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## **12.901: STATE OF MICHIGAN FORMS AND INFORMATION**

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The State of Michigan has several taxes and forms associated with nonprofit corporations including the congregations of The Lutheran Church–Missouri Synod. The following is a summary of some of the requirements a Treasurer should be aware of during the course of a year. You may email the Michigan District business office at [businessoffice@michigandistrict.org](mailto:businessoffice@michigandistrict.org) or call (888) 225-2111 for additional information on any of these topics.

### **12.910: Michigan Income Tax Withholding**

The State of Michigan requires state income tax to be withheld from any employee who is required to have Federal income tax withheld. Therefore, a church will typically withhold Michigan state income tax from lay employees but not from “Ministers of the Gospel”, unless they have voluntarily requested withholding (see Sections 1.350 and 7.315).

The MI-W4, Employee's Michigan Withholding Exemption Certificate, should be completed by each new employee and by any employee needing to change his withholding allowances. The MI-W4 is used to calculate the amount of state income tax to withhold each pay period. State law requires employers to submit a copy of the MI-W4 to the Treasury if the employee claimed 10 or more exemptions or claimed exemption from withholding (other than for part time or student employees whose expected earnings will be less than their exemption allowance, for a limited period of time, or for employees who claim exempt because they live in a reciprocal state). Such copies should be mailed to:

Michigan Department of Treasury  
Tax Technical Section  
P.O. Box 30477  
Lansing, MI 48909

The state provides withholding tables for state income tax, which are available at the state's website <https://michigan.gov/businesses>.

The Michigan income tax amounts withheld are submitted to the State of Michigan on a monthly, quarterly, or annual basis. The state assigns the filing frequency based on historical

average payments or on the information provided on the registration form and is asking all employers to pay taxes and file returns online through Michigan Treasury Online. For monthly and quarterly filers, the tax and Form 5080 are due on the 20<sup>th</sup> day of the month following the end of the month or quarter the tax was withheld. All filers must file Form 5081, Sales, Use, and Withholding Taxes Annual Return, by February 28<sup>th</sup> of the following year. For annual filers, the tax for the year is not due until the due date of the annual return, February 28. W-2 copies are due by January 31<sup>st</sup>. The 1099-NEC forms are due January 31<sup>st</sup>, later dates are used for 1099-MISC forms. Any 1099s issued to a Michigan resident (regardless of withholding) or any 1099s with Michigan withholding (see Section 12.947) must be filed with the state. If filing electronically (required for 250 or more employees) you can upload the W-2 and 1099s on the MTO website.

Form 518 is used to register for Michigan taxes. This form, electronic registration, and other information can be found at the Treasury's web site <https://michigan.gov/businesses>.

Albion, Battle Creek, Benton Harbor, Big Rapids, Detroit, East Lansing, Flint, Grand Rapids, Grayling, Hamtramck, Highland Park, Hudson, Ionia, Jackson, Lansing, Lapeer, Muskegon, Muskegon Heights, Pontiac, Port Huron, Portland, Saginaw, Springfield, and Walker have local withholding tax laws and forms. Each has its own taxing authority and forms necessary for payroll withholding and payment of withheld taxes. The respective city's tax department should be contacted for information and registration forms. This list may change from time to time.

### **12.920: Michigan New Hire Reporting**

Within 20 days (less for certain electronic filing), new hires or prior employees, where 60 consecutive days have passed since their last date of employment, must be reported to the State of Michigan. Several means of reporting are available, including filing paper Form 3281, State of Michigan New Hire Reporting Form, which can be mailed or faxed. The information can also be reported through a copy of the MI-W4 or on-line at <https://mi-newhire.com>. More information and additional filing methods are also available on this new-hire web site.

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## **12.930: Unemployment Tax**

Churches and the schools they operate are exempt from the Michigan Employment Security Act under section 43(o) of the act. Other organizations may be subject to the act and should consult with their legal or tax counsel.

Within the last few years, the Michigan Unemployment Agency has begun requesting information from churches when a church's former employee files for unemployment. The Agency is asking churches to complete a registration form so that they can update their computer systems indicating that the employing church is a non-participating employer. In completing the registration form, be certain not to elect coverage on the 518 form. Rather, mark clearly that the church is an exempt employer under Section 43(o). This should not subject the church to any liability but will decrease the amount of correspondence on future unemployment claims.

