

# Michigan Department of Treasury Nexus Questionnaire

Issued under authority of P.A. 228 of 1975.

Legal Name of Business (Type or Print)		Federal Employer Identification Number (FEIN) or TR Number	
D/B/A		Tax Year(s) Ending (MM/DD/YYYY)	
Street Address		State of Incorporation	State of Domicile
City, State, ZIP Code		Date Incorporated	Date Business Began (if different)
Organization Type (check one) a. <input type="checkbox"/> Individual c. <input type="checkbox"/> Professional Corporation e. <input type="checkbox"/> C-Corporation g. <input type="checkbox"/> Limited Liability Company i. <input type="checkbox"/> Other: _____		Federal Tax Return Type (check one) a. <input type="checkbox"/> US-1040, Schedule C c. <input type="checkbox"/> US-1120, Corporation e. <input type="checkbox"/> US-1065, Partnership f. <input type="checkbox"/> None; related entity files. Check Return Type of related entity above, and list FEIN: _____	
b. <input type="checkbox"/> Fiduciary d. <input type="checkbox"/> S-Corporation f. <input type="checkbox"/> Partnership h. <input type="checkbox"/> Limited Liability Partnership		b. <input type="checkbox"/> US-1041, Fiduciary d. <input type="checkbox"/> US-1120S, S-Corporation	

Did your company receive a Letter of Inquiry Concerning Michigan Business Taxes?  
 Yes, enter reference number: \_\_\_\_\_  No

Revenue Administrative Bulletins (RABs) 1998-1 and 1999-1 describe the jurisdictional standards for Michigan Single Business Tax and Use Tax, respectively. Nexus for Michigan Single Business Tax and Use Tax is established under the Due Process and Commerce Clauses of the U.S. Constitution. The RAB's can be accessed through the Michigan Department of Treasury's web site at [www.michigan.gov/treasury](http://www.michigan.gov/treasury). Question 7, and tables 1 and 2 on page 4 list types of business activities and properties which create nexus. Please refer to this information when completing the questionnaire.

1. Briefly describe your firm's business activity.

**"Business activity,"** as defined in MCL 208.3(2); MSA 7.558(3) " ... means a transfer of legal or equitable title to or rental of property, whether real, personal, or mixed, tangible or intangible, or the performance of services, or a combination thereof, made or engaged in, or caused to be made or engaged in, within this state, whether in intrastate, interstate, or foreign commerce, with the object of gain, benefit, or advantage, whether direct or indirect, to the taxpayer or to others, but shall not include the services rendered by an employee to his employer, services as a director of a corporation, or a casual transaction. Although an activity of a taxpayer may be incidental to another or other of his business activities, each activity shall be considered to be business engaged in within the meaning of this act."

2. Check all that apply to your business activity:

Sale of property. Indicate type below.

<input type="checkbox"/> Real	<input type="checkbox"/> Tangible	<input type="checkbox"/> Rental of property <small>(whether property is real, personal, tangible or intangible)</small>	<input type="checkbox"/> Insurance Company
<input type="checkbox"/> Personal	<input type="checkbox"/> Intangible	<input type="checkbox"/> Performance of services	<input type="checkbox"/> Financial Institution

2a. Describe below how your company sells its product(s) and/or service(s) in the State of Michigan.

3. Does your company or its employees - in their capacity as employees - own, rent, lease, maintain, or have the right to use tangible personal property, real property or an office or other establishment permanently or temporarily physically located in Michigan? (See Table 2 on page 4.)

Yes, enter year(s) \_\_\_\_\_  No

4. Do agents, representatives, independent contractors, brokers or others acting on your behalf do any of the following: own, lease, use or maintain an in-state office or other establishment which is *significantly* associated with your ability to establish or maintain a market in Michigan? (See Table 2 on page 4.) If Yes, identify the year(s).  
 Yes, enter year(s) \_\_\_\_\_  No

**"Representative"** means any individual or entity that conducts business activities in the taxing state on behalf of another. The term does not include employee. The term includes, without any limitation on the foregoing, agents, corporate or other business entities, related or unrelated to the other business, and independent contractors. The term also includes **sub-representatives**<sup>1</sup>. A representative may be a resident or nonresident of the taxing state.

