

Tax Accounting Quarterly Update - September 2024

Teaser Video Transcript

Michigan Court ruling on Gains on Sales of Assets

Now let's jump into Michigan. In the Michigan Bell Telephone Company case, the Michigan Court of Appeals held that the MBT and CIT do not allow a reconfiguration of gains on sales of assets on the basis of those assets originally acquired when the SBT was in effect.

In this case, the taxpayer purchased machinery and equipment when the SBT was in effect and later sold the assets during the years that the MBT and CIT were in effect. While the MBT and CIT do not require depreciation at back such as what's required under the SBT, they do not make up for the SB TS treatment of the depreciation of business assets by providing any special basis adjustments for the regular depreciation of assets that had existed under the SBT.