

MEMO# 21852

October 16, 2007

Draft Institute Letter Regarding Michigan Services Tax; Comments Requested Today

URGENT/ACTION REQUESTED

[21852]

October 16, 2007

TO: ADVISER DISTRIBUTOR TAX ISSUES TASK FORCE No. 17-07
TAX COMMITTEE No. 43-07 RE: DRAFT INSTITUTE LETTER REGARDING MICHIGAN
SERVICES TAX; COMMENTS REQUESTED TODAY

Attached is the Institute's draft letter urging repeal of the portion of PA 93 (introduced as HB 5198) that imposes Michigan's 6% sales and use tax on the consumption of "investment advice services, as described in [the 2002] NAICS industry code 52393." [\[1\]](#) The letter argues that the tax will harm Michigan residents by discouraging them from seeking investment advice to ensure their retirement security. The letter also urges that the sales tax not be extended to tax any services consumed within the investment company industry. 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.

Please provide any comments regarding the draft letter to Lisa Robinson (202-326-5835 or lrobinson@ici.org) by close of business today, October 16, 2007.

Lisa Robinson
Associate Counsel

[Attachment](#)

endnotes

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

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