

DEPARTMENT OF TREASURY

STATE TREASURER

GENERAL SALES AND USE TAX RULES

SPECIFIC SALES AND USE TAX RULES

Filed with the secretary of state on December 22, 2020

These rules take effect immediately upon filing with the secretary of state unless adopted under section 33, 44, or 45a(6) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.233, 24.244, or 24.245a. Rules adopted under these sections become effective 7 days after filing with the secretary of state.

(By authority conferred on the department of treasury by section 3 of 1941 PA 122, MCL 205.3)

R 205.127 of the Michigan Administrative Code is amended, as follows:

R 205.127 Water

Rule 77. (1) Sales of water are taxable except when delivered through water mains, sold in bulk tanks in quantities of not less than 500 gallons, sold as bottled water, or sold for an exempt use.

(2) The sale of equipment, tools, machinery, pipes, fittings and supplies to a person for consumption or use in distributing and carrying water is taxable. Sales of tangible personal property for installation as a component part of a water pollution control facility are exempt if the facility was issued a tax exemption certificate under part 37 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3701 to 324.3708.

(3) As used in this rule, "bottled water" means water that is placed in a safety sealed container or package for human consumption, including water that is delivered to the buyer in a reusable container that is not sold with the water. Bottled water is calorie free and does not contain sweeteners or other additives except that it may contain 1 or more of the following:

- (a) Antimicrobial agents.
- (b) Fluoride.
- (c) Carbonation.
- (d) Vitamins, minerals, and electrolytes.
- (e) Oxygen.
- (f) Preservatives.
- (g) Only those flavors, extracts, or essences derived from a spice or fruit.