Michigan Department of Treasury
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2010 • MBT

MICHIGAN BUSINESS TAX
FORMS & INSTRUCTIONS FOR STANDARD TAXPAYERS

This MBT booklet includes forms and instructions for standard taxpayers (filers except insurance companies and financial institutions). Forms are designed for calendar year 2010 and for the fiscal year ending in 2011.

Inside this tax booklet:

- Important Information for 2010 — **Page 7**
- General Information for Standard Taxpayers — **Page 9**
- Supplemental Instructions for Standard Members in Unitary Business Groups — **Page 143**
- Details on changes to Uniform Unclaimed Property Act — **Page 158**

New E-file requirements for tax year 2010.

See pages 5 and 10 for more information, or visit the E-file Web site.

www.MIfastfile.org

Find Michigan tax forms online at **www.michigan.gov/taxes**.

This booklet is intended as a guide to help complete the Michigan Business Tax return. It does not take the place of law.

Table of Contents

	Page
Certified Community Foundations and Component Funds	156
Certified Education Foundations	155
Country Codes	157
General Information for Standard Taxpayers	9
Quick Reference Guide	4
Revenue Administrative Bulletins	155
Supplemental Instructions for Standard Members of UBGs	143
Unclaimed Property Reporting for Businesses	158

Forms and Instructions

4 **Application for Extension of Time to File Michigan Tax Returns** 141

Purpose: To request more time to file the annual return.

4567 **Michigan Business Tax (MBT) Annual Return** 17

Purpose: To calculate the Business Income Tax and Modified Gross Receipts Tax as well as surcharge for standard taxpayers.

4568 **MBT Nonrefundable Credits Summary** 41

Purpose: To determine a taxpayer's tax liability after application of nonrefundable tax credits.

4569 **MBT Single Business Tax (SBT) Credit Carryforwards** 45

Purpose: To report the amount of each SBT credit carryforward that may be claimed this year.

4570 **MBT Credits for Compensation, Investment, and Research and Development** 47

Purpose: To claim the Compensation Credit, Investment Tax Credit (ITC), and the Research and Development Credit.

4571 **MBT Common Credits for Small Businesses** 55

Purpose: To allow taxpayers to calculate the Small Business Alternative Credit and the Gross Receipts Filing Threshold Credit.

4572 **MBT Charitable Contribution Credits** 61

Purpose: To allow taxpayers to claim the charitable contribution credits.

4573 **MBT Miscellaneous Nonrefundable Credits** 63

Purpose: To allow taxpayers to claim certain miscellaneous nonrefundable credits.

4574 **MBT Refundable Credits** 75

Purpose: To allow taxpayers to claim refundable credits.

4575 **MBT Loss Adjustment for the Small Business Alternative Credit** 81

Purpose: To reduce the adjusted business income to qualify for the Small Business Alternative Credit.

4577 **MBT Schedule of Shareholders and Officers** 87

Purpose: To determine eligibility for all Corporations to qualify for the Small Business Alternative Credit.

4578 **MBT Schedule of Partners** 93

Purpose: To determine eligibility for all Partnerships to qualify for the Small Business Alternative Credit.

4580 **MBT Unitary Business Group Combined Filing Schedule for Standard Members** 95

Purpose: To identify all members of a Unitary Business Group and gather tax return data for each standard member separately, make appropriate eliminations, and determine combined group data for the tax return.

4582 **MBT Penalty and Interest Computation for Underpaid Estimated Tax** 113

Purpose: To compute penalty and interest for underpaying, late filing, or late payment of quarterly estimates.

4583 **MBT Simplified Return** 35

Purpose: To allow eligible taxpayers to calculate the alternate tax based on the Small Business Alternative Credit.

4584 **MBT Election of Refund or Carryforward of Credits** 119

Purpose: To allow taxpayers to claim certain "hybrid" credits that, if greater than the tax liability, can either be refunded or carried forward to offset future liabilities.

4585 **MBT Investment Tax Credit Recapture From Sale of Assets Acquired Under Single Business Tax** 127

Purpose: To calculate the ITC recapture amount for the disposal or transfer of depreciable real or personal property acquired in tax years beginning after 1999 and prior to 2008, which must be recaptured to the extent used and at the rate used under the SBT or MBT.

4587 **MBT Schedule of Recapture of Certain Business Tax Credits and Deductions** 133

Purpose: To recapture certain previously claimed tax credits.

4595 **MBT Renaissance Zone Credit Schedule** 137

Purpose: To allow eligible taxpayers to calculate and claim the Renaissance Zone Credit.

Worksheets

4700 **Gross Receipts Worksheet** 147

Purpose: To calculate gross receipts as defined by law in most instances.

4746 **Business Income Worksheet** 153

Purpose: To calculate total business income as defined by law in most instances.

December 2010

Dear Taxpayer:

Enclosed are forms and instructions needed to file your 2010 Michigan Business Tax (MBT) annual return.

Some of the forms and instructions in this booklet have been changed from previous years. For more information on updates, including Legislative Changes for 2010 and Helpful Hints for Completing an MBT return, please see pages 7 and 8 of this instruction booklet.

If you have questions about your MBT obligations, please call the Michigan Department of Treasury's Customer Contact Division at (517) 636-4657, or visit **www.michigan.gov/mbt**.

Sincerely,

Donna M. Donovan

Donna M. Donovan
Deputy State Treasurer,
Tax Administration

Quick Reference Guide

MBT Credits, Recaptures, and Assignments

Credit	Form
Anchor Company Payroll Credit	4584
Recapture	4587
Anchor Company Taxable Value Credit	4584
Recapture	4587
Arts and Culture Credit	4572
Biofuel Infrastructure Credit	4573
Recapture	4587
Bonus Depreciation Credit	4573
Bottle Deposit Administration Credit	4573
Brownfield Redevelopment Credit	4584
Recapture	4569, 4584, 4587
Community or Education Foundation Credit	4572
Compensation Credit	4570
Entrepreneurial Credit	4573
Recapture	4587
Farmland Preservation Credit	4594*
Film Infrastructure Credit	4573
Assignment	4589*
Recapture	4587
Film Job Training Credit	4573
Film Production Credit	4574
Assignment	4589*
Gross Receipts Filing Threshold Credit	4571, 4583
Historic Preservation Credit	3581*, 4584
Assignment	3614*
Recapture	4573, 4584
Homeless Shelter/Food Bank Credit	4572
Hybrid Technology Research and Development Credit	4574
Individual or Family Development Account Credit	4573
Investment Tax Credit	4570
International Auto Show Credit	4573

Credit	Form
Large Food Retailer Credit	4573
Low-Grade Hematite Credit	4573
MEGA Employment Tax Credit	4574
Recapture	4587
MEGA Federal Contract Credit	4584
Recapture	4587
MEGA Photovoltaic Technology Credit	4574
Recapture	4587
MEGA Research and Development Credit	4574
Recapture	4587
Mid-Size Food Retailer Credit	4573
NASCAR Safety Credit	4574
NASCAR Speedway Credit	4573
New Motor Vehicle Dealer Inventory Credit	4573
Next Energy Business Activity Credit	4573
Next Energy Payroll Credit	4574
Personal Property Tax Credit	4574
Private Equity Fund Credit	4573
Public Contribution Credit	4572
Renaissance Zone Credit	4595
Research and Development Credit	4570
Small Business Alternative Tax Credit	4571, 4583
Stadium Credit	4573
Start-up Business Credit	4573
Recapture	4587
Workers' Disability Supplemental Benefit (WDSB) Credit	4574

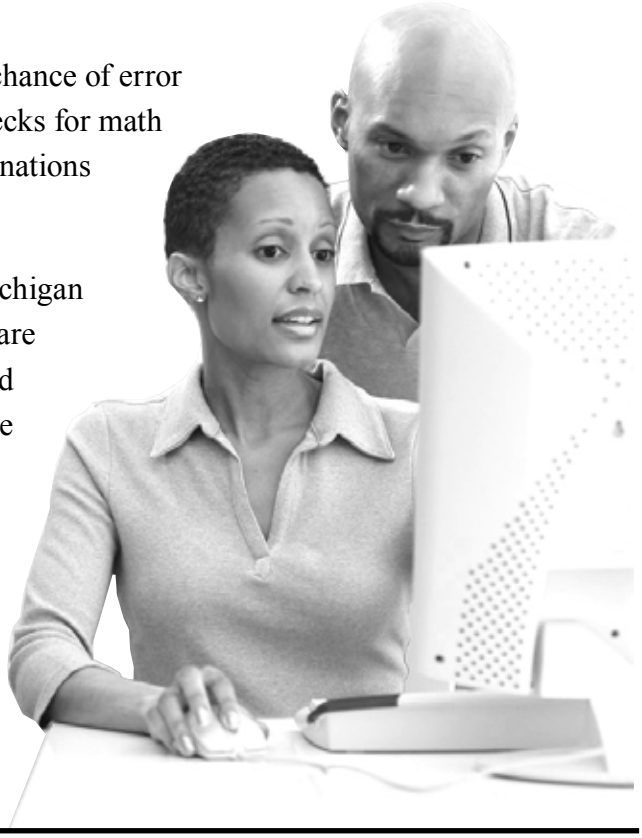
SBT Credit Carryforwards

SBT Historic Preservation Credit	4569
SBT "New" Brownfield Credit	4569

* Form does not appear in this book but can be found on the Michigan Department of Treasury Web site at **www.michigan.gov/taxes**.

File with confidence. E-file.

- **It's Accurate.** E-filed returns have much less chance of error compared to paper returns. The computer program checks for math errors before the return is accepted, and detailed explanations pinpoint the location of any errors in the return.
- **It's Convenient.** Prepare and submit your Michigan Business Tax (MBT) return electronically using software approved by the Michigan Department of Treasury, and receive electronic proof from both the Internal Revenue Service and State of Michigan that your returns were accepted.
- **It's Secure.** Only tax preparers and their clients see the returns. Confidential information is protected by Secure Socket Layer (SSL) 128-bit encryption.



e-file

www.MIfastfile.org

MBT e-file Mandate

Beginning with the 2010 tax year, Michigan will have an enforced MBT e-file mandate. Developers producing MBT tax preparation software and computer-generated forms must support e-file for all eligible Michigan forms that are included in their software package. All eligible MBT returns prepared using tax preparation software or computer-generated forms must be e-filed.

The Michigan Department of Treasury will not process computer-generated paper returns that are eligible to be e-filed. A notice will be mailed to the taxpayer indicating that their return was not filed in the proper form and content and must be e-filed. Payment received with a paper return will be processed and credited to the taxpayer's account even when the return is not processed.

For more information about MBT e-file, visit the Web site **www.MIfastfile.org**.

E-file Software Companies

A list of e-file software companies is available on the Web site **www.MIfastfile.org**. Select "Business Taxpayer," then "Michigan Business Tax E-File," and look under "Choosing a Tax Preparation Software."

Treasury and the State of Michigan do not endorse or warrant these companies or their products or services. The decision to use or not to use any of these products and services will not result in any special treatment from Treasury.

Notice to Taxpayers Regarding Federally Disregarded Entities and the Michigan Business Tax

Requirement to File/Amend. A person that is a disregarded entity for federal tax purposes, including a single member limited liability company or QSub, must file a separate return under the MBT or file as a member of a unitary business group if the requirements of MCL 208.1117(6) are satisfied.[1] This requirement applies to all open tax periods under the MBT. A person disregarded for federal tax purposes that filed as a sole proprietor, branch, or division of its owner for MBT purposes (a "previously disregarded entity") is considered a non-filer for statute of limitations purposes under MCL 205.27a.

A person that previously filed an MBT return that included one or more previously disregarded entities, including a unitary business group, must amend its returns for all open periods, even if the amended returns do not result in a different tax liability.

A person required to file a return, or amend a return for a prior period, under this Notice must do so by June 30, 2011.

Any FAQ or other form of guidance that states that an entity disregarded for federal tax purposes for a given taxable period must also file as a disregarded entity for MBT purposes is invalid to the extent inconsistent with this Notice.

Penalties and Interest. Interest under MCL 205.23 and MCL 205.24 is due for any deficiencies in tax payments and shall be added to the tax from the time the tax was originally due. Interest on refunds due to amended returns or returns filed by previously disregarded entities shall be calculated and added to the refund commencing 45 days after the claim is filed.[2]

Failure to file penalties under MCL 205.24 will be waived for all returns filed and paid by June 30, 2011. Penalties will be assessed against any previously disregarded entity that fails to file a required return by June 30, 2011.

Registration. Previously disregarded entities that do not have a Federal Employer Identification Number ("FEIN") or Michigan Treasury Assigned Number ("TR") must register with the Department before filing an MBT return. Taxpayers are encouraged to register online at **www.michigan.gov/businesstaxes**. The web site provides information on obtaining an FEIN, which is required to submit taxes through e-file. Returns received without a registered account number will be subject to delayed processing.

Filing Threshold. In general, standard taxpayers[3] engaged in business activity in Michigan and whose apportioned or allocated gross receipts are $350,000 or more must file an annual return. The Department concludes that previously disregarded entities will generally constitute "United States persons" under MCL 208.1117. So long as the apportioned or allocated gross receipts of a unitary business group equal or exceed $350,000, the unitary business group must file a return and pay the tax imposed by the MBT regardless of the gross receipts of each member of the unitary business group. Thus, a previously disregarded entity with apportioned or allocated gross receipts under $350,000 may still be required to file as part of a unitary business group.

Previously Disregarded Entities of Insurance Companies. Previously disregarded entities owned by persons subject to the tax under MCL 208.1235 must file as a standard taxpayer – either separately or as a member of a unitary business group – unless the previously disregarded entity qualifies as an authorized insurance company or financial institution.

Completing and Filing the Required Returns. A previously disregarded entity that exceeds the filing threshold or is otherwise required to file must file all required forms and supporting schedules. A previously disregarded entity that is part of a unitary business group must file the appropriate return and any required combined filing schedules.

A previously disregarded entity must identify its Organization Type before its MBT return will be processed. A previously disregarded entity should select the Organization Type under which its parent filed its return. For example, a previously disregarded limited liability company whose single member (parent) is a C corporation should select the Organization Type: *C Corporation/LLC C Corporation*. A previously disregarded QSub should select the Organization Type: *S Corporation/LLC S Corporation*.

A previously disregarded entity must prepare a corresponding *pro forma* federal return.

A person amending a return to remove previously disregarded entities must also prepare a corresponding *pro forma* federal return.

All returns and amended returns filed pursuant to this Notice must be sent to the following addresses:

With Payment:
Michigan Department of Treasury
P.O. Box 30113
Lansing, MI 48909

Without Payment:
Michigan Department of Treasury
P.O. Box 30783
Lansing, MI 48909

This Notice was issued on November 29, 2010.

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[1] This requirement is based on *Kmart Michigan Property Services LLC v Dep't of Treasury*, 283 Mich App 647 (2009), lv den 772 NW2d 421 (2009). At issue in that case was whether Kmart Michigan Property Services LLC ("KMPS"), a single member limited liability company disregarded for federal tax purposes, was permitted to file a return separate from its owner, Kmart Corporation, contrary to RAB 1999-9, which required KMPS to instead file as a division of its owner. The Court of Appeals found in favor of KMPS, holding:

> KMPS was required to file a SBT return, regardless of its classification as a disregarded entity for federal tax purposes, because KMPS fit within the statutory definition of a "person" conducting business activity and the SBTA required all persons conducting business activity in the state to file a SBT return. Therefore, the SBTA does not support the requirement of RAB 1999-9 that an organization that is a disregarded entity for federal tax purposes for a given taxable period must also file as a disregarded entity for state tax purposes.

[2] MCL 205.30.

[3] Taxpayers subject to the business income or modified gross receipts taxes.

Important Information for 2010

Michigan Business Tax (MBT) Instruction Differences for Calendar, Fiscal Year Filers

This MBT booklet includes forms and instructions designed for calendar year 2010; fiscal year 2011 taxpayers will use 2010 MBT forms but must apply 2011 rates, percentages, and other factors to calculate the tax, wherever there is a difference. This year the completion of many of the forms will vary depending on the tax year, so please read the instructions carefully. Some of the differences include:

***MBT Miscellaneous Nonrefundable Credits* (Form 4573)**

- NASCAR Speedway Credit — For the 2010 tax year, the credit is limited to the lesser of the taxpayer's tax liability or $2,100,000. For the 2011 tax year, the credit is limited to the lesser of the taxpayer's tax liability or $1,580,000.
- Stadium Credit — For the 2010 tax year, the credit is equal to 65 percent of the eligible taxpayer's total tax liability not to exceed $1,700,000. For the 2011 tax year, the credit is equal to 45 percent of the eligible taxpayer's total tax liability not to exceed $1,180,000.
- Entrepreneurial Credit — This credit is available for tax years ending in 2010, but not for tax years ending in 2011.
- Bonus Depreciation Credit — This credit is available for tax years ending in 2010, but not for tax years ending in 2011.

***MBT Refundable Credits* (Form 4574)**

- Michigan Economic Growth Authority (MEGA) Research and Development Credit — This credit is available for tax years ending in 2010, but not for tax years ending in 2011.

***Gross Receipts Worksheet* (Worksheet 4700)** — Exclusions for the following were phased in over a five-year period. For tax year 2010, 60 percent of the following is excluded. For tax year 2011, 75 percent is excluded.

- ○ Amounts deducted as bad debt for federal income tax purposes that correspond to items of gross receipts that are included in the modified gross receipts tax base for the current tax year or a prior tax year.
- ○ Amounts received or deemed received from a foreign operating entity or other than U.S. person.
- ○ Amounts received for various taxes — i.e., sales and use, motor fuel, beer, wine and liquor, communication and energy, bottle deposits, and airport parking — although such amounts are excluded only to the extent not deducted from gross receipts as "purchases from other firms" when determining the modified gross receipts tax base.

Legislative Changes for 2010

MEGA Photovoltaic Technology Credit

Public Act (PA) 90 of 2009 amended the MEGA Photovoltaic Technology Credit, extending the sunset for MEGA to enter into agreements with taxpayers for this credit to December 31, 2011. The act also increased the cap on the total amount of these credits for all tax years to $75 million, while reducing the rate to 25 percent of capital investment made by a "qualified taxpayer" that agrees to construct and operate a new facility in Michigan.

Advance Tuition Payment Fund Deduction

PA 135 of 2009 amended the MBT to provide for a deduction to the business income tax base for the amount of a charitable contribution made to the Advance Tuition Payment Fund created under section 9 of the Michigan Education Trust (MET) Act to the extent the amount is included in federal taxable income. MET was enacted in 1986 to establish a tuition guarantee program, where entities, pursuant to contract with MET, may prepurchase undergraduate tuition for qualified beneficiaries.

Anchor Company Payroll and Anchor Company Tangible Value Credits

PAs 159 and 160 of 2009 amended the Anchor Company Payroll and Anchor Company Tangible Value Credits. The acts clarify and make technical changes to components of the credits and specify that the credits be taken after all other allowable nonrefundable credits under the MBT Act. PA 160 also added a new provision which gives MEGA the authority to exclude qualified sales to a qualified customer from the sales factor for the tax year in which an anchor company receives a credit. This provision, previously only available for the Anchor Company Payroll Credit, now applies to both the Anchor Company Payroll and Anchor Company Tangible Value Credit.

Historic Preservation Credit

PA 192 of 2009 amended the Historic Preservation Credit, changing the timing and distribution of Enhanced and Special Consideration credits claimed under the Michigan Business Tax. The bill allows the number of credits in 2009 and 2010 to be increased by reducing the credits available in 2010 and 2011 by the same number. The bill also revised criteria for some of the credits.

Brownfield Redevelopment Credit

PA 241 of 2009 amended the Brownfield Redevelopment Credit, extending the cutoff date from January 1, 2013, to January 1, 2014, for a taxpayer to receive a preapproval letter for a project. For brownfield projects approved, or amended, on or after January 1, 2010, the act reduces the amount of investment eligible for the credit and caps the number of projects MEGA may approve to 19 for the 2010 calendar year, and 17 for subsequent years. The act also permits MEGA to approve two additional projects beginning with calendar year 2011 if there are "previously issued [battery] credits" under Michigan Compiled Law (MCL) 208.1434(6) that have not been used by the taxpayer.

NASCAR Speedway Credit

PA 103 of 2010 amended the MBT Act to revise the NASCAR Speedway credit that an eligible taxpayer may claim for capital expenditures on a motorsports entertainment complex. The act increases the amount of the credit for the 2012 tax year, extends the credit through the 2016 tax year, and requires a taxpayer to spend an additional $32 million in capital expenditures to receive the extended credit.

Health Care Management Consulting Services Deduction

PA 133 of 2010 amended the MBT Act to exclude from the definition of *gross receipts*, for a taxpayer that provides health care management consulting services, amounts the taxpayer received as fees from its clients and spent to reimburse those clients for labor and nonlabor services that are paid by the clients and reimbursed to them pursuant to a services agreement. This amendment applies to amounts received after August 1, 2010.

Definition of Financial Institution

PA 156 of 2010 amended Chapter 2B of the MBT Act to include a federally chartered Farm Credit System institution in the definition of *financial institution*. Farm credit institutions are cooperatively owned entities that provide loans and financial services to farmers and agriculture-related businesses. This amendatory act is retroactive and effective for taxes levied on and after January 1, 2008.

Clarification on MBT Decoupling From Federal 100 Percent Bonus Depreciation

PA 434 of 2008 amended Section 109(3) of the MBT Act to provide a new definition of "federal taxable income" such that all calculations based on federal taxable income must be made without regard to any bonus depreciation, as found in Internal Revenue Code (IRC) § 168(k). When PA 434 was enacted, bonus depreciation in IRC § 168(k) generally was 50 percent. In the federal Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, bonus depreciation in many situations has been expanded from 50 percent to 100 percent. Because this federal change was accomplished by amending IRC § 168(k), Michigan's decoupling provision applies to 100 percent bonus depreciation under § 168(k) in the same manner as it applies to 50 percent bonus depreciation.

Helpful Hints for Completing an MBT Return

MBT Annual Return (Form 4567)

- Definition of *gross receipts* is not the same as the definition of *sales*. Refer to MCL 208.1111 for the definition of gross receipts and MCL 208.1115 for the definition of sales.
- Taxpayers claiming the deduction for contractors must be persons included in SIC codes 15, 16, or 17 and the entity claiming the deduction from gross receipts cannot be eligible to claim the Small Business Alternative Credit (SBAC). For a Unitary Business Group (UBG), if one member is eligible for the SBAC, the deduction will not be allowed. Refer to **http://osha.gov/pls/imis/sic_manual.html** for a more complete list of SIC codes.
- The staffing company deduction from gross receipts is allowed for those taxpayers whose business activities are included in Industry Group 736 under the SIC Code. This deduction is not available for professional employer organizations (PEOs); only Staffing Companies are eligible for the deduction. PEOs get an adjustment in calculating their "gross receipts."
- "Net Earnings from Self Employment" is not 100 percent of the Schedule C net income. See Internal Revenue Code (IRC) Section 1402 for more information on how to calculate this deduction.
- When filing a return for a UBG, only one Form 4567 is required for the entire group. Separate entity information will be included with the *MBT UBG Combined Filing Schedule for Standard Members* (Form 4580).

MBT Credits for Compensation, Investment, and Research and Development (Form 4570)

- When filling out Form 4570, make sure to include the Description, Location, and Date Acquired for each asset listed. Use additional sheets if necessary; "See Attached" is not acceptable. A Form 4570 with "See Attached" will be rejected.

MBT Schedule of Shareholders and Officers (Form 4577) and MBT Schedule of Partners (Form 4578)

- When claiming the SBAC, Form 4577 or Form 4578 (whichever is applicable) is required to be included for any taxpayer who is not an Individual/Fiduciary. A UBG that is claiming an SBAC is required to attach Form 4577 or Form 4578, whichever is applicable, for each member who is not an Individual/Fiduciary.

MBT UBG Combined Filing Schedule for Standard Members (Form 4580)

- Members of a UBG will report their data on Form 4580. Once all member data is combined and eliminations are calculated, these final figures will carry to Form 4567. All credits claimed on Form 4580 must be supported by the applicable forms and these forms must be included when filing the return.
- UBG members may have different tax year-ends. The combined return must include each member whose tax year ends with or within the tax year of the designated member.

