

## Chapter 3

### UNIFORM CITY INCOME TAX

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**ARTICLE I. CITY OF PORTLAND  
INCOME TAX ORDINANCE AND  
UNIFORM RULES AND REGULATIONS**

**Sec. 3-1. Title.**

This chapter shall be known and may be cited as the "Uniform City Income Tax Ordinance." (Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-2. Rules of construction.**

For the purpose of this chapter, the words, terms and phrases set forth in sections 3-3 to 3-9 and their derivations have the meaning given therein. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number, and in the singular number include the plural. "Shall" is always mandatory and not merely directory. "May" is always directory.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-3. Definitions A to B.**

(1) *Administrator* means the official designated by the city to administer the provisions of this chapter.

(2) *Business* means an enterprise, activity, profession or undertaking of any nature conducted or ordinarily conducted for the profit or gain by any person, including the operation of an unrelated business by a charitable, religious or educational organization.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-4. Definitions C.**

(1) *Capital gains* and *capital losses* mean the same as defined for federal income tax purposes. Capital gains shall also mean gains from the sale or exchange of non-capital property where such gains are taxed as capital gains under Sec. 1231 of the Federal Internal Revenue Code. Capital gains and capital losses shall not include any portion of such gains or losses occurring prior to the effective date of the income tax, January 1, 1980. In determining gain or loss on property acquired prior to January 1, 1984, the fair market value as of January 1, 1984, shall be

used. The fair market value shall be determined by appraisal or other reliable evidence. In the case of traded securities the fair market value shall be the closing price of such securities on the last business day prior to January 1, 1980. The bid price shall be used if quotations are shown this way. If no fair market value can be determined by the above means, the following method shall be used:

- a. Compute total gain or loss for federal income tax purposes.
- b. Compute the percentage of time held since the effective date of the city income tax (January 1, 1980) to the total time the property was held.
- c. Apply the percentage determined in b. above to the amount in a. above to compute the capital gain or loss taxable by the city.

(2) *City* means the City of Portland, MI.

(3) *Compensation* means salary, pay or emolument given as compensation or wages for work done or services rendered, in cash or in kind, and includes but is not limited to the following: salaries, wages, bonuses, commissions, fees, tips, incentive payments, severance pay, vacation pay and sick pay.

(4) *Corporation* means a corporation or a joint stock association organized under the laws of the United States, this state, or any other state, territory, or foreign country or dependency.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-5. Definitions D.**

(1) *Department* means the department of treasury for tax years after the 1996 tax year for which a city has entered into an agreement with the department of treasury for tax years after the 1996 tax year for which a city includes a duly authorized agent or representative of the department.

(2) *Doing business* means the conduct of any activity with the object of gain or benefit, except that it does not include:

- (a) The solicitation of orders by a person or his representative in the city for sales of

tangible personal property, which orders are sent outside the city for approval or rejection and, if approved, are filled by shipment or delivery from a point outside the city.

- (b) The solicitation of orders by a person or his representative in the city in the name of or for the benefit of a prospective customer of a person, if orders by the customer to such person to enable the customer to fill orders resulting from the solicitation are orders described in subsection (a).
- (c) The mere storage of personal property in the city in a warehouse neither owned nor leased by the taxpayer.

A person shall not be considered to be doing business in the city, in the absence of maintaining an establishment in the city or engaging in other activity in the city, merely by engaging in one or more of the following acts:

- a. Maintenance, by a corporation, of a resident agent in the city;
- b. Installing, servicing or instructing in the use of equipment or other goods sold when performed by an employee-salesman of such person and where such activities are incidental to the employee-salesman's primary selling activities;
- c. Occasional credit investigations or collections by an employee-salesman of such person where such activities are incidental to the employee-salesman's primary selling activities;
- d. Exhibiting goods for a short time, in leased space, at a convention, exhibition or trade show;
- e. Mere ownership of real or tangible personal property in the city which is not used in or related to business activity in the city and which does not produce gross income in the city.

(Ord. No. 150A, eff. 10-12-2017)

### **Sec. 3-6. Definitions E, F.**

(1) *Employee* means a person from whom an employer is required to withhold for either federal income or federal social security taxes.

(2) *Employer* means an individual, partnership, association, corporation, non-profit organization, governmental body or unit or agency including the state, or any other entity whether or not taxable under this chapter, that employs one or more persons on a salary, bonus, wage, commission or other basis, whether or not the employer is in a business.

(3) *Federal Internal Revenue Code* means the Internal Revenue Code of the United States in effect on the last day of the taxpayer's tax year.

(4) *Financial institution* means a bank, industrial bank, trust company, building and loan or savings and loan association, credit union, safety and collateral deposit company, regulated investment company as defined in Section 851 and the following sections of the Federal Internal Revenue Code, under whatever authority organized, and any other association, joint stock company or corporation at least 90 percent of whose gross income consists of dividends or interest or other charges resulting from the use of money or credit.

(5) *Fiscal year* means an accounting period of 12 months ending on any day other than December 31. Only fiscal years accepted by the internal revenue service for federal income tax purposes may be used for the city tax purposes. (Ord. No. 150A, eff. 10-12-2017)

### **Sec. 3-7. Definitions G to N.**

(1) *Net profits* means the net gain from the operation of a business, profession or enterprise, after provision for all costs and expenses incurred in the conduct thereof, determined on either a cash or accrual method, on the same basis as provided for in the Federal Internal Revenue Code for Federal Income Tax purposes, excluding items exempted under this chapter, but without deduction of federal and city taxes based on income and without deduction of net operating loss carry-over or capital loss carry-over sustained prior to the effective date of this tax, except the

net operating losses and capital losses sustained after the effective date of this tax may be carried over to the same extent and on the same basis as under the Federal Internal Revenue Code but shall not be carried back to prior years.

*City taxes based on income* as used in section 3-7(2) of the chapter shall mean the City of Portland income tax imposed by this chapter.

*Depreciation* shall be computed in the same manner as under the Federal Internal Revenue Code and taken to the same extent as taken on the taxpayer's federal return for the same taxable year. Depreciable assets acquired before the effective date and depreciated on that basis. Provided, however, that a taxpayer may take depreciation on war emergency facilities to the extent still being depreciated on its official books, on which it elected to take special amortization in lieu of depreciation under the authority of Acts of Congress for Federal Income Tax purposes.

(2) *Nonresident* means an individual domiciled outside the city.

(Ord. No. 150A, eff. 10-12-2017)

### **Sec. 3-8. Definitions N to P.**

(1) *Person* means a natural person, partnership, fiduciary, association, corporation or other entity. When used in any provision imposing a criminal penalty, person as applied to an association means the parties or members thereof, and as applied to a corporation, the officers thereof.

(2) *Predominant place of employment* means that city imposing a tax under a uniform city income tax ordinance other than the city of residence, in which the employee estimates he will earn the greatest percentage of compensation from the employer, which percentage is 25 percent or more.

(Ord. No. 150A, eff. 10-12-2017)

### **Sec. 3-9. Definitions R to T.**

(1) *Resident* means an individual domiciled in the city. Domicile means a place where a person has his true, fixed and permanent home and principal establishment, to which, whenever absent therefrom, he intends to return, and domicile continues until another permanent

establishment is established. If an individual, during the taxable year, being a resident becomes a non-resident or vice versa, taxable income shall be determined separately for income in each status.

(2) *Taxable year* means the calendar year, or the fiscal year, used as the basis on which net profits and other income subject to tax under this chapter are to be computed, and in case of a return for a fractional part of a year, the period for which the return is required to be made.

(3) *Taxpayer* means a person required under this chapter to file a return or to pay a tax.

Actual residence is not necessarily domicile, for domicile is the fixed place of abode which, in the intention of the individual, is permanent rather than transitory. It is the place in which an individual has voluntarily fixed his habitation, not for a mere special or limited purpose, but with the present intention of making a permanent home, until some unexpected event shall occur to cause him to adopt some other permanent home. Every individual has one and only one domicile. Once established it continues until a new one is established, coupled with the abandonment of the old. Prima facie, a married woman has the same domicile as her husband. Ordinarily, the domicile of a minor follows that of the father.

The administrator may require of individuals claiming domicile outside the City of Portland, a statement of information with respect to the particular case. Mailing address, place of voting, statements in license and other applications, establishment of business and social contacts, marital status, and other overt acts are evidence of domicile, but no one such item is controlling.

If an individual is a resident during part of a taxable year and a non-resident during the remainder he shall not file two returns. If he is required to file under this chapter he shall file a resident return only, Form P-1040, reporting thereon the period of time for each status. Income which is taxable to residents but not to non-residents (e.g. interest and dividends) shall be reported, and be subject to tax, only for the portion of the year during which he was a resident.

Each person shall use the same taxable year for city income tax purposes as such person uses for federal income tax purposes.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-11. Excise tax on incomes; rates.**

Subject to the exclusions, adjustments, exemptions and deductions herein provided, an annual tax of one percent on corporations and resident individuals and ½% on non-resident individuals for general revenue purposes is hereby imposed as an excise on income earned and received on and after the effective date of this chapter.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-11a. Ordinance, resolution, or agreement to dedicate and transfer funds; purposes; commencement; amount; definitions.**

(1) For the 1993 tax year and each tax year after 1993, a city that is a qualified local unit of government, as defined by the Federal Facility Development Act, may adopt an ordinance or resolution, or may enter into an agreement with a qualified local unit of government other than the city, to dedicate and transfer funds in an amount determined pursuant to subsection (3) solely and to the extent necessary for the purposes authorized for use of the Federal Facility Development Fund created by the Federal Facility Development Act.

