

NOTICE REGARDING MICHIGAN TAXES ON ILLEGAL ACTIVITIES

72 (Rev. 4-15)

Issued: September 12, 2018

Michigan's sales tax is imposed on the retail sale of tangible personal property. Marihuana and other drugs illegal under state or federal law are tangible personal property, the retail sales of which are subject to Michigan sales tax absent an applicable exemption.¹

This includes sales by "dispensaries" or provisioning centers regardless whether licensed under the Medical Marihuana Facilities Licensing Act (MFLA).

Only the transfer of marihuana by a registered primary caregiver for compensation in connection with assisting a registered qualifying patient in the medical use of marihuana under the Michigan Medical Marihuana Act (MMA) is **not** subject to sales tax.

In that instance, the patient is liable for use tax based on the purchase price of the marihuana. See RAB 2018-2.

All other retail sellers must report and remit sales tax based on 6% of the sales price of the marihuana or other drug.

Legal and illegal activities are also subject to any other taxes imposed in Michigan, including the income tax and corporate income tax.²

¹ *Greer v Dep't of Treasury*, 145 Mich App 248. 250-253 (1985).

² *Id. C.F. Lewis v U.S.*, 348 U.S. 419, 421 (1955).

To register for Michigan taxes please visit <https://www.michigan.gov/treasury/>.

Contact us for a free no-obligation case evaluation

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