

Income/Franchise:

Michigan: Parties' Motions to Dismiss Denied in Case on Apportioning and Taxing Gain from Foreign Sale of Intellectual Property

Case No. 22-000076-MT, Mich. Ct. of Claims (12/11/24). Rejecting competing motions to dismiss in a case involving whether the gain from the sale of certain intellectual property from a parent company's wholly owned foreign subsidiary to a foreign entity may be

URL: [https://www.courts.michigan.gov/4aeb38/siteassets/case-documents/opinions-orders/coc-opinions-\(manually-curated\)/2024/22-000076-mt.pdf](https://www.courts.michigan.gov/4aeb38/siteassets/case-documents/opinions-orders/coc-opinions-(manually-curated)/2024/22-000076-mt.pdf)

1. Attributed to its Michigan unitary business group (UBG),
2. Apportionable under Michigan's corporate income tax under either the standard or an alternative apportionment method, and
3. Constitutionally taxed by Michigan, the Michigan Court of Claims (Court) reasoned that "the thousands of pages of documents presented by both parties reveal many open questions of material fact that preclude summary disposition in either party's favor."

According to the Court, a trial is required to fully address whether the gain at issue is validly taxable by Michigan and if so, to what extent and how. In this respect, the Court held that neither party is entitled to relief at this time and "pretrial proceedings will continue."

Please contact us with any questions.

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