To avoid potential future conflicts or misunderstandings, it is suggested that as employees are hired by an exempt church, they are informed in writing that the church does not participate in the Michigan Unemployment Act. When an employee leaves the employ of the church, he is not eligible to collect unemployment benefits. A congregation should have a declaration read and signed by each employee of the church. A sample is available at <https://michigan.gov/businesstaxes>. This form should then be placed in the individual's employment file, with a copy given to the worker.

## **12.940: Worker's Compensation Insurance**

If a private employer has three or more employees at any one time or employs one or more workers for 35 or more hours per week for 13 or more weeks, the employer is subject to the Workers' Disability Compensation Act. This is a state requirement - churches are not exempt.

Employers that may not meet the minimum requirements listed above may wish to voluntarily provide workers' compensation insurance to limit their liability and provide benefits for their workers. Worker's compensation insurance can usually be obtained through the church's local insurance agency, usually the same agent used for fire, theft, and liability. All workers must be covered, including ministers, teachers, secretaries, custodians,

nursery workers, etc. Failure to do so can result in the closing of the church until insurance is obtained. This law is administered through the Michigan Workers' Compensation Agency at <https://michigan.gov/wca/>. The Concordia Plans provide *disability* insurance, which does NOT take the place of workers' compensation insurance.

## **12.942: Minimum Wage**

The State of Michigan has enacted legislation which increases the state's minimum wage to levels higher than the Federal level. The state's minimum wage applies to any employer that employs 2 or more employees at one time during a calendar year. The State of Michigan's minimum wage increased to \$12.48 (\$10.61 for minors ages 16-17) on February 21, 2025 and will increase to \$13.73 on January 1, 2026 . For more information, visit <https://michigan.gov/wagehour>

## **12.943: Earned Sick Time Act**

The State of Michigan enacted the Earned Sick Time Act as of February 21, 2025, requiring employers to provide paid "sick leave" to their employees and replaced the Paid Medical Leave Act. Employers with 11 or more employees were required to comply beginning February 21, 2025, and employers with 10 or fewer employees must comply no later than October 1, 2025. Be sure to read the details on the poster and website for further information on number of hours that must be accrued, usage of those hours, rollover, optional front loading, and what type of paid leave can be considered in compliance with this act. For detailed information, visit <https://michigan.gov/wagehour> or <https://www.michigan.gov/leo/bureaus-agencies/ber/wage-and-hour/paid-medical-leave-act>

## **12.945: Poster Compliance**

There are both Federal and Michigan laws which mandate the posting of certain informational posters relating to topics such as job safety, youth labor laws, and general employment rules. The posters are available free of charge from the various governmental agencies or can often be

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purchased from a commercial vendor on a combination poster. If a combination poster is purchased, the poster should be reviewed for any postings that are not applicable to the church, such as the Michigan Unemployment poster, since the church is exempt.

The required posters will vary widely from one church to the next based on staff size, the existence of a school, interstate commerce, etc. Since each church's poster list would vary, we are unable to print a comprehensive list of the posters for your convenience. However, the Michigan District has compiled an electronic file containing the actual posters most commonly required. Also included is a list of Internet sites from which the posters were downloaded, which usually contain additional information about the posters. This file can be found on the District's website:

<https://michigandistrict.org/resources/hr-poster-compilation/>

## **12.947: 1099-NEC Forms**

Payors that issue 1099-NEC forms (see Section 7.465) must send a copy of the forms to the state for Michigan residents (regardless of withholding) or any 1099s with Michigan withholding and to local city tax authorities if the PAYEE's address is in a city that imposes an income tax. The cities that currently have city income taxes are (subject to change):

Albion	Ionia
Battle Creek	Jackson
Benton Harbor	Lansing
Big Rapids	Lapeer
Detroit	Muskegon
East Lansing	Muskegon Heights
Flint	Pontiac
Grand Rapids	Port Huron
Grayling	Portland
Hamtramck	Saginaw
Highland Park	Springfield
Hudson	Walker

The state copies are due February 28<sup>th</sup> of the year following the year being reported. Electronic filing is optional but becomes required if there are more than 250 1099s and W-2s. If filing by paper the 1099 forms should be sent to:

Michigan Department of Treasury  
Lansing, MI 48930

Contact the local cities for their filing requirements. For more information, visit <https://michigan.gov/businesses> or visit <https://www.michigan.gov/treasury/contact-us> for Treasury contact information.

