

**Tax Preparer Handbook for
Michigan Electronic Filing Programs**

**Single Business Tax (SBT)
Direct E-file**



www.MIfastfile.org
www.Michigan.gov/sbtefile

**SINGLE BUSINESS TAX
E-FILE**

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CHAPTER 1

GENERAL INFORMATION

Notice of Repeal of SBT

Public Act (PA) 325 of 2006 repealed the Single Business Tax (SBT) effective December 31, 2007. The Michigan Business Tax (MBT), which replaces the SBT effective January 1, 2008, provides for a limited carry forward of SBT business losses and credits.

Essential Information for Fiscal Year Taxpayers

A fiscal year SBT taxpayer must file a short-year return for the period from the beginning of the 2007-08 fiscal year through December 31, 2007. The filing deadline for that final return is April 30, 2008. The 2007 SBT Instruction Booklet (form 3435) has additional instructions for fiscal year filers. The instruction booklet and forms are available on Treasury's Web site at *www.michigan.gov/taxes*.

IMPORTANT ADDRESSES AND TELEPHONE NUMBERS

Michigan's electronic filing (e-file) publications and forms are available on the Michigan Department of Treasury Web site at *www.Mifastfile.org*. For questions about the e-file program, contact the Michigan Electronic Filing Programs (formerly Alternative Filing Programs) staff at:

Contact Information for Tax Preparers and Software Developers Only

Michigan Electronic Filing Programs Manager	Annette L. Olivier-Wolfe
Program Area, Testing, File Specifications, and Record Layouts	Scott Bunnell, Mark Jenkins
Transmitter Testing	Walter Richardson
E-Mail	<i>Mfile2D@michigan.gov</i>
Telephone	(517) 636-4450
Persons who have a speech or hearing impairment may call	(517) 636-4999 (TTY only)
Fax	(517) 636-4378

Michigan Treasury Web Sites

www.michigan.gov/taxes
www.michigan.gov/treasury

SBT e-file Web Sites

www.michigan.gov/sbtefile
www.MIfastfile.org

Mailing Address

Michigan Electronic Filing
Programs Office
Michigan Department of Treasury
430 W. Allegan Street
Lansing, Michigan 48922

This contact information is for **tax preparers and software developers only** and enables Treasury to provide better service to authorized e-file providers. The Electronic Filing staff is unable to provide return status information or address specific taxpayer account issues. Should an error occur on the Michigan return during mainframe processing, Treasury will communicate directly with the taxpayer through the regular error resolution process. Treasury will, however, discuss return situations with the tax preparer if the appropriate authorization box has been completed on the return.

Electronic Filing staff is available Monday through Friday, 8 a.m. to 5 p.m. EST, except State holidays. When leaving a phone message, please give as much detail as possible so that Electronic Filing staff can research the question(s) and have the answer(s) ready when calling back. Speak clearly and spell any difficult names.

Treasury does not recommend sending account-specific information over the Internet. Federal and State disclosure laws require that taxpayer privacy and the confidential records that are filed with Treasury are protected. Therefore, Treasury will not send account-specific information over the Internet in response to an e-mail inquiry.

E-mail LISTSERV for Tax Professionals

The Treasury Tax Professionals LISTSERV is a free service that disseminates mass e-mail messages within seconds to all subscribers. Sign up to receive electronic communications on Treasury's e-file programs and other information of interest. To subscribe to this service or for additional information, visit *www.MIfastfile.org* and select Tax Preparer.

Internet Services

Treasury offers a variety of services designed to assist taxpayers, and most are available 24 hours a day, seven days a week.

www.michigan.gov/bustax

To obtain information about an account using the Internet services, the following information for a return is needed:

- Filer's Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) number,

- Gross receipts, and
- Organization type.

Use this Web site to:

- Register for business taxes
- Access assigned Customer Service Number (CSN)
- Check if return has been received
- Check if refund has been issued, and when
- Ask Treasury a question
- Check estimated payments
- Request copies of returns filed
- Obtain copies of current and prior year tax forms at www.michigan.gov/treasury.

Customer Contact Center

Taxpayers who do not have Internet service should call Customer Contact staff at (517) 636-4700. Staff is available Monday through Friday, 8 a.m. to 4:45 p.m. EST, except State holidays.