5. How are goods delivered to Michigan purchasers?  
 Common Carrier  Vehicles owned, leased, used or maintained by your company  By a Related Party  
 Contract Carrier  By a Representative  
 Other: \_\_\_\_\_

**"Related Party"** means any individual or entity that qualifies or would qualify as (i) an affiliated group or a controlled group of corporations under section 1563 of the internal revenue code or (ii) an entity under common control under internal revenue code regulation 1.414(c)-2 provided that "50 percent" shall be substituted for "80 percent" in determining when an individual or entity is part of an affiliated group, a controlled group of corporations, or an entity under common control.

6. For Transportation Companies only:  
 Company picks up or drops off in Michigan, enter year(s) \_\_\_\_\_  Company only drives through Michigan, or doesn't enter Michigan.

7. Do your employees, agents, representatives, independent contractors, brokers or others (both Michigan residents and nonresidents) conduct business activity in Michigan on your behalf? If Yes, for each activity listed below enter the applicable tax year(s) and indicate the number of days activities were performed in Michigan during the 12-month taxable year. Attach additional sheets if necessary.  Yes  No

Last Four Completed Tax Year(s) (MM/DD/YY)	Number of Days During the 12-Month Taxable Year			Activity Conducted in Michigan
	0	1	2 or more	
Yr1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Physical contact within Michigan soliciting sales through employees, agents, representatives, independent contractors or others acting on your behalf.
Yr2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Make repairs or provide maintenance or service to property sold or to be sold to Michigan customers.
Yr2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Collect on current or delinquent accounts through assignment or otherwise. This does not include financial institutions or banks unless they make sales of tangible personal property.
Yr2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Install or supervise installation at or after shipment or delivery.
Yr2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Conduct training for employees, agents, representatives, independent contractors, brokers or others acting on your company's behalf.
Yr2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

*Continued on next page.*

<sup>1</sup> **"Sub-representative"** means a party to whom a representative delegates authority. An under-representative; a substituted representative; a representative appointed by one who is a representative. A person appointed by a representative to perform some duty, or the whole of the business, relating to their representation. A person employed by a representative to assist in transacting the affairs of their principal. But a mere servant of a representative is not a "sub-representative." A sub-representative is a person appointed by a representative empowered to do so, to perform functions undertaken by the representative for the principal, but for whose conduct the representative agrees with the principal to be primarily responsible.

Last Four Completed Tax Year(s) (MM/DD/YY)	Number of Days During the 12-Month Taxable Year			Activity Conducted in Michigan
	0	1	2 or more	
Yr1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Conduct training for customers or potential customers.
Yr2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Provide customers with any kind of technical assistance or service including, but not limited to, engineering assistance, design service, quality control, product inspections, or similar services, when one of the purposes is other than the facilitation of the solicitation of orders.
Yr2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Investigate, handle, or otherwise assist in resolving customer complaints, other than mediating direct customer complaints when the sole purpose of such mediation is to ingratiate the sales personnel with the customer.
Yr2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Provide consulting services.
Yr2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Solicit, negotiate, or enter into franchising, licensing or similar agreements.
Yr2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Yr4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**Michigan Business Tax**

**Beginning January 1, 2008:**

8. Is your company a member of a Unitary Business Group (UBG)?  Yes, UBG FEIN (if known): \_\_\_\_\_  No

9. Did your company or the UBG:

A. Actively solicit sales in Michigan? (see page 4 for definition of Actively solicits)

Yes, enter year(s) \_\_\_\_\_  No

How did your company or the UBG solicit sales in Michigan? Check all that apply.

