



Michigan



**MICHIGAN CHAPTER - NATP**

**National Association of Tax Professionals**

**MI-1040 REPORT**

[www.MI-NATP.com](http://www.MI-NATP.com)

**NOVEMBER 2007**

## **PRESIDENT'S REPORT**

As another year is quickly drawing to a close, I am reminded of all of the efforts that each of you is making to insure the success of MI NATP. The volunteers to this organization continue to amaze me with their efforts to serve as Board members, publish this newsletter, attend legislative meetings with MI Treasury officials, and organize and promote our educational events. It is something that benefits all of us. Also, I am appreciative of all of you who attend our educational events and financially support our efforts to present to you a quality educational seminar. Let us continue to build on this success.

This year, due to the efforts of Larry Zimble, E.A., Treasurer of MI NATP, we now have online registration. It was introduced successfully in September at the "2 for 1" seminar and this fall more than 60 people have used it for our fall seminars. I know that this is a help to you and it improves our accuracy in registering and printing certificates for CPE credits. You receive a confirmation when you register. I think that this is a job well done and well received, thanks to the technical knowledge and skill of Larry. Just think how much easier we can make his job if we all start using this online registration. In order to do this, you can look for online registration at: [www.MI-NATP.com](http://www.MI-NATP.com).

Kathy Bozman and Anna Mayer are combing their efforts to organize our notebooks and coordinate people on the day of our seminars. They want to make you feel welcome and receive your materials in an organized way when you first arrive at the seminar. In September, with almost 150 people attending in Lansing, it was done well. To date, we have had more than 100 people attend our fall MI Piggyback seminars. Again they were organized and ready for you.

I also wanted to update you on some thing that I have recently given some thought to. I want to reassure you that MI NATP does not share nor sell any of our mailing lists with any person or organization.

What are you doing as this year is quickly coming to a close? How are you preparing to advise your tax clients for the upcoming tax season? We all know that there have been fundamental changes to MI tax law, and we have the responsibility to understand these changes and explain them to our clients. This is no small task, and I ask if you are confident in your present knowledge and understanding of these changes? If not, come to Lansing on January 4 and let Marilyn Meredith guide you through these changes in Federal and MI tax law. Learn also about HSA's, privacy issues, and the proper record keeping necessary to report charitable deductions from Larry Zimble, Byron Kuxhaus, and Charles Gladhill. There is so much to learn and time is quickly passing. Do not hesitate to sign up and attend on January 4<sup>th</sup>. I am looking forward to seeing you there.

Val Anderson, E.A. President

Happy Thanksgiving to all of you and your families from MI NATP

## **TEACHING AND LEARNING AS TAX SEASON APPROACHES**

### **Final 2007 Piggyback in Bay City**

MI Chapter NATP always presents interesting challenges. This year it seems that the biggest challenge is to serve as one of the instructors for the MI Piggyback Seminars. These 3 hour seminars began in Livonia on 10/22/07 and will conclude with my teaching in Bay City on 12/03/07. Your attendance and support has been overwhelming. Much of it is due to the need for clarification of the many changes that the MI Legislature has made in MI tax law. These changes left us with the responsibility to understand how these changes will impact our clients. It is a challenge for Byron and me to present the best of information to such a well informed and supportive group of professionals. In order to clarify some of the changes to MI tax law, page 2 of this Newsletter has outlined for you many of the salient features of the new MI Business Tax.

### **What is next on the Seminar Agenda?**

Look to January 4, 2008 for a return trip to Lansing. As a tax professional, you need to attend the All Day Michigan Seminar where you will receive the most updated information on Federal and MI changes essential for preparing 2007 tax returns. Furthermore, you will also receive information that will assist you in advising your clients for the 2008 tax year and beyond.

### **Why not bring an Office Staff Professional or two?**

Bring them at the same time, same place and educate them. Our Basic Tax and Office Procedures Seminar will be held on the same day in another room and will be instructed by Byron Kuxhaus, Candy Mitchell, and Matt Livingston who are well experienced. This is an excellent way to prepare your office staff to work in this industry and make them aware of the need for confidentiality.