(2) When a city adopts an ordinance or resolution or enters into an agreement pursuant to subsection (1), the use or transfer of any funds dedicated or to be transferred shall commence and continue until any bonds, obligations, or other evidences of indebtedness for which the funds are pledged are fully paid.

(3) The amount dedicated or to be transferred by a city each year pursuant to subsection (1) shall equal the amount of withheld tax remitted by a qualified employer pursuant to section 3-60, as reconciled pursuant to section 3-61, for all qualified employees.

(4) As used in this section:

- (a) Qualified employee means a person who meets both of the following criteria:
  - (i) Is employed by a qualified employer.
  - (ii) His or her principal workplace is a qualified facility.
    - a. Qualified employer means the federal government.
    - b. Qualified facility and qualified local unit of government mean those terms as defined in the federal facility development act.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-11b. City as qualified local unit of government; dedication and transfer of funds; purposes; use of federal data facility fund; amount; definitions.**

(1) A city that is a qualified local unit of government, as defined by the Federal Data Facility Act, may adopt an ordinance or resolution, or may enter into an agreement with a qualified local unit of government other than the city, to dedicate and transfer funds in the 1994 through 2003 tax years in an amount determined pursuant to subsection (3) solely and to the extent necessary for the purposes authorized for the use of the Federal Data Facility Fund created by the Federal Data Facility Act.

(2) If a city adopts an ordinance or resolution or enters into an agreement pursuant to section 3-91, the use or transfer of any funds dedicated or to be transferred shall commence and continue until any bonds, obligations, or other evidences of indebtedness for which the funds are pledged are fully paid or the authorized purpose is otherwise completed but not after the 2003 tax year.

(3) The amount dedicated or to be transferred by a city each year pursuant to subsection (1) shall equal the amount of withheld tax remitted by a qualified employer pursuant to section 3-60, as reconciled pursuant to section 3-61, for all qualified employees.

- (4) As used in this section:
- (a) *Qualified employee* means a person who meets both of the following criteria:
- (i) Is employed by a qualified employer.
  - (ii) His or her principal workplace is a qualified facility.
- (b) *Qualified employer* means the federal government.
- (c) *Qualified facility* and qualified local unit of government mean those terms as defined in the Federal Data Facility Act. (Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-12. Excise tax on incomes; application to resident individuals.**

The tax shall apply on the following types of income of a resident individual to the same extent and on the same basis that the income is subject to taxation under the Federal Internal Revenue Code:

- (a) On a salary, bonus, wage, commission and other compensation.
- (b) On a distributive share of the net profits of a resident owner of an unincorporated business, profession, enterprise, undertaking or other activity, as a result of work done, services rendered and other business activities wherever conducted.
- (c) On dividends, interest, capital gains less capital losses, income from estates and trusts and net profits from rentals of real and tangible personal property.
- (d) On other income of a resident individual. (Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-13. Types of nonresident income to which tax applicable; extent and basis of tax.**

(1) The tax shall apply on the following types of income of a non-resident individual to the same extent and on the same basis that the income is subject to taxation under the Federal Internal Revenue Code:

- (a) On a salary, bonus, wage, commission and other compensation for services

rendered as an employee for work done or services performed in the city. Vacation pay, holiday pay, sick pay and a bonus paid by the employer are deemed to have the same tax situs as the work assignment or work location and are taxable on the same ratio as the normal earnings of the employee for work actually done or services actually performed.

- (b) On a distributive share of the net profits of a non-resident owner of an unincorporated business, profession, enterprise, undertaking or other activity, as a result of work done, services rendered and other business activities conducted in the city.
- (c) On capital gains less capital losses from sales of, and on the net profits from rentals of, real and tangible personal property, if such arise from property located in the city.

(2) The amount of taxable compensation of nonresidents working in and out of the city is to be computed by dividing the total number of days worked in the city by the total number of days worked during the year, or the total number of hours worked in the city by the total number of hours worked during the year, and applying the resulting percentage to gross annual compensation including vacation, holiday, sickness and bonus pay: except that the amount of taxable compensation of a nonresident compensated on the volume of business secured or other results achieved by him, such as a salesman on a commission basis, shall be the amount received by him for business secured or other results achieved by him attributable to his efforts in the city.

(3) The mere fact that a nonresident employee is subject to call at any time does not permit the allocation of compensation on a seven day per week basis. The mere fact that a nonresident employee is compensated on a seven day per week basis, when he does not in fact perform work or render services seven days per week, does not permit the allocation of compensation on a seven day per week basis. The mere fact

that a nonresident employee takes work home with him and performs such work at his home does not permit the allocation of compensation.

(4) A nonresident employee who is paid commissions and renewal commissions for selling insurance, not a general insurance agent who conducts his own independent insurance business, shall allocate such compensation on the following basis: for life, health and accident insurance the locus shall be the location of the purchaser of the insurance; for group insurance the locus shall be the location of the group; for fire and casualty insurance the locus shall be the location of the risk insured, except that on vehicles it shall be the location of the purchaser.

(5) Compensation paid to officers or employees of the State of Michigan is subject to the tax. Such compensation shall be taxable even though the services are performed on the property owned or controlled by the State within the corporate limits of the City of Portland.

(6) Compensation paid to officers or employees of the United States Government, not for service in the armed forces, is subject to the tax. Such compensation shall be taxable even though the services are performed on property owned or controlled by the United States Government within the corporate limits of the City of Portland.

(7) The mere fact that part or all of the work of a nonresident employee working within the city limits may be attributable to branches, governmental units, projects, undertakings, or other activities outside of the corporate limits of the City of Portland does not give rise to an exclusion of the related compensation from taxable income.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-14. Excise tax on incomes; taxable net profits of a corporation, definition.**

(1) The tax shall apply on the taxable net profits of a corporation doing business in the city, being levied on such part of the taxable net profits as is earned by the corporation as a result of work done, services rendered and other business activities conducted in the city, as determined

in accordance with this chapter. Taxable net profits of a corporation means federal taxable income as defined in section 63 of the Federal Internal Revenue Code but taking into consideration all exclusions and adjustments provided in this chapter. No deductions shall be allowed for:

- (a) Net operating losses and net capital losses sustained prior to the effective date of the tax.
- (b) The city income tax imposed by this chapter.

A corporation may deduct income, war profits an excess profits taxes, imposed by a foreign country or possession of the United States, allocable to income included in taxable net income, any part of which would be allowable as a deduction in determining Federal Taxable Income under the applicable provisions of the Federal Internal Revenue Code.

(2) Corporations are not permitted to file as so-called tax option corporations. Every corporation subject to the city tax must file a return and pay the tax, regardless of any option available to it under sections 1371-1377 of the Federal Internal Revenue Code. The taxable income or net operating loss of a corporation shall not be prorated to the shareholders and reported on their individual returns.

(3) In determining taxable net profits of a corporation no deduction shall be allowed for:

- a. Net operating losses and net capital losses sustained prior to the effective date of the city income tax, which date was January 1, 1984.
- b. The city income tax imposed by this chapter.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-15. Excise tax on incomes; unincorporated business, profession; sole proprietorship, partnership.**

(1) An unincorporated business, profession or other activity conducted by one or more persons subject to the tax as either a sole proprietorship

or partnership shall not be taxable as such. The persons carrying on the unincorporated business, profession or other activity are liable for income tax only in their separate and individual capacities and on the following basis:

- (a) A resident proprietor or partner is taxable upon his entire distributive share of the net profits of the activity regardless of where the activity is conducted.
- (b) A nonresident proprietor or partner is taxable only upon his distributive share of the portion of the net profits of the activity which is attributable to the city under the allocation methods provided in this chapter.
- (c) In the hands of a proprietor or partner of an unincorporated activity, the character of any item of income taxable under this chapter is determined as if such item were realized by the individual proprietor or partner directly from the source from which it is realized by the unincorporated activity. In computing his taxable income for a taxable year, a person who is required to file a return shall include therein his taxable distributive share of the net profits for any partnership year ending within or with his taxable year.

(2) A nonresident owner or an unincorporated business or profession must include in income subject to tax his distributive share of interest, dividends, and other income from intangibles if such income is directly related to the nature of the business (as, for example, where one of the functions of the business is to lend money at interest).

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-16. Unincorporated business, profession, or activity; return.**

An unincorporated business, profession or other activity owned by two or more persons shall file an annual information return setting forth:

- (a) The entire net profit for the period covered by the return and the taxable portion of the net profit attributable to the city.

- (b) The names and addresses of the owners of the unincorporated activity and each owner's taxable distributive share of the total net profit and each nonresident owner's share of the taxable net profit attributable to the city.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-17. Unincorporated business, profession, or activity; election to pay tax.**

(1) At the election of an unincorporated business, profession or other activity, the entity, on behalf of the owners, may compute and pay the tax due with respect to each owner's share of the net profit of the activity after giving effect to exemptions to which each owner is entitled. This election is available to all unincorporated business entities having two or more owners regardless of the residence of the owners. The tax thus paid by the entity shall constitute all tax due with respect to each owner's distributive share of the net profits of the unincorporated business, profession or other activity.

If the unincorporated business, profession or other activity elects under this section to file a return and pay the tax on behalf of its owners, the election and filing are deemed to meet the requirements of this chapter for the filing of a return for each owner who has no other income subject to the tax. However, a return is required from any such owner having taxable income other than his distributive share of the net profits of the entity. In such case the entire income subject to the tax shall be included in the return and credit taken thereon for the tax paid in his behalf by the unincorporated activity.

