Michigan

#25

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
25 ▼ 9	26 ▼ 2	30 ▼ 12	9 ▲ 1	29 ▼ 2	27 ▲ 1

IN THE 2027 *Index*

Michigan's score was very close to several other states in 2026 but fell behind them in 2027 when it did not conform to the improved expensing provisions in the OBBBA. Combined with a new exemption for tipped and overtime income and a comparatively low Section 179 limit, the Great Lake State dropped 9 places overall, from 16th to 25th, and from 18th all the way to 30th on the individual income tax component.

Michigan's tax code includes all major tax types and has traditionally ranked well on the *Index,* although it finds itself closer to the middle of the pack in 2027. The state's individual income tax is flat with a relatively low rate of 4.25 percent, along with a relatively high personal exemption. However, Michigan faces significant regional competition, as Indiana, Ohio, and Pennsylvania all have lower state individual income tax rates, although all four states authorize localities to impose local income taxes.

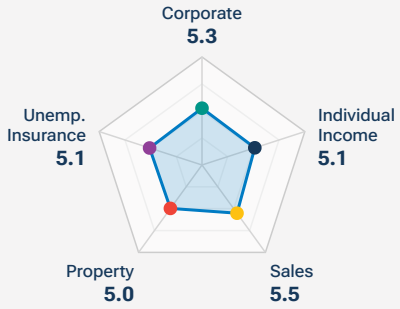
Michigan has a flat 6 percent corporate income tax, which is close to the national average. The state has no throwback rule or capital stock tax, and, unlike Ohio, it does not impose a gross receipts tax. However, the state does not offer full expensing, which could be an important element of future pro-growth reforms aimed at attracting capital-intensive businesses.

The state's sales tax rate is 6 percent. Michigan does not authorize cities and counties to impose local option sales taxes, simplifying the consumption tax system compared to most other states and resulting in lower average sales taxes than in all Midwestern states except Wisconsin.

Michigan's property tax system is reasonably competitive with an average property tax burden. The state taxes tangible personal property but offers a generous de minimis exemption of $180,000, reducing compliance costs for small businesses. Michigan also does not impose estate, inheritance, or gift taxes, making it more attractive for high-net-worth individuals.

Component scores

out of 10



Michigan and its neighbors

Overall rank, 2027 Index, with change from 2026

Indiana	#14	▼ 3
Wisconsin	#20	–
Michigan	**#25**	▼ 9
Ohio	#36	▲ 2