

SUMMARY OF MICHIGAN AND KENTUCKY TAXES

| MICHIGAN | KENTUCKY |
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| <p>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%.</p> <p>The Tax Foundation ranks Michigan's corporate tax system 8th and its overall business climate 12th.</p> | <p>Business tax Kentucky levies an income tax of 4% on income up to \$50,000; 5% on the next \$50,000; and 6% on income over \$100,000. In addition, all corporations and limited liability entities must pay a tax on gross receipts, gross profits, or \$175.</p> <p>The Tax Foundation ranks Kentucky's corporate tax system 28th and its overall business climate 34th.</p> |
| <p>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.</p> <p>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.</p> <p>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.</p> | <p>Property tax Real and personal property are assessed at 100% of fair cash value.</p> <p>Manufacturing and pollution control equipment are taxable at the state level, but exempt from local property taxes. Inventory is taxable.</p> <p>Tax abatements are allowed in limited local areas.</p> |
| <p>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.</p> | <p>Workers' Compensation Insurance Kentucky allows open competition among insurance carriers in setting rates.</p> |
| <p>Personal income tax Michigan levies a flat 4.25% personal income tax rate.</p> | <p>Personal income tax Kentucky levies a progressive personal income tax at the following rates: 2% on income up to \$3,000; 3% on the next \$1,000; 4% on the next \$1,000; 5% on next \$3,000; 5.8% on the next \$67,000; and 6% on income over \$75,000.</p> |
| <p>Sales tax The state sales tax is on tangible goods is 6%. No local sales taxes are allowed.</p> <p>Exemptions include: manufacturing machinery and equipment; electricity and natural gas used in production; pollution control equipment; and qualified data center equipment.</p> | <p>Sales tax The state sales tax is 6%. No local sales taxes are allowed.</p> |
| <p>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%</p> <p><i>Note: All employers will pay an obligation assessment based on experience in addition to a standard rate of \$63 per employee.</i></p> | <p>Unemployment insurance Tax base: \$10,200 New employer rate: 2.7% Cost per employee for new employer: \$275 Minimum rate: 1% Maximum rate: 10%</p> |