## **12.950: Real Estate Taxes**

The State of Michigan exempts from property taxation houses of worship, the land on which they stand, and most connecting structures. Parsonages used as parsonages are also exempt from tax. There is some variance in interpretation of the statutes from one jurisdiction to the next. If your church has any difficulty obtaining an exemption on a parsonage which is housing either an ordained or commissioned minister, please contact the District's VP - Finance immediately at 888-225-2111.

Caution should be exercised when buying property to ensure that the tax exemption is secured. This is done by notifying the local tax assessor that the church has acquired new property and desires an exemption from property taxes on the newly acquired property. If no application for exemption is made, no exemption will be granted, and no retroactive adjustments are permitted.

Vacant buildings, vacant land, and housing units not used as parsonages (including those rented to an individual other than an ordained or commissioned minister) will normally be denied an exemption from tax.

## **12.960: Non-Profit Report**

The Michigan Nonprofit Corporation Information Update, due October 1 of every year (the 2025 form is due October 1, 2025), must be filed annually to keep a congregation's corporate status in good standing. It lists the registered agent (often the Senior Pastor), the purpose, and the elected officials of the congregation. Information and on-line filing instructions can be found [here](#).

<https://www.michigan.gov/lara/bureau-list/cscl/corps/michigan-business-roadmap/annual-reports-and-annual-statements>. When changes are made, the form should be filled out in its entirety. List all directors (the state requires at least three) under the directors' section, even if they are also listed as officers.

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## **12.970:**

### **Sales Tax on Purchases**

Churches are generally exempt from paying sales and use taxes on purchases of items in Michigan. The purchased items must be for the direct use of the organization in performing its exempt purpose. In addition, the payment for the purchase must move directly from the organization's funds (not cash, personal check or personal credit card).

Purchases of items for resale to individuals (such as Bible study books and catered meals for an event with ticket sales) are not exempt as a church purchase, but can be exempt as a purchase for resale if tax is collected and remitted as described in 12.972.

The exemption is automatic for churches and schools under Michigan Law. Form 3372, Michigan Sales and Use Tax Certificate of Exemption, is used to claim the exemption and can be given to a vendor as a blanket exemption.

Vans or buses may be purchased exempt from state sales tax if the manufacturer's rated seating capacity is 10 or more and it is used primarily for transportation of persons for religious purposes. Churches may not purchase any other type of vehicle exempt.

## **12.972:**

### **Sales Tax on Retail Sales**

Sales by churches of tangible personal property, including sales of meals in a commercial activity, when conducted as a retail business for gain, benefit, or advantage, are taxable, and a sales tax license shall be obtained for the purpose of reporting and paying the tax due.

If a church and its related schools have sales at retail under \$25,000 in a calendar year, the first \$10,000 of sales for fund-raising purposes is tax-exempt. (However, any tax actually collected from consumers must still be remitted.)

Items that are subject to sales tax include, but are not limited to, the sale of books, gifts, prepared foods sold with eating utensils, hot lunches sold to teachers and guests, concession stand sales, and tangible personal property sold at fund raising auctions. The portion of an event ticket that relates to the fair value of the meal is also taxable, unless tax is paid to the caterer when purchased.

Items that are generally not subject to tax include, but are not limited to, bakery products (if sold without eating utensils), and hot lunches and textbooks sold to students.

The sales tax license is required for any sale at retail, even if total sales for a year fall beneath the \$10,000 / \$25,000 thresholds or all sales are non-taxable. It is conceivable that every congregation makes some sort of retail sale during the year and should have a sales tax license. Form 5081, Notice of Change or Discontinuance, can be used to request Sales Tax be added to a congregation's account. Form 518 is required to register for Michigan taxes for entities not already registered. Registration can also be made on-line at <https://michigan.gov/businessstaxes> .

Sales tax liabilities are remitted and reported to the state on forms 5080 and/or 5081, along with any state income tax withheld (see Section 12.910 for filing requirements).

## **12.980:**

### **Unclaimed Property**

The Michigan State Treasurer is the administrator of the Uniform Unclaimed Property Act and acts as custodian of the property on behalf of its owners. The act protects unclaimed property and returns it to its rightful owners or their heirs.

Organizations that have unclaimed property must follow certain due diligence guidelines to return unclaimed property to its rightful owners and, after a prescribed period of inactivity and if unable to return the property, the property must be turned over to the state. Property that has become dormant by March 31 of a given year must be reported and remitted to the State by July 1 of that year. The State strongly encourages all entities domiciled, incorporated and/or doing business in Michigan without unclaimed property to file a zero or negative report to establish a filing history.