Estimates

- All estimated payments, extension payments, and tax returns must be filed under the UBG's designated member.
- If making estimated payments by Electronic Funds Transfer (EFT), the associated vouchers are not required to be submitted.

Amended Returns

To amend a current or prior year annual return, complete either the MBT Annual Return (Form 4567) or MBT Simplified Return (Form 4583) that is applicable for that year, check the box in the upper-right corner of the return, and attach a separate sheet explaining the reason for the changes. Include an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document. Include all schedules filed with the original return, even if not amending that schedule. Enter the figures on the amended return as they should be. Do not include a copy of the original return with your amended return.

2010 General Information for Standard Taxpayers

Insurance Companies and Financial Institutions: See the Michigan Business Tax (*MBT) Instruction Booklet for Insurance Companies* (Form 4592) or the *MBT Instruction Booklet for Financial Institutions* (Form 4599) at **www.michigan.gov/taxes.**

This booklet is intended as a guide to help complete the MBT return. It does not take the place of the law.

Who Files a Standard Return?

All taxpayers (described here as standard taxpayers) other than financial institutions and insurance companies with apportioned or allocated gross receipts equal to $350,000 or more must file an *MBT Annual Return* (Form 4567) or an *MBT Simplified Return* (Form 4583). (See "Filing if Tax Year Is Less Than 12 Months" in this "General Information" section.) The law does not require the filing of the MBT return by a taxpayer whose gross receipts apportioned or allocated to Michigan are less than $350,000. There is not a separate form for reporting that a taxpayer has no filing requirement. However, taxpayers without a filing requirement may choose to file a return to preserve a carry over of a credit, to claim a refundable tax credit, to claim a refund of the estimated payments made, or create and carry forward available business loss.

EXCEPTION: A person that would be a standard taxpayer if viewed separately is defined and taxed as a financial institution if it is owned, directly or indirectly, by a financial institution and is in a Unitary Business Group (UBG) with its owner. A person in this situation will report on *MBT UBG Combined Filing Schedule for Financial Institutions* (Form 4752), which supports the *MBT Annual Return for Financial Institutions* (Form 4590).

UBGs: For a UBG (discussed in greater detail below), the $350,000 filing threshold is calculated by adding gross receipts of every member and before elimination of intercompany transactions.

Insurance companies and financial institutions will calculate tax liability using specialized tax bases and rules, which are covered in separate booklets (see the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588) and Form 4590, respectively).

Using This Booklet

This MBT booklet includes forms and instructions for all "standard taxpayers" (all filers except insurance companies and financial institutions). These forms are designed for calendar year 2010 and for fiscal years ending in 2011.

Read the "General Information" section first. Because MBT is a newer tax, the Michigan Department of Treasury (Treasury) recommends taxpayers and tax preparers also briefly review the instructions for all forms. A taxpayer might qualify for a credit and yet be unaware of it.

Overview of MBT for Standard Taxpayers

MBT imposes both a Modified Gross Receipts Tax and a Business Income Tax on all standard taxpayers with apportioned or allocated gross receipts (annualized, if applicable) equal to $350,000 or more, where:

- The Modified Gross Receipts Tax rate is 0.8 percent, and
- The Business Income Tax rate is 4.95 percent.

An annual surcharge of 21.99 percent is applied to the sum of both tax liabilities, where the surcharge amount levied against the taxpayer is capped at $6,000,000 in any single tax year.

The statute then offers more than 40 credits that reduce the initial calculation of tax and surcharge. This includes a limited allowance of Single Business Tax (SBT) credit carryforwards.

The Modified Gross Receipts Tax base consists of gross receipts less purchases from other firms and other subtractions. *Gross receipts* are defined as the entire amount received by a taxpayer from any activity carried on for direct or indirect gain, benefit, or advantage to the taxpayer or to others, with certain specific exceptions. (See the instructions for Form 4567 for additional guidance.)

For most taxpayers, the Business Income Tax base is essentially that part of federal taxable income (as defined for MBT purposes) derived from business activity, with certain additions and subtractions.

Filing MBT Quarterly Tax Estimates for 2011

If estimated combined MBT liability for the year (including surcharge) is reasonably expected to exceed $800, a taxpayer must file estimated returns either monthly or quarterly. Payments can be made with either of the following returns:

- *Michigan Business Tax Quarterly Return* (Form 4548), or
- *Combined Return for Michigan Taxes* (Form 160) (if registered for Sales, Use, and Withholding Taxes).

If paying quarterly with Form 160 or Form 4548, estimates are due by the 15th of the month following the end of the quarter. If paying monthly using Form 160, monthly payments are due by the 20th day of the month. For example, a taxpayer may file monthly MBT estimated tax payments using Form 160 on February 20, March 20, and April 20 rather than a single quarterly payment on April 15 provided the combined estimated tax payments for those months are calculated using the instructions provided with the form. For taxpayers electing to make monthly remittances by Electronic Funds Transfer (EFT) where the requirement to file a paper Form 160 has been waived, MBT estimates are due by the 20th day of the month following the month's end. The estimated MBT for the quarter must also reasonably approximate the liability for the quarter.

NOTE: Your debit transaction will be ineligible for EFT if the bank account used for the electronic debit is funded or otherwise associated with a foreign account to the extent that the payment transaction would qualify as an International ACH Transaction (IAT) under NACHA Rules. Contact your financial institution for questions about the status of your account. Contact Treasury's EFT Unit at (517) 636-4730 for alternate payment methods.

The estimated payment made with each quarterly return must be computed on the actual Business Income Tax and

Modified Gross Receipts Tax for the quarter, or 25 percent of the estimated annual total liability, plus the annual surcharge imposed. To avoid interest and penalty charges, estimated payments must equal at least 85 percent of the total liability for the tax year and the amount of each estimated payment must reasonably approximate the tax liability for that quarter. If the prior year's tax under the MBT Act, including surcharge, is $20,000 or less, estimated tax may be based on the prior year's total tax liability paid in four equal installments. If the prior year's tax liability was reported for a period less than 12 months, this amount must be annualized for purposes of both the $20,000 ceiling and calculating the quarterly payments due under this method. (See "Filing if Tax Year Is Less Than 12 Months" in this "General Information" section.) If the year's tax liability, including surcharge, is $800 or less, estimated returns are not required.

Reliance on the tax liability of the prior year as a means to avoid interest and penalty charges is only allowed if you had business activity in Michigan in that prior year. In addition, if your business was not in existence in the preceding year, no safe harbor exists. In such a case, estimates must be based on the MBT liability for the current year.

Amending Estimates

If, after making payments, the estimated tax is substantially different than originally estimated, recompute the tax and adjust the payment in the next quarter.

Electronic Filing of MBT Returns

Beginning with the 2010 tax year, Michigan will have an enforced MBT e-file mandate.

Software developers producing MBT tax preparation software and computer-generated forms must support electronic filing (e-file) for all eligible MBT forms that are included in their software package. All eligible MBT returns prepared using tax preparation software or computer-generated forms must be e-filed.

Treasury will not process computer-generated paper returns that are eligible to be e-filed. A notice will be mailed to the taxpayer indicating that the return was not filed in the proper form and content and must be e-filed.

Treasury will continue to accept certain Portable Document Format (PDF) attachments with MBT e-filed returns. A current list of defined attachments is available in the MBT "Electronic Filing Tax Preparer Handbook," which is available on the Treasury Web site at **www.MIfastfile.org** by clicking on "Business Taxpayer," then "Michigan Business Tax E-File," and looking under "Tax Preparer Resources." Follow your software instructions for submitting attachments with an e-filed return.

If the MBT return includes supporting documentation or attachments that are not on the predefined list of attachments, the return can still be e-filed. Follow your software instructions for including additional attachments. The tax preparer or taxpayer should retain file copies of all documentation or attachments.

For more information and program updates, including exclusions from e-file, visit the e-file Web site at **www.MIfastfile.org**.

The taxpayer may be required to e-file its federal return. Visit the Internal Revenue Service (IRS) Web site at **www.irs.gov** for more information on federal e-file requirements and the IRS Federal/State Modernized e-File (MeF) program.

Complete Federal Tax Forms First

Before preparing MBT returns, complete all federal tax forms. These forms may include:

- Individuals, Partnerships, or Fiduciaries — U.S. Form 1040, 1041, 1065 and related Schedules C, C-EZ, D, E, K, 4797, and 8825.
- Corporations — U.S. Form 1120, 1120-S, and Schedules D, K, 851, 940, 4562, 4797, and 8825.
- Limited Liability Companies (LLCs) — Federal forms listed above, depending on how federal returns have been filed.

Reference these federal forms to complete Form 4567 or Form 4583.

Copies of certain pages from these federal forms must also be attached to the annual return filed. See the instructions for the annual return for further details.

Completing Michigan Forms

Treasury captures the information from paper MBT returns using an Intelligent Character Recognition process. If completing a paper return, avoid unnecessary delays caused by manual processing by following the guidelines below so the return is processed quickly and accurately.

- **Use black or blue ink.** Do not use pencil, red ink, or felt tip pens. Do not highlight information.
- **Print using capital letters** (UPPER CASE). Capital letters are easier to recognize.
- **Print numbers like this:** 012345678. Do not put a slash through the zero (Ø) or seven (7).
- **Fill check boxes with an [X]**. Do not use a check mark [✔].
- **Leave lines/boxes blank** if they do not apply or if the amount is zero, unless otherwise instructed.
- **Do not enter data in boxes filled with Xs**.
- **Do not write extra numbers, symbols, or notes** on the return, such as cents, dashes, decimal points (excluding percentages), or dollar signs, unless otherwise instructed. Enclose any explanations on a separate sheet unless instructed to write explanations on the return.
- **Date format,** unless otherwise specified, should be in the following format: MM-DD-YYYY. Use dashes (-) rather than slashes (/).
- **Enter phone numbers using dashes** (e.g., 517-555-5555); do not use parentheses.
- **Stay within the lines** when entering information in boxes.
- **Report losses and negative amounts** with a negative sign in front of the number (do not use parentheses). For example, a loss in the amount of $22,459 should be reported as -22,459.
- **Percentages should be carried out four digits** to the right of the decimal point. Do not round percentages. For example, 24.154266 percent becomes 24.1542 percent. When converting a percentage to a decimal number, carry numbers out six

digits to the right of the decimal point. For example, 24.154266 percent becomes 0.241542.

• **Report all amounts in whole dollars.** Round down amounts of 49 cents or less. Round up amounts of 50 cents or more. If cents are entered on the form, they will be treated as whole dollar amounts.

Suggested Order of Analysis and Preparation of an MBT Annual Return

First, determine whether the taxpayer has nexus with Michigan. Nexus is a legal term that expresses whether a taxpayer has sufficient connection to Michigan to justify subjecting the taxpayer to Michigan tax. If there is any question about the existence of nexus for MBT purposes, see Revenue Administrative Bulletins (RABs) 2007-6 and 2008-4 for further guidance. These RABs can be found on the Treasury Web site at **www.michigan.gov/taxes**. (Click on the "Reference Library" link on the left side of the page.)

Next, determine whether the taxpayer has $350,000 or more of gross receipts that are apportioned or allocated to Michigan. (See "Filing if Tax Year Is Less Than 12 Months" in this "General Information" section, if applicable.)

• Gross receipts are defined as the entire amount received by the taxpayer, as determined by using the taxpayer's method of accounting used for federal income tax purposes, from any activity whether in intrastate, interstate, or foreign commerce carried on for direct or indirect gain, benefit, or advantage to the taxpayer or to others, with certain enumerated exceptions, which can be found on the *Gross Receipts Worksheet* (Worksheet 4700). The statutory definition of gross receipts is found in Michigan Compiled Laws (MCL) 208.1111(1).

• Gross receipts is a worldwide figure. For a taxpayer that has nexus only with Michigan, all gross receipts are allocated to Michigan. A taxpayer that has nexus with Michigan and at least one other state or foreign country must calculate its apportionment percentage and multiply its total gross receipts by that apportionment percentage. See Form 4567, lines 11a through 11c, and accompanying instructions for this calculation. The resulting figure is the taxpayer's gross receipts apportioned to Michigan.

If all of the foregoing considerations determine that a taxpayer must file an MBT return, the next question is which primary form to use. For a standard taxpayer, there are two. Form 4583 is an optional simplified form for small businesses that allows taxpayers to calculate the Small Business Alternative Credit and the Gross Receipts Filing Threshold Credit. Most other credits are not available with Form 4583. Eligibility to use Form 4583 is described at the top of that form and in its instructions.

Most standard taxpayers will use Form 4567. It is available to all standard taxpayers, and allows for the calculation of all credits, including credits that can be claimed only by using this form. To calculate gross receipts (Part 1 of the form) and business income (Part 2), use Worksheet 4700 and the *Business Income Worksheet* (Worksheet 4746), based on organization type of the taxpayer.

For a taxpayer using Form 4567, first complete lines 1 through 53 to calculate total liability before all credits. At that point, if any nonrefundable credits will be claimed, begin the *MBT Nonrefundable Credits Summary* (Form 4568), which serves several important functions:

• Acts as a checklist of nonrefundable credits

• Identifies the order in which nonrefundable credits must be claimed

• Identifies the form on which each nonrefundable credit is calculated

• Tracks tax liability as it is reduced by each credit in proper order

• Identifies (where applicable) the point at which tax liability reaches zero and no further nonrefundable credits may be claimed in the current filing period.

Complete Form 4568 from top to bottom. For each credit the taxpayer qualifies for, calculate the credit as identified on the appropriate form and bring the result back to the appropriate line on Form 4568.

After total nonrefundable credits are determined on Form 4568, line 40, carry the figure to Form 4567, line 54. The lines following are straightforward, but take care to consider any available refundable credits on Form 4567, Part 4.

Further General Guidance

For purposes of MBT, *person* means an individual, firm, bank, financial institution, insurance company, limited partnership, limited liability partnership, copartnership, partnership, joint venture, association, corporation, S corporation, LLC, receiver, Estate, Trust, or any other group or combination of groups acting as a unit.

A *taxpayer* includes a single person or a UBG liable for tax, interest, or penalty. A UBG must file a combined MBT return. (For a definition of UBG, and details on filing a combined MBT return, see "UBGs and Combined Filing" in this General Information.)

Businesses reporting less than 12 months must annualize gross receipts to determine whether they are required to file. (See "Filing if Tax Year Is Less Than 12 Months" in this "General Information" section for more guidance on annualization.)

If apportioned or allocated gross receipts are below the filing requirement, there is no legal obligation to file a return or pay the tax, unless you wish to preserve the carryforward amounts of various credits and business loss, in which case, a return must be filed. There is no form to notify Treasury that the taxpayer has no MBT filing requirement.

Individual. If a person owns more than one business that is registered as Individual (e.g., a convenience store and rental property), file one MBT return and use the combined apportioned or allocated gross receipts to determine the filing requirement.

A husband and wife who file their U.S. 1040 as "married filing jointly" but own separate businesses, maintain separate records and file separate federal *Schedule C* forms, will file separate MBT returns if they do not meet the definition of a UBG (as defined in "UBGs and Combined Filing" in this "General Information" section).

LLC. An LLC is classified for MBT purposes according to its federal tax classification. The following terms, whenever used in MBT forms, instructions, and statute, include LLCs as indicated:

- *Partnership* includes an LLC federally taxed as a Partnership, and a member of this LLC is a partner.
- *S Corporation* includes an LLC federally taxed as an S Corporation, and a member of this LLC is a shareholder.
- *C Corporation* includes an LLC federally taxed as a C Corporation, and a member of this LLC is a shareholder. A member or other person performing duties similar to those of an officer in an incorporated entity is an "officer" in this LLC.

NOTE: In this booklet, the term "corporation," used without a C or S, generally refers to both types.

NOTE: Federally disregarded LLCs (and Qualified Subchapter S Subsidiaries, or Q-Subs) are required to file separate MBT returns if they do not meet the UBG relationship tests and thus do not file as part of a UBG return with their owner. A federally disregarded LLC or Q-Sub that files MBT as a distinct entity is classified for MBT purposes according to the federal tax classification of its owner.

NOTE: A foreign (non-U.S.) corporation or a foreign (non-U.S.) LLC that is disregarded into a U.S. parent cannot be a member of a UBG. In this case, the foreign entity with Michigan business activity must file a separate return.

Fiduciaries filing for Estates or Trusts engaged in business activity must file an MBT return and report the total business activity. Beneficiaries are not required to file an MBT return or pay the tax on their distributive shares. If a grantor Trust is engaged in business, the grantor or owner must file. To determine credits, follow the guidelines for Individuals. A Trust is classified for MBT purposes according to its federal tax classification.

REMINDER: Partners and S Corporation shareholders (including LLC members treated as such) may have to pay tax on their share of income from a Partnership or S Corporation. For a partner or S Corporation shareholder who is an Individual, this share of business income is taxed under the Michigan Individual Income Tax Act. For a partner or S Corporation shareholder that is subject to MBT (Individual or entity), this income must be included in the Business Income Tax base, but then is subtracted (a loss will be added) on the MBT annual return filed for the partner or shareholder to the extent that it was included in arriving at the partner's or shareholder's business income.

EXCEPTION: If this partner or shareholder that is an individual has no Michigan business activity other than its interest in the Partnership or S Corporation, the partner or shareholder is not subject to MBT and is not required to file a return. However, the partner or shareholder, if an Individual, may be subject to Michigan Individual Income Tax.

UBGs and Combined Filing

NOTE: UBGs are addressed here, in general. In the instructions for each form, "Special Instructions for Unitary Business Groups" are located directly before "Line-by-Line Instructions." The areas in the "Line-by-Line Instructions" that apply only to UBGs are labeled "**UBGs**." Additional direction is found in the "Supplemental Instructions for Standard Members in UBGs" in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600).

General Overview of Unitary Taxation

More than 20 states have adopted unitary taxation. Unitary taxation is a method of taxing related persons that, if it applies, generally treats those related persons as if they were one. There are specific tests, discussed below, to determine whether two or more persons (Individuals or business entities) are sufficiently connected by ownership and business relationships to be treated as a group.

If those tests are satisfied and a UBG is found to exist, in most cases the members of that UBG will file a single MBT return. One member will be designated as the group's representative for filing the return and corresponding with Treasury. Included in that return will be a separate form that reports income, deductions, and activities separately by member, then combines those items as if the members were a single entity. References in the instructions to "the taxpayer" generally will refer to the group rather than any one of its members.

This is a simplification for introductory purposes, and there are many details and exceptions described throughout the MBT forms and instructions. In particular, tax credits, transactions between members, and the presence of financial institutions or insurance companies in the group require careful attention.

One key issue in dealing properly with unitary taxation is to recognize that it is not limited to large, multi-state companies. Businesses of any size and any geographic extent may find that they are members of a UBG.

Determining the Existence and Membership of a UBG

Unitary Business Group means a group of United States persons, other than a foreign operating entity, that satisfies the control test and relationship test.

United States person is defined in Internal Revenue Code (IRC) § 7701(a)(30). A *foreign operating entity* is defined by statute in Michigan Compiled Laws (MCL) 208.1109(5).

Control Test. The control test is satisfied when one person owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting or comparable rights of the other person or persons. A person owns or controls more than 50 percent of the ownership interest with voting rights or ownership interest that confer comparable rights to voting rights of another person if that person owns or controls:

- More than 50 percent of the total combined voting power of all ownership interests with voting (or comparable) rights, or
- More than 50 percent of the total value of all ownership interests with voting (or comparable) rights.

Relationship Tests. The definition of a Unitary Business Group requires that the group of persons have business activities or operations that either:

1) Result in a flow of value between or among persons in the group, or

2) Are integrated with, dependent upon, or contribute to each other.

A taxpayer need only meet one of the two alternative tests to satisfy the relationship test.

1) *Flow of value* is established when members of the group demonstrate one or more of functional integration, centralized management, and economies of scale. Examples of functional integration include common programs or systems and shared information or property. Examples of centralized management include common management or directors, shared staff functions, and business decisions made for the UBG rather than separately by each member. Examples of economies of scale include centralized business functions and pooled benefits or insurance. Groups that commonly exhibit a flow of value include vertically or horizontally integrated businesses, conglomerates, parent companies with their wholly owned subsidiaries, and entities in the same general line of business. Flow of value must be more than the mere flow of funds arising out of passive investment.

2) The alternate *"contribution/dependency"* relationship test asks whether business activities are integrated with, dependent upon, or contributed to each other. Businesses are integrated with, are dependent upon, or contribute to each other under many of the same circumstances that establish flow of value. However, this alternate relationship test is also commonly satisfied when one entity finances the operations of another or when there exist intercompany transactions, including financing.

For more information on the control and relationship tests for UBGs, see Revenue Administrative Bulletin (RAB) 2010-1, MBT—Unitary Business Group Control Test, and RAB 2010-2, MBT—Unitary Business Group Relationship Tests, on the Treasury Web site at **www.michigan.gov/taxes**. (Click on the "Reference Library" link on the left side of the page.)

Exemption Guidelines for MBT

The following may be exempt from MBT:

- Most persons who are exempt from federal income tax under the IRC
- Nonprofit cooperative housing corporations
- The agricultural activity of a person whose primary activity (i.e., more than 50 percent of gross receipts) is the production of agricultural goods
- Foreign persons domiciled in a subnational jurisdiction that does not impose an income or other business tax on a similarly situated person domiciled in Michigan. For purposes of this provision, foreign person is defined in MCL 208.1207(8).

If a taxpayer is exempt under either of the first two bullets above, but has unrelated business taxable income as defined in the IRC, that business activity is subject to the MBT and a return will be required if the apportioned or allocated gross receipts are $350,000 or more from the unrelated business activity. Similarly, if a farmer whose primary activity is agricultural production has $350,000 or more of apportioned or allocated gross receipts from activities other than agricultural production, a return is required.

Foreign persons that are not exempt from the MBT must calculate business income, gross receipts, the Business Income and Modified Gross Receipts Tax bases, and the sales factor differently than domestic taxpayers. Refer to MCL 208.1207(4) - (8) for details.

For a complete list of exemptions, consult a copy of the MBT Act (PA 36 of 2007, as amended) at **www.legislature.mi.gov**.

If a taxpayer is exempt and has no unrelated business taxable income, filing an MBT return is not required.

Filing the Correct Form

File Form 4583 if:

- Allocated gross receipts (annualized, if applicable) are $350,000 or more and the criteria on the form are met.
- Taxpayer other than a UBG has allocated gross receipts (annualized, if applicable) less than $350,000 and is claiming a refund of estimated payments made. Skip lines 10 through 21 and lines 28 through 31.

File Form 4567 if:

- Tax bases are apportioned.
- Apportioned or allocated gross receipts (annualized, if applicable) are $350,000 or more.
- A reduced Small Business Alternative Credit is claimed.
- Apportioned or allocated gross receipts (annualized, if applicable) are less than $350,000, and:
  - A refund is claimed.
  - A credit or loss was generated during the filing period and will create a carryforward to the next year.
  - A tax credit carryforward or MBT business loss carryforward from a prior year is reported (filing in this case is necessary to move the carryforward to the following year).

Form 4567 is the only form that will guarantee calculation of the lowest tax liability. This list does not cover all situations. See instructions for each form for more information.

Different primary returns and instruction booklets are available for insurance companies (Form 4588) and financial institutions (Form 4590). The tax base for each of these special taxpayer categories is fundamentally different than for standard taxpayers.

Filing if Tax Year Is Less Than 12 Months

In most cases, annual returns must be filed for the same period as federal income tax returns. If the filing period is less than 12 months, annualize to determine if there is a filing requirement, which forms to file, and the eligibility for a Small Business Alternative Credit. Do not use annualized numbers on a return unless specified; use them only to determine filing requirements and qualifications for credits.

Tax year means the calendar year, or the fiscal year ending during the calendar year, upon the basis of which the tax base of a taxpayer is computed. If a return is made for a fractional part of a year, tax year means the period for which the return is made.

A taxpayer that has a 52- or 53-week tax year beginning not more than seven days before December 31 of any year is considered to have a tax year beginning after December of that tax year.

Example 1: A taxpayer with a federal tax year beginning on Monday, December 29, 2008, will be treated as follows:

- 2008 tax year end of December 31, 2008.
- Due date of April 30, 2009.
- 2009 tax year beginning January 1, 2009.