(2) If the unincorporated business, profession or other activity elects to pay the tax on behalf of its owners then such unincorporated business, profession or other activity assumes the status of a taxpayer under sections 3-62, 3-63, and 3-64 of the chapter and is required to file a declaration of estimated tax and pay the estimated tax shown thereon.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-18. Partial business activity in city; apportionment of net profit.**

(1) When the entire net profit of a business subject to the tax is not derived from business activities exclusively within the city, the portion of the entire net profit, earned as a result of work done, services rendered or other business activity conducted in the city, shall be determined at the election of the taxpayer under either section 3-19, sections 3-20 to 3-24, or section 3-25.

(2) The fact that a person fills orders by shipment to an out-of-city destination, when such person has no regularly maintained and established out-of-city location and engages in no out-of-city business activity, does not entitle such person to apportion part of his net profit as being earned as a result of work done, services rendered or other business activity conducted out of the city.

(3) The mere solicitation of orders by telephone or catalogs or other mailed matter, from a location within the city for shipment to an out-of-city destination, does not itself constitute out-of-city activity. The solicitation of orders for or on behalf of a person by an independent contractor does not constitute business activity by the person.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-19. Partial business activity in city; separate accounting method.**

(1) The taxpayer may petition for and the administrator may grant approval of, or the administrator may require the separate accounting method. If such method is petitioned for, the administrator may require a statement explaining the manner in which apportionment will be made, in sufficient detail to determine whether the net profits attributable to the city will be apportioned with reasonable accuracy.

(2) Approval to use the separate accounting method must be requested of the administrator, in writing, within the first 90 days following the beginning of the taxable year or period for which its use is requested.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-20. Partial business activity in city; business allocation percentage method.**

The business allocation percentage method shall be used if such taxpayer is not granted approval to use the separate accounting method of allocation. The entire net profits of such taxpayer earned as a result of work done, services rendered or other business activity conducted in the city shall be ascertained by determining the total in-city percentages of property, payroll and sales. In-city percentages of property, payrolls and sales, separately computed, shall be determined in accordance with sections 3-21 to 3-24.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-21. Partial business activity in city; percentage of average net book value; gross rental value of real property.**

First, the taxpayer shall ascertain the percentage which the average net book value, of the tangible personal property owned and the real property, including leasehold improvements, owned or used by it in the business situated within the city during the taxable period, is of the average net book value if all such property, including leasehold improvements, owned or used by the taxpayer in the business during the same period wherever situated. Real property shall include real property rented or leased by the taxpayer and the value of such property shall be deemed to be eight times the annual gross rental thereon. Gross rental of real property means the actual sum of money or other consideration payable, directly or indirectly, by the taxpayer for the use or possession of real property and includes but is not limited to:

- (a) An amount payable for the use or possession of real property or any part thereof, whether designated as a fixed sum of money or as a percentage of sales, profits or otherwise.
- (b) An amount payable as additional rent or in lieu of rent such as interest, taxes,

insurance, repairs or other amount required to be paid by the terms of a lease or other arrangement.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-22. Partial business activity in city; percentage of compensation paid employees.**

Second, the taxpayer shall ascertain the percentage which the total compensation paid to employees for work done or services performed within the city is of the total compensation paid to all the taxpayer's employees within and without the city during the period covered by the return. For allocation purposes, compensation shall be computed on the cash or accrual basis in accordance with the method used in computing the entire net income of the taxpayer.

If an employer performs services within and without the city, the following examples are not all inclusive but may serve as a guide for determining the amount to be treated as compensation for services performed within the city.

- (a) In the case of an employee compensated on a time basis, the proportion of the total amount received by him which is his working time within the city is of his total working time.
- (b) In the case of an employee compensated directly on the volume of business secured by him, such as a salesman on a commission basis, the amount received by him for business attributable to his efforts in the city.
- (c) In the case of an employee compensated on other results achieved, the proportion of the total compensation received which the value of his services within the city bears to the value of all his services.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-23. Partial business activity in city; percentage of gross revenue.**

Third, the taxpayer shall ascertain the percentage which the gross revenue of the taxpayer derived from sales made and services rendered

in the city is of the total gross revenue from sales and services wherever made or rendered during the period covered by the return.

- (1) For the purposes of this section, sales made in the city means all sales where the goods, merchandise or property is received in the city by the purchaser, or a person or firm designated by him. In the case of delivery of goods in the city to a common or private carrier or by other means of transportation, the place at which the delivery has been completed is considered as the place at which the goods are received by the purchaser.

The following examples are not all inclusive but may serve as a guide for determining sales made in the city:

- (a) Sales to a customer in the city with shipments to a destination within the city from a location in the city or an out-of-city location are considered sales made in the city.
- (b) Sales to a customer in the city with shipments to a destination within the city directly from the taxpayer's in-city supplier or out-of-city supplier are considered sales made in the city.
- (c) Sales to a customer in the city with shipments directly to the customer at his regularly maintained and established out-of-city location are considered out-of-city sales.
- (d) Sales to an out-of-city customer with shipments or deliveries to the customer's location within the city are considered sales made in the city.
- (e) Sales to an out-of-city customer with shipments to an out-of-city destination are considered out-of-city sales.

- (2) In the case of public utilities, or businesses furnishing transportation, services, gross revenue for the purposes of this section may be measured by such means as operating revenues, vehicle miles, revenue miles, passenger miles, ton miles,

tonnage or such other method as shall reasonably measure the proportion of gross revenue obtained in the city by such business.

- (3) In the case the business of the taxpayer involves substantial business activities other than sales of goods and services such other method or methods of allocation shall be employed as shall reasonably measure the proportion of gross revenue obtained in the city by such business.

In determining sales made in the city the fact that title may pass to the purchaser on delivery to a common or private carrier or other means of transportation is immaterial. The place at which the goods are ultimately received after all transportation has been completed, shall be considered as the place at which goods are received by the purchaser.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-24. Partial business activity in city; business allocation percentage.**

Fourth, the taxpayer shall add the percentages determined in accordance with sections 3-21, 3-22 and 3-23 and divide the total by three and the result so obtained is the business allocation percentage. In determining this percentage, a factor shall be excluded from the computation only when the factor does not exist anywhere insofar as the taxpayer's business operation is concerned and, in such case, the total of the percentages shall be divided by the number of factors actually used. The business allocation percentage shall be applied to the entire net profits, wherever derived, of the taxpayer subject to the tax to determine the net profits allocable to the city.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-25. Partial business activity in city; substitute methods.**

An alternative method of accounting shall be used if the taxpayer or the administrator demonstrates that the net profits of the taxpayer allocable to the city cannot be justly and equitably determined under the separate accounting method

or the business allocation percentage method, or if undue expense to the taxpayer would result from complying therewith because of the taxpayer's manner of operations and methods of accounting. In such case the administrator, upon application of the taxpayer or upon his own initiative, may approve or specify factors or methods of determination as will effect a just, non-discriminatory and reasonable result. Application to the administrator to substitute other factors in the formula or to use a different method to allocate net profits shall be made in writing and state the specific grounds on which the substitution of factors or use of a different method is requested and the relief sought. No specific form need be followed in making the application. Once a taxpayer has filed under a substitute method, he shall continue so to file until given permission by the administrator to change.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-26. Capital gains and losses; determination.**

(1) Capital gains and capital losses, other than gains and losses on securities issued by the government of the United States, shall be included in income only to the extent of that portion of the gains or losses which occur after the effective date of this chapter. In determining the amount of gain or loss, the taxpayer may use net proceeds from the sale or exchange less fair market value as of the effective date of this chapter. The fair market value of property shall be determined by an appraisal or similar reliable evidence. The fair market value of a security shall be the last quoted price on the last business day prior to the effective date. For a security trader over the counter the last quoted price shall be the last bid price on the last business day prior to the effective date. The taxpayer may determine the gain or loss on a transaction in the same manner as for federal income tax purposes taking into account only that portion thereof which occurs after the effective date. The portion of that gain or loss includible in computing taxable income will be the same proportion of the total gain or loss as the period of time the property was held after the effective date of the chapter bears to

the total time the property was held. In any city adopting this chapter which had a valid local income tax chapter in effect on January 1, 1964, capital gains and losses shall be included to the extent of that portion of such gains or losses which occur after the effective date of the original city income tax ordinance.

(2) If capital losses exceed capital gains in a taxable year, the unused portion may be utilized to the same extent and on the same basis as under the federal revenue code.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-27. Estates or trusts, deemed nonresidents; definitions.**

An estate or trust is not subject to tax under this chapter, except that it shall be treated as a non-resident individual for purposes of section 3-11 of this chapter to the extent income of the estate or trust described in section 3-13 is not includible in the return of a resident individual as income from estates and trusts. A resident individual shall include income from estates and trusts in his income subject to tax under this chapter without regard to the situs of the estate or trust. For this purpose, an estate means the estate of a deceased person during the period of administration or settlement and a trust means an inter vivos or testamentary trust created by an individual for the benefit of 1 or more persons.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-28. Income from estates and trusts.**

(1) Income from estates and income as defined in section 643 (b) of the Federal Internal Revenue Code, properly paid, credited or distributed but not in excess of the resident individual's share of the distributable net income of the estate decreased by the amount of depreciation or depletion allowed the resident individual as a deduction under section 642 of the Federal Internal Revenue Code. The exceptions hereinafter set forth with respect to trusts are also applicable to income from estates. Income from trusts means the amount of income as defined in section 643 (b) of the Federal Internal Revenue Code, distributed or required to be distributed under sections 652 9a) or 662 (a) (1)

of the Federal Internal Revenue Code, decreased by the amount of depreciation or depletion allowed the resident individual as a deduction by section 642 of the Federal Internal Revenue Code, with the following exceptions:

- (a) Dividends on stock of state and national banks and trust companies.
- (b) Interest from obligations of the United States, the states or subordinate units of government of the states.

