### Summary of Michigan and Illinois Taxes

#### Michigan

| **Business Tax** | Michigan levies a flat 6% corporate income tax on firms structured as C-corporations. Income for other business entities flows through to the owners’ personal income taxes and is taxed at a flat personal income tax rate of 4.25%.

The Tax Foundation ranks Michigan’s corporate tax system 8th and its overall business climate 12th. |
| **Property Tax** | Both real and personal property are assessed at 50% of current true cash value. The millage rate will depend on the taxing jurisdiction of the business site. Michigan’s average non-homestead property tax rate was 52.38 mills, or $52.38 per $1,000, of assessed property. Commercial personal property is exempt from 12 mills. Inventory, pollution control equipment, and special tooling are exempt.

Available property tax abatements are negotiated locally. There is a 100% new personal property exemption available in specified communities. Also, 50% abatements for up to 12 years for real property are available to industrial processors and 50% abatements for up to 12 years for real and personal property for high tech companies. Rehabilitation projects can be abated 100%. Michigan also has tax-free Renaissance Zones, effectively eliminating general property taxes.

As of August 5, 2014, Michigan began phasing out its personal property tax (PPT) for qualifying personal property. More specifically, the term refers to all personal property located on real property where that personal property is used more than 50% of the time in industrial processes or in supporting industrial processes. |
| **Workers’ Compensation Insurance** | Michigan allows open competition among insurance carriers in setting rates, allowing Michigan companies to shop for the best prices from among more than 300 insurance carriers. Actual costs will be determined by many factors, such as the selected insurance carrier, occupation code, and payroll. |
| **Personal Income Tax** | Michigan levies a flat 4.25% personal income tax rate. |
| **Sales Tax** | The state sales tax is on tangible goods is 6%. No local sales taxes are allowed.

Exemptions include: manufacturing machinery and equipment; electricity and natural gas used in production; pollution control equipment; and qualified data center equipment. |
| **Unemployment Insurance** | Tax base: $9,000

New employer rate: 2.7%

Cost per employee for new employee: $243

Minimum rate: 0.06%

Maximum rate: 10.3%

Note: All employers will pay an obligation assessment based on experience in addition to a standard rate of $63 per employee. |

---

#### Illinois

| **Business Tax** | Businesses are subject to a 7.75% income tax. This includes a 2.5% income replacement tax.

The Tax Foundation ranks Illinois’ corporate tax system 26th and its overall business climate 23rd. |
| **Property Tax** | All real property is taxable at a rate of 33 1/3% of fair cash value. There is no property tax on personal property. Property tax rates vary by jurisdiction.

Inventory, machinery, and other personal property are not taxed.

Property tax abatements are available for up to 10 years, which are negotiated at the local level. |
| **Workers’ Compensation Insurance** | Illinois allows open competition among insurance carriers in setting rates. |
| **Personal Income Tax** | Illinois has a flat rate personal income tax of 3.75%. |
| **Sales Tax** | The state sales tax is 6.25%. Illinois allows an additional local sales tax as high as 3.5%. |
| **Unemployment Insurance** | Tax base: $12,960

New employer rate: 3.55%

Cost per employee for new employer: $460

Minimum rate: 0.55%

Maximum rate: 7.35% |