

Sales/Use/Indirect:

Michigan Department of Treasury Addresses Taxation of NFTs and Discusses Recent Case

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) addresses the sales and use taxation of non-fungible tokens (NFTs), generally concluding that Michigan currently does not tax NFTs representing digital goods nor does it generally tax digital goods. In doing so, the Department explains that to determine whether an NFT transaction is taxable, taxpayers must first determine whether the NFT represents digital or tangible property – noting that the NFT is *not* subject to Michigan sales tax if it is purely digital, such as a digital image or sound. Conversely, if the NFT represents an ownership interest in tangible personal property, the Department explains that the sale constitutes a taxable sale of tangible personal property.

URL: https://www.michigan.gov/treasury/-/media/Project/Websites/treasury/Newsletters/Treasury-Update-Newsletter_Aug2024.pdf?rev=05f4435efa9c48e685ab3de8e7e699d1&hash=430655CE49956D64F0535286E04EB95A

The newsletter also discusses a recent Michigan Court of Appeals decision [see Case No. 365613, Mich. Ct. App. (6/20/24), and *State Tax Matters*, Issue 2024-26, for more details on this decision], which upheld Michigan use tax liability against a Michigan company for its direct mail advertisements distributed into Michigan even though they were processed, printed and mailed out-of-state by a third party. Please contact us with any questions.

URL: https://www.courts.michigan.gov/49e071/siteassets/case-documents/uploads/opinions/final/coa/20240620_c365613_35_365613.opn.pdf

URL: https://dhub.deloitte.com/Newsletters/Tax/2024/STM/240628_14.html

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