(2) Income received by a resident individual from a fiduciary shall retain the character it held in the hands of the fiduciary. With respect to trusts where the income is taxed to the grantor or some other person under subpart E of subchapter J of the Federal Internal Revenue Code, the grantor or other person shall include in his return all items of income and deductions allowed by this chapter.

(3) An individual shall include income from estates and trusts in his return in the same year as provided in the Federal Internal Revenue Code with respect to distributions of income from estates and trusts. The amount of income included in the return for the first tax year of a resident individual, with respect to estates and trusts, shall be computed as though the tax year of the estate or trust for federal income tax purposes began on the effective date of this chapter and ended with the end of the tax year of the estate or trust for federal income tax purposes which ends next following the effective date.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-31. Exemptions.**

(1) An individual taxpayer in computing his taxable income is allowed a deduction of \$1,000.00 for each personal and dependency exemption under the rules for determining exemptions and dependents as exemptions, but if the taxpayer and the spouse are both subject to the tax imposed by this chapter, the number of exemptions claimed by each of them when added together shall not exceed the total number of exemptions allowed under this chapter.

For a taxpayer, or the taxpayer's spouse, who is 65 years of age or older, who is blind, who is deaf, or who is disabled, four additional exemptions are allowed under this chapter. (Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-32. Payments and benefits not subject to tax.**

(1) The following payments and benefits received by any person are not subject to the tax:

- (a) Gifts and bequests.
- (b) Proceeds of insurance, annuities, pensions and retirement benefits. Amounts received for personal injuries, sickness or disability are excluded from taxable income only to the extent provided by the Federal Internal Revenue Code.
- (c) Welfare relief, unemployment benefits including supplemental unemployment benefits, and workmen's compensation or similar payments from whatever source derived.
- (d) Amounts received by charitable, religious, educational and other similar nonprofit organizations which are exempt from taxation under the Federal Internal Revenue Code.
- (e) Amounts received by supplemental unemployment benefit trusts or pension, profit sharing and stock bonus trusts qualified and exempt under the Federal Internal Revenue Code.
- (f) Interest from obligations of the United States, the states or subordinate units of government of the states and gains or losses on the sales of obligations of the United States.
- (g) Net profits of financial institutions and insurance companies.
- (h) Amounts paid to an employee as reimbursement for expenses necessarily and actually incurred by him in the actual performance of his services and deductible as such by the employer.
- (i) Compensation received for service in the armed forces of the United States.

(2) Service in the armed forces of the United States shall include service in the Army, Navy, Marine Corp., Air Force and Coast Guard. It shall not include employment as a civilian by the armed forces.

(3) Payments made by an employer to an employee with respect to periods during which the employee is serving in the armed forces are not to be considered compensation receive for services in the armed forces.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-33. Deductible expenses generally.**

Ordinary, necessary, reasonable and unreimbursed expenses paid or incurred by an individual in connection with the performance by him of services as an employee may be deducted from gross income in determining income subject to tax to the extent the expenses are applicable to income taxable under this chapter. The expenses are limited to the following:

- (a) Expenses of travel, meals and lodging while away from home.
- (b) Expenses as an outside salesman, away from his employer's place of business.
- (c) Expenses of transportation.
- (d) Expense under a reimbursement or other expense allowance arrangement with his employer, where the reimbursement or allowance has been included in total compensation reported.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-34. Deductible expenses; alimony, separate maintenance payments and principal sums payable in installments, moving expenses, and payment to retirement plan or account.**

The following expenses paid or incurred by an individual may be deducted from gross income in determining income subject to tax to the extent the expenses are applicable to income taxable under this chapter:

- (a) An individual may deduct alimony, separate maintenance payments and

principal sums payable in installments, to the extent includable in the spouse's adjusted gross income under the Federal Internal Revenue Code but only to the extent deductible by the individual under the Federal Internal Revenue Code. A nonresident individual may deduct only that proportion of his alimony, separate maintenance or principal sums payable in installments that his income taxable under this chapter bears to his total federal adjusted gross income.

- (b) An employee or self-employed individual may deduct moving expenses to the extent provided in section 217 of the Federal Internal Revenue Code.
- (c) A self-employed individual may deduct payments to a qualified retirement plan to the extent provided in section 404 of the Federal Internal Revenue Code.
- (d) An individual may deduct payments to an individual retirement account established pursuant to the Employee Retirement Income Security Act of 1974, 29 U.S.C. 1001 to 1381, to the extent provided in section 219 of the internal revenue code.

(Ord. No. 150A, eff. 10-12-2017)

**Secs. 3-35—3-40. Reserved.**

**Sec. 3-41. Annual return; joint return.**

(1) Every corporation doing business in the city and every other person having income taxable under this chapter in any year before the 1997 tax year or in any tax year after the 1996 tax year for which the city has not entered into an agreement with the Department of Treasury pursuant to section 9 of chapter 1, shall make and file with the city an annual return for that year, on a form furnished or approved by the city, on or before the last day of the fourth month for the same calendar year, fiscal year or other accounting period, as has been accepted by the Internal Revenue Service for Federal Income Tax purposes for the taxpayer. For tax years after the 1996 tax year and for which a city has entered into an agreement pursuant to section 9 of

chapter 1, the annual return required by this subsection shall be filed with the city of the department as provided by the agreement on or before the fifteenth day of the fourth month for the same calendar year, fiscal year, or other accounting period that has been accepted by the Internal Revenue Service for Federal Income Tax purposes for the taxpayer.

(2) A husband and wife may file a joint return and, in such case, the tax liability is joint and several.

(3) The fact that a taxpayer has paid his entire tax liability on a declaration of estimated tax does not relieve him from requirement of filing an annual return. (See section 3-64. (1) of this chapter.)

The fact that an individual not subject to withholding has an entire tax liability of \$1.00 or less does not relieve him from the requirement of filing an annual return.

(4) A husband and wife who both have income subject to tax and who elect to file separate returns may each take only those exemptions to which they would be entitled under the Federal Internal Revenue Code.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-42. Returns; contents.**

The annual return shall set forth:

- (a) The number of exemptions, place of residence, place of employment and other pertinent information as shall be reasonably be required.
- (b) The aggregate amount of compensation, dividends, interests, net profit from rentals, capital gains less capital losses, net profits from business and other income, subject to the tax.
- (c) The total amount of the tax imposed by this chapter.
- (d) The amount of the tax previously withheld or paid.
- (e) Credits provided in this chapter.
- (f) The balance of the tax due or to be refunded.

In filing his annual return an individual shall support his claim for the amount of tax previously withheld by attaching thereto a copy of the information return, Form W-2 or PW-2, required to be furnished him by his employer in section 3-61.(2) of this chapter.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-43. Payment of tax; refund; interest; allocation of payment; notice; non-obligated spouse; form; filing; release of liability; definitions.**

(1) Any balance of the tax which is due the city at the time of filing the annual return shall be paid therewith unless the balance is less than \$1.00, in which event payment is not required.

(2) If the annual return reflects an overpayment of the tax, the declaration thereof on the return constitutes a claim for refund and the overpayment shall be applied against any subsequent liability thereunder or, at the election of the taxpayer and when so indicated on the return, the overpayment shall be refunded but refunds for amounts of less than \$1.00 shall not be paid.

(3) If a valid claim for a refund of taxes, except a refund under section 3-61, due for the taxable year 1992 or a taxable year after 1992 is filed, interest at the rate established in section 30(3) of Act No. 122 of the Public Acts of 1941, being section 205.30 of the Michigan Compiled Laws shall be added to the refund beginning 45 days after the claim is filed or 45 days after the date established under this chapter for the filing of the return, whichever is later. For tax years after the 1996 tax year and for which a city has entered into an agreement pursuant to section 9 of chapter 1, a claim for refund shall be paid from money in the city income tax trust fund.

(4) For tax years after the 1995 tax year and for which a city has entered into an agreement pursuant to section 9 of chapter 1, if a taxpayer pays, when filing his or her annual return, an amount less than the sum of the declared tax liability under this act, and the declared tax liability under the income tax act of 1967, Act No. 281 of the Public Acts of 1967, being sections 206.1 to 206.532 of the Michigan Compiled Laws,

and there is no indication of the allocation of payment between the tax liabilities against which the payment should be applied, the amount paid shall first be applied against the taxpayer's tax liability under this act and any remaining amount of payment shall be applied to the taxpayer's tax liability under Act No. 281 of the Public Acts of 1967. The taxpayer's designation of a payee on a payment is not dispositive determination of the allocation of that payment under this subsection.

(5) If the claim for refund is reflected on a joint return, the administrator shall allocate to each joint taxpayer his or her share of the refund. The amount allocated to each taxpayer shall be applied to his or her respective liabilities under this chapter.