### **May Convention Plans Being Finalized**

The Education Committee is in the process of finalizing plans for the 2 day seminar at our Annual Convention on May 15 & 16, 2008 in Ann Arbor. Tax season will be over and you will need to share your experiences with other members. Marilyn will help us make sense of NOL's and Canadian tax issues. Larry Zimble will provide his expertise to basis issues. Steve O'Rourke (tax professional from Wisconsin) will present information on depreciation and 2 CPE hours of ethics to meet our annual requirement. You should find all of this information very helpful to you.

Happy Thanksgiving to all of you.

Glen Mitchell, E.A. Vice President of MI Chapter NATP

## HIGHLIGHTS OF THE NEW MICHIGAN BUSINESS TAX

- MBT begins 1/1/08. SBT ends 12/31/07
- Filing threshold of \$350,000 based on same criteria that SBT used
- MBT is composed of 4 separate taxes.
- Taxpayers will file all on one form.
- Business income is taxed at 4.95%. BUT no add back of compensation, depreciation, royalty or interest.
- The new “modified gross receipts” tax is at .8%. Gross receipts are reduced by purchases of inventory, depreciable assets, materials & supplies, payments of contractors to subcontractors, and compensation of personnel supplied to customers of a staffing company.
- The other two tax components are industry specific. Insurance companies will pay a 1.25% direct tax on premiums and Financial institutions will pay a franchise tax of .235% on net capital.
- There are 11 new credits plus 15 that are retained or modified from SBT.
- Estimates are due 4/15, 7/15, 10/15, & 1/15
- Estimates are due if you owe \$800 or more.
- To avoid penalty, taxpayers must pay at least 85% of tax.
- There is NO safe harbor by paying estimates based on prior year SBT liability.
- MI website will have “MBT Estimator” available soon to help taxpayers figure the amount of tax they will expect to owe.

Our elected officials outdid themselves in July, coming up with a more complicated and confusing tax than even the Single Business Tax that was so despised. The new tax (or we should say taxes) should be a little softer on those who pay wages. There is no add back of compensation and one of the many credits is based on compensation.

A credit that should be popular gives a phase-in of the tax. Once the filing requirement was met by SBT often you could incur a substantial tax. Under MBT there is a credit that phases in the tax for those with gross receipts between \$350,000 and \$700,000.

Do not hold your breath for forms to be available soon. Michigan has started to work on new forms, but are nowhere near having a completed and correct form available for us to see. The best advice I can give you is to keep reviewing the Michigan Treasury website for updates and come to our January 4, 2008 All Day Michigan Seminar.

Glen Mitchell, E. A.

### CHARITY REPORT

At our September seminar we raised \$366 for The Food Bank Council of Michigan, our chapter charity. This brings our member donations to \$1,030 for the year. If you wish to make a donation at this time, please make your check payable to “Food Bank Council of MI”.

- Every dollar we give provides \$8.25 in food to pantries and other organizations served by food banks.
- MI tax credit is available for individuals in the amount of 1/2 the donation up to \$200 (\$100 single).

If you would like more information go to our website or the food bank’s website at [fbcmfbc@mich.org](mailto:fbcmfbc@mich.org).

Sharon Barry, Charity Chairperson

### MICHIGAN CHAPTER OF NATP WELCOMES OUR NEW MEMBERS!

<b>Robin Alvarez</b>	Southgate	<b>Charles Bailey</b>	Hancock	<b>David Boike</b>	Flint
<b>Annette Marie Brown</b>	Quincy	<b>Matthew Carter</b>	Lansing	<b>Regina Cartwright</b>	Rochester Hills
<b>Theresa Chronowski</b>	Saginaw	<b>Darlene Dawood</b>	Sand Lake	<b>Anna DeLisle</b>	Hazel Park
<b>Denise Edwards</b>	Novi	<b>Winona Griggs</b>	Flint	<b>Eugene Juergens</b>	Brighton
<b>Melinda Korndorfer</b>	Melvindale	<b>Kandy Lane Murray</b>	Richmond	<b>Todd Perry</b>	Ann Arbor

## LANSING TRIP ON SEPTEMBER 26, 2007

The trip to Lansing to meet with the Michigan Treasury was very valuable. The format of the day was round table discussion. What a pleasant learning experience! All of our questions were read and discussed. Thanks to all of the attendees, a wide variety of questions were submitted. The representatives that answered our questions were both helpful and knowledgeable on the subjects. I left the forum with a great respect for what happens at the State of Michigan level.