Teletypewriter assistance (TTY) is available by calling (517) 636-4999.

Mailing Address

If a paper copy of a return needs to be mailed to Treasury, mail the annual return and all necessary schedules to:

Michigan Department of Treasury
P.O. Box 30059
Lansing, MI 48909

STATE OF MICHIGAN OBSERVED HOLIDAYS

Labor Day	New Year's Eve
General Election Day (even numbered years)	New Year's Day
Veterans' Day	Martin Luther King Jr.'s Birthday Observed
Thanksgiving Day and the Day After	Presidents' Day
Christmas Eve	Memorial Day
Christmas Day	Independence Day

For additional information on Michigan Observed Holidays go to the Official Holidays Web page at <http://www.michigan.gov/som/0,1607,7-192-29938-90605--,00.html>.

CHAPTER 2 SINGLE BUSINESS TAX DIRECT E-FILE

BENEFITS OF SBT E-FILE

Fast. SBT e-file returns will be processed much faster than paper returns. Paper-filed returns will take considerably longer to process.

Convenient. No more paper returns to mail. Prepare and transmit SBT returns using software that has been approved by Treasury.

Accurate. Treasury processes the same data that is entered into the computer. The computer program checks for math errors before the return is accepted. E-file returns have significantly less chance of error compared to paper returns.

Secure. Only the preparers and their clients see the returns. Confidential information is protected by Secure Socket Layer (SSL) 128-bit encryption.

Customer Service. Receive electronic proof confirming the returns were received.

INTRODUCTION

The SBT e-file program provides Michigan taxpayers with the opportunity to e-file SBT returns that were prepared using a computer software program.

Treasury is committed to processing SBT e-file returns in less than half the time of paper returns, and account resolution for SBT e-file returns will receive priority over paper returns.

For more information and program updates, visit Treasury's Web site at www.michigan.gov/sbtefile.

HIGHLIGHTS AND GENERAL PROGRAM INFORMATION

To optimize operational efficiency and improve customer service, Treasury mandates electronic filing of SBT returns. Software developers have been advised they must support e-file for all SBT forms included in their tax preparation software. All eligible SBT returns prepared using software must be e-filed.

To ensure payments are correctly applied to the account, only the nine-digit FEIN or TR number should appear in the Federal Employer Identification Number box on form 4055 SBT-V SBT E-FILE ANNUAL RETURN PAYMENT VOUCHER. This information must be correct to ensure correct posting of the annual payment.

The Michigan schema includes a Preparer Notes field. The purpose of the Preparer Notes field is to capture additional descriptive information which is not specified in form instructions and does not have a predefined line. Information should be identified by the form and line number. This field may also be used for information the preparer would like to communicate to Michigan.

If the return has a foreign address, enter the address in the address line(s). The City, State and Zip Code fields must be left blank.

Returns filed as an individual organization type must be filed with an FEIN or a Michigan-issued TR number in place of the Social Security number (SSN). E-filed returns using the SSN will be rejected.

Form C-8000D SBT RECAPTURE OF CAPITAL ACQUISITION DEDUCTION requirements for reporting multiple dispositions as one entry: For all dispositions the Date Acquired must be the same **and** Date Sold or Date Transferred must be the same. All dispositions that have variable dates must be listed separately.

Once the return has been accepted and acknowledged, the taxpayer must file form C-8000X SBT AMENDED RETURN or C-8044X SBT AMENDED SIMPLIFIED RETURN on paper if changes to the accepted return are necessary.

The SBT Tax Preparer's Handbook should be used in conjunction with the SBT Instruction Booklet (form 3435) for information that will be helpful when preparing SBT returns.

Registration changes (name, address, phone number, filing date, etc.) must be made by submitting form 163 NOTICE OF CHANGE OR DISCONTINUANCE which can be found online at www.michigan.gov/taxes.