Example 2: A taxpayer with a federal tax year ending on Sunday, January 3, 2010, will be treated as follows:

- 2009 tax year end of December 31, 2009.
- Due date of April 30, 2010.
- 2010 tax year beginning on January 1, 2010.

Example 3: A 52- or 53-week year closing near the end of January is common in the retail industry. Such a taxpayer will be treated as follows:

- 2008-09 fiscal year end will be January 31, 2009.
- Due date will be May 31, 2009.
- 2009-10 fiscal year will begin on February 1, 2009.

Annualizing

Multiply each amount required, including gross receipts, business income, and prior year's tax liability, by 12 and divide the result by the number of months the business operated. Generally, a business is considered in business for one month if the business operated for more than half the days of the month.

- If annualized apportioned or allocated gross receipts are $350,000 or more, file an annual return.
- Annualize prior year's tax liability to determine whether estimates may be based on that liability. If the prior year's annualized liability is $20,000 or less, estimates may be based on the annualized amount if paid in four equal installments.
    - **Example:** A fiscal year taxpayer with a tax year ending in June files a six-month return ending June 2010 reporting a tax liability of $9,000. Estimates for the tax year ending June 2011 may be based on the annualized liability of $18,000. Estimates must be paid in four equal installments of $4,500.

See appropriate forms (*MBT Common Credits for Small Business* (Form 4571); *MBT Schedule of Shareholders and Officers* (Form 4577); and *MBT Schedule of Partners* (Form 4578)) for annualization instructions pertaining to the Small Business Alternative Credit.

Individuals and Fiduciaries: A business registered as Individual or Fiduciary that is in business less than 12 months is not required to annualize.

Due Dates of Annual Returns

Annual returns are due on or before the last day of the fourth month after the end of the tax year. For example, a return for calendar year 2010 is due April 30, 2011. A return for a short year ending October 31, 2010, is due February 28, 2011.

Additional Filing Time

If additional time is needed to file an annual tax return, request a Michigan extension by filing an *Application for Extension of Time to File Michigan Tax Returns* (Form 4).

Filing a federal extension request with the IRS does not automatically grant an MBT extension. The IRS does not notify state governments of extensions.

Extension applications must be postmarked on or before the due date of an annual return.

Although Treasury may grant extensions for filing MBT returns, it will not extend the time to pay. Extension applications received without proper payment will not be processed. Penalty and interest will accrue on the unpaid tax from the original due date of the return.

Properly filed and paid estimates along with the amount included on the extension application will be accepted as payment on a tentative return, and an extension may be granted. It is important that the application is completed correctly.

Once a properly prepared and timely filed application along with appropriate estimated tax payments is received, Treasury will grant an extension of eight months to file the tax return.

Any estimated tax that may be due with the request should be paid in the same manner as estimated payments were paid during the year.

A written response will be sent to the legal address on file when a valid extension application is received.

If an MBT extension is filed on time but the total payments received by the original due date are less than 90 percent of the tax liability, a 10 percent negligence penalty may apply.

An extension of time to file will also extend the statute of limitations.

Amending a Return

To amend a current or prior year annual return, complete either the Form 4567 or Form 4583 that is applicable for that year, check the box in the upper-right corner of the return, and attach a separate sheet explaining the reason for the changes. Include all schedules filed with the original return, even if not amending that schedule. Enter the figures on the amended return as they should be. Do not include a copy of the original return with your amended return.

Current and past year forms are available on Treasury's Web site at **www.michigan.gov/treasuryforms**.

To amend a return to claim a refund, file within four years of the due date of the original return (including valid extensions). Interest will be paid beginning 45 days after the claim is filed or the due date, whichever is later.

If amending a return to report a deficiency, penalty and interest may apply from the due date of the original return.

If any changes are made to a federal income tax return that affect an MBT tax base, filing an amended return is required. To avoid penalty, file the amended return within 120 days after the final determination by the IRS.

Computing Penalty and Interest

Annual and estimated returns filed late or without sufficient payment of the tax due are subject to a penalty of 5 percent of

the tax due, for the first two months. Penalty increases by an additional 5 percent per month, or fraction thereof, after the second month, to a maximum of 25 percent.

Compute penalty and interest for underpaid estimates using the *MBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4582). If a taxpayer prefers not to file this form, Treasury will compute the penalty and interest and send a bill.

The following chart shows the interest rate that applies to each filing period. A new interest rate is set at 1 percent above the adjusted prime rate for each six-month period.

Beginning Date	Rate	Daily Rate
January 1, 2010	4.25%	0.0001164
July 1, 2010	4.25%	0.0001164
January 1, 2011	4.25%	0.0001164

For a complete list of interest rates, see RAB 2010-6 on Treasury's Web site at **www.michigan.gov/taxes**.

Signing the Return

All returns must be signed and dated by the taxpayer or the taxpayer's authorized agent. This may be the owner, partner, corporate officer, or association member. The corporate officer may be the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign the corporation's tax return.

If someone other than the above prepared the return, the preparer must give his or her business address and telephone number.

Print the name of the authorized signer and preparer in the appropriate area on the return.

Assemble the returns and attachments (in sequence order) and staple in the upper-left corner. (Do not staple a check to the return.)

IMPORTANT REMINDER: Failure to include all the required attachments with the return will delay processing and may result in reduced or denied refund or credit forward or a bill for tax due.

Mailing Addresses

Mail the annual return and all necessary schedules to:

With payment:
Michigan Department of Treasury
P.O. Box 30113
Lansing, MI 48909

Without payment:
Michigan Department of Treasury
P.O. Box 30783
Lansing, MI 48909

Mail an extension application (Form 4) to:

Michigan Department of Treasury
P.O. Box 30774
Lansing, MI 48909-8274

Mail MBT quarterly estimate payments (Form 4548) to:

Michigan Department of Treasury
P.O. Box 30774
Lansing, MI 48909-8274

Courier delivery service mail should be sent to:

Michigan Department of Treasury
7285 Parsons Dr.
Dimondale, MI 48821

Make all checks payable to "State of Michigan." Print taxpayer's Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number, the tax year, and "MBT" on the front of the check. Do not staple the check to the return.

Correspondence

Address changes and business discontinuance can be reported by using the *Notice of Change or Discontinuance* (Form 163), which can be found online at **www.michigan.gov/treasuryforms** or inside the Sales, Use, and Withholding Tax booklet.

Mail correspondence to:

Customer Contact Division, MBT Unit
Michigan Department of Treasury
P.O. Box 30059
Lansing, MI 48909

To Request Forms

Internet

Current and past year forms are available on Treasury's Web site at **www.michigan.gov/treasuryforms.**

Alternate Format

Printed material in an alternate format may be obtained by calling (517) 636-4657.

TTY

Assistance is available using TTY through the Michigan Relay Center by calling 1-800-649-3777 or 711.

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☐ **Check if this is an amended return.**
Attach supporting documents.

2010 MICHIGAN Business Tax Annual Return

Issued under authority of Public Act 36 of 2007.

1. Return is for calendar year 2010 or for tax year beginning: MM-DD-YYYY _____ and ending: MM-DD-YYYY _____

2. Name (print or type)	7. Federal Employer Identification Number (FEIN) or TR Number
Doing Business As (DBA)	8. Organization Type (LLC or Trust, see instructions) ☐ Individual ☐ C Corporation / LLC C Corporation ☐ Fiduciary ☐ S Corporation / LLC S Corporation ☐ Partnership / LLC Partnership
Street Address ☐ Check if new address. (See instructions)	
City / State / ZIP/Postal Code / Country Code	
3. Principal Business Activity / 4. Business Start Date in Michigan	
5. NAICS (North American Industry Classification System) Code / 6. If Discontinued, Effective Date	9. ☐ Check if Filing Michigan Unitary Business Group Return. (Attach Form 4580.)
	10. ☐ Check if you have sales receipts from transportation services.

11. Apportionment Calculation
   a. Michigan Sales (if no Michigan sales, enter zero) ..... 11a. _____ 00
   b. Total Sales ..... 11b. _____ 00
   c. Apportionment Percentage. Divide line 11a by line 11b ..... 11c. _____ %

PART 1: MODIFIED GROSS RECEIPTS TAX

12. Gross Receipts (see instructions) ..... 12. _____ 00

Subtractions from Gross Receipts

13. Inventory acquired during tax year ..... 13. _____ 00
14. Depreciable assets acquired during tax year ..... 14. _____ 00
15. Materials and supplies not included in inventory or depreciable property ..... 15. _____ 00
16. Staffing Company: Compensation of personnel supplied to customers ..... 16. _____ 00

If qualified for the Small Business Alternative Credit, skip to line 18.

17. Deduction for contractors in SIC Codes 15, 16 and 17 ..... 17. _____ 00
    SIC Code: _____
18. Film rental or royalty payments paid by a theater owner to a film distributor and/or film producer ..... 18. _____ 00
19. Qualified Affordable Housing Project (QAHP) Deduction
    a. Gross receipts attributable to residential rentals in Michigan ..... 19a. _____ 00
    b. Number of residential rent restricted units in Michigan owned by QAHP ..... 19b. _____
    c. Total number of residential rental units in Michigan owned by QAHP ..... 19c. _____
    d. Divide line 19b by line 19c and enter as a percentage ..... 19d. _____ %
    e. Multiply line 19a by line 19d ..... 19e. _____ 00
    f. Limited dividends or other distributions made to owners of project ..... 19f. _____ 00
    g. QAHP Deduction. Subtract line 19f from line 19e ..... 19g. _____ 00
20. Payments made by taxpayers licensed under Article 25 or Article 26 of the Occupational Code to independent contractors licensed under Article 25 or Article 26 ..... 20. _____ 00
21. Miscellaneous (see instructions) ..... 21. _____ 00
22. Total Subtractions from Gross Receipts. Add lines 13 through 18 and 19g through 21 ..... 22. _____ 00

23. Modified Gross Receipts. Subtract line 22 from line 12. If less than zero, enter zero ..... 23. _____ 00
24. Apportioned Modified Gross Receipts Tax Base. Multiply line 23 by percentage on line 11c ..... 24. _____ 00
25. Multiply line 24 by 0.8% (0.008) ..... 25. _____ 00
26. Enrichment Prohibition for dealers of personal watercraft or new motor vehicles. Enter amount collected during tax year ..... 26. _____ 00
27. **Modified Gross Receipts Tax Before All Credits.** Enter the greater of line 25 or line 26 ..... 27. _____ 00

✚ 0000 2010 11 01 27 6

Continue on Page 2

FEIN or TR Number

PART 2: BUSINESS INCOME TAX

28. Business Income. If negative, enter as a negative. (If business activity protected under PL 86-272, complete and attach Form 4586 and/or 4581, as applicable; see instructions) 28. 00

Additions to Income

29. Interest income and dividends derived from obligations or securities of states other than Michigan 29. 00
30. Taxes on or measured by net income 30. 00
31. Tax imposed under MBT 31. 00
32. Any carryback or carryover of a federal net operating loss 32. 00
33. Losses attributable to other taxable flow-through entities 33. 00
    Account No.
34. Royalty, interest, and other expenses paid to a related person 34. 00
35. Miscellaneous (see instructions) 35. 00
36. Total Additions to Income. Add lines 29 through 35 ..... 36. 00
37. **Business Income Tax Base After Additions.** Add lines 28 and 36. If negative, enter as a negative 37. 00

Subtractions from Income

38. Dividends and royalties received from persons other than U.S. persons and foreign operating entities 38. 00
39. Income attributable to other taxable flow-through entities 39. 00
    Account No.
40. Interest income derived from United States obligations 40. 00
41. Net earnings from self-employment. If less than zero, enter zero 41. 00
42. Miscellaneous (see instructions) 42. 00
43. Total Subtractions from Income. Add lines 38 through 42 ..... 43. 00

44. **Business Income Tax Base.** Subtract line 43 from line 37. If negative, enter as a negative 44. 00
45. Apportioned Business Income Tax Base. Multiply line 44 by percentage on line 11c 45. 00
46. Available MBT business loss carryforward from previous MBT return. Enter as a positive number 46. 00
47. Subtract line 46 from line 45. If negative, enter here as a negative, skip line 48, and enter zero on line 49. A negative number here is the available business loss carryforward to the next filing period (see instructions) ... 47. 00
48. Qualified Affordable Housing Deduction. If line 47 is positive, complete lines 48a through 48i as follows: (1) If taking the seller's deduction, skip lines 48a through 48h and carry the amount from Form 4579, line 5, to line 48i. (2) If taking the QAHP deduction, complete lines 48a through 48i.
    a. Gross rental receipts attributable to residential units in Michigan 48a. 00
    b. Rental expenses attributable to residential rental units in Michigan ... 48b. 00
    c. Taxable income attributable to residential rental units. Subtract line 48b from line 48a 48c. 00
    d. Number of residential rent restricted units in Michigan owned by the Qualified Affordable Housing Project ..... 48d.
    e. Total number of residential rental units in Michigan owned by the Qualified Affordable Housing Project ..... 48e.
    f. Divide line 48d by line 48e and enter as a percentage ..... 48f. %
    g. Multiply line 48c by line 48f 48g. 00
    h. Limited dividends or other distributions made to the owners of the project 48h. 00
    i. Qualified Affordable Housing Deduction. Subtract line 48h from line 48g 48i. 00
49. Subtract line 48i from line 47. If less than zero, enter zero 49. 00
50. **Business Income Tax Before All Credits.** Multiply line 49 by 4.95% (0.0495) 50. 00

Continue and sign on Page 3

FEIN or TR Number

PART 3: TOTAL MICHIGAN BUSINESS TAX

51.	**Total Michigan Business Tax Before Surcharge and Credits**. Add lines 27 and 50	51.	00
52.	Annual Surcharge. Enter the lesser of $6,000,000 or line 51 multiplied by 21.99% (0.2199)	52.	00
53.	**Total Liability Before All Credits.** Add lines 51 and 52	53.	00
54.	Nonrefundable credits from Form 4568, line 40	54.	00
55.	**Total Tax After Nonrefundable Credits.** Subtract line 54 from line 53. If less than zero, enter zero	55.	00
56.	Recapture of Certain Business Tax Credits and Deductions from Form 4587, line 12	56.	00
57.	**Total Tax Liability.** Add lines 55 and 56	57.	00

PART 4: PAYMENTS, REFUNDABLE CREDITS AND TAX DUE

58.	Overpayment credited from prior MBT return	58.	00
59.	Estimated tax payments	59.	00
60.	Tax paid with request for extension	60.	00
61.	Refundable credits from Form 4574, line 24	61.	00
62.	Payment and credit total. Add lines 58 through 61. (If not amending, then skip to line 64.)	62.	00
63.	**AMENDED RETURN ONLY** a. Payment made with the original return	63a.	00
	b. Overpayment received on the original return	63b.	00
	c. Add lines 62 and 63a and subtract line 63b from the sum	63c.	00
64.	**TAX DUE.** Subtract line 62 (or line 63c, if amending) from line 57. If less than zero, leave blank	64.	00
65.	Underpaid estimate penalty and interest from Form 4582, line 38	65.	00
66.	Annual return penalty (a) % = (b) 00 plus interest (c) 00. Total	66d.	00
67.	**PAYMENT DUE.** If line 64 is blank, go to line 68. Otherwise, add lines 64, 65 and 66d	67.	00

PART 5: REFUND OR CREDIT FORWARD

68.	Overpayment. Subtract lines 57, 65 and 66d from line 62 (or line 63c, if amending). If less than zero, leave blank (see instructions)	68.	00
69.	**CREDIT FORWARD**. Amount on line 68 to be credited forward and used as an estimate for next MBT tax year	69.	00
70.	**REFUND.** Amount on line 68 to be refunded	70.	00

Taxpayer Certification. *I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge.*

☐ By checking this box, I authorize Treasury to discuss my return with my preparer.

Authorized Signature for Tax Matters

Authorized Signer's Name (print or type) | Date

Title | Telephone Number

Preparer Certification. *I declare under penalty of perjury that this return is based on all information of which I have any knowledge.*

Preparer's PTIN, FEIN or SSN

Preparer's Business Name (print or type)

Preparer's Business Address and Telephone Number (print or type)

Return is due April 30 or on or before the last day of the 4th month after the close of the tax year.

WITHOUT PAYMENT. Mail return to:
Michigan Department of Treasury, P.O. Box 30783, Lansing, MI 48909

WITH PAYMENT. Pay amount on line 67. Mail check and return to:
Michigan Department of Treasury, P.O. Box 30113, Lansing, MI 48909

Make check payable to "State of Michigan." Print taxpayer's FEIN or TR Number, the tax year, and "MBT" on the front of the check. Do not staple the check to the return.

+ 0000 2010 11 03 27 2

Instructions for Form 4567
Michigan Business Tax (MBT) Annual Return

Purpose

To calculate the Business Income Tax and Modified Gross Receipts Tax as well as the surcharge for standard taxpayers. Insurance companies should file the *MBT Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588) and Financial Institutions should file the *MBT Annual Return for Financial Institutions* (Form 4590).

Special Instructions for Unitary Business Groups

A *Unitary Business Group (UBG)* is a group of United States persons, other than a foreign operating entity, that satisfies the following criteria:

- One of the persons owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting rights (or rights comparable to voting rights) of the other United States persons; AND
- The UBG has operations which result in a flow of value between persons in the UBG or has operations that are integrated with, are dependent upon, or contribute to each other. Flow of value is determined by reviewing the totality of facts and circumstances of business activities and operations.

A *foreign operating entity* means a United States person that would otherwise be a part of a UBG that is taxable in Michigan; has substantial operations outside the United States, the District of Columbia, any territory or possession of the United States except for the commonwealth of Puerto Rico, or a political subdivision of the foregoing; and at least 80 percent of its income is active foreign business income as defined in Internal Revenue Code (IRC) § 861(c)(1)(B).

In Michigan, a UBG with standard members must file Form 4567. A Designated Member (DM) must file the return on behalf of the standard members of the group. In a brother-sister controlled group, any member with nexus may be designated to serve as DM. In a parent-subsidiary controlled group or a combined controlled group (an interlocking combination of a parent-subsidiary group and a brother-sister group), the controlling member must serve as DM if it has nexus with Michigan. If it does not have nexus, the controlling member may appoint any member with nexus to serve as DM. The tax year of the DM determines the filing period for the UBG. The combined return must include each tax year of each member that ends with or within the tax year of the DM.

For MBT, *taxpayer* means a person or a UBG liable for tax, interest, or penalty.

For more information on UBGs, see the instructions for the *MBT Unitary Business Group Combined Filing Schedule* (Form 4580), and the "Supplemental Instructions for Standard Members in UBGs" in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600).

For more information on the control and relationship tests for UBGs, see Revenue Administrative Bulletin (RAB) 2010-1 Michigan Business Tax-Unitary Business Group Control Test and RAB 2010-2 Michigan Business Tax-Unitary Business Group Relationship Tests on the Department of Treasury Web site at **www.michigan.gov/taxes**. (Click on the "Reference Library" link on the left side of the page.)

The business income of a UBG is the sum of the business income of each person included in the UBG, other than a foreign operating entity or a person subject to the tax as an insurance company or financial institution, less any items of income and related deductions arising from transactions, including dividends, between persons included in the UBG. Business income of each member should reflect the accounting method that member used to compute its federal taxable income.

In general, phase-ins, thresholds, credit limits, and other components used to determine tax liability relate to the group as a single taxpayer, not to individual persons that comprise the group. Exceptions to this general rule are noted in instructions to the applicable forms. The group of persons on the combined return is treated as the taxpayer (a distinct entity) for purposes of the MBT Act.

Taxpayer Certification

A return filed by a UBG must be signed by an individual authorized to sign on behalf of the DM. Provide the telephone number of that individual at the DM's office.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be entered in MM-DD-YYYY format.

For periods less than 12 months, see the "General Information for Standard Taxpayers" section in Form 4600.

A taxpayer, other than a UBG, that does not file a separate federal return (e.g., a taxpayer that is a federally disregarded entity and not part of a UBG with its owner, or that is a member of a federal consolidated group) must prepare a pro forma federal return or equivalent schedule and use it as the basis for preparing its MBT return. A taxpayer (other than a UBG) that owns one or more federally disregarded entities must prepare a pro forma federal return or equivalent schedule that excludes the activity of the disregarded entity(ies), and use it as the basis for preparing its MBT return. For standard members of a UBG, this pro forma requirement is addressed in Form 4580, Part 2A, and its instructions.

Every standard taxpayer with nexus in Michigan and with apportioned or allocated gross receipts of $350,000 or more must file an annual return. (The filing threshold does not apply to insurance companies or financial institutions.) Businesses that operate less than 12 months must annualize their gross receipts to determine if a filing requirement exists. For a UBG, the $350,000 filing threshold is calculated before elimination of intercompany transactions.

UBGs: Complete Form 4580 before beginning Form 4567. Answer lines 1 through 8 of Form 4567 as they apply to the DM.

Amended Returns: To amend a current or prior year annual return, complete the Form 4567 that is applicable for that year, check the box in the upper-right corner of the return, and attach a separate sheet explaining the reason for the changes. Include an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document. Include all schedules filed with the original return, even if not amending that schedule. Enter the figures on the amended return as they should be. Do not include a copy of the original return with your amended return.

Refund Only: If apportioned or allocated gross receipts are less than $350,000 and the taxpayer is filing Form 4567 to claim a refund of estimates paid, skip lines 13 through 57 and lines 64 through 67.

UBGs: If combined apportioned or allocated gross receipts of all members is less than $350,000 and the taxpayer is filing Form 4567 solely to claim a refund of estimates paid, Form 4580 must also be attached. The designated member must complete Part 1A, Part 2B (skip lines 18 through 59), Part 3, and Part 4 of Form 4580. For each member listed in Part 1A, complete Part 1B and 2A (skip lines 18 through 59).

Line 1: If not a calendar-year taxpayer, enter the beginning and ending dates (MM-DD-YYYY) that correspond to the taxable period as reported to the IRS.

Tax year means the calendar year, or the fiscal year ending during the calendar year, upon the basis of which the tax base of a taxpayer is computed. If a return is made for a part of a year, tax year means the period for which the return is made. Generally, a taxpayer's tax year is for the same period as is covered by its federal income tax return.

Line 2: Enter the complete address and, if other than the United States, enter the two-digit abbreviation for the country code. See the list of country codes in Form 4600.

Correspondence about and any refund from this return will be sent to the address used here. Check the new address box if the address used on this line has changed from last filing. The taxpayer's primary address in Department of Treasury (Treasury) files, identified as the legal address and used for all purposes other than refund and correspondence on a specific MBT return, will not change unless the taxpayer files a *Notice of Change or Discontinuance* (Form 163). **Exception:** If mail sent to the legal address has been returned to Treasury by the United States Postal Service, Treasury will update the taxpayer's legal address with the address used on this line in the most recent MBT return.

UBGs: In the Name field, enter the name of the DM for the standard members of this UBG.

Line 3: Enter a brief description of business activity (e.g., forestry, fisheries, mining, construction, manufacturing, transportation, communication, electric, gas, sanitary services, wholesale trade, retail trade, finance, or services, etc.).

Line 4: Enter the start date of first business activity in Michigan.

Line 5: Enter the entity's six-digit North American Industry Classification System (NAICS) code. For a complete list of six-digit NAICS codes, see the U.S. Census Bureau Web site at **www.census.gov/eos/www/naics/**, or enter the same NAICS code used when filing the entity's U.S. Form 1120, Schedule K; U.S. Form 1120S; U.S. Form 1065; or U.S. Form 1040, Schedule C.

Line 6: Enter the date, if applicable, on which the taxpayer went out of existence. To complete the discontinuance for Michigan taxes, file Form 163, which is available on the Treasury Web site at **www.michigan.gov/treasuryforms**. If the taxpayer is still subject to another tax administered by the Treasury, or continues to exist but has stopped doing business in Michigan, do not use this line. Also, do not use this line if the taxpayer is a UBG and one member has stopped doing business.

Line 7: Use the taxpayer's Federal Employer Identification Number (FEIN) or the Michigan Treasury (TR) assigned number. Be sure to use the same account number on all forms.

