses Case Involving Investments in REMICs and Business Loss Carryforwards

*Treasury Update Newsletter*, Mich. Dept. of Treasury, Tax Policy Division (8/24). A newsletter published by the Tax Policy Division of the Michigan Department of Treasury (Department) discusses a recent Michigan Court of Appeals decision [see Case No. 364746, Mich. Ct. App. (5/16/24), and *State Tax Matters*, Issue 2024-21, for more details on this decision] affirming that a taxpayer holding real estate mortgage investment conduits (REMICs) cannot exclude excess inclusion income (EII) from the federal taxable income (FTI) amount used in computing its tax base under Michigan's corporate income tax (CIT). According to the Department, "this holding is a reminder to taxpayers that despite unusual federal tax reporting requirements or tax situations that may be unique to a limited number of taxpayers, the CIT is clear that the starting point in computing tax base begins with FTI that is adjusted by the statutory adjustments either before or after allocation or apportionment." Moreover, the Department explains that federal net operating losses are *not* the same as CIT business losses. The newsletter notes that the taxpayer in this case has appealed this 2024 decision to the Michigan Supreme Court. Please contact us with any questions.

**URL:** [https://www.michigan.gov/treasury/-/media/Project/Websites/treasury/Newsletters/Treasury-Update-Newsletter\\_Aug2024.pdf?rev=05f4435efa9c48e685ab3de8e7e699d1&hash=430655CE49956D64F0535286E04EB95A](https://www.michigan.gov/treasury/-/media/Project/Websites/treasury/Newsletters/Treasury-Update-Newsletter_Aug2024.pdf?rev=05f4435efa9c48e685ab3de8e7e699d1&hash=430655CE49956D64F0535286E04EB95A)

**URL:** [https://www.courts.michigan.gov/49a881/siteassets/case-documents/uploads/opinions/final/coa/20240516\\_c364746\\_34\\_364746.opn.pdf](https://www.courts.michigan.gov/49a881/siteassets/case-documents/uploads/opinions/final/coa/20240516_c364746_34_364746.opn.pdf)

**URL:** [https://dhub.deloitte.com/Newsletters/Tax/2024/STM/240524\\_4.html](https://dhub.deloitte.com/Newsletters/Tax/2024/STM/240524_4.html)

— Pat Fitzgerald (Detroit)  
Managing Director  
Deloitte Tax LLP  
pfitzgerald@deloitte.com

Stephanie LaFave (Detroit)  
Senior Manager  
Deloitte Tax LLP  
slafave@deloitte.com

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