- The use of mail, telephone, and e-mail
- Advertising, including print, radio, internet, television, and other media
- Maintenance of an internet site over or through which sales transactions occur with persons within Michigan
- Other (specify): \_\_\_\_\_

B. Have gross receipts of \$350,000 or more per year sourced to Michigan? (see page 4 for definition of Gross Receipts and Sourced to Michigan)  Yes, enter year(s) \_\_\_\_\_  No

***I declare, under penalty of perjury, that the information provided in this questionnaire and any attachments is, to the best of my knowledge, true, correct and complete. If prepared by a person other than an officer, partner or owner of the business, this declaration is based on all information of which you have knowledge.***

Signature of Officer, Partner or Owner	Date	Telephone Number
Print or Type Name and Title	Mailing Address if different than address on Page 1	
Signature of Preparer	Date	Telephone Number
Print or Type Name and Title	Preparer's Mailing Address	

For a more complete explanation of Michigan's Single Business Tax Nexus Standard, Use Tax Nexus Standard, Michigan Business Tax - "Actively Solicits" and Michigan Business Tax Nexus Standard defined, call (800) 367-6263 and request Revenue Administrative Bulletins (RABs) 1998-1, 1999-1, 2007-6 and 2008-4 or visit Treasury's Web site: [www.michigan.gov/treasury](http://www.michigan.gov/treasury)

Continued on next page.

In addition to the activities listed in question 7, the following tables, which are not all-inclusive, list in-state activities and types of property which create nexus. The tables are provided as an aid to answering questions 1, 3, and 4.

<b>Table 1 Business Activities Which Create Nexus</b>	<b>Table 2 Real and Tangible Personal Property Held in Michigan Which Create Nexus</b>
<ul style="list-style-type: none"> <li>• Approve or accept purchase orders or perform credit checks or authorize credit</li> <li>• Inspect dealer inventories, review customer displays and shelving or replace stale product</li> <li>• Provide transportation services or provide shipping information and/or coordinate deliveries</li> <li>• Conduct seminars or participate at a trade show at which orders for goods are taken or sales are made</li> <li>• Perform managerial or research activities, or lease employment or personnel services</li> <li>• Meet with customers to determine user satisfaction, or maintain display room or sample</li> <li>• Pick up or replace damaged, defective or returned property, or repossess property</li> <li>• Sell additional service contracts</li> <li>• Perform computer data processing</li> <li>• Provide private investigation, protection, patrol, watchman or armored car services</li> <li>• Perform other types of services than those listed</li> </ul>	<ul style="list-style-type: none"> <li>• Repair shop, parts department or warehouse</li> <li>• Office equipment or fixtures of any kind</li> <li>• Employment office or purchasing office</li> <li>• Mobile office, in-home office <sup>2</sup> or meeting place for directors</li> <li>• Retail outlet</li> <li>• Motor store(s) (trucks with driver sales person)</li> <li>• Motor vehicles of any kind</li> <li>• Telephone answering service</li> <li>• Stock of goods (including consignment)</li> <li>• Tools and dies at suppliers</li> <li>• Other</li> </ul> <p><sup>2</sup> Used as business address, location to receive callers, store inventory, or where office expenses are paid, reimbursed or supplied by your company.</p>

**Gross Receipts means** the entire amount received by the taxpayer from any activity whether in intrastate, interstate, or foreign commerce carried on for direct or indirect gain, benefit, or advantage to the taxpayer or to others. For exceptions, see MCL 208.1111. "Taxpayer" includes a unitary business group. MCL 208.1117(5)(6)

**Actively solicits means** purposeful solicitation of persons in Michigan. Solicitation means (1) speech or conduct that explicitly or implicitly invites an order; and (2) activities that neither explicitly nor implicitly invite an order, but are entirely ancillary to requests for an order. Solicitation is purposeful when it is directed at or intended to reach persons within Michigan or the Michigan market. Active solicitation includes, but is not limited to, solicitation through (1) the use of mail, telephone, and e-mail; (2) advertising, including print, radio, internet, television, and other media; and (3) maintenance of an internet site over or through which sales transactions occur with persons within Michigan. Examples of active solicitation include sending mail order catalogs; sending credit applications; maintaining an internet site offering online shopping, services, or subscriptions; and soliciting through media advertising, including internet advertisements. See RAB 2007-6 for more information.

