

SUMMARY OF MICHIGAN AND TENNESSEE TAXES

MICHIGAN	TENNESSEE
<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 Businesses are subject to an excise tax of 6.5% on net income.</p> <p>The Tax Foundation ranks Tennessee's corporate tax system 22nd and its overall business climate 13th.</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 taxable. Taxable value varies by property classification. For instance, manufacturing real property is assessed at 40% of actual value; manufacturing personal property is assessed at 30% of actual value.</p> <p>Inventory is exempt. Pollution control equipment is taxable at salvage value.</p> <p>Tennessee does not have a general property tax abatement program.</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 Tennessee allows open competition among insurance carriers in setting workers' compensation insurance rates.</p>
<p>Personal income tax Michigan levies a flat 4.25% personal income tax rate.</p>	<p>Personal income tax There is no general personal income tax; however, residents, partnerships, associations, trusts, estates and corporations pay an income tax of 5% on dividends from stocks, and interests from bonds and other obligations.</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 7%. Tennessee allows additional local sales tax of up to a maximum 2.75%.</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: \$8,000 New employer rate: 2.7% Cost per employee for new employer: \$216 Minimum rate: 0.5% Maximum rate: 10%</p>