If the taxpayer does not have an FEIN or TR number, the taxpayer **must** register before filing this form. Taxpayers are encouraged to register online at **www.michigan.gov/businesstaxes**. The Web site provides information on obtaining an FEIN, which is required to submit a return through e-file. Taxpayers usually can obtain an FEIN from the IRS within 48 hours. Taxpayers registering with the State online usually receive an account number within seven days.

Returns received without a registered account number will not be processed until such time as a number is provided.

NOTE: TR numbers are generally assigned to accounts that have not acquired an FEIN. Once an FEIN is received, Treasury will use the FEIN as the account number, if provided. To switch, a taxpayer should submit Form 163 so Treasury can update the records and make sure the account numbers are linked.

UBGs: Enter the FEIN or TR Number of the DM for the standard members of this UBG.

Line 8: Check the box that describes the DM's organization type. A Trust or a Limited Liability Company (LLC) should check the appropriate box based on its federal return.

NOTE: Federally disregarded LLCs (and Qualified Subchapter S Subsidiaries, or Q-Subs) are required to file separate MBT returns if they do not meet the UBG relationship tests and thus do not file as part of a UBG return with their owner. A federally disregarded LLC or Q-Sub that files MBT as a distinct entity is classified for MBT purposes according to the federal tax classification of its owner.

Line 9: Check this box if filing a Michigan UBG return and attach Form 4580.

Line 10: Check this box if the taxpayer has receipts from transportation services. Taxpayers that check this box also must complete lines 11a, 11b, and 11c. To calculate Michigan Sales from Transportation Services, see the instructions for line 11 and the table in the "Sourcing of Sales to Michigan" section of these instructions.

Line 11: For a Michigan-based taxpayer, all sales are Michigan sales unless the taxpayer is subject to tax in another

state. In that state, the taxpayer must be subject to a business privilege tax, a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, a Corporation stock tax, or a tax of the type imposed under the MBT Act, or that state has jurisdiction to subject the taxpayer to one or more of such taxes regardless of whether or not the tax is imposed. A taxpayer will be subject to a tax in another state if the taxpayer has due process and commerce clause nexus with that state.

If no Michigan sales, enter zero.

Michigan business tax is based only on business activity apportioned to Michigan. A taxpayer that has not established nexus with one other state or a foreign country is subject to Michigan business tax on their entire business activity. Business activity is apportioned to Michigan based on sales.

Sale or *Sales* means the amounts received by the taxpayer as consideration from the following:

- The transfer of title to, or possession of, property that is stock in trade or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the tax period, or property held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business. For intangible property, the amounts received will be limited to any gain received from the disposition of that property.
- Performance of services which constitute business activities.
- The rental, leasing, licensing, or use of tangible or intangible property, including interest, that constitutes business activity.
- Any combination of business activities described above.
- For taxpayers not engaged in any other business activities, sales include interest, dividends, and other income from investment assets and activities and from trading assets and activities.

Complete the Apportionment Calculation using amounts for the taxpayer's business activity only. Do not include amounts from an interest in a Partnership, S Corporation, or LLC.

Use the information in the "Sourcing of Sales to Michigan" section of these instructions to determine Michigan sales. If sales reported are adjusted by a deduction for qualified sales to a qualified customer, as determined by the Michigan Economic Growth Authority (MEGA), attach the Anchor District Tax Credit Certificate or Anchor Jobs Tax Credit Certificate from the Michigan Economic Development Corporation (MEDC) as support.

For sales from the performance of services, see also RAB 2010-5. Michigan Business Tax Where Benefit of Services is Received, on the Treasury Web site at **www.michigan.gov/taxes**. (Click on the "Reference Library" link on the left side of the page.)

For transportation services that source sales based on revenue miles, enter a sales amount on Line 11a by multiplying total sales of the transportation service by the ratio of Michigan revenue miles over revenue miles everywhere as provided in the "Sourcing of Sales to Michigan" chart for that type of transportation service. *Revenue mile* means the transportation for a consideration of one net ton in weight or one passenger the distance of one mile.

PART 1: MODIFIED GROSS RECEIPTS TAX

Line 12: *Gross receipts* means the entire amount received by the taxpayer, as determined by using the taxpayer's method of accounting for federal income tax purposes, from any activity, whether in intrastate, interstate, or foreign commerce, carried out for direct or indirect gain, benefit or advantage to the taxpayer or to others, with certain exceptions.

Calculation of gross receipts also involves a phased-in deduction (60 percent in the 2010 and 75 percent in the 2011 tax years) of any amount deducted as bad debt for federal income tax purposes that corresponds to items of gross receipts included in the modified gross receipts tax base for the current tax year or past tax years. This partial reduction is reflected in the *Gross Receipts Worksheet* (Worksheet 4700) discussed below. Receipts include, but are not limited to:

- Some or all receipts (sales proceeds) from the sale of assets used in a business activity.
- Sale of products.
- Services performed.
- Gratuities stipulated on a bill.
- Sales tax collected on the sale of tangible personal property, subject to a phase-out schedule.
- Dividend and interest income.
- Gross commissions earned.
- Rents.
- Royalties.
- Sales of scrap and other similar items.
- Client reimbursed expenses not obtained in an agency capacity.
- Gross proceeds from sales between affiliated companies, including members of a UBG.

Use Worksheet 4700, in Form 4600, to calculate gross receipts. Attach the worksheet to the return. Gross receipts are not necessarily derived from the federal return, however, the worksheet will calculate gross receipts as defined by law in most instances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce gross receipts not identified by specific lines on Worksheet 4700, and report that amount on the most appropriate line. Treasury may adjust the figure resulting from the worksheet to account properly for such uncommon situations.

A taxpayer should compute its gross receipts using the same accounting method used in the computation of its net income for federal income tax purposes.

Line 13: Enter inventory acquired during the tax year, including freight, shipping, delivery, or engineering charges included in the original contract price for that inventory, and any pre-paid sales tax required to be paid on the inventory at the time of purchase. Neither pre-paid sales tax, nor the sales tax collected upon resale of that inventory is excluded from gross receipts calculated on Worksheet 4700. This must be reported on line 12 of Form 4567.

Inventory means the stock of goods, including electricity and natural gas, held for resale in the ordinary course of a retail

or wholesale business, and finished goods, goods in process of a manufacturer, and raw materials purchased from another person. Inventory also includes shipping and engineering charges so long as such charges are included in the original contract price for the associated inventory and floor plan interest for licensed new car dealers.

For purposes of this deduction, *floor plan interest* means interest paid that finances any part of the person's purchase of new motor vehicle inventory from a manufacturer, distributor, or supplier. However, amounts attributable to any invoiced items used to provide more favorable floor plan assistance to a person subject to the tax imposed under this act than to a person not subject to this tax are considered interest paid by a manufacturer, distributor, or supplier.

For a person that is a securities trader, broker, or dealer or a person included in the UBG of that securities trader, broker, or dealer that buys and sells for its own account, inventory includes contracts that are subject to the Commodity Exchange Act, 7 USC 1 to 27f; the cost of securities as defined under IRC § 475(c)(2); and for a securities trader, the cost of commodities as defined under IRC § 475(e)(2); and for a broker or dealer, the cost of commodities as defined under IRC § 475(e)(2)(b), (c), and (d), excluding interest expense other than interest expense related to repurchase agreements. As used in this provision:

- *Broker* and *dealer* mean those terms as defined under section 78c(a)(4) and (a)(5) of the Securities Exchange Act of 1934, 15 USC 78c.
- *Securities trader* means a person that engages in the trade or business of purchasing and selling investments and trading assets.

Inventory does not include either of the following:

- Personal property under lease or principally intended for lease rather than sale.
- Property allowed a deduction or allowance for depreciation or depletion under the IRC.

Line 14: Enter assets, including the costs of fabrication and installation, acquired during the tax year of a type that are, or under the IRC will become, eligible for depreciation, amortization, or accelerated capital cost recovery for federal income tax purposes.

Line 15: To the extent not included in inventory or depreciable property, enter materials and supplies, including repair parts and fuel.

Materials and supplies means tangible personal property acquired during the tax year to be used or consumed in, and directly connected to, the production or management of the taxpayer's inventory or the operation or maintenance of depreciable assets owned by the taxpayer as described previously. Materials and supplies includes repair parts and fuel. Fuel means materials used and consumed to produce heat or power by burning. Fuel does not include electricity.

For example, a physician's or dentist's purchase of sterilizing solution during the tax year that is used to sterilize examination equipment, such as an X-ray machine, may be considered materials and supplies under MCL 208.1113(6)(c).

Line 16: A staffing company may deduct compensation of personnel supplied to its clients, including wages, benefits, workers' compensation costs, and all payroll taxes paid for personnel provided to the clients of staffing companies as defined under MBT. *Staffing company* means a taxpayer whose business activities are included in Industry Group 736 under the Standard Industrial Classification (SIC) Code as compiled by the United States Department of Labor.

Payments to a staffing company by a client do not constitute purchases from other firms.

Line 17: For taxpayers that fall under SIC major groups 15 (Building Construction General Contractors and Operative Builders), 16 (Heavy Construction Other Than Building Construction Contractors), and 17 (Construction Special Trade Contractors) that do not qualify for the Small Business Alternative Credit under MCL 208.1417, the following payments are considered purchases from other firms:

- Payments to subcontractors for a construction project under a contract specific to that project, and
- To the extent not deducted as inventory and materials and supplies, payments for materials deducted as purchases in determining the cost of goods sold for the purpose of calculating total income on the taxpayer's federal income tax return.

UBGs: For purposes of this subtraction, the analysis of whether a person in a UBG does not qualify for a Small Business Alternative Credit should be based on whether the group as a whole qualifies. However, for purposes of the SIC code requirement, it is sufficient that the UBG member that made the payments listed above be included in SIC codes 15, 16, or 17. Therefore, the relevant SIC code is entered in the member's page of Form 4580 (Part 2A, Line 22), and the SIC code field on Form 4567 should be left blank by a UBG.

Persons included in SIC codes 15, 16, and 17 include general contractors (of residential buildings including single-family homes; industrial, commercial, and institutional buildings; bridges, roads, and infrastructure, etc.); operative builders; and trade contractors (such as electricians, plumbers, painters, masons, etc.). See **http://www.osha.gov/pls/imis/sic_manual.html** for a more complete list.

A *subcontractor* is an Individual or entity that enters into a contract and assumes some or all of the obligations of a person included in SIC codes 15, 16, and 17 as set forth in the primary contract specific to a project. Thus, payments made to an independent contractor to provide general labor services to the contractor not specific to a particular contract do not constitute purchases from other firms. However, payments made to a subcontractor for services and materials provided under a contract specific to a particular construction project (such as the construction of commercial property on Main Street) do constitute purchases from other firms. There is no limitation or condition that the subcontractors to whom such payments are made be licensed.

The taxpayer bears the burden to prove it is entitled to a deduction in computing its tax liability. It is contemplated that good business practice would include documentation such as

a written contract that would support a deduction from gross receipts for payments to subcontractors as purchases from other firms. The supporting information for payments to a subcontractor could be incorporated into the contract for the specific project or memorialized in a separate contract with a subcontractor specifying the project to which the costs pertain.

Line 18: Enter film rental or royalty payments paid by a theater owner to a film distributor, a film producer, or a film distributor and producer.

Line 19: Enter any deduction available to a Qualified Affordable Housing Project.

Public Act (PA) 168 of 2008 provides for a deduction from the modified gross receipts and apportioned business income tax bases for a Qualified Affordable Housing Project.

Qualified Affordable Housing Project means a person that is organized, qualified, and operated as a limited dividend housing association that has a limitation on the amount of dividends or other distributions that may be distributed to its owners in any given year and has received funding, subsidies, grants, operating support, or construction or permanent funding through one or more public sources.

A *limited dividend housing association* is organized and qualified pursuant to Chapter 7 of the State Housing Development Authority Act (MCL 125.1491 et seq).

If these criteria are satisfied, a Qualified Affordable Housing Project may deduct from its modified gross receipts, its gross receipts attributable to the residential rental units in Michigan it owns multiplied by a fraction, the numerator of which is the number of rent restricted units in Michigan owned by that Qualified Affordable Housing Project and the denominator of which is the number of all residential rental units in Michigan owned by the project. This deduction is reduced by the amount of limited dividends or other distributions made to the owners of the project. Amounts received by the management, construction, or development company for completion and operation of the project and rental units do not constitute gross receipts for purposes of the deduction.

MCL 208.1201(8) governs the termination of this deduction.

UBGs: Leave lines 19a through 19f blank and carry the amount from Form 4580, Part 2B, line 24g, column C, to Form 4567, line 19g.

Line 20: Enter payments made by taxpayers licensed under Article 25 (Real Estate Brokers and Salespersons) or Article 26 (Real Estate Appraisers) of the Occupational Code [MCL 339.2501 to 339.2518 and 339.2601 to 339.2637] to independent contractors licensed under Articles 25 or 26.

Line 21: There currently are no subtractions allowed that are recorded on this line. Leave this line blank.

Line 26: Enter the amount of MBT Modified Gross Receipts Tax collected in the tax year.

Section 203(5) of the MBT Act permits new motor vehicle dealers licensed under the Michigan Vehicle Code, PA 300 of 1949, MCL 257.1 to 257.923, and dealers of new or used personal watercraft to collect the Modified Gross Receipts Tax in addition to the sales price. The act states the "amount remitted to the Department for the [Modified Gross Receipts Tax] ... shall not be less than the stated and collected amount." Therefore, the entire amount of Modified Gross Receipts Tax stated and collected by new motor vehicle dealers and new or used personal watercraft dealers must be remitted to Treasury. There should be no instance where a dealer would be collecting amounts of Modified Gross Receipts Tax from customers in excess of the amount of taxes remitted to Treasury. Taxpayers who elect to separately collect the Modified Gross Receipts Tax, in addition to sales price, under MCL 208.1203(5) may file and remit the tax as estimated payments with their quarterly or monthly *Combined Return for Michigan Taxes* (Form 160) or their *MBT Quarterly Return* (Form 4548).

NOTE: Only new motor vehicle dealers and dealers of new or used personal watercraft are permitted to separately itemize and collect a tax imposed under the MBT Act from customers in addition to sales price, and that authority is limited to only the Modified Gross Receipts Tax imposed and levied under Section 203 of the MBT Act. The statute does not authorize separate itemizing and collection of the Business Income Tax or surcharge by any taxpayer.

UBGs: Add the combined total after eliminations from Form 4580, Part 2B, line 29, column C, to the number on Form 4567, line 25, and enter the sum on line 26.

PART 2: BUSINESS INCOME TAX

If business activity is protected under Public Law (PL) 86-272, complete and attach the *MBT Schedule of Business Activity Protected Under Public Law 86-272* (Form 4586). Leave lines 28 through 50 blank.

UBGs: If business activity of a UBG member is protected under PL 86-272, that member must claim protection by filing Form 4586 (if that member is the DM) or Form 4581 (if a non-designated member). Report only the activities of the member named on that form. If all members of the UBG are claiming PL 86-272 protection, then the UBG will leave lines 28 through 50 blank. So long as one member of a UBG has nexus with Michigan and exceeds the protections of PL 86-272, all members of the UBG — including members protected under PL 86-272 — must be included when calculating the UBG's Business Income Tax base and apportionment formula. PL 86-272 will only remove business income from the apportionable Business Income Tax base when all members of the UBG are protected under PL 86-272.

Line 28: *Business income* means that part of federal taxable income derived from business activity. For MBT purposes, *federal taxable income* means taxable income as defined by IRC § 63, except that federal taxable income shall be calculated as if IRC § 168(k) [as applied to qualified property placed in service after December 31, 2007] and IRC § 199 were not in effect. For a Partnership or S Corporation (or LLC federally taxed as such), business income includes payments and items of income and expense that are attributable to business activity of the Partnership or S Corporation and separately reported to the partners or shareholders.

Use the *Business Income Worksheet* (Worksheet 4746), in Form 4600, to calculate business income. Attach the worksheet to the

return. The worksheet will calculate business income as defined by law in most instances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce business income not identified by specific lines on the worksheet, and report that amount on the most appropriate line. Treasury may adjust the figure resulting from Worksheet 4746 to account properly for such uncommon situations.

For an organization that is a mutual or cooperative electric company exempt under IRC § 501(c)(12), business income equals the organization's excess or deficiency of revenues over expenses as reported to the federal government by those organizations exempt from the federal income tax under the IRC, less capital credits paid to members of that organization, less income attributed to equity in another organization's net income, and less income resulting from a charge approved by a state or federal regulatory agency that is restricted for a specified purpose and refundable if it is not used for the specified purpose.

For a tax-exempt person, *business income* means only that part of federal taxable income (as defined for MBT purposes) derived from unrelated business activity.

For an Individual or an Estate, or for a Partnership or Trust organized exclusively for estate or gift planning purposes, business income is that part of federal taxable income (as defined for MBT purposes) derived from transactions, activities, and sources in the regular course of the taxpayer's trade or business, including the following:

- All income from tangible and intangible property if the acquisition, rental, management, or disposition of the property constitutes integral parts of the taxpayer's regular trade or business operations.
- Gains or losses incurred in the taxpayer's trade or business from stock and securities of any foreign or domestic corporation and dividend and interest income.
- Income derived from isolated sales, leases, assignment, licenses, divisions, or other infrequently occurring dispositions, transfers, or transactions involving property if the property is or was used in the taxpayer's trade or business operation.
- Income derived from the sale of a business.

NOTE: Personal investment income, gains from the sale of property held for personal use and enjoyment, or other assets not used in a trade or business, and any other income not specifically derived from a trade or business that is earned, received, or otherwise acquired by an Individual, an Estate, or a Trust or Partnership organized or established exclusively for estate or gift planning purposes, are not included in the Business Income Tax base. This exclusion only applies to the specific types of taxpayers identified above. Investment income and any other types of income earned or received by all other types of persons or taxpayers not specifically referenced must be included in the business income of the taxpayer.

Additions to Income

Additions are generally required to the extent deducted in arriving at federal taxable income. (Business income, line 28.)

Line 29: Enter any interest income and dividends from bonds and similar obligations or securities of states other than Michigan and their political subdivisions in the same amount that was excluded from federal taxable income (as defined for MBT purposes). Reduce this addition by any expenses related to the foregoing income that were disallowed on the federal return by IRC § 265 or 291.

Line 30: Enter all taxes on, or measured by, net income including city and state taxes, Foreign Income Tax, and Federal Environmental Tax claimed as a deduction on the federal return.

Line 31: Enter the Michigan Business Tax, including surcharge, claimed as a deduction on the federal return.

Line 32: Enter any net operating loss carryback or carryover that was deducted in arriving at federal taxable income (as defined for MBT purposes) reported on line 28. Enter this amount as a positive number.

Line 33: Enter any losses included in federal taxable income (as defined for MBT purposes) that are attributable to other entities whose business activities are taxable or would be subject to the business income tax if the business activities were in Michigan. If there is only one such entity to report, enter its FEIN or TR number in the field on this form. If there is more than one such entity to report, enter on the form the FEIN or TR number of one of the entities and attach a list of the account numbers of all. On the list include a breakdown of the amount of this loss add-back that is attributable to each entity. In any case, the amount on line 33 should be the total of all losses, not just the loss of the one entity identified on the form.

UBGs: It is not necessary to attach a list of entities in connection with this line item because all entities for which a loss add-back is being reported have been identified on the corresponding line of Form 4580, or a similar list required as an attachment to Form 4580.

Line 34: Enter any royalty, interest, or other expense paid to a person related to the taxpayer by ownership or control for the use of an intangible asset if the person is not included in the taxpayer's UBG. Royalty, interest, or other expense described here is not required to be included if the taxpayer can demonstrate that the transaction has a nontax business purpose other than avoidance of this tax, is conducted with arm's-length pricing and rates and terms as applied in accordance with IRC § 482 and 1274(d), and satisfies one of the following:

- Is a pass-through of another transaction between a third party and the related person with comparable rates and terms.
- Results in double taxation. For this purpose, double taxation exists if the transaction is subject to tax in another jurisdiction.
- Is unreasonable as determined by Treasury, and the taxpayer agrees that the addition would be unreasonable based on the taxpayer's facts and circumstances.
- The related person (recipient of the transaction) is organized under the laws of a foreign nation which has in force a comprehensive income tax treaty with the United States.

Line 35: There currently are no additions required that are recorded on this line. Leave this line blank.

Subtractions from Income

Subtractions are generally available to the extent included in arriving at federal taxable income (Business Income, line 28).

Line 38: Enter any dividends and royalties received from persons other than United States persons and foreign operating entities, including, but not limited to, amounts determined under IRC § 78 or IRC § 951 to 964.

Line 39: Enter any income included in federal taxable income (as defined for MBT purposes) that is attributable to other entities whose business activities are taxable or would be subject to the business income tax if the business activities were in Michigan. If there is only one such entity to report, enter its FEIN or TR number in the field on this form. If there is more than one such entity to report, enter on the form the FEIN or TR number of one of the entities and attach a list of the account numbers of all. On the list include a breakdown of the amount of this income subtraction that is attributable to each entity. In any case, the amount on line 39 should be the total of all income, not just the income of the one entity identified on the form.

UBGs: It is not necessary to attach a list of entities in connection with this line item because all entities for which an income subtraction is being reported have been identified on the corresponding line of Form 4580, or a similar list required as an attachment to Form 4580.

Line 40: To the extent included in federal taxable income (as defined for MBT purposes), deduct interest income derived from United States obligations.

Line 41: To the extent included in federal taxable income (as defined for MBT purposes), deduct any earnings that are net earnings from self-employment as defined under IRC § 1402 of the taxpayer, or a partner or LLC member of the taxpayer, except to the extent that those net earnings represent a reasonable return on capital. If less than zero, enter zero.

Under IRC § 1402, the business income of an Individual or sole proprietor, and a partner's distributive share of Partnership income, whether distributed or not, from any trade or business carried on by the Partnership, may be considered self-employment income (with certain statutory exceptions), and subject to the Federal Self-Employment Tax. Therefore, a sole proprietorship or Partnership may deduct any income subject to the Federal Self-Employment Tax when computing the MBT Business Income Tax base. Shareholders of Corporations, including S Corporations, are not subject to the Federal Self-Employment Tax, and, as a result, no deduction is allowed for earnings from self-employment income for corporate entities. There is no deduction allowed for S Corporation distributions that is equivalent to the self-employment deduction allowed for Partnerships and sole proprietorships under MBT.

Net earnings from self-employment under IRC § 1402 generally means "the gross income derived by an Individual from any trade or business carried on by such Individual, less the deductions allowed by this subtitle which are attributable to such trade or business, plus the distributive share (whether or not distributed) of income or loss described in [IRC §] 702(a)(8) from any trade or business carried on by a Partnership of which he is a member," subject to certain exclusions, including rentals from real estate, dividends and interest, and certain net operating losses and personal exemptions (IRC § 1402(a)).

Line 42: For tax years that begin after December 31, 2009, to the extent included in federal taxable income, deduct the amount of a charitable contribution made to the Advance Tuition Payment fund created under section 9 of the Michigan Education Trust Act, PA 316 of 1986, MCL 390.1429. This is deductible only to the extent that contribution was **NOT** federally deductible.

Line 45: If line 45 is negative, enter as a negative number. A loss on line 45 will create (or increase) the MBT business loss carryforward for the next year.

Line 46: Deduct any available MBT business loss incurred after December 31, 2007. Enter as a positive number.

Business loss means a negative business income tax base, after apportionment, if applicable.

NOTE: MBT business loss carryforward is not the same as the federal net operating loss carryforward or carryback. It also is not the same as the Single Business Tax business loss carryforward, which was partially allowed against the Modified Gross Receipts tax base only for tax years ending in 2008.

Line 47: Subtract line 46 from line 45. Any negative amount on line 47 is an MBT business loss which may be carried forward to the next filing period, except to the extent that all or some portion of this business loss has exceeded its usable life of ten tax years.

Line 48: If line 47 is positive, enter the Qualified Affordable Housing Deduction, if applicable.

PA 168 of 2008 provides for a deduction from the apportioned Business Income Tax base to a Qualified Affordable Housing Project and a seller of residential rental units to a Qualified Affordable Housing Project. Qualified Affordable Housing Project is defined under instructions for line 19.

The seller may take a deduction from its apportioned Business Income Tax base equal to the gain from the sale of the residential rental units to the Qualified Affordable Housing Project, as calculated on the MBT Qualified Affordable Housing Seller's Deduction (Form 4579). Enter the amount from Form 4579, line 5.

