

MICPA

THE MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

March 6, 2015

The Honorable Arlan Meekhof
Senate Majority Leader
Post Office Box 30036
Lansing, Michigan 48909

The Honorable Jack Brandenburg
Chair, Senate Committee on Finance
Post Office Box 30036
Lansing, Michigan 48909

The Honorable Kevin Cotter
Speaker of the House
Post Office Box 30014
Lansing, Michigan 48909

The Honorable Jeff Farrington
Chair, House Tax Policy Committee
Post Office Box 30014
Lansing, Michigan 48909

Dear Gentlemen:

The Michigan Association of Certified Public Accountants (MICPA) is comprised of nearly 18,000 members – representing every corner of Michigan’s economic marketplace. Likely the most diverse professional association in Michigan, the MICPA takes an official position on only a limited number of non-occupational issues of importance to the accounting profession and the public. Most tax policy proposals do not qualify. This affords the MICPA the unique ability to provide independent, objective technical observation and analysis.

It is under the umbrella of clarity in tax statutes that the MICPA wishes to call your attention to ambiguous language that remains within the *General Sales Tax Act* and *Use Tax Act* related to the taxability of charges for the right to access “prewritten computer software” installed on another party’s computer. As you’re more than aware, a legislative effort is currently underway to amend these two statutes in the form of Senate Bills 82 and 83. Rehmann Robson & Co. v. Department of Treasury marked the *third Michigan decision in 2014 to rule that cloud-based services are not subject to use tax in the state.* While the MICPA takes no official position with regard to the specific legislative proposals or the taxability of charges for the right to access prewritten software, the current law is *not* clear. This proposed legislation appears to be effective as one of the potential alternatives for clarifying these ambiguities. To that end, we encourage leadership of both chambers to consider these bills.

Thank you for the opportunity to provide this observation. If we can provide you with further information or answer any questions regarding the content of this letter, or if we can be of assistance to you in any other way, please contact the MICPA Government Relations Department at 248.267.3686.

Sincerely,



David M. Barrons, CPA
Chair, State & Local Tax Task Force



Angela D. Acosta, CPA
Vice Chair, State & Local Tax Task Force

Cc: Thomas J. Hoisington, Public Affairs Associates
John D. Lindley, Public Affairs Associates