

State Bar of Michigan  
Taxation Section

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Tax Highlights

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**Mission:** Tax Highlights is a summary of selected income, estate and gift legislative and regulatory tax developments of general interest. This is not a comprehensive reporter of all tax developments. YOUR input is welcome. You can submit proposals for topics to include by sending a message to Sean H. Cook at [scook@wnj.com](mailto:scook@wnj.com).

Current Hot Issues Being Followed

- IRS now on Instagram @IRSnews
- 199A Guidance: Proposed Rulemaking becomes FINAL (see below)
- Meals and Entertainment Guidance: Notice (see below)
- Opportunity Zone Guidance: Rev. Rul. 2018-19; Proposed Rulemaking (see below)
- *Wayfair* Decision Guidance: R.A.B. 2018-16
- Michigan: Illegal Activities: Notice dated September 12, 2018
- Michigan’s Adoption of the Tax Cuts and Jobs Act of 2017: Notice dated July 2, 2018 regarding repatriation, Base Erosion Anti-Abuse Tax and Global Intangible Low Tax Income; Michigan Department of Treasury Update 11/01/2018
- New revenue recognition rules Rev. Proc. 2018-29
- Centralized Partnership Audit Regime Notice 2019-6, 2019-3 IRB

Proposed and Passed Tax Legislation

<b>Federal</b>	<b>Michigan</b>
H.R. 7227, the "Taxpayer First Act"	SB 0016 of 2019: Business tax – provides for recapture of tax credits for businesses relocating outside of this state
JCX-1-19 “Tax Technical Clerical Corrections Act Discussion Draft”	SB 0018 of 2019: Individual income tax – provides for student loan forgiveness for disabled veterans under the total and permanent disability discharge program
H.R. 264 “Financial Services and General Government Appropriations Act” which will fund the IRS through September 2019. Passed the House. Read for a second time in the Senate on 1/10/19.	SB 0015/0017 of 2019: Individual income tax – creates child care credit

	SB 0013 of 2019: Individual income tax – eliminate 3-tier limitations and restrictions on deduction for retirement or pensions benefits based on taxpayer’s age
	HB 4038 of 2019: Individual income tax – credit for donation of agricultural products to hunger relief charitable organizations
	PA 0460 of 2018: ( <i>SB 0361 (2017)</i> ): Corporate Income Tax – clarifies tax base of financial institutions. Approved by the Governor 12/26/18.
	PA 0589 of 2018: Individual tax- additional personal exemption for stillborn birth.
	PA 0588 of 2018: Individual tax- compensation for wrongful imprisonment and exempt from taxable income and total household resources under homestead property tax credit.
	PA 0456: HB 5025 and HB 4618 (see below)
	HB 5656 (2018): Excise Taxes – tax on bottled water from non-muni source
	PA 0530 of 2018 ( <i>HB 5913 (2018)</i> ): Sales tax – tax exempt status for 501(c)(19) organizations. Approved by Governor 12/27/18.
	HB 6550 (2018): Use tax – purchase of certain aviation equipment – exemption. Vetoed by the Governor 12/28/18.
	HB 6549 (2018): Sales tax – purchase of certain aviation equipment – exemption. Vetoed by the Governor 12/28/18.
	HB 6433 (2018): Individual tax- credit for donation to certain charitable organizations
	HB 6434 (2018): Individual tax- credit for donation to a community foundation
	HB 6485 (2018): Individual tax- elimination of income and expenses of producing oil and gas Vetoed by the Governor 12/28/18.
	PA 438 of 2018 ( <i>HB 4412 (2018)</i> ): Tax Tribunal Reform. Approved by Governor on 12/20/18.
	PA 0553 of 2018 ( <i>HB 5025 (2017)</i> ): Individual tax – Withholding tax refunds for unpaid city taxes administered by the state. Approved by Governor on 12/27/18.