Determining Which Tax Year's Form to File

Annual returns are due on or before the last day of the fourth month after the end of the tax year. For fiscal year filers the beginning date year should coincide with the tax year form. For example:

<u>File Period Beginning Date</u>	<u>File Period Ending Date</u>	<u>Tax Year Form Filed</u>	<u>Due Date</u>
January 2007	December 2007	2007	April 30, 2008
September 2005	August 2006	2005	December 31, 2006
January 2004	December 2004	2004	April 30, 2005
February 2003	January 2004	2003	May 31, 2004

Payment Options

Michigan will accept SBT e-file returns with a balance due at any time during the e-file processing season. There are two payment options available for those returns requiring payment:

- 1. Electronic Funds Transfer (EFT) for SBT Annual Payments.** If the taxpayer is currently not registered to submit SBT annual payments by EFT, complete form 4515 ELECTRONIC FUNDS TRANSFER (EFT) ACCOUNT UPDATE to add the tax type code for making an SBT annual payment. Fax the completed form 4515 to (517) 636-4356.

Taxpayers not previously enrolled in the EFT program may complete and submit form 2328 ELECTRONIC FUNDS TRANSFER (EFT) CREDIT APPLICATION or form 2248 ELECTRONIC FUNDS TRANSFER (EFT) DEBIT APPLICATION. For additional information regarding the EFT program, visit Treasury's Web site at www.michigan.gov/biztaxpayments.

Note: ACH Debit payments must be transmitted by 9:00 p.m. EST one business day prior to the due date to be accepted as timely.

- 2. Paper Payment Voucher.** If the taxpayer chooses to mail the payment, it must be sent with form SBT-V.

Electronic filers must furnish form SBT-V to taxpayers choosing to mail their payment on a balance due return. Instructions for completing and mailing the form SBT-V are located on the form. Copies of federal and Michigan returns and schedules should not be mailed to Treasury. See Appendix for sample form SBT-V.

Important! To ensure timely posting of payments, use form SBT-V only for SBT e-file Annual Return payments. Do not use form SBT-V to make other payments to the State of Michigan. Do not include form SBT-V e-file Payment Voucher when mailing a paper return and payment.

State Program Description

Type of e-file Program	SBT Internet Portal
Paper Refund Timeframe	Considerably longer
Direct Deposit	No
Electronic Funds Transfer	Yes
Balance Due Returns	Yes
Signature Process	Electronic Signature Alternative using a Treasury-assigned CSN and shared secrets.

Publications

3921	<i>SBT Direct e-file Transmitters' Handbook</i>
4432	<i>Michigan Tax Preparer Handbook for Michigan Electronic Filing Programs</i>
4024	<i>SBT e-file New Application (Profile)</i> (available online at www.michigan.gov/sbtefile)
4055	<i>SBT-V SBT e-file Annual Return Payment Voucher</i>

ELECTRONIC FILING

How SBT Direct E-file Works

A computer with Internet access and tax preparation software is needed to e-file. The software will need to be purchased and installed.

Returns are transmitted directly to Treasury by the Electronic Return Originator (ERO) or the software provider. Contact the software company to determine which transmission capabilities are offered before purchasing the software. The software company may charge an additional fee to transmit the returns.

Returns will be signed using an electronic signature composed of the following shared secrets:

- Business Account Number (FEIN or TR number)
- Gross receipts or adjusted gross receipts from the most recently filed original SBT return (not an amended return or a return as corrected by Treasury).
- Treasury-assigned CSN.

Note: If the return is signed using shared secrets and the return is rejected because the shared secrets do not match, the taxpayer/preparer may correct the shared secrets information and retransmit. There is no limit on how many times a return can be retransmitted in this circumstance.

Treasury will issue a CSN to active SBT taxpayers, who have filed form C-8000, C-8030 (for registered taxpayers), or C-8044 in the last two years. The CSN is eight digits comprised of one alpha character and seven numbers. The CSN is case-sensitive and the letters “I” and “O” are not used. This CSN is used in conjunction with shared secrets to sign an e-filed SBT return.

If filing an SBT annual return for the first time, the taxpayer will not have a CSN and will not be able to e-file using the SBT Direct Program. The taxpayer will need to file a paper return. The business must also be registered in Michigan to be eligible to receive a CSN. **Taxpayers can register for Michigan business taxes online.** Registered taxpayers filing a second Michigan SBT return can find their CSNs through the “Check My Business Tax Info” option on Treasury’s home page or at www.michigan.gov/bustax. The CSN should be available in January of the following calendar year.

Keep the assigned CSN on file, as the same number will be used for future filings of e-filed SBT returns.

If the CSN letter is lost or misplaced, use the “Check My Business Tax Info” option to view the CSN. If Internet access is not available, call (517) 636-4700 and request that a letter containing the CSN is mailed to the taxpayer.