The Qualified Affordable Housing Project may deduct from its apportioned Business Income Tax base an amount equal to the product of the taxable income attributable to residential rental units in Michigan it owns multiplied by a fraction, the numerator of which is the number of rent restricted units in Michigan owned by that Qualified Affordable Housing Project and the denominator of which is the number of all residential rental units in Michigan owned by the project. MCL 208.1201(8) governs the termination of this deduction.

In general, taxable income attributable to residential rental units is gross rental receipts attributable to residential rental units in Michigan (purchased pursuant to an operation agreement) less rental expenses attributable to residential rental units in Michigan, including, but not limited to, repairs, interest, insurance, maintenance, utilities, and depreciation.

Specifically, Partnerships may use a Rental Real Estate Income and Expenses of a Partnership or an S Corporation (U.S. Form 8825) to determine its taxable income attributable to residential rental units in Michigan. To the extent that the Qualified Affordable Housing Project is taxed as something other than a Partnership or S Corporation, the Qualified Affordable Housing Project may use the Supplemental Income and Loss (U.S. Form 1040, Schedule E) or the relevant portions of the U.S. Corporation Income Tax Return (U.S. Form 1120), as appropriate. If the Qualified Affordable Housing Project is a Corporation, the expenses permitted should be limited to those also listed on the Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition (U.S. Form 8823) and U.S. Form 1040, Schedule E. Rental receipts and expenses must be calculated without regard to any gain or loss resulting from the disposition of rental property. Also, since Partnerships are subject to tax as a person under MBT, flow-through amounts from other Partnerships are not considered.

Improvements that increase the value of the property or extend its life, such as replacing a roof or renovating a kitchen, are not deductible rental expenses. Any passive activity loss limitations applicable to the Qualified Affordable Housing Project's federal return also apply for purposes of MCL 208.1201(7).

The Qualified Affordable Housing Project's deduction is reduced by the amount of limited dividends or other distributions made to the owners of the project. Income received by the management, construction, or development company for completion and operation of the project and rental units does not constitute taxable income attributable to residential rental units.

UBGs: Leave lines 48a through 48h blank and carry the amount from Form 4580, Part 2B, line 45i, column C, to line 48i.

When the seller claims a deduction for the year of sale, the State will place a lien on the property equal to the amount of the seller's deduction. If the buyer fails to qualify as a Qualified Affordable Housing Project or fails to operate any of the residential rental units as rent restricted units in accordance with the operation agreement within 15 years after the date of purchase, the lien placed on the property for the amount of the seller's deduction becomes payable to the State. The lien is payable through a "recapture" to be added to the tax liability of the buyer in the year the recapture event occurs. The recapture is calculated on *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587), and is reduced proportionally for the number of years the buyer qualified for the deduction.

PART 3: TOTAL MICHIGAN BUSINESS TAX

Line 52: In addition to the taxes imposed and levied under MBT, an annual surcharge is imposed and levied on each standard taxpayer equal to 21.99 percent of the taxpayer's tax liability.

The amount of the surcharge imposed and levied on any taxpayer may not exceed $6,000,000 for any single tax year.

Line 55: IMPORTANT: If apportioned or allocated gross receipts are less than $350,000, enter a zero on this line. If a business operated less than 12 months, annualize gross receipts to determine if a filing requirement exists.

UBGs: If apportioned or allocated gross receipts before intercompany eliminations (gross receipts from Form 4580, Part 2B, line 17, column A, multiplied by the apportionment percentage reported on Form 4567, line 11c) are less than $350,000, enter a zero on this line.

PART 4: PAYMENTS, REFUNDABLE CREDITS, AND TAX DUE

Line 59: Enter the total tax paid with the *MBT Quarterly Tax Return* (Form 4548), or the estimated MBT paid with Form 160 or the amount paid through Electronic Funds Transfer. Include all payments made on returns that apply to the current tax year. For example, calendar year filers include money paid with the combined returns for return periods January through December.

Amended Returns Only:

Line 63a: Enter payment made with original return.

Line 63b: Enter overpayment received (refund received plus credit forward created) on the original return.

Line 63c: Add lines 62 and 63a and subtract line 63b from the sum.

Line 65: If penalty and interest are owed for not filing estimated returns or for underestimating tax, complete the *MBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4582), to compute penalty and interest due. If a taxpayer chooses not to file this form, Treasury will compute penalty and interest and bill for payment.

Line 66: Enter the annual return penalty rate in line 66a. Add the overdue tax penalty in line 66b to the overdue tax interest in line 66c. Enter total in line 66d.

Refer to the "Computing Penalty and Interest" section in Form 4600 to determine the annual return penalty rate and use the following "Overdue Tax Penalty" and "Overdue Tax Interest" worksheets.

WORKSHEET – OVERDUE TAX PENALTY

A. Tax due from Form 4567, line 64		**00**
B. Late/extension or insufficient payment penalty percentage		**%**
C. Multiply line A by line B		**00**

Carry amount from line C to Form 4567, line 66b.

WORKSHEET – OVERDUE TAX INTEREST

A. Tax due from Form 4567, line 64		**00**
B. Applicable daily interest percentage ..		**%**
C. Number of days return was past due ...		
D. Multiply line B by line C		**%**
E. Multiply line A by line D		**00**

Carry amount from line E to Form 4567, line 66c.

Line 66c: NOTE: If the late period spans more than one interest rate period, divide the late period into the number of days in each of the interest rate periods identified in the "Computing Penalty and Interest" section in Form 4600, and apply the calculations in the "Overdue Tax Interest" worksheet separately to each portion of the late period. Combine these interest subtotals and carry the total to line 66c.

PART 5: REFUND OR CREDIT FORWARD

Line 68: If the amount of the overpayment, less any penalty and interest due on lines 65 and 66d is less than zero, enter the difference (as a positive number) on line 67. If the amount is greater than zero, enter on line 68.

NOTE: If an overpayment exists, a taxpayer must elect a refund of all or a portion of the amount and/or designate all or a portion of the overpayment to be used as an estimate for the next MBT tax year. Complete lines 69 and 70 as applicable.

Line 69: If the taxpayer anticipates an MBT liability in the filing period subsequent to this return, some or all of any overpayment from line 68 may be credited forward to the next tax year as an estimated payment. Enter the desired amount to use as an estimate for the next MBT tax year.

Reminder: Taxpayers must sign and date returns. Preparers must provide a Preparer Taxpayer Identification Number (PTIN), FEIN or Social Security number (SSN), a business name, and a business address and phone number.

Attachments

Federal Forms: Attach copies of these forms to the return.

UBGs: See Form 4580 instructions for information regarding federal attachments for members of UBGs.

- **C Corporations:** U.S. Form *1120* (pages 1 through 4), *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. Form *1120-S* (pages 1 through 4)*, *Schedule D*, Form *851*, Form *4562*, Form *4797*, Form *8825.*
- **Individuals:** U.S. Form *1040* (pages 1 and 2), Schedules *C, C-EZ, D, E,* and Form *4797.*
- **Fiduciaries:** U.S. Form *1041* (pages 1 through 4), *Schedule D,* and Form *4797.*
- **Partnerships:** U.S. Form *1065*, (pages 1 through 5)*, *Schedule D*, Form *4797,* and Form *8825.*
- **Limited Liability Companies:** Attach appropriate schedules listed above based on federal return filed.
- **Federally Exempt Entities:** In certain circumstances, a federally tax exempt entity must file an MBT return. In those cases, attach U.S. Form 990-T (pages 1 through 4).

NOTE: Federally disregarded LLCs (and Q-Subs) are required to file separate MBT returns if they do not meet the UBG relationship test and thus do not file as part of a UBG return with their owner. A federally disregarded entity filing MBT separately will prepare its MBT return on the basis of a pro forma federal return or equivalent schedule, using the same federal return type as its owner. Attach a copy of the applicable pro forma return and schedules listed above.

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

TANGIBLE AND REAL PROPERTY

Sale of tangible personal property

Property is shipped or delivered, or, in the case of electricity and gas, the contract requires the property to be shipped or delivered, to any purchaser within this State based on the ultimate destination at the point that the property comes to rest regardless of the free on board point or other conditions of the sales.

NOTE: *Tangible personal property* means that term as defined in Section 2 of the Use Tax Act, Public Act (PA) 94 of 1937, MCL 205.92.

Sale, lease, rental or licensing of real property

Property is located in this State.

Lease or rental of tangible personal property

To the extent the property is used in this State. Extent of use is determined by multiplying the receipts by a fraction, the numerator of which is the number of days of physical location of the property in this State during the lease or rental period in the tax year and the denominator of which is the number of days of physical location of the property everywhere during all lease or rental periods in the tax year.

If the physical location of the property during the lease or rental period is unknown or cannot be determined, the tangible personal property is used in the state in which the property was located at the time the lease or rental payer obtained possession.

Lease or rental of mobile transportation property owned by the taxpayer

To the extent property is used in this State. For example, the extent an aircraft will be deemed to be used is determined by multiplying all the receipts from the lease or rental of the aircraft by a fraction, the numerator of the fraction is the number of landings of the aircraft in this State and the denominator of the fraction is the total number of landings of the aircraft.

If the extent of use of any transportation property within this State cannot be determined, then the receipts are in this State if the property has its principal base of operations in this State.

INTANGIBLE PROPERTY (IN GENERAL)

Royalties and other income received for use of or for the privilege of using intangible property including patents, knowhow, formulas, designs, processes, patterns, copyrights, trade names, service names, franchises, licenses, contracts, customer lists, computer software, or similar items

Property is used by the purchaser in this State. If property is used in more than one state, royalties or other income will be apportioned to this State pro rata according to the portion of use in this State.

If the portion of use in this State cannot be determined, the royalties or other income will be excluded from both the numerator and the denominator.

If the purchaser of intangible property uses it or the rights to the intangible property, in the regular course of its business operations in this State, regardless of the location of the purchaser's customers.

SALES FROM PERFORMANCE OF SERVICES (IN GENERAL)

Receipts from performance of services, in general

Recipient of services receives all of the benefit of the services in this State.

If the recipient of the services receives some of the benefit of the services in this State, receipts are included in the numerator of the apportionment factor in proportion to the extent that the recipient receives benefit of the services in this State.

For more information regarding how a taxpayer determines where the recipient of services performed receives the benefit of those services, see RAB 2010-5, Michigan Business Tax Where Benefit of Services is Received, on the Michigan Department of Treasury (Treasury) Web site at **www.michigan.gov/taxes**.

FINANCIAL SERVICES

Sales derived from securities brokerage services including commissions on transactions, the spread earned on principal transactions in which broker buys or sells from its account, total margin interest paid on behalf of brokerage accounts owned by broker's customers, and fees and receipts of all kinds from underwriting of securities

Multiply the total dollar amount of receipts from securities brokerage services by a fraction, the numerator of which is the sales of securities brokerage services to customers within this State, and the denominator of which is the sales of securities brokerage services to all customers.

If receipts from brokerage services can be associated with a particular customer, but it is impractical to associate the receipts with the address of the customer, then the address of the customer will be presumed to be the address of the branch office that generates the transactions for the customer.

Sales of services derived directly or indirectly from sale of management, distribution, administration, or securities brokerage services to, or on behalf of, a regulated investment company or its beneficial owners, including receipts derived directly or indirectly from trustees, sponsors, or participants of employee benefit plans that have accounts in a regulated investment company

To the extent the shareholders of the regulated investment company are domiciled within this State. For this purpose, *domicile* means the shareholder's mailing address on the records of the regulated investment company.

If the regulated investment company or the person providing

management services to the regulated investment company has actual knowledge that the shareholder's primary residence or principal place of business is different than the shareholder's mailing address, then the shareholder's primary residence or principal place of business is the shareholder's domicile.

A separate computation must be made with respect to receipts derived from each regulated investment company. Total amount of sales attributable to this State must be equal to total receipts received by each regulated investment company multiplied by a fraction determined as follows:

- The numerator of the fraction is the average of the sum of the beginning-of-year and end-of-year number of shares owned by the regulated investment company shareholders who have their domicile in this State.
- The denominator of the fraction is the average of the sum of the beginning-of-year and end-of-year number of shares owned by all shareholders.
- For purposes of the fraction, the year will be the tax year of the regulated investment company that ends with or within the tax year of the taxpayer.

Receipts from the origination of a loan or gains from sale of a loan secured by residential real property

Only if one or more of the following apply:

- Real property is located in this State.
- Real property is located both within this State and one or more other states and more than 50 percent of the fair market value of the real property is located within this State.
- More than 50 percent of the real property is not located in any one state and the borrower is located in this State.*

Interest from loans secured by real property

Property is located in this State.

If property is located both in this State and one or more other states, if more than 50 percent of the fair market value of the real property is located within this State.

If more than 50 percent of the fair market value of the real property is not located within any one state, if the borrower is located in this State.*

The determination of whether the real property securing a loan is located in this State will be made at the time the original agreement was made and any and all subsequent substitutions of collateral will be disregarded.

Interest from a loan not secured by real property

Borrower is located in this State*

Gains from sale of a loan not secured by real property, including income recorded under coupon stripping rules of IRC 1286

Borrower is located in this State*

Credit card receivables, including interest, fees, and penalties from credit card receivables and receipts from fees charged to cardholders, such as annual fees

Billing address of the cardholder is located in this State

Sale of credit card or other receivables

Billing address of the customer is located in this State

Credit card issuer's reimbursements fees

Billing address of the cardholder is located in this State.

Merchant discounts, computed net of any cardholder chargebacks, but not reduced by any interchange transaction fees or by any issuer's reimbursement fees paid to another for charges made by its cardholders

Commercial domicile of the merchant is located in this State.

Loan servicing fees derived from loans of another secured by real property

Real property is located in this State.

Real property is located both in and out of this State and one or more states if more than 50 percent of the fair market value of the real property is located in this State.

More than 50 percent of the fair market value of the real property is not located in any one state, and the borrower is located in this State.*

If the location of the security cannot be determined, then loan servicing fees for servicing either the secured or the unsecured loans of another are in this State if the lender to whom the loan servicing service is provided is located in this State.

Loan servicing fees derived from loans of another not secured by real property

Borrower is located in this State.*

If location of the security cannot be determined, then loan servicing fees for servicing either the secured or the unsecured loans of another are in this State if the lender to whom the loan servicing service is provided is located in this State.

Sale of securities and other assets from investment and trading activities, including, but not limited to, interest, dividends, and gains

Attributable to the State if the person's customer is in this State, or if the location of the person's customer cannot be determined, both of the following:

- Interest, dividends, and other income from investment assets and activities and from trading assets and activities, including, but not limited to, investment securities; trading account assets; federal funds; securities purchased and sold under agreements to resell or repurchase; options; futures contracts; forward contracts; notional principal contracts such as swaps; equities; and foreign currency transactions are in this State if the average value of the assets is assigned to a regular place of business of the taxpayer within this State.
    - Interest from federal funds sold and purchased and from securities purchased under resale agreements and securities sold under repurchase agreements are in this State if the average value of the assets is assigned to a

*A borrower is considered located in this State if the borrower's billing address is in this State.

regular place of business of the taxpayer within this State.

- ○ Amount of receipts and other income from investment assets and activities is in this State if assets are assigned to a regular place of business of the taxpayer within this State.

• Amount of receipts from trading assets and activities, including, but not limited to, assets and activities in the matched book, in the arbitrage book, and foreign currency transactions, but excluding amounts otherwise sourced in this section, are in this State if the assets are assigned to a regular place of business of the taxpayer within this State.

TRANSPORTATION SERVICES

Receipts from transportation services

Generally, receipts will be proportioned based on the ratio that revenue miles of the person in this State bear to the revenue miles of the person everywhere.

Receipts from maritime transportation services will be attributable to this State as follows:

• 50 percent of those receipts that either originate or terminate in this State.

• 100 percent of those receipts that both originate and terminate in this State.

Receipts attributable to this State of a person whose business activity consists of the transportation of:

• Property and individuals – Proportioned based on the total gross receipts for passenger miles and ton mile fractions, separately computed and individually weighted by the ratio of gross receipts from passenger transportation to total gross receipts from all transportation, and by the ratio of gross receipts from freight transportation to total gross receipts from all transportation, respectively.

$$\frac{\text{Michigan Ton Miles}}{\text{Total Ton Miles}} \times \text{Gross Receipts from Transportation of Property}$$

$$+$$

$$\frac{\text{Michigan Passenger Miles}}{\text{Total Passenger Miles}} \times \text{Gross Receipts from Transportation of Passengers}$$

$$= \text{Michigan Sales from Transportation Services}$$

• Oil by pipeline – Proportioned based on the ratio that the gross receipts for the barrel miles transported in this State bear to the gross receipts for the barrel miles transported by the person everywhere.

• Gas by pipeline – Proportioned based on the ratio that the gross receipts for the 1,000 cubic feet miles transported in this State bear to the gross receipts for the 1,000 cubic feet miles transported by the person everywhere.

NOTE: If a taxpayer can show that revenue mile information is not available or cannot be obtained without unreasonable expense to the taxpayer, receipts attributable to this State will be that portion of the revenue derived from transportation services everywhere performed that the miles of transportation services performed in this State bears to the miles of transportation services performed everywhere. If Treasury determines that the information required for the calculations above are not available or cannot be obtained without unreasonable expense to the taxpayer, Treasury may use other available information that in the opinion of Treasury will result in an equitable allocation of the taxpayer's receipts to this State.

NOTE: For transportation services that source sales based on revenue miles, enter a sales amount on Form 4567, Line 11a, by multiplying total sales of the transportation service by the ratio of Michigan revenue miles over revenue miles everywhere as provided in the table on this page for that type of transportation service. *Revenue mile* means the transportation for a consideration of one net ton in weight or one passenger the distance of one mile.

TELECOMMUNICATIONS SERVICES

Sale of telecommunications service or mobile telecommunications service, in general

Customer's place of primary use of the service is in this State. As used here, *place of primary use* means the customer's residential street address or primary business street address where the customer's use of the telecommunications service primarily occurs.

For mobile telecommunications service, the customer's residential street address or primary business street address is the place of primary use only if it is within the licensed service area of the customer's home service provider.

Sale of telecommunications service sold on an individual call-by-call basis

Call both originates and terminates in this State.

Call either originates or terminates in this State and the service address is located in this State.

Sale of postpaid telecommunications service

Origination point of telecommunication signal (as first identified by the service provider's telecommunication system or as identified by information received by the seller from its service provider if system used to transport telecommunication signals is not the seller's) is located in this State.

Sale of prepaid telecommunications service or prepaid mobile telecommunications service

Purchaser obtains the prepaid card or similar means of conveyance at a location in this State.

Recharging a prepaid telecommunications service or mobile telecommunications service

Purchaser's billing information indicates a location in this State.

Sale of private communication services

100 percent of the receipts from the sale of each channel termination point within this State.

100 percent of the receipts from the sale of the total channel mileage between each termination point within this State.

50 percent of the receipts from the sale of service segments for

a channel between two customer channel termination points, one of which is located in this State and the other is located outside of this State, which segments are separately charged.

Receipts from the sale of service for segments with a channel termination point located in this State and in two or more other states or equivalent jurisdictions, and which segments are not separately billed, are in this State based on a percentage determined by dividing the number of customer channel termination points in this State by the total number of customer channel termination points.

Sale of billing services and ancillary services for telecommunications service

Based on the location of the purchaser's customers.

If the location of the purchaser's customers is not known or cannot be determined, the sale of billing services and ancillary services for telecommunications service are in this State based on the location of the purchaser.

To access a carrier's network or from the sale of telecommunications services for resale

100 percent of the receipts from access fees attributable to intrastate telecommunications service that both originates and terminates in this State.

50 percent of the receipts from access fees attributable to interstate telecommunications service if the interstate call either originates or terminates in this State.

100 percent of receipts from interstate end user access line charges, if customer's service address is in this State. As used here, "interstate end user access line charges" includes, but is not limited to, the surcharge approved by the federal communications commission and levied pursuant to 47 CFR 69.

Gross receipts from sales of telecommunications services to other telecommunication service providers for resale will be sourced to this State using the apportionment concepts used for non-resale receipts of telecommunications services if the information is readily available to make that determination. If the information is not readily available, then the taxpayer may use any other reasonable and consistent method.

Taxpayer whose business activities include live radio or television programming as described in Subsector Code 7922 of Industry Group 792 or are included in Industry Groups 483, 484, 781, or 782, under the SIC Code as compiled by the U.S. Department of Labor, or any combination of the business activities included in those groups

Media receipts are attributable to this State only if the commercial domicile of the customer is in this State and the customer has a direct connection or relationship with the taxpayer pursuant to a contract under which the media receipts are derived.

Media receipts from the sale of advertising are attributable to this State if the customer of that advertising is commercially domiciled in this State and receives some of the benefit of the sale of that advertising in this State. Sales are included in proportion to the extent that the customer receives the benefit of the advertising in this State.

If the taxpayer is a broadcaster and if the customer receives some of the benefit of the advertising in this State, the media receipts for that sale of advertising from that customer will be proportioned based on the ratio that the broadcaster's viewing or listening audience in this State bears to its total viewing or listening audience everywhere.

Media property means motion pictures, television programs, Internet programs and Web sites, other audiovisual works, and any other similar property embodying words, ideas, concepts, images, or sound without regard to the means or methods of distribution or the medium in which the property is embodied.

Media receipts means receipts from the sale, license, broadcast, transmission, distribution, exhibition, or other use of media property and receipts from the sale of media services. Media receipts do not include receipts from the sale of media property that is a consumer product that is ultimately sold at retail.

Media services means services in which the use of the media property is integral to the performance of those services.

NOTE: Terms used to describe the sale of telecommunications service or mobile telecommunications service have the same meaning as those terms defined in the Streamlined Sales and Use Tax Agreement administered under the Streamlined Sales and Use Tax Administration Act, PA 174 of 2004, MCL 205.801 to 205.833.

OTHER

Default for all other receipts not otherwise sourced here

Sourced based on where the benefit to the customer is received, or if where the benefit to the customer is received cannot be determined, sourced to the customer's location.

For more information regarding how a taxpayer determines where the recipient of services performed receives the benefit of those services, see RAB 2010-5, Michigan Business Tax Where Benefit of Services is Received, on the Treasury Web site at **www.michigan.gov/taxes**.

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☐ **Check if this is an amended return.**
Attach supporting documents.

2010 MICHIGAN Business Tax Simplified Return

Issued under authority of Public Act 36 of 2007.

This form may be used instead of the standard Form 4567, *Michigan Business Tax Annual Return*, if all of the following conditions apply:

- Gross receipts do not exceed $19,000,000.
- Adjusted business income does not exceed $1,329,900.
- Filer is not apportioning business activity.
- Filer is not a Unitary Business Group (UBG) or member of a UBG.
- Filer is not required to recapture credits or deductions.
- Filer is not claiming credits on Form 4584.
- No partner has distributive income of more than $160,000. Partnerships must attach Form 4578.
- No individual, shareholder or officer has allocated income of more than $160,000. Corporations must attach Form 4577.

1. Return is for calendar year 2010 or for tax year beginning: MM-DD-YYYY _____ and ending: MM-DD-YYYY _____

2. Name (print or type)				7. Federal Employer Identification Number (FEIN) or TR Number
Doing Business As (DBA)				8. Organization Type (LLC or Trust, see instructions) ☐ Individual ☐ C Corporation / LLC C Corporation ☐ Fiduciary ☐ S Corporation / LLC S Corporation ☐ Partnership / LLC Partnership
Street Address			☐ Check if new address. (See instructions)	
City	State	ZIP/Postal Code	Country Code	
3. Principal Business Activity		4. Business Start Date		
5. NAICS (North American Industry Classification System) Code		6. If Discontinued, Effective Date		

PART 1: CALCULATION OF TAX

9.	Gross Receipts (see instructions)	9.	00
10.	Business Income (see instructions)	10.	00
11.	Capital loss and/or carryover or carryback of federal net operating loss. Enter as a positive number	11.	00
12.	Compensation and director fees of active shareholders from Form 4577, line 3	12.	00
13.	Compensation and director fees of officers from Form 4577, line 4	13.	00
14.	**Adjusted Business Income.** Add lines 10 through 13	14.	00
15.	**Tax Before All Other Credits.** Multiply line 14 by 1.8% (0.018). If less than zero, enter zero. If gross receipts are greater than $700,000, skip lines 16 through 20 and enter the amount from line 15 on line 21	15.	00
16.	Threshold Ceiling	16.	700,000 00
17.	Gross Receipts from line 9. If less than 12 months, enter the annualized amount	17.	00
18.	Excess Gross Receipts. Subtract line 17 from line 16	18.	00
19.	Gross Receipts Filing Threshold Credit Percentage. Divide line 18 by 350,000	19.	%
20.	**Gross Receipts Filing Threshold Credit**. Multiply line 15 by line 19	20.	00
21.	**Tax After Gross Receipts Filing Threshold Credit.** Subtract line 20 from line 15	21.	00

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Continue and sign on Page 2.

