

Income/Franchise:

Michigan Department of Treasury Discusses Case Involving Insurance Affiliate and Combined Filing

Treasury Update Newsletter, Mich. Dept. of Treasury, Tax Policy Division (12/24). A newsletter published by the Tax Policy Division of the Michigan Department of Treasury (Department) summarizes a recent Michigan Court of Appeals (Court) decision [see Case No. 364790, Mich. Ct. App. (6/20/24), and *State Tax Matters*, Issue 2024-26, for more details on this decision], which “held that a unitary business group (UBG) of insurance companies could not file a combined return for calculation of premiums tax and related credits under Chapter 12 of the Income Tax Act.” According to the Department, the case also held that because the retaliatory tax under the Michigan Insurance Code is incorporated into Chapter 12 of the Michigan corporate income tax (CIT), it also must be filed on a combined basis. Moreover, turning to the retaliatory tax assessed on an “authorized insurer” under the Michigan Insurance Code, the Department explains that the Court was “dismissive of the fact that an authorized insurer is an individual insurance company,” and “simply stated the retaliatory tax was part of the CIT’s tax structure and therefore, is calculated and imposed at the UBG level the same as the premiums tax.” Please contact us with any questions.

URL: https://www.michigan.gov/treasury/-/media/Project/Websites/treasury/Newsletters/Treasury-Update-Newsletter_Dec2024.pdf

URL: https://www.courts.michigan.gov/49e08f/siteassets/case-documents/uploads/opinions/final/coa/20240620_C364790_32_364790.opn.pdf

URL: https://dhub.deloitte.com/Newsletters/Tax/2024/STM/240628_7.html

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