Churches will generally find the law applicable to them regarding uncashed checks the church has issued. The inactivity period for most items (including most uncashed checks) is 3 years, but is 1 year for wages, payroll and salary.

Treasurers that have unclaimed property should obtain the Manual for Reporting Unclaimed Property at

<https://unclaimedproperty.michigan.gov/>

You may also access the unclaimed property records at the same website and search for unclaimed property that may belong to your church. As of this writing, there were 342 unclaimed properties with the word Lutheran in the owner's name.

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## **12.985:**

### **Raffles**

Congregations conducting raffles should be aware that they need to register as a qualified organization with the Charitable Gaming Division and obtain raffles licenses. Raffles are drawings (game of chance) where people are charged for tickets or they must donate or provide something of value to participate in the drawing, where prizes are awarded. The Michigan raffle guide, along with the form to register and to apply for licenses for each raffle can be found at [www.michigan.gov/cg/raffles](http://www.michigan.gov/cg/raffles) .

## **12.990:**

### **Suggestions for Future Topics**

If you have suggestions for future topics to be included in the *Michigan Supplement to the LCMS Congregational Treasurer's Manual*, please email the Business Office at [businessoffice@michigandistrict.org](mailto:businessoffice@michigandistrict.org) or call (888) 225-2111.

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## **12.991: WEB SITES OF INTEREST**

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The following web sites may be of interest to Treasurers of Michigan congregations:

Lutheran Church Missouri Synod	<a href="https://www.lcms.org">https://www.lcms.org</a>
Check out "Resources for Church and School Administration" for various applicable resources.	
Concordia Plan Services	<a href="https://www.concordiaplans.org">https://www.concordiaplans.org</a>
Michigan District	<a href="https://michigandistrict.org">https://michigandistrict.org</a>
Business Office Resources	<a href="https://michigandistrict.org/business">https://michigandistrict.org/business</a>
Concordia University - Ann Arbor	<a href="https://www.cuaa.edu">https://www.cuaa.edu</a>
Church Extension Fund of the Michigan District	<a href="https://mi-cef.org">https://mi-cef.org</a>
Internal Revenue Service	<a href="https://www.irs.gov">https://www.irs.gov</a>
State of Michigan	<a href="https://michigan.gov">https://michigan.gov</a>
Treasury	<a href="https://michigan.gov/treasury">https://michigan.gov/treasury</a>
Taxes Area	<a href="https://michigan.gov/taxes">https://michigan.gov/taxes</a>
Unclaimed Property	<a href="https://unclaimedproperty.michigan.gov">https://unclaimedproperty.michigan.gov</a>
New Hire Reporting	<a href="https://mi-newhire.com">https://mi-newhire.com</a>
Department of Licensing and Regulatory Affairs	<a href="https://michigan.gov/lara">https://michigan.gov/lara</a>
Unemployment Insurance Agency	<a href="https://michigan.gov/uia">https://michigan.gov/uia</a>
Worker's Compensation Agency	<a href="https://michigan.gov/wca">https://michigan.gov/wca</a>
Wage & Hour Division	<a href="https://michigan.gov/wagehour">https://michigan.gov/wagehour</a>
MIOSHA	<a href="https://michigan.gov/miosha">https://michigan.gov/miosha</a>

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## **12.992: INFORMATION AND FORMS FOR COMPLIANCE WITHIN MICHIGAN**

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Links to the following forms are available on the District's website at <https://michigandistrict.org/business>.

### **FORMS TO BE COMPLETED FOR NEW EMPLOYEES**

MI-W4	Employee's Michigan Withholding Exemption Certificate
W-4	Employee's (Federal) Withholding Allowance Certificate
I-9	Department of Homeland Security Employment Eligibility Verification
3281	Employee New Hire Reporting Portal Form

### **FORMS FOR REPORTING AND PAYING MICHIGAN STATE INCOME TAX WITHHELD**

5080	Sales, Use and Withholding Taxes Monthly/Quarterly Return
5081	Sales, Use and Withholding Taxes Annual Return

### **SALES TAX RELATED FORMS**

3372	Michigan Sales and Use Tax Certificate of Exemption (you may wish to copy the IRS group tax exemption ruling on the back of the form)
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*Note that sales tax is remitted and reported to the state of Michigan on Forms 5080 and 5081 along with the Michigan income tax withheld.*