MICHIGAN USE TAX

GENERAL INFORMATION

As you prepare to file your Michigan income tax return, please remember to remit tax on purchases you made, either by catalog, telephone or over the Internet. Every state that has a sales tax has a companion tax for purchases made outside that state by catalog, telephone, or Internet. In Michigan, that companion tax is called “use tax,” but might be described more accurately as a remote sales tax because it is a 6 percent tax owed on purchases made outside of Michigan.

Use tax is due on catalog, telephone, or Internet purchases made from out-of-state sellers, as well as purchases while traveling in foreign countries, when the items are to be brought into Michigan and no sales tax was paid. Use tax must be paid on the total price (including shipping and handling charges). If you paid 6 percent or more of sales tax to another state on your purchases, you do not owe use tax to Michigan.

Michigan makes it easy for taxpayers to pay use tax when they file their annual income tax return. Please see line 23 of the Form MI-1040 Michigan Individual Income Tax Return and the instruction booklet beginning on page 7 for more information on how to report use tax you may owe.

COMMONLY ASKED QUESTION

QUESTION: Do I need to pay use tax on internet purchases of tangible products, such as wax and seal for vehicle maintenance as well as digital products from the iTunes store or kindle books? If so, how is the use tax to be paid when an MI-1040 is not required to be filed?

ANSWER: Use tax must be paid on tangible products, such as wax and seal for vehicle maintenance for example, when used, stored, or consumed in Michigan. Use tax is not required on digital goods, such as purchases from the iTunes store or kindle books, unless a physical tangible product is received (example: book on disk). To properly report and pay use tax to Michigan when an MI-1040 is not filed, complete form 48 Purchasers Use Tax Return. This form can be found on our website at www.michigan.gov/taxes. At the bottom of the webpage there is a blue box titles Business. Click on the link Tax Forms under Business. Then about half down on the webpage you will find Sales & Use Tax Forms heading and click on the link for 2014 Sales & Use Tax Forms. Form 48 will appear first in the list of forms. Instructions and mailing information will be printed on the bottom of form.

HELPFUL LINKS

Use tax website is found under Sales and Use Tax from the Michigan Income Tax website at http://www.michigan.gov/taxes/0,1607,7-238-43529-155460--,00.html.

MI-1040 Instruction Booklet is under Forms on the Michigan Income Tax website at http://www.michigan.gov/taxes/0,4676,7-238-43513-344410--,00.html.

You can also learn more about the use tax by visiting http://www.michigan.gov/taxes/0,1607,7-238-43529-155531--,00.html.

If you need additional help, you can contact the Michigan Department of Treasury customer contact at (517) 636-4486. Please select option 2.