

# Tax Law

## Theme Introduction

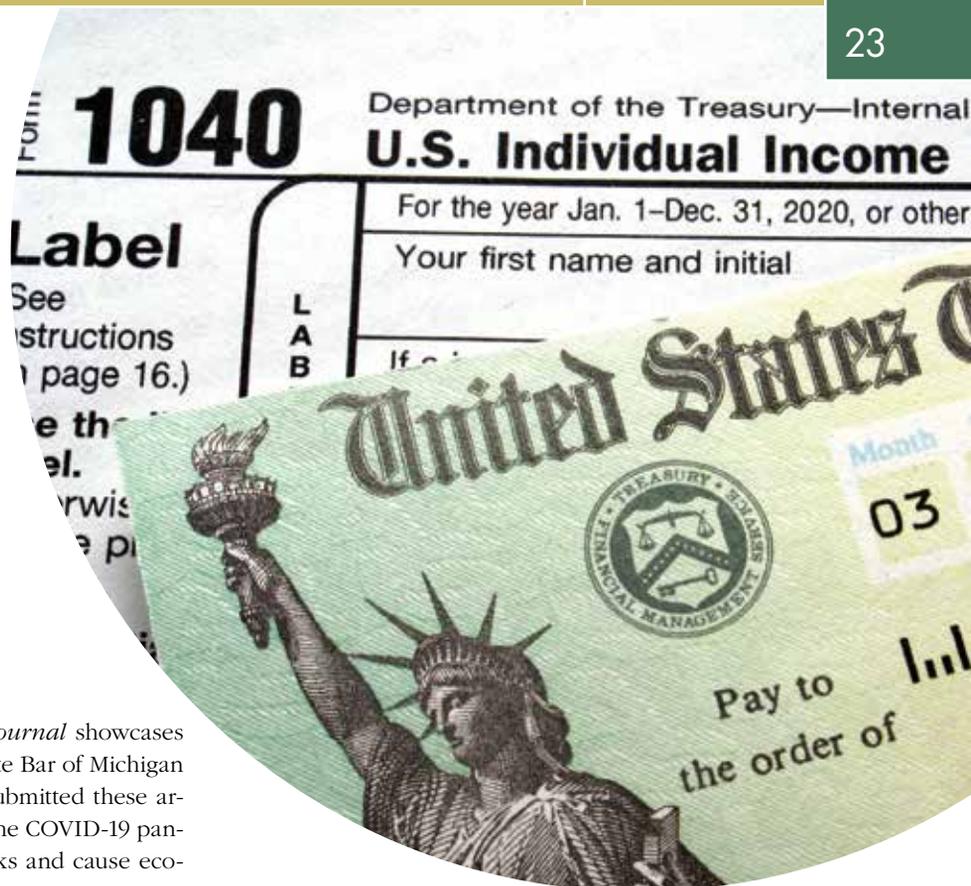
By **James H. Combs**

**T**his issue of the *Michigan Bar Journal* showcases articles from members of the State Bar of Michigan Taxation Section. The authors submitted these articles during the summer when the COVID-19 pandemic continued to pose severe health risks and cause economic disruption across the globe.

It's been nearly one year since published reports of COVID-19 first appeared. During this time, there have been tremendous developments in the United States: international travel restrictions, state shutdown orders, quarantines, widespread wearing of masks, and a significant—and sobering—number of deaths. These developments collectively contributed to an economic retreat and a surge in unemployment this spring. The federal government responded with a series of legislative responses to support the economy including the expansive Coronavirus Aid, Relief, and Economic Security (CARES) Act. As with other national crises, policymakers enlisted tax measures to support fiscal stimulus, encouraged employers to maintain their payrolls, and subsidized health care-related policy objectives.

Throughout the pandemic, the SBM Taxation Section has been active in providing our members with educational programs concerning the implementation of the CARES Act and other federal legislation as well as state tax legislation and administrative laws addressing COVID-19-related matters. The articles in this issue discuss pandemic-related tax matters as well as items of general tax interest.

Samantha A. Kopacz and Samuel L. Parks have authored an article on the employee benefits amendments included in the CARES Act. This article is a primer on the CARES Act employee benefits provisions and summarizes guidance released by the Internal Revenue Service to carry out the new laws. This information will be useful in helping attorneys who do not specialize in benefits law to identify opportunities for clients to obtain cash from their retirement plans and understand compliance requirements applicable to plan sponsors and plan participants.



Shifting focus to state tax matters, Wayne Roberts and Jay Long describe how states tax the income of multi-state businesses. The article focuses on how these business apportion their overall income to the states in which they operate by applying specific factors such as property, payroll, and sales. In some cases, general apportionment rules may result in states taxing the income of the business in a manner that tests the boundaries of federal constitutional limitations, which states address by permitting taxpayers to use alternative apportionment methods. The authors provide background on different approaches to apportionment and offer suggestions for businesses to consider as they operate in the uncertain economic environment resulting from the pandemic.

Finally, Michael E. Williams has written an article that reminds us that “normal” business and tax planning continues even in the context of the pandemic. He describes the ability of businesses to organize as S corporations owned by employee stock ownership plans. This structuring can provide economic incentives to workers who obtain an equity stake in the business they work for and significant tax benefits to the former owners of the business and the employees.

We hope you find insights helpful to your practice in these articles and encourage you to join the SBM Taxation Section for more educational offerings on federal, state, local, employee benefits, and trusts and estate tax matters. ■

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