FEIN or TR Number

PART 2: PAYMENTS AND REFUNDABLE CREDITS

22.	Overpayment credited from prior MBT return	22.	00
23.	Estimated tax payments	23.	00
24.	Tax paid with request for extension	24.	00
25.	Refundable credits from Form 4574, line 24	25.	00
26.	Total. Add lines 22 through 25. (If not amending, skip to line 28.)	26.	00

27.	AMENDED RETURN ONLY	a. Payment made with the original return	27a.	00	
		b. Overpayment received on the original return	27b.	00	
		c. Add lines 26 and 27a and subtract line 27b from the sum			27c. 00

PART 3: TAX DUE/OVERPAYMENT

28.	**TAX DUE.** Subtract line 26 (or line 27c, if amending) from line 21. If less than zero, leave blank	28.	00
29.	Underpaid estimate penalty and interest from Form 4582, line 38	29.	00
30.	Annual return penalty (a) % = (b) 00 plus interest of (c) 00. Total	30d.	00
31.	**PAYMENT DUE.** If line 28 is blank, go to line 32. Otherwise, add lines 28, 29 and 30d and enter here	31.	00
32.	Overpayment. Subtract lines 21, 29 and 30d from line 26 (or line 27c, if amending). If less than zero, leave blank (see instructions)	32.	00
33.	**CREDIT FORWARD.** Amount on line 32 to be credited forward and used as an estimate for next MBT tax year	33.	00
34.	**REFUND.** Amount on line 32 to be refunded	34.	00

Taxpayer Certification. *I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge.*		**Preparer Certification.** *I declare under penalty of perjury that this return is based on all information of which I have any knowledge.*
☐ By checking this box, I authorize Treasury to discuss my return with my preparer.		Preparer's PTIN, FEIN or SSN
Authorized Signature for Tax Matters		Preparer's Business Name (print or type)
Authorized Signer's Name (print or type)	Date	Preparer's Business Address and Telephone Number (print or type)
Title	Telephone Number	

Return is due April 30 or on or before the last day of the 4th month after the close of the tax year.

WITHOUT PAYMENT: Mail return to:

Michigan Department of Treasury
P.O. Box 30783
Lansing, MI 48909

WITH PAYMENT: Pay amount on line 31 and mail check and return to:

Michigan Department of Treasury
P.O. Box 30113
Lansing, MI 48909

Make check payable to "State of Michigan." Print taxpayer's FEIN or TR Number, the tax year, and "MBT" on the front of the check. Do not staple the check to the return.

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Instructions for Form 4583
Michigan Business Tax (MBT) Simplified Return

Purpose

This form allows qualifying standard taxpayers to claim the Small Business Alternative Credit and to file and pay the MBT due without computing the Business Income Tax or Modified Gross Receipts Tax imposed under Sections 201 and 203 of the MBT Act. Qualified taxpayers may also use this form to claim the Gross Receipts Filing Threshold Credit and any refundable credits for which they are eligible.

NOTE: The *MBT Election of Refund or Carryforward of Credits* (Form 4584) cannot be used in conjunction with this form.

Eligibility for the Small Business Alternative Credit

Standard taxpayers (all taxpayers who are not financial institutions or insurance companies) are eligible to use this form if all of the following conditions apply:

- Gross receipts do not exceed $19,000,000.
- Adjusted business income does not exceed $1,329,900.
- Adjusted business income does not exceed $160,000 for Individuals or Fiduciaries.
- Filer is not a Unitary Business Group (UBG) or member of a UBG.
- Filer does not have to complete the *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587), and does not have net Investment Tax Credit recapture from the *MBT Credits for Compensation, Investment, and Research and Development* (Form 4570).
- Filer is not apportioning business activity.
- No partner has distributive income of more than $160,000. Partnerships must attach the *MBT Schedule of Partners* (Form 4578).
- No individual, shareholder, or officer has allocated income over $160,000. Corporations must attach the *MBT Schedule of Shareholders and Officers* (Form 4577). (Does not apply to Individuals and Fiduciaries filing as Individuals.)

NOTE: Taxpayers leasing employees from professional employer organizations must include the compensation of officers and shareholders (of the operating company) who receive compensation from the professional employer organizations in determining the taxpayers' eligibility for Small Business Alternative Credit.

NOTE: A member of a Limited Liability Company (LLC) is characterized for MBT purposes as a partner, shareholder, or owner based on the federal tax classification of the LLC. An LLC taxed as a Partnership for federal purposes must file as a Partnership for MBT. Similarly, an LLC taxed as a C Corporation or S Corporation for federal purposes must file under that same status for MBT.

Corporations: Allocated income in the case of a C Corporation is either:

a) Shareholder or officer compensation and director fees from Form 4577, column L, or

b) Shareholder or officer compensation, director fees, and share of business income or loss from Form 4577, column N.

If either (a) or (b) is greater than $160,000, the Corporation is not eligible to file this form.

Allocated income for an S Corporation is shareholder compensation, director fees, and share of business income or loss from Form 4577, column N.

Even if eligible to file this form, a taxpayer may pay a lower tax by filing the *MBT Annual Return* (Form 4567) and taking the Small Business Alternative Credit using the *MBT Common Credits for Small Businesses* (Form 4571). This is especially true if any of the following applies:

- An MBT business loss carryforward exists, or
- A nonrefundable or hybrid (Form 4584) credit may be claimed.

Tax Period Less Than 12 Months: If a business operates less than 12 months, annualize gross receipts, business income, and all income of shareholders, officers, and partners to determine the eligibility for a Small Business Alternative Credit. Do not use annualized numbers on the return, unless requested; use them only to determine filing requirements and qualifications for credits.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be entered in MM-DD-YYYY format.

For periods less than 12 months, see the "General Information for Standard Taxpayers" in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600).

A taxpayer, other than a UBG, that does not file a separate federal return (e.g., a taxpayer that is a federally disregarded entity and not part of a UBG with its owner, or that is a member of a federal consolidated group) must prepare a pro forma federal return or equivalent schedule and use it as the basis for preparing its MBT return. A taxpayer (other than a UBG) that owns one or more federally disregarded entities must prepare a pro forma federal return or equivalent schedule that excludes the activity of the disregarded entity(ies), and use it as the basis for preparing its MBT return. For standard members of a UBG, this pro forma requirement is addressed in the *MBT UBG Combined Filing Schedule for Standard Members* (Form 4580), Part 2A, and its instructions.

Amended Returns: To amend a current or prior year annual return, complete the Form 4583 that is applicable for that year, check the box in the upper-right corner of the return, and attach a separate sheet explaining the reason for the changes. Include an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document. Include all schedules filed with the original return, even if not amending that schedule. Enter the figures on the amended return as they

should be. Do not include a copy of the original return with your amended return.

Refund Only: For taxpayers with allocated gross receipts less than $350,000, who are otherwise eligible to use this form and are filing this form to claim a refund of estimates paid, skip lines 10 through 21 and lines 28 through 31.

Line 1: If not a calendar year taxpayer, enter the beginning and ending dates that correspond to the taxable period reported to the IRS.

Tax year means the calendar year, or the fiscal year ending during the calendar year, upon the basis of which the tax base of a taxpayer is computed. If a return is made for a part of a year, tax year means the period for which the return is made. Generally, a taxpayer's tax year is for the same period as is covered by its federal income tax return.

Line 2: Enter the complete address and, if other than the United States, enter the two-digit abbreviation for the country code. See the list of country codes in Form 4600.

Correspondence about and any refund from this return will be sent to the address used here. Check the new address box if the address used on this line has changed from last filing. The taxpayer's primary address in Department of Treasury (Treasury) files, identified as the legal address and used for all purposes other than refund and correspondence on a specific MBT return, will not change unless the taxpayer files a *Notice of Change or Discontinuance* (Form 163). **Exception:** If mail sent to the legal address has been returned to Treasury by the United States Postal Service, Treasury will update the taxpayer's legal address with the address used on this line in the most recent MBT return.

Line 3: Enter a brief description of business activity (for example, forestry, fisheries, mining, construction, manufacturing, transportation, communication, electric, gas, sanitary services, wholesale trade, retail trade, finance, or services, etc.).

Line 4: Enter the start date of first business activity in Michigan.

Line 5: Enter the entity's six-digit North American Industry Classification System (NAICS) code. For a complete list of six-digit NAICS codes, see the U.S. Census Bureau Web site at **www.census.gov/eos/www/naics/**, or enter the same NAICS code used when filing the entity's U.S. Form *1120, Schedule K*, U.S. Form *1120S*, U.S. Form *1065* or U.S. Form *1040, Schedule C*.

Line 6: Enter the date, if applicable, on which taxpayer went out of existence. To complete the discontinuance for Michigan taxes, file Form 163, which is available on Treasury's Web site at **www.michigan.gov/treasuryforms**. If the taxpayer is still subject to another tax administered by Treasury, do not use this line.

Line 7: Use the taxpayer's Federal Employer Identification Number (FEIN) or the Michigan Treasury (TR) assigned number. Be sure to use the same account number on all forms.

If the taxpayer does not have an FEIN or TR number, the taxpayer **MUST** register before filing this form. Taxpayers are encouraged to register online at **www.michigan.gov/businesstaxes**. The Web site provides information on obtaining an FEIN, which is required to submit taxes through e-file. Taxpayers usually can obtain an FEIN from the IRS within 48 hours. Taxpayers registering with the State online usually receive an account number within seven days.

Returns received without a registered account number will not be processed until such time as a number is provided.

Line 8: Check the box that describes the organization type. A Trust or LLC should check the appropriate box based on its federal return.

NOTE: Federally disregarded LLCs (and Qualified Subchapter S Subsidiaries, or Q-Subs) are required to file separate MBT returns if they do not meet the UBG relationship tests and thus do not file as part of a UBG return with their owner. A federally disregarded LLC or Q-Sub that files MBT as a distinct entity is classified for MBT purposes according to the federal tax classification of its owner.

Part 1: Calculation of Tax

Line 9: *Gross receipts* means the entire amount received by the taxpayer, as determined by using the taxpayer's method of accounting for federal income tax purposes, from any activity, whether in intrastate, interstate, or foreign commerce, carried out for direct or indirect gain, benefit, or advantage to the taxpayer or to others, with certain exceptions.

Calculation of gross receipts also involves a phased-in deduction (60 percent in the 2010 and 75 percent in the 2011 tax years) of any amount deducted as bad debt for federal income tax purposes that corresponds to items of gross receipts included in the modified gross receipts tax base for the current tax year or past tax years. This partial reduction is reflected in the *Gross Receipts Worksheet* (Worksheet 4700) discussed below. Receipts include, but are not limited to:

- Receipts (sales proceeds) from the sale of assets used in a business activity
- Sale of products
- Services performed
- Gratuities stipulated on a bill
- Sales tax collected on the sale of tangible personal property, subject to a phase-out schedule
- Dividend and interest income
- Gross commissions earned
- Rents
- Royalties
- Sales of scrap and other similar items
- Client reimbursed expenses not obtained in an agency capacity
- Gross proceeds from sales between affiliated companies, including members of a UBG.

Use Worksheet 4700, in Form 4600, to calculate gross receipts. Attach this worksheet to the return. Gross receipts are not necessarily derived from the federal return; however, this worksheet will calculate gross receipts as defined by law in most instances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce gross receipts not identified by specific lines on this form, and report that amount on the most appropriate line. Treasury may adjust the amount resulting from this worksheet to account properly for such uncommon situations.

Line 10: *Business income* means that part of federal taxable income derived from business activity. For MBT purposes, *federal taxable income* means taxable income as defined in Internal Revenue Code (IRC) § 63, except that federal taxable income shall be calculated as if IRC § 168(k) [as applied to qualified property placed in service after December 31, 2007] and IRC § 199 were not in effect. For a Partnership or S Corporation (or LLC federally taxed as such), business income includes payments and items of income and expense that are attributable to business activity of the Partnership or S Corporation and separately reported to the partners or shareholders.

Use the *Business Income Worksheet* (Worksheet 4746), in Form 4600, to calculate business income. Attach this worksheet to the return. This worksheet will calculate business income as defined by law in most circumstances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce business income not identified by specific lines on this worksheet, and report that amount on the most appropriate line. Treasury may adjust the amount resulting from this worksheet to account properly for such uncommon situations.

For an organization that is a mutual or cooperative electric company exempt under IRC § 501(c)(12), business income equals the organization's excess or deficiency of revenues over expenses as reported to the federal government, less capital credits paid to members of that organization, less income attributed to equity in another organization's net income, and less income resulting from a charge approved by a state or federal regulatory agency that is restricted for a specified purpose and refundable if it is not used for the specified purpose.

For a tax-exempt person, *business income* means only that part of federal taxable income (as defined for MBT purposes) derived from unrelated business activity.

For an Individual or an Estate, or for a Partnership or Trust organized exclusively for estate or gift planning purposes, business income is that part of federal taxable income (as defined for MBT purposes) derived from transactions, activities, and sources in the regular course of the taxpayer's trade or business, including the following:

- All income from tangible and intangible property if the acquisition, rental, management, or disposition of the property constitutes integral parts of the taxpayer's regular trade or business operations.
- Gains or losses incurred in the taxpayer's trade or business from stock and securities of any foreign or domestic Corporation and dividend and interest income.
- Income derived from isolated sales, leases, assignment, licenses, divisions, or other infrequently occurring dispositions, transfers, or transactions involving property if the property is or was used in the taxpayer's trade or business operation.
- Income derived from the sale of a business.

NOTE: Personal investment income, gains from the sale of property held for personal use and enjoyment or other assets not used in a trade or business, and any other income not specifically derived from a trade or business that is earned, received, or otherwise acquired by an Individual, an Estate, or a Trust or Partnership organized or established exclusively for estate or gift planning purposes, are not included in the Business Income Tax base. This exclusion only applies to the specific types of taxpayers identified above. Investment income and any other types of income earned or received by all other types of persons or taxpayers not specifically referenced must be included in the business income of the taxpayer.

Line 11: Enter all capital losses that were used federally to offset capital gain. This is not the net amount found on the U.S. Schedule D lines identified below, but rather the amount of capital losses that were used in reaching the net amount on those federal return lines. If filing U.S. Form 1040 or 1041, include the capital loss amount that the Individual or Fiduciary was able to use against the capital gain and the capital loss amount that the Individual or Fiduciary was permitted to deduct from ordinary income ($3,000 or less). Use both long-term and short-term capital losses here.

Identify the capital losses used in calculating the net amount using "Net short-term capital gain or (loss)" and "Net long-term capital gain or (loss)" from Schedule D of federal Forms 1040, 1041, 1065, 1120 and 1120S, as applicable.

Also include on this line the net operating loss carryback or carryover from the federal schedule that was included in the business income reported on line 10. Report each of these amounts as a positive number.

Line 17: For tax periods less than 12 months, enter annualized gross receipts.

Part 2: Payments and Refundable Credits

Line 23: Enter the total tax paid with the *MBT Quarterly Tax Return* (Form 4548), or the estimated MBT paid with the *Combined Return for Michigan Taxes* (Form 160), or the amount paid through Electronic Funds Transfer. Include all payments made on returns that apply to the current tax year. For example, calendar-year filers include money paid with Form 160 for return periods January through December.

Amended Returns Only:

Line 27a:	Enter payment made with original return.
Line 27b:	Enter overpayment received (refund received plus credit forward created) on the original return.
Line 27c:	Add lines 26 and 27a and subtract line 27b from the sum.

Part 3: Tax Due / Overpayment

Line 29: If penalty and interest are owed for not filing estimated returns or for underestimating a tax, complete the *MBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4582) to compute penalty and interest due. If a taxpayer prefers not to file this form, Treasury will compute the penalty and interest and bill for payment.

Line 30: Enter the annual return penalty rate in line 30a. Add the overdue tax penalty in line 30b to the overdue tax interest in line 30c. Enter total in line 30d.

Refer to the "Computing Penalty and Interest" section in Form 4600 to determine the annual return penalty rate and applicable

daily interest rate. Then use the following "Overdue Tax Penalty" and "Overdue Tax Interest" worksheets.

WORKSHEET – OVERDUE TAX PENALTY

A. Tax due from Form 4583, line 28		**00**
B. Late/extension or insufficient payment penalty percentage		**%**
C. Multiply line A by line B		**00**

Carry amount from line C to Form 4583, line 30b.

WORKSHEET – OVERDUE TAX INTEREST

A. Tax due from Form 4583, line 28		**00**
B. Applicable daily interest percentage ..		**%**
C. Number of days return was past due ...		
D. Multiply line B by line C		**%**
E. Multiply line A by line D		**00**

Carry amount from line E to Form 4583 line 30c.

Line 30c: NOTE: If the late period spans more than one interest rate period, divide the late period into the number of days in each of the interest rate periods identified in the "Computing Penalty and Interest" section in Form 4600, and apply the calculations in the "Overdue Tax Interest" worksheet separately to each portion of the late period. Combine these interest subtotals and carry the total to Form 4583, line 30c.

Line 32: If the amount of the overpayment, less any penalty and interest due on lines 29 and 30d is less than zero, enter the difference (as a positive number) on line 31. If the amount is greater than zero, enter on line 32.

NOTE: If an overpayment exists, a taxpayer must elect a refund of all or a portion of the amount and/or designate all or a portion of the overpayment to be used as an estimate for the next MBT tax year. Complete lines 33 and 34 as applicable.

Line 33: If the taxpayer anticipates an MBT liability in the filing period subsequent to this return, some or all of any overpayment from line 32 may be credited forward to the next tax year as an estimated payment. Enter the desired amount to use as an estimate for the next MBT tax year.

Reminder: Taxpayers must sign and date returns. Tax preparers must provide a Preparer Taxpayer Identification Number (PTIN), FEIN or Social Security number (SSN), a business name, and a business address and phone number.

Attachments

Federal Forms: Attach copies of these forms to the return.

- **C Corporations:** U.S. Form 1120 (pages 1 through 4), 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. Form 1120-S (pages 1 through 4)*, Schedule D, Form 851, Form 4562, Form 4797, Form 8825.
- **Individuals:** U.S. Form 1040 (pages 1 and 2), Schedules C, C-EZ, D, E, and Form 4797.
- **Fiduciaries:** U.S. Form 1041 (pages 1 through 4), Schedule D, and Form 4797.
- **Partnerships:** U.S. Form 1065 (pages 1 through 5)*, Schedule D, Form 4797, and Form 8825.
- **Limited Liability Companies:** Attach appropriate schedules shown above based on federal return filed.
- **Federally Exempt Entities:** In certain circumstances, a federally tax exempt entity must file an MBT return. In those cases, attach U.S. Form 990-T (pages 1 through 4).

NOTE: Federally disregarded LLCs (and Q-Subs) are required to file separate MBT returns if they do not meet the UBG relationship test and thus do not file as part of a UBG return with their owner. A federally disregarded entity filing MBT separately will prepare its MBT return on the basis of a pro forma federal return or equivalent schedule, using the same federal return type as its owner. Attach a copy of the applicable pro forma return and schedules listed above.

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

Attachment 02

2010 MICHIGAN Business Tax Nonrefundable Credits Summary

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

1.	Tax before all credits from Form 4567, line 53, or Form 4590, line 26		1.	00
2.	SBT credit carryforwards used from Form 4569, line 13		2.	00
3.	Tax After SBT credit carryforwards. Subtract line 2 from line 1. If less than zero, enter zero	3. 00		
4.	a. Compensation and Investment Tax Credits from Form 4570, line 26		4a.	00
	b. If Form 4570, line 20, is negative, enter here as a negative number. Otherwise, leave blank		4b.	00
5.	Research and Development Credit from Form 4570, line 33		5.	00
6.	Tax After Research and Development Credit. Subtract lines 4a, 4b and 5 from line 3 (see instructions)	6. 00		
7.	Small Business Alternative Credit from Form 4571, line 13 or 19, whichever applies		7.	00
8.	Gross Receipts Filing Threshold Credit from Form 4571, line 27		8.	00
9.	Tax After Gross Receipts Filing Threshold Credit. Subtract lines 7 and 8 from line 6 (see instructions)	9. 00		
10.	Community and Education Foundations Credit from Form 4572, line 5		10.	00
11.	Homeless Shelter/Food Bank Credit from Form 4572, line 9		11.	00
12.	Tax After Homeless Shelter/Food Bank Credit. Subtract lines 10 and 11 from line 9. If less than zero, enter zero	12. 00		
13.	NASCAR Speedway Credit from Form 4573, line 3		13.	00
14.	Stadium Credit from Form 4573, line 6		14.	00
15.	Start-up Business Credit from Form 4573, line 9. If less than zero, enter as a negative number		15.	00
16.	Tax After Start-up Business Credit. Subtract lines 13, 14 and 15 from line 12. If less than zero, enter zero	16. 00		
17.	Public Contribution Credit from Form 4572, line 14		17.	00
18.	Arts and Culture Credit from Form 4572, line 19		18.	00
19.	Tax After Arts and Culture Credit. Subtract lines 17 and 18 from line 16 (see instructions)	19. 00		
20.	Next Energy Business Activity Credit from Form 4573, line 12		20.	00
21.	Renaissance Zone Credit from Form 4573, line 14		21.	00
22.	Historic Preservation Credit Net of Recapture from Form 4573, line 17b		22.	00
23.	Low-Grade Hematite Credit from Form 4573, line 22		23.	00
24.	Entrepreneurial Credit from Form 4573, line 29		24.	00

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Continue on Page 2.

FEIN or TR Number

25.	New Motor Vehicle Dealer Inventory Credit from Form 4573, line 33	25.	00
26.	Large Food Retailer Credit from Form 4573, line 37	26.	00
27.	Mid-size Food Retailer Credit from Form 4573, line 41	27.	00
28.	Bottle Deposit Administration Credit from Form 4573, line 45	28.	00
29.	MEGA Federal Contract Credit from Form 4573, line 47	29.	00
30.	Biofuel Infrastructure Credit from Form 4573, line 50	30.	00
31.	Individual or Family Development Account Credit from Form 4573, line 56	31.	00
32.	Bonus Depreciation Credit from Form 4573, line 64	32.	00
33.	International Auto Show Credit from Form 4573, line 67	33.	00
34.	Brownfield Redevelopment Credit from Form 4573, line 69	34.	00
35.	Private Equity Fund Credit from Form 4573, line 74	35.	00
36.	Film Job Training Credit from Form 4573, line 79	36.	00
37.	Film Infrastructure Credit from Form 4573, line 85	37.	00
38.	Anchor Company Payroll Credit from Form 4573, line 88	38.	00
39.	Anchor Company Taxable Value Credit from Form 4573, line 90	39.	00
40.	Total Nonrefundable Credits. Add lines 2, 4a, 4b, 5, 7, 8, 10, 11, 13, 14, 15, 17, 18, and 20 through 39. Enter total here and carry total to Form 4567, line 54, or Form 4590, line 27	40.	00
41.	Tax After Nonrefundable Credits. Subtract line 40 from line 1. If less than zero, enter zero. (This line must be equal to Form 4567, line 55, or Form 4590, line 28.)	41.	00

Instructions for Form 4568
Michigan Business Tax (MBT) Nonrefundable Credits Summary

Purpose

The purpose of this form is to determine a taxpayer's tax liability after application of nonrefundable tax credits.

Form 4568 is intended to summarize all applicable nonrefundable credits. Specific eligibility criteria, including varying credit carryforward life spans, apply to each of the nonrefundable credits. For more details about each of the credits, refer to the MBT Act or the instructions for the specific forms referenced on this form.