If the taxpayer is having difficulty obtaining a CSN, use the “Ask A Question About My SBT Account” option at www.michigan.gov/bustax.

Treasury will provide two types of acknowledgments. The first is a confirmation that the file transmission was successful. This confirmation is issued almost immediately after the transmission is complete. The second is an acknowledgment for each individual return record included in the file. This acknowledgment is available within one to two business days after successful transmission of a file.

Copies of federal and Michigan SBT e-filed returns and schedules should not be mailed to Treasury unless requested.

Who Can E-file

Software developers are required to support e-file for all SBT returns included in their tax preparation software. Therefore, all eligible SBT returns prepared using software must be e-filed.

The following forms are eligible for SBT Direct e-file:

- C-8000 SBT Annual Return
- C-8000C SBT Credit for Small Business and Contribution Credits
- C-8000D SBT Capital Acquisition Adjustment
- C-8000G SBT Statutory Exemption/Business Income Averaging
- C-8000H SBT Apportionment Formula
- C-8000ITC SBT Investment Tax Credit

- C-8000KC SBT Schedule of Shareholders and Officers
- C-8000KP SBT Schedule of Partners
- C-8000S SBT Reductions to Adjusted Tax Base
- C-8009 SBT Allocation of Statutory Exemption, Standard Small Business Credit and Alternate Tax for Member of Controlled Groups
- C-8010AGR SBT Adjusted Gross Receipts for Controlled Groups
- C-8020 SBT Penalty and Interest Computation for Underpaid Estimated Tax
- C-8030 SBT Notice of No SBT Return Required
- C-8043 SBT Statutory Exemption Schedule
- C-8044 SBT Simplified Return (Fiscal year filers with a tax year beginning in 2007 must file form C-8000 for tax year 2007.)
- 3307 SBT Loss Adjustment Worksheet for the Small Business Credit

Note: Fiscal year returns can be e-filed.

Information from the following federal forms should be included when filing form C-8000, C-8044, or C-8030:

Corporations - U.S. 1120 (pages 1-4) or U.S. 1120-A (pages 1-2), Schedule D, form 851, form 4562 and form 4797. If filing as part of a consolidated federal return, attach a pro forma or consolidated schedule.

S Corporations - U.S. 1120S (pages 1-4)*, Schedule D, form 851, form 4562, form 4797 and form 8825.

Individuals - U.S. 1040 (pages 1-2), Schedules C, C-EZ, D, E and form 4797.

Fiduciaries - U.S. 1041 (pages 1-4), Schedule D and form 4797.

Partnerships - U.S. 1065 (pages 1-4)*, Schedule D, form 4797 and form 8825.

Limited Liability Companies - attach appropriate schedules shown above based on federal return filed.

***Do not send copies of K-1s. Treasury will request them if necessary.**

Fiscal year filers who choose the actual method to compute their final return should prepare a pro forma federal return reflecting actual income and expenses in accordance with the method of accounting used in prior fiscal years. That pro forma return must be available for Treasury upon request.

Additionally, fiscal year filers can also e-file using the annual method. The federal data included with these returns will be for the full federal filing period.

The 2007 Supplemental Instructions for Final Fiscal SBT Filers states: “Federal Returns. If you choose the annual method to compute your final fiscal return, attach copies of all federal forms required. See page 22 [2007 SBT Instruction Booklet] for details. If you choose the actual method to compute your final return, attach a schedule showing your computation of the actual tax base. This pro-forma return must include all income, expenses and adjustments required. Also attach a copy of your actual federal income tax return if available.”

If it becomes necessary to supply Treasury with a paper copy of the return and the supporting documents, it must be assembled as listed on pages 11 and 12. Copies of federal and Michigan SBT e-filed returns and schedules should not be mailed to Treasury.

SBT Direct e-file is **not** available to taxpayers who:

- Have not previously filed a paper SBT return with Treasury, or
- Are filing the following form(s):
 - C-8022 SBT Farmland Preservation Tax Credit
 - C-8000X SBT Amended Return
 - C-8008 SBT Affiliation Schedule - Consolidated Filing
 - C-8044X SBT Amended Simplified Return
 - C-8000MC SBT Miscellaneous Credits
 - 1366 Insurance Company Annual Return for SBT and Retaliatory Tax.
- File returns for years 2001 and before
- File returns requiring payment for 2002.