(6) If the administrator or department determines that all or a portion of a refund claimed on a joint tax return is subject to application to a liability of an obligated spouse, the administrator or the department shall notify the joint taxpayers by first class mail sent to the address shown on the joint return. The notice shall be accompanied by a nonobligated spouse allocation form. The notice shall state all of the following:

- (a) That all or a portion of the refund claimed by the joint taxpayers is subject to interception to satisfy a liability or liabilities of 1 or both spouses.
- (b) The nature of the liability and the name of the obligated spouse or spouses.
- (c) That a nonobligated spouse may claim his or her share of the refund by filing a nonobligated spouse allocation form with the city or the department not more than 30 days after the date of the notice was mailed.
- (d) A statement of the penalties.

(7) A nonobligated spouse who wished to claim his or her share of a tax refund shall file with the city of the department a nonobligated spouse allocation form. The nonobligated spouse allocation form shall be in a form specified by the administrator or the department and shall require the spouses to state the amount of income or other tax base and all adjustments to the income

or the tax base, including subtractions, additions, deductions, credits, and exemptions, state on the joint tax return that is the basis for the claimed refund, and an allocation of those amounts between the obligated and nonobligated spouse. In allocating these amounts, all of the following apply:

- (a) Individual income shall be allocated to the spouse who earned the income. Joint income shall be allocated equally between the spouses.
- (b) Each spouse shall be allocated the personal exemptions he or she would be entitled to claim if separate federal returns had been filed, except that the dependency exemptions shall be prorated according to the relative income of the spouses.
- (c) Adjustments resulting from a business shall be allocated to the spouse who claimed income from the business.
- (d) Ownership of other assets relevant to the allocation shall be disclosed upon request of the administrator or the department.

(8) A nonobligated spouse allocation form shall be signed by both joint taxpayers. However, the form may be submitted without the signature of the obligated spouse if his or her signature cannot be obtained. The nonobligated spouse shall certify that he or she has made a good faith effort to obtain the signature of the obligated spouse and shall state the reason that the signature was not obtained.

(9) A person who knowingly makes a false statement on a nonobligated spouse allocation form is subject to a penalty of \$25.00 or 25 percent of the excessive claim for his or her share of the refund, whichever is greater, and other penalties as provided in this chapter.

(10) A nonobligated spouse to whom the administrator or the department has sent a notice under subsection (6), who fails to file a nonobligated spouse allocation form within 30 days after the date the notice was mailed, shall be barred from commencing any action against the city or the department to recover an amount withheld to satisfy a liability of the obligated spouse to which a joint tax refund is applied

under this section. The payment by the city of the department of any amount applied to a liability of a taxpayer under this section shall release the department or the city and administrator from all liability to the obligated spouse, the nonobligated spouse, and any other person having or claiming any interest in the amount paid. A payment by the department of treasury under this subsection shall be made from the city income tax trust fund created in section 5 of chapter 1.

(11) As used in this section:

- (a) Nonobligated spouse means a person who has filed a joint city income tax return and who is not liable for an obligation of his or her spouse described in the chapter.
  - (b) Obligated spouse means a person who has filed a joint city income tax return and who is liable for an obligation described in this chapter for which his or her spouse is not liable.
- (Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-44. Federal income tax return; eliminations.**

Where total income, total deductions, net profits, or other figures are derived from the taxpayer's federal income tax return, any item of income not subject to the city income tax and unallowable deductions shall be eliminated in determining net income subject to the city tax. The fact that a taxpayer is not required to file a federal income tax return does not relieve him from filing a city tax return.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-45. Net profits; consolidated returns.**

For the purpose of determining net profit allocable to the city under this chapter, a corporate taxpayer may elect to file a consolidated return including subsidiaries whose voting stock is more than 50 percent owned by the taxpayer, if such return will more properly reflect the net profits and activities of the taxpayer in the city. The city may require a consolidated return if necessary to properly determine net profits of the taxpayer allocable to the city.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-46. Amended return; change of method of accounting.**

An amended return shall be filed, on a form obtainable from the city, where necessary to report additional income and pay an additional tax due, or to claim a refund of tax overpaid, subject to the requirements or limitations contained in this chapter. Within 90 days from final determination of a federal tax liability which also affects the computation of a taxpayer's city income tax liability, the taxpayer shall prepare and file an amended city income tax return showing income subject to the city tax based upon the final determination of federal income tax liability, and pay an additional tax shown due thereon or make claim for refund of an overpayment. A taxpayer may not change the method of accounting or apportionment of net profits after the due date for filing the original return, or any extensions thereof.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-51. Withholding of tax by employer; employer as trustee; failure or refusal to deduct and withhold tax; liability; discharge.**

(1) An employer doing business or maintaining an establishment within the city shall withhold from each payment to his employees on and after the effective date of this chapter the tax on their compensation subject to the tax, after giving effect to exemptions, as follows:

- (a) *Residents.*
  - (i) At a rate equal to one percent of all compensation paid to the employee who is a resident of the city, if he is not subject to withholding in any other city levying the tax.
  - (ii) At a rate equal to ½ of one percent of all compensation paid the employee who is a resident of the city from who the employer is required to withhold on such compensation earned in another city.
- (b) *Nonresidents.* At a rate equal to ½ of one percent of the compensation paid to the employee for work done or services

performed in the city designated by the employee as his predominant place of employment. The withholding rate shall be applied to the percentage of the employee's total compensation equal to the employee's estimated percentage of work to be done or services to be performed in the city for such employer, but no withholding shall be required if the estimated percentage of work is less than 25 percent.

(2) An employer withholding the tax is deemed to hold such tax as a trustee for the city.

(3) An employer who is required to withhold and who fails or refuses to deduct and withhold is liable for the payment of the amount required to be withheld. The liability shall be discharged upon payment of the tax by the employee but the employer is not relieved of penalties and interest provided in this chapter for such failure or refusal.

(4) In determining whether the tax shall be withheld from musicians, entertainers, athletes and other such individuals the definition of employee in section 3-6(1) of the chapter shall be controlling. (Employee means a person from who an employer is required to withhold for either Federal Income or Federal Social Security taxes.)

(5) An employer, whether or not an individual, and whether or not a resident of the city, who maintains a business establishment or business establishments in the city and a business establishment or business establishments outside the city must withhold the tax from all Portland residents working at such employer's out-of-city establishment or establishments.

(6) Compensation subject to withholding shall include wage and salary advances, and advances on commission.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-52. Tax withheld; payments or persons excepted.**

(1) Employers shall not withhold any tax from the following payments:

- (a) Compensation paid to domestic help.

- (b) Compensation paid to a person who is not an employee, including an independent contractor.
- (c) An amount allowed and paid to an employee as reimbursement for expenses necessarily and actually incurred by him in the actual performance of his services, and deductible by the employer.
- (d) A qualified taxpayer. Qualified taxpayer means that term as defined in section 3-35(12)(c)(i).

(2) An employer who directly makes wage continuation payments for personal injuries, sickness or disability may elect to withhold or not withhold the tax on the exempt portion of such payments. In either case the amount of exempt income shall be included in the total amount of compensation reported on the annual information return required of all employers under Section 3-61(2) of this chapter, either as part of total wages paid or as a separate figure. (Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-53. Tax withheld; payment by employee or employer.**

If the tax is not withheld, an employee is not excused from filing a return and paying the tax on his compensation. If the tax is withheld but an employer fails to pay the tax to the city, the employee is not liable for the tax so withheld. (Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-54. Tax withheld; exemptions claimed; percentage of work done at predominant place of employment.**

(1) An employee with compensation subject to tax shall file with his employer a form on which the employee shall state the number of exemptions claimed, the city of residence, the predominant place of employment, and the percentage of work done or services performed in the predominant place of employment. The percentage shall be expressed as less than 25 percent, 40 percent, 60 percent, 80 percent or 100 percent. The employer shall retain the form and rely on the information therein for withholding purposes unless directed by the city to

withhold on another basis. If information submitted by the employee is not believed to be true, correct and complete, the city shall so be advised. (Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-55. Tax withheld; revised form; time for filing.**

An employee shall file with his employer a revised form within ten days after his number of exemptions decrease or he changes his residence from or to a taxing city. The employee may file a revised form when his number of exemptions increases. An employee shall file a revised form by December 1st of each year, if his predominant place of employment or his estimate of the percentage of work done or services to be rendered in the city will change for the ensuing year. Revised withholding certificates shall not be given retroactive effect. (Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-56. Refusal by employee to furnish withholding certificate; withholding by employer.**

If an employee refuses to furnish a withholding certificate upon the request of his employer, the employer shall withhold one percent of the employee's total compensation, and report and pay the withholding on the basis of the best information in the possession of the employer. (Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-57. Tax withheld; withholding tables; first compensation taxable.**

(1) The city shall provide withholding tables establishing the amounts to be withheld for various tax rates, wage brackets, numbers of exemptions and pay periods. An employer who uses the tables fully discharges his duty to withhold. An employer may elect not to use the tables, in which case to discharge fully his duty to withhold he shall withhold the applicable percent of taxable compensation after provision for exemptions.

(2) The first compensation paid an employee on or after the effective date of the tax levy is subject to withholding on either of the following bases at the option of the employer:

- (a) On the full amount of compensation paid.

