

**DEPARTMENT OF TREASURY**

**SALES, USE, AND WITHHOLDING TAX DIVISION**

**STATE CONVENTION FACILITY DEVELOPMENT TAX**

(By authority conferred on the revenue division of the department of treasury by section 3 of Act No. 122 of the Public Acts of 1941, as amended, and sections 5 and 16 of Act No. 106 of the Public Acts of 1985, being SS205.3, 207.625, and 207.636 of the Michigan Compiled Laws)

**R 207.101 Definitions.**

Rule 1. (1) As used in these rules:

(a) "Act" means Act No. 106 of the Public Acts of 1985, being S207.621 et seq. of the Michigan Compiled Laws.

(b) "Department" means the department of treasury.

(c) "Operator" means a person or persons engaged in the business of providing accommodations to transient guests.

(2) A term defined in the act has the same meaning when used in these rules.

History: 1987 AACCS.

**R 207.102 Exemption listed in Act 94 of 1937 not applicable to act.**

Rule 2. Exemptions listed in Act No. 94 of the Public Acts of 1937, as amended, being S205.91 et seq. of the Michigan Compiled Laws, are not applicable to the act.

History: 1987 AACCS.

**R 207.103 Tax included in gross.**

Rule 3. The state convention facility development tax is imposed on the operator of a convention hotel. The room charges shall be separately itemized on the customer's receipt; otherwise, tax shall apply on the total charge. The act prohibits the including of such charges as a part of the gross rental receipts.

History: 1987 AACCS.

**R 207.104 Qualifying local government entities.**

Rule 4. (1) As of October 1, 1985, the city of Detroit is a qualified local government entity. Pursuant to the act, other local government entities may qualify at a later date.

(2) As of October 1, 1985, the counties of Wayne, outside of the city of Detroit; Oakland; and Macomb are qualified local government entities. Pursuant to the act, other counties may qualify at a later date.

History: 1987 AACCS.

**R 207.105 Tax returns; remittances.**

Rule 5. (1) The state convention facility development tax is a personal obligation of the operator.

(2) The tax is due and payable before the fifteenth day of the month following the month in which the tax accrued.

(3) The operator shall make out a tax return for the preceding month on form C-3096.

(4) The operator shall sign and mail the return to the Michigan Department of Treasury, P.O. Box 12216, Lansing, MI 48901. The return shall include a remittance for the amount of the tax and shall be made payable to the State of Michigan. All remittances of the state convention facility development tax shall be made to the department by bank draft, check, cashier's check, money order, certificate of deposit, or cash. A remittance shall not be a final discharge of the liability for the tax unless it has been paid in cash.

History: 1987 AACCS.

**R 207.106 Credits or refunds for cancellations.**

Rule 6. Credits or refunds for cancellations of the room rentals which have been subject to the tax may be deducted only if an entire refund of the room charge, including all taxes, or full credit is given.

History: 1987 AACCS.

**R 207.107 Tax penalties and interest.**

Rule 7. Tax penalties and interest are imposed pursuant to the provisions of Act No. 122 of the Public Acts of 1941, as amended, being S205.1 et seq. of the Michigan Compiled Laws.

History: 1987 AACCS.

**R 207.108 Discounts.**

Rule 8. (1) Cash, trade, and quantity discounts to customers are deductible in arriving at the net room charge which is taxable. Such discounts shall appear on the invoices, records, and accounts of the convention hotel and be substantiated to the satisfaction of the department.

(2) Trade and quantity discounts are usually known and available to the purchaser at the time of the room charge and are deductible immediately on the invoice before determining the tax.

(3) A cash discount is usually offered by the convention hotel as an inducement for payment within a specified time and shall not be deducted by the operator of the convention hotel until it has been given to the purchaser. Such discounts will be allowed as a deduction on the convention hotel's return when there is sufficient evidence in the records of the operator to indicate that such discounts have been the regular policy of the convention hotel and have been given to the purchaser.

History: 1987 AACCS.

### **R 207.109 Records.**

Rule 9. (1) The department, through its field auditors and other employees, may examine the books, records, and papers of anyone liable for payment of the state convention facility development tax. The department may issue a subpoena requiring an operator to appear for examination and produce any books, records, or papers within the scope of the inquiry.

(2) It is the duty of an operator subject to the tax to keep and preserve suitable and adequate records of the business to enable the operator, as well as the state, to determine the correct amount of the tax for which the operator is liable.

(3) Failure to produce and keep records for the purpose of examination by the department will be considered willful noncompliance with the act and shall subject an operator to the penalties of the act. In the absence of sufficient records, the department may determine the amount of tax due the

state by using any information available, whether obtained at the operator's place of business or from other sources, and assess the operator for any deficiencies, plus penalties and interest.

(4) An operator is required to keep complete and accurate daily records of all room charges, whether for cash, credit, barter, or trade. The operator is also required to keep complete and accurate records of daily room charges, records, receipts, invoices, and all other pertinent documents pertaining to the business.

(5) Records and files shall be kept on the premises of the place of business and maintained in a legible manner. They shall also be kept clean and, as much as possible, free from deterioration. All invoices, receipts, bank statements, and cancelled checks shall be kept in chronological order so as to be balanced within the records to which they pertain.

History: 1987 AACCS.

### **R 207.110 Beginning and expiration dates of tax.**

Rule 10. The state convention facility development tax was certified by the treasurer of the state of Michigan pursuant to the act. The tax became effective on October 1, 1985. The tax imposed by the act shall be in effect until December 31, 2015.

History: 1987 AACSB.