SBT Direct E-file Program Availability

Treasury will continue to accept SBT Direct e-file returns for years 2002 through 2007 as supported by your software.

SBT DIRECT E-FILE APPLICATION (PROFILE) AND ACCEPTANCE PROCESS

Note: If sending returns to a software developer who will in turn transmit them to Treasury, it is not necessary to apply to be a transmitter.

An organization or individual interested in participating as a transmitter must submit an SBT e-file New Application (Profile) request to Treasury. To complete the application process, visit Treasury's Web site at www.michigan.gov/sbtefile. Applications are processed within one to two business days. An acceptance letter containing a usercode and password to transmit SBT e-file returns will be mailed within one week. It is the recipient's responsibility to keep this information secure. Applications may be submitted at any time throughout the year.

In future years, **continuing participants** who have been previously accepted by Michigan do not need to resubmit an application. If there is a change in the information on file, participants should submit the updated information by using the Update Profile screen on the Web site.

Failure to apply will preclude transmitters from participating in the program.

ACKNOWLEDGMENT PROCESS

First Acknowledgment (File Acknowledgment)

Treasury will provide two types of acknowledgments. The first is a confirmation that the file transmission was successful. This confirmation is issued almost immediately after the transmission is complete. If a transmission is rejected, the transmitter will receive a message back from Treasury identifying the first error encountered in the file transmission. The transmitter should correct and retransmit the file. Transmitters will need to retransmit the file until it clears the schema validation.

Second Acknowledgment (Return Acknowledgment)

The second is an acknowledgment for each individual return record included in the file. This acknowledgment is available within one to two business days after successful transmission of a file.

Treasury will perform certain checks on the return during the acceptance process. All returns, whether e-filed or paper-filed, are subject to Michigan audit, and can be delayed regardless of the acknowledgment code given. The acknowledgment codes are as follows:

- ACC Electronic return was **accepted** and will be reviewed and processed.
- REJ Electronic return was **rejected**. Rejections other than duplicates can be corrected and retransmitted to Treasury.

Rejection Codes

<u>Rejection Code</u>	<u>Form</u>	<u>Description</u>
10	C-8000 C-8044 C-8030	Duplicate return
20	All forms	Unauthorized Software Developer
30	C-8000 C-8044 C-8030	Invalid Electronic Signature Alternative
40	C-8000 C-8044 C-8030	Return filed on wrong year form

Note: For fiscal year filers the beginning date year should coincide with the tax year form.

50	C-8030	Gross receipts over form C-8030 filing limit
60	C-8000 C-8044 C-8030	Ending Date is less than Beginning Date.

RESPONSIBILITIES OF TRANSMITTERS AND EROs

Electronic filers, preparers, transmitters, and EROs must abide by the terms set forth in *Publication 3921 Michigan's Single Business Tax Transmitters' Direct E-File Handbook* and must maintain a high degree of integrity, compliance, and accuracy to continue to participate in the SBT Direct E-file Program.

Electronic Return Originator or Preparer

An ERO is the person or firm who constructs the return information for the taxpayer for the purpose of electronically filing a tax return. EROs or preparers do not need to submit an application to participate in Michigan's SBT Direct E-file Program.

Transmitter

A transmitter is the business or individual who electronically sends the file of return data to Treasury. **In most cases the software developer will be the transmitter.** If sending returns to a software developer who will in turn transmit them to Treasury, it is not necessary to apply to be a transmitter.

If the software allows returns to be sent directly to Treasury, it will be necessary to apply to be a transmitter. To be a transmitter, the applicant must:

- Submit an SBT e-file New Application (Profile) request to Treasury
- Pass the Treasury qualifications review and be accepted.

For more information, see *Publication 3921 Michigan's Single Business Tax Transmitters' Direct E-File Handbook*.

Program Compliance

Treasury will ensure transmissions are in compliance with the requirements outlined in this Handbook and *Publication 3919 Michigan SBT Direct E-File Specification and Software Developer Guide*.

If, after acceptance, a transmitter/software developer has production problems, Treasury reserves the right to suspend that transmitter/software developer until the problems are resolved to Treasury's satisfaction.

APPENDIX

Single Business Tax Forms and Instruction Booklets