(b) On the proportion of compensation paid for work done or services performed on or after the effective date of the levy.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-58. Tax withheld; overwithheld tax, refund.**

If an employer withholds more than the apparent tax liability of an employee due to an increase in the number of exemptions claimed during the year, or due to the actual percentage of work performed in the city by a non-resident being less than the estimated percentage, or due to a change of residence during the year to or from a taxing city, or due to any reason other than the employer's error, the employer shall neither refund the excess to the employee nor offset the excess by under-withholding in a subsequent period. The employee shall claim his refund from the city on his annual return.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-59. Tax withheld; correction of error, refund.**

Correction of an over or an under-withholding as a result of an employer's error shall be made as follows:

- (a) If the error is discovered in the same quarter in which it is made, the employer shall make the necessary adjustment on a subsequent pay and include only the corrected amount on the quarterly return.
- (b) If the error is discovered in a subsequent quarter of the same calendar year, the employer shall make the necessary adjustment on a subsequent pay and report it as an adjustment on the quarterly return.
- (c) If the error is discovered in the following calendar year, or if the employer-employee relationship has terminated, the procedure shall be as follows:
  - (i) The employee or former employee shall apply to the city for a refund in case of an over-withholding. Upon proper verification the city shall refund to him the amount of the over-withholding.

(ii) If a deficiency is discovered, the employer shall notify the city and the employee or former employee, who shall pay the city the additional tax due in his annual return.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-60. Tax withheld; payment by employer; return; electronic funds transfer.**

(1) Except as provided in subsection (2) An employer shall file a return, furnished by or obtainable on request from the city, and pay to the city the full amount of the tax withheld on or before the last day of the month following the closed of each calendar quarter except that if during any calendar month other than the last month of a calendar quarter the amount exceeds \$100.00, the employer shall deposit the amount withheld with the city treasurer before the end of the next calendar month.

(2) For tax years after the 1996 tax year and for which a city has entered into an agreement pursuant to section 9 of chapter 1, and employer shall file a return and pay the tax withheld for each calendar month on or before the 15th day of the month following the close of each calendar month to the department by means of an electronic funds transfer method approved by the state commissioner of revenue.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-61. Tax withheld; employer's reconciliation of quarterly returns; deficiency; refund; information return; cessation of business.**

(1) An employer shall file a reconciliation of his quarterly returns on or before the last day of February following each calendar year in which he has withheld from an employee's compensation. A deficiency is due when the reconciliation is filed. If the employer made monthly or quarterly or both payments in excess of the amount withheld from an employee's compensation, the city upon proper verification shall refund the excess to the employer.

(2) In addition to the reconciliation the employer shall file an information return for each employee from whom the city income tax has been withheld and each employee subject to withholding under this chapter, setting forth his name, address and social security number, the total amount of compensation paid him during the year, and the amount of city income tax withheld from him. The information return shall be on a copy of the federal W-2 form or on a form furnished or approved by the city. A copy of the information return shall be furnished to the employee.

(3) If an employer goes out of business or otherwise ceases to be an employer, reconciliation form and the information return forms shall be filed by the date the final withholding return and payment are due.

(4) For tax years after the 1996 tax year and for which a city has entered into an agreement pursuant to section 9 of chapter 1, if an employer goes out of business or otherwise ceases to be an employer reconciliation forms and the information return forms shall be filed with the department within 30 days after the employer goes out of business or ceases to be an employer.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-62. Declaration of estimated tax; filing; form; time; exceptions.**

(1) A person, who anticipates taxable income from which the city income tax will not be withheld, shall file a declaration of estimated tax on a form furnished by or obtainable on request from the city. A calendar year taxpayer shall file a declaration on or before each April 30<sup>th</sup> or for tax years after the 1996 tax year and for which a city has entered into an agreement with the department of treasury pursuant to section 9 of chapter 1, on or before each April 15. A taxpayer on a fiscal year basis or other accounting period shall file a declaration within four months after the beginning of each fiscal year or other accounting period.

(2) If a taxpayer has not previously been required to file, the declaration shall be filed on or before the first date for making a quarterly payment which occurs after he becomes subject

to the requirement to file a declaration. A taxpayer shall file a declaration for the same calendar year, fiscal year or other accounting period that has been accepted by the federal internal revenue service for federal income tax purposes. A declaration by an individual or unincorporated entity is not required if the total estimated tax, less any credits applicable thereto, does not exceed \$100.00. A declaration by a corporation is not required if the total estimated tax, less any credits applicable thereto does not exceed \$250.00. A declaration by or on behalf of an estate or trust is not required.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-63. Declaration of estimated tax not withheld; computation; payment; installments.**

(1) A taxpayer's annual return for the preceding year may be used as the basis for computing his declaration of estimated tax for the current year, or he may use the same figures used for estimating his federal income tax adjusted to exclude any income or deductions not taxable or permissible under this chapter.

(2) The estimated tax may be paid in full with the declaration or in four equal installments on or before the last day of the fourth, sixth, ninth and thirteenth months after the beginning of the taxable year.

(3) An amended declaration may be filed when making a quarterly payment, and the unpaid balance shown due thereon shall be paid in equal installments over the remaining payment dates.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-64. Annual return; filing; extension of time; failure to file; penalty.**

(1) The filing of a declaration of estimated tax does not excuse the taxpayer from filing an annual return even though there is no change in the declared tax liability. An annual return shall be filed by the end of the fourth month or for tax years after the 1996 tax year and for which a city has entered into an agreement pursuant to section 9 of chapter 1, filed with the department on or before the 15th day of the fourth month of the year following that for which the declaration

was filed. Upon written request of a taxpayer the administrator may extend the time for filing the annual return for not to exceed six months. The administrator or the department may require a tentative return and payment of the estimated tax.

(2) A penalty or interest shall not be assessed if the return is filed and the final tax paid within the extended time and all other filing and payment requirements of this chapter are satisfied, and the estimated tax paid equals 70 percent or more of the tax shown due on the final return or 70 percent or more of the tax shown due on the taxpayer's return for the preceding taxable year.

(3) A written request for extension of time for filing an annual return must be made by the date such annual return was first due under this chapter. Provided, however, that where the Federal Internal Revenue Code grants an automatic extension to person outside the United States the administrator shall grant a like automatic extension to the same date.

(4) Nothing in this chapter or rules and regulations shall be construed to give the administrator authority to extend the time for making quarterly returns and payments of tax withheld, or for filing and making payments on declaration of estimated tax.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-64a. Sale of business or stock of goods or quitting business; liability for tax; escrow by purchaser; release to purchaser of known tax liability; failure to comply with escrow requirements; liability of corporation officers.**

(1) If a person liable for the tax imposed under this chapter sells a business or the stock of goods of a business or quits a business, the person shall make a final return to the city or the department within 15 days after the date the business or stock of goods is sold or the person quits the business. The purchaser or succeeding purchasers, if any, who purchase a going or closed business or stock of goods of a going or closed business shall escrow sufficient money to cover the amount of taxes, interest, and penal-

ties that may be due and unpaid until the former owner produces a receipt from the administrator that shows that the taxes due have been paid, or a certificate that states that taxes are not due. If the owner provides a written waiver of confidentiality, the administrator may release to a purchaser a business's known tax liability for the purposes of establishing an escrow account for the payment of taxes. If the purchaser of succeeding purchasers of a business or stock of goods of a business fail to comply with the escrow requirements of this subsection, the purchaser is personally liable for the payment of the taxes, interest, and penalties accrued and unpaid by the business of the former owner. The purchaser's or succeeding purchaser's personal liability is limited to the fair market value of the business less the amount of any proceeds applied to balances due on secured interests that are superior to any lien provided for in this chapter.

(2) If a corporation that is liable for the tax imposed under this chapter fails for any reason to file the required returns or to pay the tax due, any officers of the corporation that have control or supervision of, or who are charged with the responsibility for, making the returns or payments are personally liable for the failure to file or pay. The signature of any corporate officer on a return or negotiable instrument submitted in payment of a tax is prima facie evidence of the officer's responsibility for making the returns and payments. The dissolution of a corporation does not discharge an officer's liability for a prior failure of the corporation to make a return or remit a tax due. The sum due for a liability may be assessed and collected under this chapter.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-65. Credit for city income tax paid another city.**

An individual who is a resident of the city and received net profits from a business, profession or rental of real or tangible personal property, gains from the sale or exchange of real or tangible personal property, or salaries, wages, commissions or other compensation for work done or services performed or rendered, in each case outside the city, and is subject to and has paid an income tax on this income to another

municipality, shall be allowed a credit against the city income tax for the amount paid to the other municipality. The credit shall not exceed the amount of taxed which would be assessed under this chapter on the same amount of income of a non-resident.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-66. Fractional part of a cent or dollar.**

In withholding or in paying the tax due under this chapter, a fractional part of a cent shall be disregarded unless it amounts to  $\frac{1}{2}$  cent or more, in which case it shall be increased to one cent. For tax years after the 1996 tax year in paying the tax due under this chapter if any amount other than a whole dollar amount is used the administrator, or department shall disregard the fractional part of the dollar unless the fractional part amounts to  $\frac{1}{2}$  dollar or more, in which case the amount shall be increased to \$1.00.

(Ord. No. 150A, eff. 10-12-2017)

**Secs. 3-67—3-70. Reserved.**

**Sec. 3-71. Rules and regulations; adoption; enforcement; forms; collection of tax.**

(1) The administrator may adopt, amend and repeal rules and regulations relating to the administration and enforcement of this chapter, but not in conflict with the chapter, subject to the approval of the city governing body. The rules and regulations, amendments and repeals, after approval by the city governing body, shall become effective upon being published in the official newspaper of the city.