	PA 456 of 2018 ( <i>HB 4618 (2017)</i> ): Individual tax – Modification to city income tax administration by the state. <b>Approved by Governor on 12/20/18.</b>
	HB 4926 (2017) Gaming – allow and regulate. <b>Vetoed by the Governor 12/28/18.</b>
	PA 464-466, 625-626 of 2018 ( <i>SB 0703-0707 (2018)</i> ): Taxation- convention and tourism promotion act. <b>Approved by Governor on 12/12/18.</b>
	SB 0304 (2017): Cigarette tax. <b>Vetoed by Governor 12/28/18.</b>
	SB 0511 (2017): Individual income tax – First time home buyer savings program act. <b>Vetoed by the Governor 12/21/18.</b>
	SB 0512 (2017): Individual income tax – Tax incentive for contributions made to first time home buyers program. <b>Vetoed by the Governor 12/21/18.</b>
	PA 0673 of 2018 ( <i>SB 0906 (2018)</i> ): Sales Tax – Exemption of school bus. <b>Approved by the Governor 12/28/18.</b>
	PA 0679 of 2018 ( <i>SB 0907 (2018)</i> ): Use Tax – Exemption of school bus. <b>Approved by the Governor 12/28/18.</b>
	SB 1097 (2018): Corporate Income Tax Interest Expense Deduction. <b>Vetoed by the Governor 12/28/18.</b>
	SB 1170 (2018): Taxation of Flow through entities. <b>Vetoed by the Governor 12/28/18.</b>

Final Federal Tax Regulations Issued

<b>TD</b>	<b>Primary Code Section</b>	<b>Description</b>	<b>Date Issued</b>
107892-18 [TD XXXX]	199A	Qualified Business Income Deduction	1/18/2019
104226-18 [TD XXXX]	965	Transition Tax	1/15/2019
9845	147	Private Activity Bonds	12/28/2018
9844	6221, et al	Centralized Partnership Audit Regime	12/21/2018
9843	263A	Simplified Method Cost Allocation	11/29/2018

Notices of Proposed Rulemaking - TCJA and other 2018 highlights Vol. 83 (2018)

<b>No.</b>	<b>Date</b>	<b>Description</b>
141739-08	12/31/2018	Retirement Standards for Tax Exempt Bonds
104352-18	12/28/2018	Rules re Hybrid Arrangements under 245A
106089-18	12/28/2018	Limit Deduction for Business Interest Expense
113604-18	12/27/2018	Sale of Partnership Interests under 846
104259-18	12/21/2018	Base Erosion and Anti-Abuse Tax
132884-17	12/18/2018	Reducing Burden under FACTA and Chapter 3
105600-18	12/07/2018	Foreign Tax Credit
106089-18	11/28/2018	Business Interest Expense
106706-18	11/23/2018	Estate and Gift Tax Exclusion “Clawback”
103163-18	11/07/2018	Discounting Rules for Insurance Companies
114540-18	11/05/2018	Controlled Foreign Corporation
115420-18	10/29/2018	Qualified Opportunity Fund
104226-18	10/10/2018	Transition Tax under 965
104390-18	10/10/2018	Global Intangible Low Tax Income (GILTI)
130244-17	9/24/2018	Debt-Equity: Removal of Documentation
112176-18	8/27/2018	Contributions: State and Local Tax Credits
136118-15, 119337-17, 118067-17, 120232-17, 120233-17	8/17/2018	Centralized Partnership Audit Regime
107892-18	8/16/2018	Qualified Business Income Deduction
104226-18	8/09/2018	Repatriation Tax
104397-18	8/08/2018	Additional First Year Depreciation
103474-18	7/18/2018	Preparer Due Diligence
106977-18	6/12/2018	Arbitrage Restrictions on Tax Exempt Bonds
132197-17	2/15/2018	Eliminating Unnecessary Regulations

Notices – TCJA

<b>No.</b>	<b>Date</b>	<b>IRC Section/Topic</b>
2019-11	1/16/2019	6654/Penalty Relief
2019-9	12/31/2018	4960
2019-07	1/18/2019	199A
2019-6	12/19/2018	846
2019-1	12/14/2018	959/Previously Taxed E&P
2018-100	12/10/2018	6655
2018-99	12/10/2018	274
2018-97	12/07/2018	83(i)(2)(c)

2018-76	10/03/2018	274
2018-67	08/21/2018	512(a)(6)
2018-30	05/21/2018	338, 382, 168(k)

Revenue Rulings and Procedures – TCJA

<b>Citation</b>	<b>IRB/CB</b>	<b>IRC Section</b>
Rev Proc 2019-12	2019-4 IRB	162, 170
Rev Proc 2019-10	2019-2 IRB	807(f)
Rev Proc 2019-8	2019-3 IRB	179, 168, 163(j)
Rev Proc 2019-6	2019-2 IRB	846
Rev Proc 2018-59	2018-50 IRB	163(j)