NOTE: This form may be used by both standard taxpayers and financial institutions. Insurance companies use the *Miscellaneous Credits for Insurance Companies* (Form 4596) to claim credits for which they may be eligible. Of the credits listed on this form, financial institutions may only claim the following:

- Single Business Tax (SBT) Credit Carryforwards
- Compensation Credit
- Renaissance Zone Credit
- Historic Preservation Credit
- Individual or Family Development Account Credit
- Brownfield Redevelopment Credit
- Film Infrastructure Credit.

The goal of arranging credits in this fashion is to minimize the need for taxpayers to go through all the available forms before deciding which ones may be applicable to them. Under the present arrangement, taxpayers are able to identify the forms pertaining to them, and efficiently prepare the tax return. Taxpayers should claim all credits for which they are eligible.

Special Instructions for Unitary Business Groups

Credits are earned and calculated on either an entity-specific or group basis, as determined by the relevant statutory provisions for the respective credits. Intercompany transactions are not eliminated for the calculation of most credits. Credits earned or calculated on either an entity-specific or group basis by Unitary Business Group (UBG) members are generally applied against the tax liability of the UBG, unless otherwise specified by statute.

Entity-specific provisions are applied on a member-by-member basis and are addressed in the line-by-line instructions of each form. In none of these cases does a taxpayer that is a UBG take the entity type of its parent, Designated Member (DM), or any other member of the UBG. A UBG taxpayer will not be attributed an entity type based on the composition of its members.

Complete one Form 4568 for the group.

Further UBG instructions are provided on the forms where the credits are calculated.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

Line 6: Although most of the entries on this form are credits that cause tax liability to decrease, if there is an entry on line 4b, subtracting that negative number will cause tax liability to increase.

The total created by the calculations in this line cannot be less than zero. A total of less than zero is only possible through a calculation error or an incorrect line entry.

Line 9: The total created by the calculations in this line cannot be less than zero. A total of less than zero is only possible through a calculation error or an incorrect line entry.

Line 16: Although most of the entries on this form are credits that cause tax liability to decrease, if there is a negative entry on line 15, subtracting that negative number will cause tax liability to increase.

Line 19: The total created by the calculations in this line cannot be less than zero. A total of less than zero is only possible through a calculation error or an incorrect line entry.

Include completed Form 4568 as part of the tax return filing.

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Attachment 03

2010 MICHIGAN Business Tax - Single Business Tax (SBT) Credit Carryforwards

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

1. Tax before credit from Form 4567, line 53, or Form 4588, line 23, or Form 4590, line 26 ..... 1. 00

SBT HISTORIC PRESERVATION CREDIT. If not claiming this credit, carry amount from line 1 to line 5.

2. Enter any unused credit carryforward from the 2009 Form 4569, line 7. (UBGs, see instructions) 2. 00
3. SBT Historic Preservation Credit Carryforward used. Enter lesser of line 1 or line 2..... 3. 00
4. SBT Credit Carryforward to 2011. If line 2 is greater than line 1, enter the difference (see instructions)..... 4. 00
5. Tax After Credit Carryforward. Subtract line 3 from line 1. Cannot be less than zero 5. 00

SBT "NEW" BROWNFIELD CREDIT. If not claiming this credit, carry amount from line 5 to line 12.

6. Enter any unused credit carryforward from the 2009 Form 4569, line 26. (UBGs, see instructions) 6. 00
7. Recapture of MBT Brownfield Credit in the current tax year 7. 00
8. If line 7 is greater than line 6, enter the difference.
   Carry amount to Form 4584, line 40..... 8. 00
9. Remaining credit carryforward from 2009. If line 6 is greater than line 7, enter the difference. Otherwise, enter zero..... 9. 00
10. SBT New Brownfield Credit Carryforward used. Enter lesser of line 5 or line 9..... 10. 00
11. SBT Credit Carryforward to 2011. If line 9 is greater than line 5, enter the difference (see instructions)..... 11. 00
12. Tax After Credit Carryforward. Subtract line 10 from line 5. Cannot be less than zero.
    (This line must be equal to Form 4568, line 3, or Form 4596, line 11.) 12. 00
13. **TOTAL SBT CREDIT CARRYFORWARDS USED.** Add lines 3 and 10.
    Enter here and carry to Form 4568, line 2, and Form 4570, line 23; or carry to Form 4596, line 8 ..... 13. 00

Instructions for Form 4569
Single Business Tax (SBT) Credit Carryforwards

Purpose

This form is designed to calculate the amount of the SBT Historic Preservation Credit and/or the SBT "New" Brownfield Credit carryforwards that may be claimed for the current tax year and the credit carryforward to the taxpayer's next Michigan Business Tax (MBT) return (subject to expiration, as described below).

Credit carryforwards are totaled here and then carried to the *MBT Nonrefundable Credits Summary* (Form 4568) or the *MBT Miscellaneous Credits for Insurance Companies* (Form 4596).

General Information

With the exception of the SBT Historic Preservation Credit and the SBT "New" Brownfield Credit, carryforward amounts of the SBT credits were allowed as credits against MBT for tax years ending in 2008 and 2009 only.

SBT Historic Preservation Credit and "New" Brownfield Credit carryforwards may be claimed against MBT until the SBT Act lifespans of those two carryforwards expire.

In addition to the time limitation on their use against MBT, each SBT credit carryforward is limited to the amount of MBT liability calculated immediately prior to claiming that carryforward. If the tax liability after a credit carryforward is zero, any credit carryforward available after that point will not be allowed in the current filing period.

However, the remainder of this form must be completed to calculate the amount of SBT credit carryforward that may be available for the taxpayer's next MBT return (subject to expiration rules).

This opportunity to claim SBT credit carryforwards is available to standard taxpayers, financial institutions, and insurance companies.

Special Instructions for Unitary Business Groups

All members of a Unitary Business Group (UBG) should combine their SBT credit carryforwards by type. If more than one member of a UBG has the same type of SBT credit carryforward, the UBG should use the oldest one first. The combined credit carryforwards will be applied to the entire UBG's tax liability. As support, credit carryforwards are reported on a separate entity basis by each standard taxpayer member of the UBG on the *Unitary Business Group Combined Filing Schedule* (Form 4580).

Complete one Form 4569 for the group.

Find additional information on calculating credit carryforwards in the "Supplemental Instructions for Standard Members in UBGs" section in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600).

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers, the *MBT Annual Return for Financial Institutions* (Form 4590), or the *MBT Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588)).

SBT HISTORIC PRESERVATION CREDIT

Line 2: UBGs: Enter the carryforward amount from Form 4580, Part 2B, line 47, column C.

Line 3: This is the amount of SBT Historic Preservation Credit carryforward that may be used in this filing period. Credit recapture is calculated and reported on the *MBT Election of Refund or Carryforward of Credits* (Form 4584).

Line 4: This is the amount of SBT Historic Preservation Credit carryforward to be carried to the taxpayer's next MBT return (subject to expiration rules).

SBT "NEW" BROWNFIELD CREDIT

Line 6: UBGs: Enter the carryforward amount from Form 4580, Part 2B, line 48, column C.

Line 7: Recapture of MBT Brownfield Redevelopment Credit in the current tax year. The amount that should otherwise be added to the tax liability may instead be used to reduce the credit carryforward reported.

Line 8: Carry amount to Form 4584, line 56. (This is the amount of MBT recapture still remaining, and will be used to reduce the MBT credit reported on Form 4584. Any recapture amount remaining after application of the current year credit will increase the tax liability.)

Line 11: This is the amount of SBT "New" Brownfield Credit carryforward to be carried to the taxpayer's next MBT return (subject to expiration rules).

Line 13: Total SBT Credit Carryforwards Used. Standard taxpayers and financial institutions carry this amount to the *MBT Nonrefundable Credits Summary* (Form 4568), line 2, and, if applicable, the *MBT Credits for Compensation, Investment and Research and Development* (Form 4570), line 23. Insurance companies carry to the *MBT Miscellaneous Credits for Insurance Companies* (Form 4596), line 8.

Include completed Form 4569 as part of the tax return filing.

Attachment 04

2010 MICHIGAN Business Tax Credits for Compensation, Investment, and Research and Development

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

1. Tax liability before the Compensation and Investment Tax Credits from Form 4568, line 3 ..... 1. ____ 00

PART 1: COMPENSATION CREDIT. If not claiming this credit, go to Part 2.

2. Michigan Compensation ..... 2. ____ 00
3. Multiply line 2 by 0.37% (0.0037). ..... 3. ____ 00

PART 2: INVESTMENT TAX CREDIT

Read instructions to ensure eligibility before claiming this credit. If not claiming this credit, carry amount from line 3 to line 21.

Capital Investments

4. Total eligible depreciable tangible assets **located in Michigan** that were acquired during the tax year (from line 35). ..... 4. ____ 00
5. Total eligible depreciable tangible assets purchased or acquired for use outside of Michigan in a tax year beginning after December 31, 2007, that were **transferred into Michigan** during the tax year (from line 36) .... 5. ____ 00
6. Total eligible depreciable **mobile tangible assets** that were acquired during the tax year (from line 37) ..... 6. ____ 00
7. **Mobile Tangible Assets**. If subject to apportionment, multiply line 6 by the percentage from Form 4567, line 11c. If not subject to apportionment, enter amount from line 6 ..... 7. ____ 00
8. **Total Capital Investments**. Add lines 4, 5 and 7 ..... 8. ____ 00
9. Total cost paid or accrued of all depreciable real and personal property located everywhere that was acquired during the tax year (authorized under MCL 208.1513(3)) ..... 9. ____ 00

   LINE 9 IS FOR STATISTICAL PURPOSES ONLY AND SHOULD NOT BE USED IN ANY CALCULATION ON THIS FORM.

Recapture of Capital Investments

10. Adjusted Proceeds from recapture of eligible depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after December 31, 2007, and were sold or otherwise disposed of during the tax year (from line 39) ..... 10. ____ 00

If subject to apportionment, complete lines 11 and 12; otherwise, go to line 13.

11. Apportioned gains/losses. Multiply line 38, column F, by the percentage from Form 4567, line 11c ..... 11. ____ 00
12. Apportioned Adjusted Proceeds. If line 11 is a gain, subtract it from line 38, column E. If line 11 is a loss, add its positive value to line 38, column E ..... 12. ____ 00
13. Adjusted Proceeds from recapture of eligible depreciable mobile tangible assets acquired in a tax year beginning after December 31, 2007, that were sold or otherwise disposed of during the tax year (from line 41) ... 13. ____ 00

If subject to apportionment, complete line 14; otherwise, go to line 15.

14. Apportioned Adjusted Proceeds. Multiply line 13 by percentage from Form 4567, line 11c ..... 14. ____ 00
15. Adjusted Federal Basis of eligible depreciable tangible assets other than mobile tangible assets acquired in tax years beginning after December 31, 2007, that were eligible for the Investment Tax Credit in tax years beginning after December 31, 2007, and transferred outside Michigan during the tax year (from line 42) ..... 15. ____ 00
16. **Recapture of Capital Investments.** Add lines 10, 13, and 15. Or, if taxable in another state, add lines 12, 14, and 15 ..... 16. ____ 00

✚ 0000 2010 23 01 27 1

Continue on Page 2.

FEIN or TR Number

Net Capital Investments

17.	**Net MBT Capital Investment.** Subtract line 16 from line 8	17.	00
18.	Multiply line 17 by 2.9% (0.029)	18.	00
19.	Net Recapture Amount from Single Business Tax Assets from Form 4585, line 7	19.	00
20.	Subtract line 19 from line 18. If negative, carry amount to Form 4568, line 4b	20.	00

PART 3: REDUCED COMPENSATION AND INVESTMENT TAX CREDITS

21.	Add lines 3 and 20. If line 20 is negative, enter amount from line 3	21.	00
22.	Tax Before Surcharge from Form 4567, line 51, or Form 4590, line 22	22.	00
23.	Total SBT credit carryforwards used from Form 4569, line 13	23.	00
24.	Subtract line 23 from line 22. If less than zero, enter zero	24.	00
25.	Multiply line 24 by 52% (0.52)	25.	00
26.	**Allowable Credit.** Enter lesser of line 21 or line 25. Carry amount to Form 4568, line 4a	26.	00
27.	If line 20 is negative, enter amount from line 20 as a positive number. If line 20 is positive, leave this line blank	27.	00
28.	Tax After Compensation and Investment Tax Credits. Subtract line 26 from line 1 and add line 27	28.	00

PART 4: RESEARCH AND DEVELOPMENT CREDIT

29.	Research and development expenses in Michigan	29.	00
30.	Multiply line 29 by 1.9% (0.019)	30.	00
31.	Multiply line 24 by 65% (0.65)	31.	00
32.	Ceiling for Research and Development Credit. Subtract line 26 from line 31	32.	00
33.	**Research and Development Credit.** Enter the lesser of line 30 or line 32. Carry amount to Form 4568, line 5	33.	00
34.	Tax After Research and Development Credit. Subtract line 33 from line 28. (This line must be equal to Form 4568, line 6.)	34.	00

Continue on Page 3

FEIN or TR Number

Table 1 - Enter all eligible depreciable tangible assets **located in Michigan** that were acquired during the tax year.

A Description	B City	C Date Acquired (MM-DD-YYYY)	D Cost Paid or Accrued During Tax Year

35. **Total** of column D. Carry amount to line 4, page 1 ..... 35. 00

Table 2 - Enter all eligible depreciable tangible assets purchased or acquired for use outside of Michigan in a tax year beginning after December 31, 2007, that were **transferred into Michigan** during the tax year.

A Description	B City	C Date Physically Located in Michigan (MM-DD-YYYY)	D Federal Adjusted Basis as of Date Moved

36. **Total** of column D. Carry amount to line 5, page 1 ..... 36. 00

Table 3 - Enter all eligible depreciable **mobile tangible assets** that were acquired during the tax year.

A Description	B State	C Date Acquired (MM-DD-YYYY)	D Cost Paid or Accrued During Tax Year

37. **Total** of column D. Carry amount to line 6, page 1 ..... 37. 00

Continue on Page 4

FEIN or TR Number

Table 4 - Enter all eligible depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after December 31, 2007, and were sold or otherwise disposed of during the tax year. (Enter dates as MM-DD-YYYY.)

A Description	B City	C Date Acquired	D Date Sold	E Gross Sales Price	F Gain/Loss

38. Totals of columns E and F. A loss in column F will increase recapture..... 38. 00 00

39. Adjusted Proceeds. If line 38, column F, is a gain, subtract it from line 38, column E. If line 38, column F, is a loss, add its positive value to line 38, column E. Carry amount to line 10, page 1..... 39. 00

Table 5 - Enter all eligible depreciable mobile tangible assets acquired in a tax year beginning after December 31, 2007, that were sold or otherwise disposed of during the tax year. (Enter dates as MM-DD-YYYY.)

A Description	B State	C Date Acquired	D Date Sold	E Gross Sales Price	F Gain/Loss

40. Totals of columns E and F. A loss in column F will increase recapture..... 40. 00 00

41. Adjusted Proceeds. If line 40, column F, is a gain, subtract it from line 40, column E. If line 40, column F, is a loss, add its positive value to line 40, column E. Carry amount to line 13, page 1..... 41. 00

Table 6 - Enter all eligible depreciable tangible assets other than mobile tangible assets acquired in tax years beginning after December 31, 2007, that were eligible for the Investment Tax Credit in tax years beginning after December 31, 2007, and were transferred outside Michigan during the tax year. (Enter dates as MM-DD-YYYY.)

A Description	B City	C Date Acquired	D Date Transferred	E Federal Adjusted Basis

42. Adjusted Federal Basis. Total of column E. Carry amount to line 15, page 1..... 42. 00

Instructions for Form 4570, Michigan Business Tax (MBT) Credits for Compensation, Investment, and Research and Development

Purpose

To claim the Compensation Credit, Investment Tax Credit (ITC), and the Research and Development Credit calculated here and carried to the *MBT Nonrefundable Credits Summary* (Form 4568).

NOTE: This form may be used by standard taxpayers to claim eligible credits and by financial institutions to claim the Compensation Credit only. Insurance companies use the *Miscellaneous Credits for Insurance Companies* (Form 4596) to claim credits for which they may be eligible.

The Compensation Credit and ITC together are limited to 52 percent of the pre-surcharge total tax liability. The Research and Development Credit, combined with the Compensation Credit and ITC, are limited to 65 percent of the pre-surcharge tax liability.

This form will also determine an ITC recapture that potentially could increase the tax liability.

Special Instructions for Unitary Business Groups

Credits are earned and calculated on either an entity-specific or group basis, as determined by the relevant statutory provisions for the respective credits. The credits on this form are calculated on a group basis. Intercompany transactions are not eliminated for the calculation of most credits. However, assets transferred between members of the group are not considered capital investments in qualifying assets for purposes of calculating the ITC in Part 2. Credits are generally applied against the tax liability of the Unitary Business Group (UBG), unless otherwise specified by statute.

Complete one Form 4570 for the group.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be entered in MM-DD-YYYY format.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

PART 1: COMPENSATION CREDIT

UBGs: If the taxpayer is a UBG, the Compensation Credit is calculated on the combined Michigan compensation of the UBG members. Intercompany transactions should not be eliminated for this purpose.

Line 2: Enter compensation paid in the tax year on behalf of or for the benefit of employees, officers, or directors as defined in Michigan Compiled Law 208.1107(2). Generally, under this definition, compensation includes, but is not limited to, payments that are subject to or specifically exempt or excepted from withholding under Internal Revenue Code (IRC) § 3401 through § 3406.

Compensation also includes fringe benefits and any earnings that are net earnings from self-employment, as defined under IRC § 1402, of the taxpayer, partner, or Limited Liability Company member of the taxpayer. Wages, salaries, fees, bonuses, commissions, and other payments made in the tax year on behalf of or for the benefit of employees, officers, or directors, as well as net earnings from self-employment, must be reported on a cash basis.

Payments made to a pension plan, retirement or profit sharing plan, employee insurance plans, and payments under health and welfare benefit plans, as well as the administration fees paid for the administration of the health and welfare benefit plan, are compensation. Compensation also includes certain payments made by licensed taxpayers that are statutorily identified. These compensation payments are calculated on a cash or accrual basis consistent with the taxpayer's method of accounting for federal income taxes. The statute provides for certain exclusions from compensation, including employee discounts on merchandise and services, payments for State and federal unemployment compensation and federal insurance contributions, and payments made to most independent contractors.

Expenses incurred for the benefit of the taxpayer rather than for the benefit of employees of the taxpayer are not compensation. Noncompensation expenses might include payments reported on a Form 1099 to an employee for the rental of a building or for interest income.

This credit is calculated on the taxpayer's Michigan compensation.

Compensation is "in this state" if (a) the individual's service is performed entirely within Michigan, or (b) the individual's service is performed both within Michigan and outside Michigan, but the services performed outside Michigan are incidental to the individual's service within Michigan.

Example 1: Sales Co. employs Salesperson whose territory includes both Detroit, Michigan, and Toledo, Ohio. Salesperson calls on customers located in both Michigan and Ohio. The compensation paid to Salesperson is not "compensation in this state" because Salesperson's activity is not limited solely to Michigan, and calling on customers in Ohio is not incidental to Salesperson's activity in Michigan.

Example 2: Manufacturer employs Engineer at its Michigan facility. Several times a year, Engineer travels out of state to meet with suppliers. Although Engineer performs services both within Michigan and outside Michigan, Engineer's out-of-state services are incidental to Engineer's services within Michigan. The compensation paid to Engineer is "compensation in this state."

PART 2: INVESTMENT TAX CREDIT

Use Part 2 to determine the total eligible acquisitions and dispositions for the filing period. Complete Tables 1 through 6 (lines 35 through 42) before completing lines 4 through 16. If more space is needed for any assets acquired, sold, or disposed of in this tax year, attach additional copies of page 3 or page 4 (as applicable) of the form identifying the name and account number at the top with only the additional applicable fields

completed. Financial institutions and insurance companies do not qualify for this credit.

For tax years beginning after 2007, taxpayers may claim an ITC for a percentage of the net costs paid or accrued in the filing period for qualifying tangible assets physically located in Michigan. The assets must be of a type that are or will become eligible for depreciation, amortization, or accelerated capital cost recovery for federal income tax. Mobile tangible assets (defined in the instructions for line 8), wherever located, are subject to apportionment in the same manner as the tax base. Assets purchased or acquired after 2007 for use outside of Michigan and moved into Michigan during the filing period, also qualify for ITC. Disposition of an asset, or moving an asset out of Michigan, creates recapture that reduces the credit. If recapture exceeds the positive credit earned by acquisitions, the tax liability is increased.

NOTE: Recapture from dispositions during the filing period of assets acquired (or moved into Michigan) after 1999 and before 2008 is calculated on the *MBT Investment Tax Credit Recapture from Sale of Assets Acquired Under Single Business Tax* (Form 4585).

If, during the filing period, a taxpayer acquired depreciable real or personal property or disposed of depreciable real or personal property that was acquired in a tax year beginning after 1999, complete this form and attach it to the annual return. If property disposed of during the filing period was acquired in a tax year beginning after 1999 and before 2008, also complete and attach Form 4585.

UBGs: If the taxpayer is a UBG, the ITC is calculated on combined assets of standard members of the UBG. Assets transferred between members of the group are not a capital investment in qualifying assets for purposes of calculating this credit. Intercompany eliminations are otherwise not applicable.

The following instructions for the Part 2 "Capital Investments (Acquisitions)" and "Recapture of Capital Investments (Dispositions)" sections provide information on completing the tables on pages 3 and 4 of this form. The instructions for Part 4 follow these sections.

Capital Investments (Acquisitions)

NOTE: For Tables 1 through 3, all events that have varying dates must be listed separately. "Various" is not a valid entry in a date field. Multiple acquisitions (or transfers) may be combined as one entry, subject to the following: All combined events must satisfy the terms of the table in which they are entered. "Date Acquired" (or "Date Physically Located in Michigan") must be the same for all events combined on a single line.

Cost includes costs of fabrication and installation.

Table 1: Enter a short description (for example, equipment, building, etc.), city or township in which the asset is located, date acquired, and cost paid or accrued of all eligible depreciable tangible assets located in Michigan that were acquired during the filing period.

If multiple pages of Form 4570, Table 1, are included, carry the grand total of all Table 1, column D, entries to line 4.

Table 2: Enter a short description (for example, equipment, automobile, etc.), city or township in which the asset is located, date physically located in Michigan, and adjusted basis (as calculated for federal purposes) as of the date moved of all eligible depreciable tangible assets purchased or acquired for use outside of Michigan after 2007 that were moved into Michigan during the filing period for a business use. Do not include mobile tangible assets (see below).

If multiple pages of Form 4570, Table 2, are included, carry the grand total of all Table 2, column D, entries to line 5.

Table 3: Enter a short description (for example, construction equipment, aircraft, etc.), the state in which the asset primarily was based during the tax year, date acquired, and cost paid or accrued during the filing period for all depreciable mobile tangible assets that were acquired during the filing period, whether located in Michigan or outside Michigan.

Mobile tangible assets are all of the following:

- Motor vehicles that have a gross vehicle weight rating of 10,000 pounds or more and are used to transport property or persons for compensation.
- Rolling stock (railroad freight or passenger cars, locomotives, or other railcars), aircraft, and watercraft used by the owner to transport property or persons for compensation or used by the owner to transport the owner's property for sale, rental, or further processing.
- Equipment used directly in completion of, or in construction contracts for, the construction, alteration, repair, or improvement of property.

If multiple pages of Form 4570, Table 3, are included, carry the grand total of all Table 3, column D, entries to line 6.

Recapture of Capital Investments (Dispositions)

Use this section to compute credit recapture from disposition (or moving out of Michigan) of tangible, depreciable real or personal property that was acquired in a tax year beginning after 2007. Recapture from the disposition of qualifying property that was acquired in a tax year beginning after 1999 but before 2008 is calculated on Form 4585 and reported here.

NOTE: A sale of qualifying property reported on the installment method for federal income tax purposes causes a recapture based upon the entire sale price in the year of the sale. The recapture is reduced by any gain reported in federal taxable income (as defined for MBT purposes) in the year of the sale. The gain attributable to the installment sale that is reported in subsequent years increases the credit base (or reduces other sources of recapture) for those years. For property placed in service prior to January 1, 2008, gain reflected in federal taxable income (as defined for MBT purposes) is equal to the gain reported for federal purposes.