(2) The administrator shall enforce this chapter and the rules and regulations. The administrator shall prepare, adopt and make available to taxpayers, employers and other persons all forms necessary for compliance with this chapter.

(3) For tax years before the 1997 tax year and for tax years after the 1996 tax year and for which a city has not entered into an agreement pursuant to section 9 of chapter 1, the city treasurer shall collect all taxes and payments due under this chapter and deposit them in a designated city depository. For years after the

1996 tax year and for which a city has entered into an agreement pursuant to section 9 of chapter 1, the department shall collect taxes and payments due under this chapter and deposit them in the city income tax trust fund established in section 5 of chapter 1.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-72. Special ruling; appeal to income tax board of review.**

A taxpayer or employer desiring a special ruling on a matter pertaining to this chapter or rules and regulations shall submit in writing to the administrator all the facts involved and the ruling sought. A taxpayer or employer aggrieved by a special ruling may appeal the special ruling in writing to the income tax board of review within 30 days.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-73. Examination of books and records; witnesses; additional provisions relating to dispute resolution; protest to notice of intent to assess tax.**

(1) If a taxpayer or employer fails or refuses to make a return or payment as required, in whole or in part or if the administrator or the department has reason to believe that a return made does not supply sufficient information for an accurate determination of the amount of tax due, the administrator or the department may obtain information on which to base an assessment of the tax. The administrator personally, or his duly authorized agent or a duly authorized city employee, may examine the books, papers and records of any person, employer, taxpayer or his agent or representative, for the purpose of verifying the accuracy and completeness of a return filed, or, if no return was filed, to ascertain the tax, withholding, penalties or interest due under this chapter.

(2) The administrator or his duly authorized agent may examine any person, under oath, concerning income which was or should have been reported for taxation under this chapter, and for this purpose may compel the production of books, papers and records and the attendance

of all parties before him, whether as parties or witnesses, if he believes such persons have knowledge of such income. In addition, for tax years after the 1996 tax year and for which a city has entered into an agreement with the department of treasury pursuant to section 9 of chapter 1, all of the following apply to implement this section:

(a) The department of treasury shall send to the taxpayer of employer a letter of inquiry stating, in a courteous and unthreatening manner, the department's opinion that the taxpayer of employer needs to furnish further information or owes taxes to the city, and the reason for that opinion. A letter of inquiry shall also explain the procedure by which the taxpayer or employer may initiate communication with the department to resolve any dispute. A letter of inquiry may be served on the taxpayer in any manner determined appropriate by the department of treasury. This subdivision does not apply in any manner determined appropriate by the department of treasury. This subdivision does not apply in any of the following circumstances:

- (i) The taxpayer or employer files a return that shows a tax due and fails to pay that tax.
- (ii) The deficiency resulted from an audit of the taxpayer's or employer's books and records by the city or the department.
- (iii) The taxpayer or employer otherwise affirmatively admits that a tax is due and owing.

(b) If the dispute is not resolved within 30 days after the department of treasury sends the taxpayer or employer a letter of inquiry or if a letter of inquiry is not required under subdivision (a), the department, after determining the amount of tax due from a taxpayer or employer, shall give notice to the taxpayer or

employer of the department of treasury's notice of intent to assess the tax. The notice shall include all of the following:

- (i) The amount of the tax the department of treasury claims the taxpayer of employer owes.
- (ii) The reason for the deficiency.
- (iii) A statement advising the taxpayer or employer of his or her right to file a protest and to a hearing with the department of treasury.

(2) A taxpayer or employer has 30 days after receipt of a notice of intent to assess within which to file a written protest with the department of treasury. If a written protest is received, the department of treasury shall give the taxpayer or employer or duly authorized representative of the taxpayer or employer an opportunity to be heard and present evidence and arguments in his or her behalf.

(3) If a protest to the notice of intent to assess the tax under subsection (2) is determined by the department of treasury to be a frivolous protest or a desire by the taxpayer of employer to delay or impede the administration of the tax under this chapter, a penalty of \$25.00 or 25 percent of the amount of tax under protest, whichever is greater, shall be added to the tax. (Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-74. Information confidential; divulgence, penalty, discharge from employment.**

(1) Information gained by the administrator, city treasurer or any other city official, agent or employee as a result of a return, investigation, hearing or verification required or authorized by this chapter is confidential, except for official purposes in connection with the administration of the chapter and except in accordance with a proper judicial order.

(2) Any person who divulges this confidential information, except for official purposes, is guilty of a misdemeanor and subject to a fine not exceeding \$500.00 or imprisonment for a period not exceeding 90 days, or both, for each offense.

In addition, an employee of the city who divulges this confidential information is subject to discharge for misconduct.  
(Ord. No. 150A, eff. 10-12-2017)

**Secs. 3-75—3-81. Reserved.**

**Sec. 3-82. Payment of tax; interest; adjusted prime rate defined; penalty for delay; waiver of penalty for reasonable cause.**

(1) All taxes imposed upon taxpayers and moneys withheld by employers under this chapter and remaining unpaid after they are due bear interest from such due date at the rate of  $\frac{1}{2}$  of one percent per month until paid.

For the 1994 taxable year and each subsequent taxable year before 1997, all taxes imposed on a taxpayer and money withheld by an employer under this chapter and remaining unpaid after taxes or money withheld are due bear interest from the due date at the current monthly rate of one percentage point above the adjusted prime rate per annum per month until the tax or the money is paid. For taxable years after the 1996 taxable year, if the amount of a tax paid is less than the amount that should have been paid or an excessive claim for credit has been made, the deficiency and interest on the deficiency at the current monthly interest rate of one percentage point above the adjusted prime rate per annum from the time the tax was due, and until paid, are due and payable after a final assessment as provided in section 3-85. A deficiency in an estimated payment required by this chapter shall be treated in the same manner as a tax due and is subject to the same current monthly interest rate of one percentage point above the adjusted prime rate per annum from the time the payment was due, until paid. The term adjusted prime rate means the average predominant rate quoted by not less than three commercial banks to large businesses, as determined by the department of treasury. For tax years before the 1997 tax year, the adjusted prime rate is to be based on the average prime rate charged by not less than three commercial banks during the 12 month period ending on September 30. One percentage point shall be

added to the adjusted prime rate, and the resulting sum shall be divided by 12 to establish the current monthly interest rate based on the 12 month period ending September 30 will become effective on January 1 of the following year. For tax years after the 1996 tax year, adjusted prime rate means that term as defined in and determined under section 23(2) of Act. No. 122 of the Public Acts of 1941, being section 205.23 of the Michigan Compiled Laws.

(2) A person failing to file a return, or to pay the tax, or to remit withholding when due, is liable, in addition to the interest, to a penalty of one percent of the amount of the unpaid tax for each month or fraction thereof, not to exceed a total penalty of 25 percent of the unpaid tax. The administrator may abate the penalty or a part thereof for just cause. If the total interest or interest and penalty to be assessed is less than \$2.00, the administrator, in lieu thereof, shall assess a penalty in the amount of \$2.00.

(3) Except as provided in subsection (4), if any part of the deficiency or an excessive claim for credit is due to negligence, but without intent to defraud, a penalty for \$10.00 or ten percent of the total amount of the deficiency in the tax, whichever is greater, plus interest as provided in subsection (1), shall be added. The penalty becomes due and payable after a final assessment is issued as provided in section 3-85. If a taxpayer subject to a penalty under this subsection demonstrates to the satisfaction of the administrator or the department that the deficiency or excess claim for credit was due to reasonable cause, the administrator or the department shall waive the penalty.

(4) If any part of the deficiency or an excessive claim for credit is due to intentional disregard of this chapter, but without intent to defraud, a penalty of \$25.00 or 25 percent of the total amount of the deficiency in the tax, whichever is greater, plus interest as provided in subsection (1), shall be added. The penalty becomes due and payable after a final assessment is issued as provided in section 3-85. If a penalty is imposed under this subsection and the taxpayer subject to the penalty successfully disputes the penalty,

the administrator or the department shall not impose a penalty prescribed by subsection (3) to the tax otherwise due.

(5) If any part of the deficiency or an excessive claim for credit is due to fraudulent intent to evade the tax imposed under this chapter, or to obtain a refund for a fraudulent claim, a penalty of 100 percent of the deficiency, plus interest as provided in subsection (1), shall be added. The penalty becomes due and payable after a final assessment is issued as provided in section 3-85. (Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-83. Additional tax assessment; when interest and penalty not imposed.**

(1) Interest or a penalty shall not be imposed on an additional tax assessment if, within 90 days from final determination of a federal tax liability which also affects the computation of the taxpayer's city income tax liability, the taxpayer prepares and files an amended city income tax return showing income subject to the city tax based upon the final determination of federal income tax liability, and pays the additional tax shown due thereon or makes claim for refund of an overpayment. Interest shall not be allowed on a refund of the city income tax resulting from a final determination of federal tax liability.

(2) Interest and a penalty shall not be imposed for underestimating the tax if the total amount of tax withheld and paid by declaration, equals at least 70 percent or more of the tax shown due on the final return or 70 percent or more of the tax shown on the taxpayer's return for the preceding taxable year.

