

MEMO# 21887

October 24, 2007

ICI Letters Regarding Michigan Services Tax

[21887]

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TO: ADVISER DISTRIBUTOR TAX ISSUES TASK FORCE No. 18-07
TAX MEMBERS No. 45-07 RE: ICI LETTERS REGARDING MICHIGAN SERVICES TAX

ICI submitted the attached letters to members of the Michigan legislature and to Governor Jennifer Granholm (under separate cover) regarding P.A. 93. The Act imposes Michigan's six percent sales and use tax on the consumption of certain services, including investment advice services as described in NAICS industry code 52393. [\[1\]](#)

ICI's letter urges repeal of the tax on investment advice because it will discourage Michigan residents from seeking financial advice, a service that promotes savings. The letter also urges that the Michigan services tax not be extended to tax any services consumed within the investment company industry because such a tax would:

- impose additional costs on Michigan investors seeking to save for their retirement and other long-term needs through mutual funds;
- place Michigan-based mutual fund firms operating in this nationwide industry at a competitive disadvantage; and
- be extraordinarily difficult (if not impossible) to administer efficiently and fairly.

Lisa Robinson
Associate Counsel

[Attachment](#)

endnotes

[\[1\]](#) See Institute Memorandum (21805) to Adviser Distributor Tax Issues Task Force No. 16-07 and Tax Committee, dated October 9, 2007.

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