I'd recommend everyone preparing for a new tax season to add this trip to their must-do list. I know I will.

To attend, you need to submit a Michigan related question (anything other than unemployment situations) to our MI-NATP Committee person, Jim Barry @ [jbarry2395@charter.net](mailto:jbarry2395@charter.net). Jim's phone number is 734-426-2395. The question needs to be submitted prior to the mid-September annual trip date. You can always find information on our web site at [www.MI-NATP.com](http://www.MI-NATP.com). Special unresolved problems can be taken with you for individual resolution. Now that's "extra valuable"!

Thank you to our Board Members for the opportunity to meet with the Michigan Treasury officials.

Karen West, NATP member

## MICHIGAN TAX RATE

As of October 1, 2007, Michigan tax rate increased to 4.35%. The blended rate for calendar year 2007 is **4.01%**. Michigan has sent post cards to estimated tax filers to remind them to check their final estimated payments. New withholding guides were sent to employers. Payroll programs should be updated.

### MICHIGAN USE TAX on SERVICES

Will we have?  
When will it begin?  
What will it cover?  
Will we golf or ski or  
mow lawns or offer  
tours?

We will let you know  
at least by January 4!

### Newsletter Committee

Valorie Anderson  
Jim Barry  
Kathy Bozman  
Joe Halfmann  
Esther Liebetreau  
Gary McCallumore  
Brian Meredith  
Erlinda Meredith  
Marilyn Meredith  
Glen Mitchell  
Candy Mitchell  
Karen West  
Heather Worden

## “BOARD OPENINGS ARE COMING-UP”

Our Michigan Chapter will have 4 positions available on May 15, 2008. If you or someone you know would like to have a positive effect with the other Board members for the good of all our members, please submit your name or their name before our annual convention to me. The location of our May 2008 Annual Convention will be Weber's Inn in Ann Arbor.

Our MI-Chapter is open for new ideas and people who have a desire to increase their tax education and knowledge. The wealth of information obtained is always beneficial to anyone who works within the tax profession, either as the owner or employee. The current Board members are all owners of their own practices and provide all of us with valuable information and experiences. Share your knowledge and expertise within your Chapter. It's much more rewarding than you might think. Volunteer some of your time and see for yourself.

The four openings are 3 positions considered 'at large' and the other opening will be as a representative for Region 3 - east center lower Michigan (Clare, Saginaw, Midland etc. vicinity). The term is 3 years beginning May 16, 2008.

We have a MI-Chapter region map on our web site, (click on Directors, in upper right-hand corner, click on the map to enlarge) along with more information and details regarding upcoming seminars and our Annual Convention in May. The web site is always adding new items, so mark it as a favorite and visit it often at [www.MI-NATP.com](http://www.MI-NATP.com).

Kathy Bozman, EA, [Kbozman1@comcast.net](mailto:Kbozman1@comcast.net) Phone 313-388-2911 FAX 313-388-1289

# MICHIGAN - NATP EDUCATIONAL OPPORTUNITIES

*December 3 & 4, 2007	1040/1040Xtra	Bay City
December 3, 2007	Piggyback—Final for 2007 Don't miss this MICHIGAN TAX update Flyer & Registration online	Bay City
January 4, 2008	All Day Michigan Seminar	Lansing
January 4, 2008	Basic Tax & Office Procedure (Flyers enclosed)	Lansing
May 15 & 16, 2008	MI Chapter Annual Convention	Ann Arbor
*July 7-10, 2008	National Conference	Atlanta, GA
September 19, 2008	"2 for 1" Seminar Featuring Alice Orzechowski	Lansing

## \*National Functions

Go to [www.MI-NATP.COM](http://www.MI-NATP.COM) to register online

Address Service Requested

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