(3) An employee shall not be penalized because of the failure of his employer to report or pay tax withheld from the employee when the employer has in fact withheld the proper amount of tax. (Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-84. Due and unpaid assessment; determination; procedure.**

(1) For tax years before 1997 tax year and for tax years after the 1996 tax year and for which a city has not entered into an agreement pursuant to section 9 of chapter 1, if the if the administra-

tor determines that a taxpayer or an employer subject to the provisions of this chapter has failed to pay the full amount of the tax due or tax withheld, he shall issue a proposed assessment showing the amount due and unpaid, together with interest and penalties that may have accrued thereon. The proposed assessment shall be served upon the taxpayer or employer in person, or by mailing by registered or certified mail to the last known address of the taxpayer or employer. Proof of mailing the proposed assessment is prima facie evidence of a receipt thereof by the addressee.

(2) A taxpayer or employer has 30 days after receipt of a proposed assessment within which to file a written protest with the administrator or 30 days after receipt of a notice of intent to assess from the department of treasury to file a written protest with the department of treasury, who shall then give the taxpayer or employer or his duly authorized representative an opportunity to be heard an present evidence and arguments in his behalf.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-85. Final assessment; protest.**

(1) After the hearing, as provided in section 3-84, the administrator or the department shall issue a final assessment setting forth the total amount found due in the proposed assessment or notice of intent to assess and any adjustment he or she may have made as a result of the protest. The final assessment shall be served in the same manner as a proposed assessment or notice of intent to assess. Proof of mailing of the final assessment is prima facie evidence of a receipt thereof by the addressee.

(2) If a protest under section 3-73(3) or 3-84(2) is not filed in respect to a proposed assessment or notice of intent to assess, a taxpayer or employer is deemed to have received a final assessment 30 days after receipt of the proposed. (Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-86. Failure to pay tax; demand; recovery; prosecution.**

If an employer or taxpayer files a return showing the amount of tax or withholding due

the city, but fails to pay the amount to the city treasurer, the administrator is not required to issue a proposed assessment, notice of intent to assess, or a final assessment. The administrator shall issue a 10-day demand for payment and if no payment or satisfactory evidence of payment is made in the ten days he may thereafter recover the tax with interest and penalties thereon in the name of the city in any court of competent jurisdiction as other debts are recoverable, or prosecute for violation of this chapter under section 3-99, or both.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-87. Jeopardy assessment; procedure.**

(1) If the administrator or the department believes that collection of the tax withheld from an employee's compensation as imposed under this chapter will be jeopardized by delay, the administrator, whether or not the time otherwise prescribed by the chapter for making the return and paying the tax has expired, shall immediately assess the tax and interest and additions provided by the chapter. The tax, interest and additions shall thereupon become immediately due and payable, and the administrator shall make an immediate notice and demand for payment, notwithstanding the fact that the withheld tax is not due under the chapter until the last day of the month following the end of the calendar quarter.

(2) If the administrator or the department finds that a person liable for the tax administered under this chapter intends quickly to depart from the city or to remove property from this city, to conceal the person or the person's property in the city, or to do any other act tending to render wholly or partly ineffectual proceedings to collect the tax unless proceedings are brought without delay, the administrator or the department of treasury shall give notice of the findings to the person, together with a demand for an immediate return and immediate payment of the tax. A warrant or warrant-notice of levy may issue immediately upon issuance of a jeopardy assessment. When the warrant or warrant-notice is issued, the tax shall become immediately due and payable. If the person is not in default in making a return or paying a tax prescribed by

this chapter, and furnishes evidence satisfactory to the administrator or the department that the return will be filed and the tax to which the finding relates will be paid, then the tax shall not be payable before the time otherwise fixed for payment.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-88. Statute of limitations; waiver; payment of tax.**

(1) Except in case of fraud, failure to file a return, failure to comply with the withholding provisions of this chapter, or omission of substantial portions of income subject to the tax, an additional assessment shall not be made after four years from the date the return was due, including extensions thereof, or the tax was paid, whichever is later. An omission of more than 25 percent of gross income is considered a substantial omission of income. Under this section a declaration of estimated tax is not considered a return.

(2) If the federal internal revenue service and a taxpayer execute a waiver of the federal statute of limitations, as to a taxable year, the expiration of the period within which an additional assessment may be made by the administrator or a claim for refund filed by the taxpayer for such taxable year for city income tax purposes shall be six months from the date of expiration of the waiver.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-89. Statute of limitations; refund.**

(1) Except as otherwise provided in this chapter, a tax erroneously paid shall not be refunded unless a claim for refund is made within four years from the date the payment made or the final return was due, including extensions thereof, whichever is later, unless the administrator and the taxpayer mutually agree to extend the time for assessment or refund. Under this section a declaration of estimated tax is not considered a return. Upon denial of a refund a taxpayer may follow the same procedure for appeal as provided in the case of a deficiency assessment.

(2) A tax deficiency as finally determined and interest and penalties thereon shall be paid within 30 days after receipt of a final assessment where no appeal is made.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-91. Income tax board of review; appointment of city residents; selection of officers; adoption, filing, inspection, and copies of rules of procedure; quorum; conflict of interests; record of transactions and proceedings; availability of record and other writings to public; conducting business at public hearing; notice of hearing.**

(1) The governing body of the city shall appoint an income tax board of review consisting of three residents of the city who are not city officials or employees.

(2) The board shall select its chairman, secretary and such other officers as it deems necessary and shall adopt rules governing the procedure for hearings before it and its other procedures. The rules shall be filed in the office of the city clerk and shall be available for inspection by any interested person, a copy of the rules shall be furnished on request to any interested person.

(3) A majority of the board members shall constitute a quorum for any action by or hearing before the board, or for any other purpose. A member of the board shall not act on a matter in which he has a financial interest other than the common public interest. A record shall be kept of all the board's transactions and proceedings. The record and any other writing prepared, owned, used, in the possession of, or retained by the board of review in the performance of an official function shall be made available to the public in compliance with Act No. 442 of the Public Acts of 1976.

(4) The business which the board may perform shall be conducted at a public hearing of the commission held in compliance with Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws. Public

notices of the time, date, and place of the hearing shall be given in manner required by Act No. 267 of the Public Acts of 1976.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-92. Income tax board of review; notice of appeal; transcript; hearing; confidential tax data; payment of deficiency or refund.**

(1) A taxpayer or employer may file a written notice of appeal with the secretary of the income tax board of review within 30 days after receipt of a final assessment, denial in whole or in part of a claim for refund, or special ruling of the administrator or department. Upon receipt of the notice of appeal, the board of review shall notify the administrator or the department, who shall forward within 15 days to the income tax board of review a certified transcript of all actions and findings taken by administrator relating to the matter under appeal. The appellant or his duly authorized representative may inspect the transcript.

(2) The board of review shall grant the appellant a hearing at which the appellant or his duly authorized representative and the administrator and his authorized agent have an opportunity to present evidence relating to the matter under appeal. After conclusion of the hearing the board acting by a majority of its three members shall affirm, reverse or modify the matter under appeal and furnish a copy of its decision to the appellant and to the administrator or the department.

(3) The provisions of this chapter as to the confidential character of tax data are applicable to proceedings pending before or submitted to the board.

(4) A tax deficiency or refund and any interest or penalties thereon shall be paid within 30 days after receipt of notice of determination by the board if no further appeal is made.  
(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-93. Appeal to state tax commissioner or tax tribunal; procedure.**

A taxpayer, employer or other person aggrieved by a rule or regulation adopted by the administra-

tor or by a determination of the board of review on a final assessment, denial in whole or in part of a claim for refund, or a special ruling, may file a timely appeal there from to the state commissioner of revenue in such form and manner as the commissioner shall prescribe. Within 35 days after a final order of the commissioner upon the appeal, the taxpayer shall pay the city the taxes, interest and penalty found due from the taxpayer to the city, and the city shall refund to the taxpayer any amount found to have been overpaid by the taxpayer.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-94. Appeal to court of appeals or supreme court; procedure.**

(1) If a taxpayer, employer, person or city or the department is aggrieved by a decision of the tax tribunal, the aggrieved party may take an appeal by right from a decision of the tax tribunal to the court of appeals. The appeal shall be taken on the record made before the tax tribunal. The taxpayer, employer, other person, city, or department may take further appeal to the Supreme Court in accordance with the court rules provided for appeals to the Supreme Court.

(2) An assessment is final, conclusive, and not subject to further challenge after 90 days after the issuance of the final assessment, decision, or order of the administrator or the department, and a person is not entitled to a refund of any tax, interest, or penalty paid pursuant to an assessment unless the aggrieved person has appealed the assessment in the manner provided by this chapter.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-95. Payment to taxpayer from city general fund or city income tax trust fund.**

If a taxpayer is found entitled by a decision on an appeal to recover any sum paid, and no further appeal has been taken within the time limited, the sum shall be paid from the general fund of the city.

(Ord. No. 150A, eff. 10-12-2017)

**Sec. 3-99. Violations; misdemeanor; penalties.**

Each of the following violations of this chapter is a misdemeanor and is punishable, in addition to the interest and penalties provided under the chapter, by a fine not exceeding \$500.00, or imprisonment for a period not exceeding 90 days or both:

- (a) Willful failure, neglect or refusal to file a return required by this chapter.
- (b) Willful failure, neglect or refusal to pay the tax, penalty or interest imposed by this chapter.
- (c) Willful failure of an employer to withhold or pay to the city a tax as required by the chapter.
- (d) Refusal to permit the city or an agent or employee appointed by the administrator in writing to examine the books, records and papers of a person subject to the chapter.
- (e) Knowingly filing an incomplete, false or fraudulent return.
- (f) Attempting to do or doing anything whatever in order to avoid full disclosure of the amount of income or to avoid the payment of any or all of the tax.

(Ord. No. 150A, eff. 10-12-2017)