

2025 MICHIGAN Business Tax Schedule of Business Activity

Protected Under Public Law 86-272

Issued under authority of Public Act 36 of 2007.

Taxpayer Name	Federal Employer Identification Number (FEIN) or TR Number
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Public Law (PL) 86-272, 15 USC 381-384, only affords protection from Business Income Tax when certain conditions are satisfied. It does not apply to the Modified Gross Receipts Tax.

PL 86-272 restricts a state from imposing a tax on, or measured by, income derived within the state's borders if the only business activity of the company within the state consists of the solicitation of orders for sale of tangible personal property.

PL 86-272 does not prohibit Michigan from asserting that an out-of-state business has nexus. Implicit in the application of PL 86-272 is that an out-of-state business has nexus. PL 86-272 merely prohibits the imposition of tax based on net income generated from protected activities. PL 86-272 offers no protection from the Modified Gross Receipts Tax, therefore all gross receipts apportioned or allocated to Michigan are subject to the tax calculation.

PL 86-272 protection must be evaluated on a tax year by tax year basis. If at any time during a tax year an entity conducts activities that are not protected under PL 86-272, no income attributable to Michigan during any part of that tax year will be protected.

PART 1: PROTECTED ACTIVITIES

The following activities conducted in Michigan by out-of-state businesses or on their behalf create nexus, subjecting the taxpayer to the Michigan Business Tax. However, PL 86-272 generally protects income generated from the sale of tangible personal property from the imposition of the income tax portion of the Michigan Business Tax in the following instances (check all that apply to your business in the current tax year):

1. Soliciting orders for sales by advertising.
2. Soliciting orders by an employee or representative of the entity so long as the individual does not, for the benefit of the entity, maintain or use any office or other place of business in Michigan other than an "in-home" office.
3. Carrying samples and promotional materials only for display or distribution without charge or other consideration.
4. Furnishing and setting up display racks and advising customers on display of the company's products without charge or other consideration.
5. Providing automobiles to sales personnel for their use in conducting protected activities.
6. Passing orders, inquiries and complaints on to the home office.
7. Missionary sales activities; i.e., solicitation of indirect customers for the company's goods. For example, a manufacturer's solicitation of retailers to buy the manufacturer's goods from the manufacturer's wholesale customers is protected if such solicitation activities are otherwise protected.
8. Coordinating shipment or delivery without payment or other consideration and providing information relating thereto either prior or subsequent to the placement of an order.
9. Checking of customers' inventories, without a charge for re-order (but not for other purposes, such as quality control).
10. Recruiting, training or evaluating sales personnel, including occasionally using homes, hotels or similar places for meetings with sales personnel.
11. Mediating customer complaints when the purpose is solely for improving the relationship between the sales personnel and the customer and facilitating requests for orders.
12. Owning, leasing, using or maintaining (i) personal property for use in the employee's or representative's "in-home" office, and/or (ii) an automobile that is solely limited to the conducting of protected activities. For example, the use of personal property such as a cellular telephone, facsimile machine, copier, personal computer and computer software will not subject the out-of-state business to the Business Income Tax so long as the use of these items is limited to the carrying on of protected solicitation.

PART 2: GENERAL INFORMATION

Check all items that apply to your business.

- 13. Had a resident or nonresident employee working in Michigan during the tax year.
- 14. Had a resident or nonresident representative working in Michigan during the tax year.
- 15. Had a resident or nonresident independent contractor working in Michigan during the tax year. (Note: Sales activities by an independent contractor are provided additional protection under PL 86-272 not afforded to an employee or representative of a business.)
- 16. Previously filed Michigan tax returns for Sales, Use and Withholding Tax, Michigan Business Tax, or Single Business Tax. If checked, complete information below for the most recent return filed:

Tax Type	Tax Year
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- 17. Had a regional office in Michigan during the tax year. If checked, enter office location below.

PART 3: CERTIFICATION OF BUSINESS ACTIVITY PROTECTION UNDER PL 86-272

- 18. By checking this box, I certify that I have reviewed the items listed above and that, to the best of my knowledge, the business activity of my business is protected under Public Law 86-272. I understand that further review of my business activity within Michigan by the Michigan Department of Treasury may result in a determination that my business is not protected under Public Law 86-272. I have reviewed the list of Unprotected Activities in the instructions and certify that the business does not conduct Unprotected Activities.