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By:

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Businesses in East Lansing that are required to submit monthly installments on their employee's income tax withholding will need to submit the first round to the City of East Lansing starting on February 28. But many businesses in town still haven't returned their tax registration paperwork to the city.

East Lansing Income Tax Administrator DaMar Boyd (above) provided an update on where things are at during the City Council's first work session ^[2] of the year.

Boyd told Council on January 15 that he had sent out 1,300 letters and 900 emails directing businesses operating in East Lansing to register with the City, but had only received 378 responses. In an email follow-up, Boyd told ELi that more registrations have come in since then, and that the number of people contacting him with income-tax-related questions has also increased.

According to Boyd, thirteen out of East Lansing's fourteen largest employers have registered with the City or have confirmed they are withholding the tax from their employees' paychecks. That list of fourteen includes Michigan State University, which employs over 12,000 people. Boyd would not say whether MSU was one of the confirmed employers, due to confidentiality rules.

Council Member Ruth Beier asked what would happen if a business that hadn't sent in a registration form did send in a withholding check. Boyd responded that he would be able to make a partial account for that business so that the check could be properly accounted for, but that he would need to follow-up with the business asking for the registration paperwork.

City Attorney Tom Yeadon told Council that, based on his interpretation of the law, there was no legal requirement for a business to *register* with the City, although businesses are legally required to *withhold* the tax.

According to Yeadon, the City would only have recourse if it could show that a business had a "willful and knowing knowledge to withhold," but did not. Yeadon explained that one of the benefits of having businesses register with the City in advance would be that the City could then show that the business knew there had been a withholding requirement.

So, getting businesses to register is in the interest of the City, though not, perhaps, in the interest of the businesses.

City Manager George Lahanas suggested that an ordinance requiring registration could be drawn up so that it was ready for a vote in the future if the Council felt that there was a need for it.

Businesses that have yet to file their registration paperwork can download the appropriate forms from the City of East Lansing's dedicated income tax webpage [3]. Anyone who has questions about the tax and their responsibilities under it can contact Boyd by email at incometax@cityofeastlansing.org [4] or by phone at (517) 319-6862.

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