**Sourced to Michigan means:**

Sales of tangible personal property are in Michigan if the property is shipped or delivered, or, in the case of electricity and gas, the contract requires the property to be shipped or delivered, to any purchaser within Michigan based on the ultimate destination at the point that the property comes to rest regardless of the free on board point or other conditions of the sales.

**Receipts from the sale, lease, rental, or licensing of real property** are in Michigan if that property is located in Michigan.

**Receipts from the lease or rental of tangible personal property** are in Michigan to the extent that the property is utilized in Michigan.

**Receipts from the lease or rental of mobile transportation property** owned by the taxpayer are in Michigan to the extent that the property is used in Michigan.

**Royalties** and other income received for the use of or for the privilege of using intangible property ... are attributed to the state in which the property is used by the purchaser.

**Sales from the performance of services** are sourced to Michigan if the recipient of the services receives all of the benefit of the services in Michigan. If the recipient receives only some of the benefit in Michigan, receipts are sourced to Michigan in proportion to the extent that the benefits are received in Michigan.

**Sales derived from securities brokerage services** are sourced to Michigan based on the ratio of (1) sales of securities brokerage services to customers in Michigan, compared to (2) sales of securities brokerage services to all customers.

**Receipts from the origination of a loan or gains from the sale of a loan secured by residential real property** are sourced to Michigan only if one or more of the following apply: The real property is located in Michigan; The real property is located both within Michigan and one or more other states and more than 50% of the fair market value of the real property is in Michigan; More than 50% of the real property is not located in any one state and the borrower is located in Michigan.

**Interest from loans secured by real property** is sourced to Michigan under the same method.

**Interest from a loan not secured by real property** is sourced to Michigan if the borrower is located in Michigan.

**Gains from the sale of a loan not secured by real property, including income recorded under the coupon stripping rules of section 1286 of the internal revenue code,** are in Michigan if the borrower is in Michigan.

**Receipts from credit card receivables** are sourced to Michigan if the billing address of the card holder is in Michigan.

**Receipts from the sale of credit card or other receivables** are sourced to Michigan if the billing address of the customer is in Michigan. **Receipts from merchant discounts** are sourced to Michigan if the commercial domicile of the merchant is in Michigan.

**Loan servicing fees derived from loans of another secured by real property** are sourced to Michigan if the real property is located in Michigan, or the real property is located both within and outside of Michigan if more than 50% of the fair market value of the property is in Michigan; or more than 50% of the fair market value of the real property is not located in any one state and the borrower is located in Michigan. **Loan servicing fees derived from loans of another not secured by real property** are sourced to Michigan if the borrower is located in Michigan. **If the location of the security cannot be determined,** the fees for servicing either the secured or the unsecured loans of another are sourced to Michigan if the lender to whom the loan servicing service is provided is located in Michigan.

**Receipts from the sale of securities and other assets from investment and trading activities, including, but not limited to, interest, dividends, and gains** are sourced to Michigan if the person's customer is in Michigan.

**Receipts from transportation services rendered by a person subject to tax in another state** are sourced to Michigan based on the ratio that revenue miles of the person in Michigan bear to the revenue miles of the person everywhere. Revenue mile means the transportation for a consideration of one net ton in weight or one passenger the distance of one mile. **Receipts from maritime transportation services** are sourced to Michigan if the service both originates and terminates in Michigan. If the services either originate or terminate in Michigan, but not both, 50% of those receipts are sourced to Michigan. **Special apportionment rules apply to the transportation both of property and individuals, and the transportation of oil and gas by pipeline.**

**Other sourcing provisions apply to receipts from the sale of telecommunications service or mobile telecommunications service.**