UBGs: If the taxpayer is a UBG, the recapture of capital investments is calculated on combined assets of standard members of the UBG. Assets transferred between members of the group are not a capital investment in qualifying assets for purposes of calculating this credit or its recapture. However, moving an asset outside of Michigan creates recapture, even if the transfer is to a member of the UBG.

NOTE: For Tables 4 through 6, all events that have varying

dates must be listed separately. "Various" is not a valid entry in a date field. Multiple dispositions (or transfers) may be combined as one entry, subject to the following: All combined events must satisfy the terms of the table in which they are entered. "Date Acquired" must be the same for all events combined on a single line, and "Date Sold" (or "Date Transferred") also must be the same.

Table 4: Enter all dispositions of depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after 2007 and were sold or otherwise disposed of during the filing period. Give all information required for each disposition in columns A through F. In column A, enter a short description (for example, equipment, building, etc.). Enter gross sales price (net of costs of sale) in column E, and in column F, enter total gain or loss included in calculating federal taxable income (as defined for MBT purposes).

NOTE: Sales price includes any benefit derived from the sale.

If multiple pages of Form 4570, Table 4, are included, carry the grand total of all line 39 entries to line 10.

Table 5: Enter all dispositions of depreciable mobile tangible assets that were acquired after 2007 and were sold or otherwise disposed of during the filing period. Give all information required for each disposition in columns A through F. In column A, enter a short description (for example, construction equipment, aircraft, etc.). Enter gross sales price (net of costs of sale) in column E, and in column F, enter total gain or loss included in calculating federal taxable income (as defined for MBT purposes).

For property placed in service prior to January 1, 2008, gain reflected in federal taxable income (as defined for MBT purposes) is equal to the gain reported for federal purposes. For property placed in service after December 31, 2007, gain reflected in federal taxable income (as defined for MBT purposes) is the gain reported federally except that it shall be calculated as if IRC § 168(k) were not in effect.

NOTE: Sales price includes any benefit derived from the sale.

If multiple pages of Form 4570, Table 5, are included, carry the grand total of all line 41 entries to line 13.

Table 6: Enter all depreciable tangible assets other than mobile tangible assets acquired after 2007 that were eligible for ITC and were transferred outside Michigan during the filing period. Give all information required for each disposition in columns A through E. In column A, enter a short description (e.g., equipment, automobile, etc.) and in column B, enter the Michigan city or township in which the asset was located before its transfer. In column E, enter adjusted basis as used for federal purposes. Do not use a recomputed MBT basis for this purpose.

If multiple pages of Form 4570, Table 6, are included, carry the grand total of all Table 6, column E, entries to line 15.

PART 4: RESEARCH AND DEVELOPMENT CREDIT

Line 29: As used in this part, *research and development expenses* means that term as defined in IRC § 41(b).

UBGs: If the taxpayer is a UBG, the Research and Development Credit is calculated on the combined research and development expenses of standard members of the UBG. Intercompany transactions should not be eliminated for this purpose. Qualified expenses incurred by members of a UBG that are paid to fellow members should be included in calculating the group's credit.

Include completed Form 4570 as part of the tax return filing.

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Attachment 06

2010 MICHIGAN Business Tax Common Credits for Small Businesses

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

The Small Business Alternative Credit is NOT available if any of the following conditions exist:

- Gross receipts exceed $20,000,000; or
- Adjusted business income after loss adjustment exceeds $1,329,900; or
- Any individual, shareholder or officer has allocated income after loss adjustment of over $180,000, or any partner has distributive share of income after loss adjustment of over $180,000, as determined on Form 4577 or 4578. Form 4577 or 4578 must be attached.**
- Compensation and director fees of a shareholder or officer of a C Corporation exceed $180,000.

The Small Business Alternative Credit must be reduced if any of the following conditions exist:

- Any individual, shareholder or officer has allocated income after loss adjustment of over $160,000 but not over $180,000, or any partner has distributive share of income after loss adjustment of over $160,000 but not over $180,000, as determined on Forms 4577 or 4578. Form 4577 or 4578 must be attached.**
- Gross receipts exceed $19,000,000 but are less than $20,000,000.

** *Individuals and fiduciaries filing as individuals need not file Forms 4577 or 4578.*

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1. Tax liability prior to this credit from Form 4568, line 6 ..... 1. ____ 00

PART 1: SMALL BUSINESS ALTERNATIVE CREDIT

If not claiming a Small Business Alternative Credit, skip to Part 2.

Adjusted Business Income

2. Business Income from Form 4567, line 28 (see instructions) ..... 2. ____ 00
3. Gross capital loss utilized on federal return (see instructions) ..... 3. ____ 00
4. Federal net operating loss carryover or carryback from Form 4567, line 32 ..... 4. ____ 00
5. Subtotal. Add lines 2, 3, and 4 ..... 5. ____ 00
6. Compensation and director fees of active shareholders from Form 4577, line 3 ..... 6. ____ 00
7. Compensation and director fees of officers from Form 4577, line 4 ..... 7. ____ 00
8. Adjusted Business Income. Add lines 5 through 7 ..... 8. ____ 00

Small Business Alternative Credit Calculation

9. Small Business Alternative Tax. Multiply line 8 by 1.8% (0.018). If less than zero, enter zero ..... 9. ____ 00
10. **Small Business Alternative Credit**. Subtract line 9 from line 1. If less than zero, enter zero ..... 10. ____ 00
11. Allocated income/distributive share of income used for reduction (see instructions) .. 11. ____ 00
12. Reduction percentage from Reduced Credit Table on page 2 (based on amount from line 11) ..... 12. ____ %
13. **Reduced Credit.** Multiply line 12 by line 10. If gross receipts from Form 4567, line 12, are less than $19,000,000, carry amount to Form 4568, line 7 (see instructions) ..... 13. ____ 00
14. Tax After Small Business Alternative Credit. Subtract line 13 from line 1 ..... 14. ____ 00

Reduction Based on Gross Receipts

Complete this section if gross receipts are more than $19,000,000 but not more than $20,000,000.

15. Gross receipts from Form 4567, line 12 (see instructions) ..... 15. ____ 00
16. Excess gross receipts. Subtract $19,000,000 from line 15 ..... 16. ____ 00
17. Excess percentage. Divide line 16 by $1,000,000 ..... 17. ____ %
18. Allowable percentage. Subtract line 17 from 100% ..... 18. ____ %
19. **Small Business Alternative Credit.** Multiply percentage on line 18 by the credit on line 13. Carry amount to Form 4568, line 7 ..... 19. ____ 00
20. Tax After Small Business Alternative Credit. Subtract line 19 from line 1 ..... 20. ____ 00

Continue on Page 2

FEIN or TR Number

PART 2: GROSS RECEIPTS FILING THRESHOLD CREDIT

Complete this section if apportioned gross receipts are equal to or greater than $350,000 but less than $700,000.
See instructions for tax years less than 12 months.

21.	Tax before credit from line 1, 14 or 20, whichever applies	21.	00
22.	Threshold Ceiling	22.	700,000 00
23.	Gross Receipts from Form 4567, line 12 (see instructions)	23.	00
24.	Apportioned Gross Receipts. Multiply line 23 by percentage from Form 4567, line 11c	24.	00
25.	Excess Gross Receipts. Subtract line 24 from line 22. If negative, enter zero on line 27 (no credit allowed)	25.	00
26.	Gross Receipts Filing Threshold Credit Percentage. Divide line 25 by $350,000	26.	%
27.	**Gross Receipts Filing Threshold Credit**. Multiply line 26 by line 21. Carry amount to Form 4568, line 8	27.	00
28.	Tax After Gross Receipts Filing Threshold Credit. Subtract line 27 from line 21. (This line must be equal to Form 4568, line 9.)	28.	00

REDUCED CREDIT TABLE

If allocated* income is:	The reduced credit is:
$0 - $160,000	100% of the Small Business Alternative Credit
$160,001 - $164,999	80% of the Small Business Alternative Credit
$165,000 - $169,999	60% of the Small Business Alternative Credit
$170,000 - $174,999	40% of the Small Business Alternative Credit
$175,000 - $180,000	20% of the Small Business Alternative Credit

* See instructions for tax years less than 12 months.

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Instructions for Form 4571
Michigan Business Tax (MBT) Common Credits for Small Businesses

Purpose

To allow taxpayers to calculate the Small Business Alternative Credit and the Gross Receipts Filing Threshold Credit. Credits are calculated here and then carried to the *MBT Nonrefundable Credits Summary* (Form 4568).

A taxpayer filing the *MBT Simplified Return* (Form 4583) should not complete Form 4571. The Small Business Alternative Credit is calculated on Form 4583.

A taxpayer is disqualified from taking the Small Business Alternative Credit under certain circumstances, which are detailed below.

A taxpayer must file a return if allocated or apportioned gross receipts to Michigan are $350,000 or more. However, a taxpayer with gross receipts allocated or apportioned to Michigan equal to or greater than $350,000, but less than $700,000, may claim a Gross Receipts Filing Threshold Credit.

Unitary Business Groups (UBGs): Taxpayers that are part of a UBG must use the gross receipts of the entire group before eliminations to determine if the gross receipts allocated or apportioned to Michigan are between $350,000 and $700,000.

NOTE: A member of a Limited Liability Company (LLC) is characterized for MBT purposes as a partner, shareholder, or owner, based on the federal tax classification of the LLC. An LLC taxed as a Partnership for federal purposes is required to file as a Partnership for MBT. Similarly, an LLC taxed as a C Corporation or an S Corporation for federal purposes must file under that same entity type for MBT.

NOTE: Federally disregarded LLCs (and Qualified Subchapter S Subsidiaries, or Q-Subs) are required to file separate MBT returns, although they may file as part of a UBG return with their owner if they meet the UBG relationship tests. A federally disregarded LLC or Q-Sub is classified for MBT purposes according to the federal tax classification of its owner.

Eligibility for the Small Business Alternative Credit

Taxpayers are not eligible for the Small Business Alternative Credit if any of the following conditions exist:

- Gross receipts exceed $20,000,000.
- Adjusted business income after loss adjustment exceeds:
  - $1,329,900 for Corporations or Partnerships (and LLCs federally taxed as such).
  - $180,000 for Individuals or Fiduciaries.
- Any shareholder or officer has allocated income after loss adjustment of over $180,000 or any partner has distributive share of income after loss adjustment of over $180,000, as determined on the *MBT Schedule of Shareholders and Officers* (Form 4577) or the *MBT Schedule of Partners* (Form 4578).

In addition, the Small Business Alternative Credit is reduced if an Individual, a partner in a Partnership, a shareholder of a Corporation, or an officer of a C Corporation has allocated income (or distributive share of income, for a partner) after loss adjustment of more than $160,000. This reduction is based on the individual/partner/officer/shareholder with the largest allocated or distributive share of income.

C Corporations

Allocated income for C Corporations is either:

(a) Shareholders' or officers' compensation and director fees from Form 4577, column L, or

(b) Shareholders' compensation, director fees, and share of business income (or loss) after loss adjustment, from Form 4577, column N.

If either (a) or (b) is greater than $180,000, the Corporation is not eligible for the Small Business Alternative Credit. In addition, if either (a) or (b) is more than $160,000 but not more than $180,000, the Corporation must reduce the Small Business Alternative Credit based on the officer or shareholder with the largest allocated income.

S Corporations

Allocated income for S Corporations is shareholders' compensation, director fees, and share of business income (or loss), after loss adjustment, from Form 4577, column N.

NOTE: Individuals and Fiduciaries filing as Individuals do not need to file Form 4577 or Form 4578.

NOTE: Taxpayers leasing employees from professional employer organizations must include the compensation of officers (of the operating company) and shareholders who receive compensation in determining the eligibility for Small Business Alternative Credit even though their compensation is paid by the professional employer organization.

Tax Years Less Than 12 Months

If the reported tax year is less than 12 months, gross receipts, adjusted business income, partners' share of business income, and shareholders' or officers' compensation and share of business income must be annualized to determine eligibility and to compute the Small Business Alternative Credit. If annualized gross receipts exceed $19,000,000 but do not exceed $20,000,000, annualize figures to compute the Reduction Based on Gross Receipts, lines 15 through 20.

Annualizing

Multiply each applicable amount, total gross receipts, adjusted business income, and shareholder, officer, and partner income by 12 and divide the result by the number of months the business operated. Generally, a business is considered in business for one month if the business operated for more than half the days of the month.

Loss Adjustment

If taxpayers are not eligible for the full Small Business Alternative Credit due to an adjusted business income or allocated income disqualifier, they may benefit from the *MBT*

Loss Adjustment for the Small Business Alternative Credit (Form 4575). If the adjusted business income was less than zero in any of the five years immediately preceding the tax year for which a taxpayer is claiming a credit and a Single Business Tax (SBT) Small Business Credit or MBT Small Business Alternative Credit was received for that same year, the taxpayer may be able to reduce the current year's adjusted business income or allocated income amounts by the loss. See Form 4575 for more details.

A loss adjustment will not affect a reduction to the Small Business Alternative Credit based on gross receipts that exceed $19,000,000. It will also not change the amount of compensation on Form 4577, column L, for a C Corporation.

Special Instructions for UBGs

UBGs calculate the gross receipts and adjusted business income disqualifiers at the UBG level without eliminating intercompany transactions. For a UBG to claim a small business alternative credit, each member of the UBG that is a corporation (including an entity taxed federally as such) must file Form 4577. Each member of the UBG that is a partnership (including an entity taxed federally as such) must file Form 4578. The disqualifier that is based on compensation and/or share of business income attributable to an owner or officer is applied on a separate entity basis using a pro forma calculation for business income and is not a combined amount received from all members of a UBG. See the "Supplemental Instructions for Standard Members in UBGs" section in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600).

A disqualifier applies to a UBG if such disqualifier applies to any member of that UBG. For example, a UBG is disqualified from taking the Small Business Alternative Credit if that UBG includes a member that is a Partnership and any one partner of that Partnership receives more than $180,000 as a distributive share of the adjusted business income minus loss adjustment of the Partnership.

Similarly, the reduction percentages apply to a taxpayer that is a UBG if such reduction percentages apply to any member of that UBG. For example, the Small Business Alternative Credit of a taxpayer is reduced by 20 percent if the taxpayer is a UBG that includes a member that is a C Corporation, and the compensation and director fees of an officer of that member C Corporation exceed $160,000, but are less than $165,000.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567).

UBGs: Complete one form for the group. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) or TR Number field.

PART 1: SMALL BUSINESS ALTERNATIVE CREDIT

Skip to Part 2 of this form if not claiming a Small Business Alternative Credit.

Business income is adjusted by federal net operating loss carryforwards and carrybacks from Form 4567, line 32. It is also adjusted by compensation and director fees of active shareholders and officers from Form 4577 and by capital losses.

Adjusted Business Income

Line 2: Enter business income from Form 4567, line 28. If not subject to Business Income Tax, enter business income from the *Business Income Worksheet* (Worksheet 4746) in Form 4600. Attach this worksheet to the return.

UBGs: Enter the business income before eliminations from Form 4580, Part 2B, line 30A.

Line 3: Enter all capital losses that were used federally to offset capital gain. This is not the net figure found on the Schedule D lines identified below. It is the amount of capital losses that were used in reaching the net figure on the federal return lines. If filing a U.S. Form 1040 or 1041, include the capital loss amount that the Individual or Fiduciary was able to use against the capital gain and the capital loss amount that the Individual or Fiduciary was permitted to deduct from ordinary income ($3,000 or less). Use both long-term and short-term capital losses here.

Identify the capital losses used in calculating the net figure using "Net short-term capital gain or (loss)" and "Net long-term capital gain or (loss)" from Schedule D of federal Forms 1040, 1041, 1065, 1120 and 1120S as applicable.

UBGs: Combine all capital losses for all members and enter on line 3.

Small Business Alternative Credit Calculation

Line 11: The Small Business Alternative Credit is reduced if an Individual, a partner in a Partnership, a shareholder of a Corporation, or an officer of a C Corporation has allocated income (or distributive share of income, for a partner) after loss adjustment of more than $160,000. This reduction is based on the individual/partner/officer/shareholder with the largest allocated or distributive share of income. Enter the allocated income of the shareholder or officer with the highest allocated income after loss adjustment or the highest distributive share of income assigned to a partner or individual, even if that figure is $160,000 or less.

If loss adjustment is successfully applied to fully or partially cure an owner's allocated or distributive income disqualifier, enter on line 11 the number from Form 4575, line 5.

Line 12: For a taxpayer whose owners or officers all have allocated or distributive share of income (after loss adjustment) of $160,000 or less, enter 100 percent.

Line 13: All taxpayers must complete this line.

If gross receipts from Form 4567, line 12, are less than $19,000,000, carry the amount on line 13 to Form 4568, line 7. For tax periods less than 12 months, use annualized gross receipts. For guidance, see the "Annualizing" section at the beginning of these instructions.

UBGs: For the purpose of calculating the credit reduction based on gross receipts, the UBG combined gross receipts must reflect the sum of every member's gross receipts on a 12-month basis, before eliminations. Therefore, if no members of the UBG are short-year filers, use the amount from the *MBT Unitary Business Group Combined Filing Schedule for*

Standard Members (Form 4580), Part 2B, line 17A. Otherwise, for all short-year members of the group, annualize their gross receipts amount from Form 4580, Part 2A, line 17, and then combine the annualized amounts with the gross receipts (Form 4580, Part 2A, line 17) for the remaining group members.

Reduction Based on Gross Receipts

Line 15: For tax periods less than 12 months, enter annualized gross receipts to see if annualized gross receipts are between $19,000,000 and $20,000,000.

UBGs: To calculate the entry for this line, see the UBG guidance under line 13. Enter the sum of all members' 12-month basis gross receipts, before eliminations, on line 15 of this form.

PART 2: GROSS RECEIPTS FILING THRESHOLD CREDIT

Complete Part 2 if apportioned gross receipts are equal to or greater than $350,000 but less than $700,000.

Line 23: For tax periods less than 12 months, enter annualized gross receipts. For guidance, see the "Annualizing" section at the beginning of these instructions.

UBGs: To calculate the entry for this line, see the UBG guidance under line 13. Enter the sum of all members' 12-month basis gross receipts, before eliminations, on line 23 of this form.

Include completed Form 4571 as part of the tax return filing.

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Attachment 10

2010 MICHIGAN Business Tax Charitable Contribution Credits

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

1. Tax liability prior to this credit from Form 4568, line 9 ..... 1. ____ 00

COMMUNITY AND EDUCATION FOUNDATIONS CREDIT

If not claiming the Community or Education Foundations Credit, carry amount from line 1 to line 6.

2. Enter Community and/or Education Foundation Code(s) (see instructions) ..... 2. Code 1 ____ Code 2 ____
3. Community and Education Foundations donation amount ..... 3. ____ 00
4. Multiply line 3 by 50% (0.50) ..... 4. ____ 00
5. **Community and Education Foundations Credit.** Enter the lesser of line 4, $5,000, or 5% (0.05) of the tax on Form 4567, line 53. Carry amount to Form 4568, line 10 ..... 5. ____ 00
6. Tax After Community and Education Foundations Credit. Subtract line 5 from line 1. If less than zero, enter zero ..... 6. ____ 00

HOMELESS SHELTER/FOOD BANK CREDIT

If not claiming the Homeless Shelter/Food Bank Credit, carry amount from line 6 to line 10.

7. Homeless Shelter/Food Bank cash donation amount ..... 7. ____ 00
8. Multiply line 7 by 50% (0.50) ..... 8. ____ 00
9. **Homeless Shelter/Food Bank Credit.** Enter the lesser of line 8, $5,000, or 5% (0.05) of the tax on Form 4567, line 53. Carry amount to Form 4568, line 11 ..... 9. ____ 00
10. Tax After Homeless Shelter/Food Bank Credit. Subtract line 9 from line 6. If less than zero, enter zero. (This line must be equal to Form 4568, line 12.) ..... 10. ____ 00

PUBLIC CONTRIBUTION CREDIT

If not claiming the Public Contribution Credit, complete line 11 and carry amount to line 15.

11. Enter tax amount from Form 4568, line 16 ..... 11. ____ 00
12. Public Contribution donation amount ..... 12. ____ 00
13. Multiply line 12 by 50% (0.50) ..... 13. ____ 00
14. **Public Contribution Credit**. Enter the lesser of line 13, or $5,000, or 5% (0.05) of line 11. Carry amount to Form 4568, line 17 ..... 14. ____ 00
15. Tax After Public Contribution Credit. Subtract line 14 from line 11. If less than zero, enter zero ..... 15. ____ 00

ARTS AND CULTURE CREDIT

If not claiming the Arts and Culture Credit, carry amount from line 15 to line 20.

16. Arts and Culture donation amount (see instructions) ..... 16. ____ 00
17. Qualified donation amount. Subtract $50,000 from line 16. If less than zero, enter zero ..... 17. ____ 00
18. Multiply line 17 by 50% (0.50) ..... 18. ____ 00
19. **Arts and Culture Credit.** Enter the lesser of line 18, $100,000, or the tax from line 15. Carry amount to Form 4568, line 18 ..... 19. ____ 00
20. Tax After Arts and Culture Credit. Subtract line 19 from line 15. If less than zero, enter zero. (This line must be equal to Form 4568, line 19.) ..... 20. ____ 00

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Instructions for Form 4572
Michigan Business Tax (MBT) Charitable Contribution Credits

Purpose

To allow standard taxpayers to claim the charitable contribution credits. Credits are calculated here and then carried to the *MBT Nonrefundable Credits Summary* (Form 4568).

NOTE: Financial institutions and insurance companies are not eligible for these credits.

Special Instructions for Unitary Business Groups

Credits are generally earned and calculated on a group basis, unless the relevant statute contains entity-specific provisions. These credits, including the ceilings on these credits, are calculated on a group basis.

Complete one form 4572 for the group.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567).

Credits

COMMUNITY AND EDUCATION FOUNDATIONS CREDIT

A partial credit is allowed when donating to the endowment fund of a certified community foundation or education foundation. A complete list is in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600). If a valid code is not entered, a credit will not be allowed. If donations were made to more than two foundations, attach a list referencing the additional foundations. For a contribution to a community foundation endowment, a taxpayer that also is subject to the Michigan Income Tax Act (Public Act (PA) 281 of 1967) may choose to claim a credit on the Individual Income Tax return or the MBT return, but not both. A contribution to an education foundation endowment, however, is available only under the MBT.

HOMELESS SHELTER/FOOD BANK CREDIT

A partial credit is allowed when making a cash donation to a qualifying shelter for homeless persons, food kitchen, food bank, or other entity whose primary purpose is to provide overnight accommodations, food, or meals to indigent persons. For more information, see Michigan Compiled Law 208.1427, found online at **www.legislature.mi.gov**. For a donation that qualifies for this credit, a taxpayer that also is subject to the Michigan Income Tax Act (PA 281 of 1967) may choose to claim a credit on the Individual Income Tax return or the MBT return, but not both.

PUBLIC CONTRIBUTION CREDIT

A partial credit is allowed for Corporations and Partnerships (and Limited Liability Companies federally taxed as such) when donations are made during the taxable year to public broadcast stations located in Michigan, Michigan public libraries, institutions of higher learning located in Michigan or a nonprofit corporation, fund, foundation, trust, or association organized and operated exclusively for the benefit of an institution of higher learning, the Michigan Colleges Foundation, and the Michigan Housing and Community Development Fund. A taxpayer that also is subject to the Michigan Income Tax Act (PA 281 of 1967) may not claim this credit under the MBT.

ARTS AND CULTURE CREDIT

A partial credit is allowed when donations are made to either of the following:

- **Category A:** A municipality or a nonprofit corporation affiliated with a municipality and an art, historical, or zoological institute for the purpose of benefiting the art, historical, or zoological institute, OR
- **Category B:** An institute devoted to the procurement, care, study, and display of objects of lasting interest or value.

To calculate the Arts and Culture Credit, a taxpayer may count aggregate contributions to the charities described in Category A above if those contributions exceed $50,000, as well as aggregate contributions to charities described in Category B if those contributions exceed $50,000. A taxpayer is not precluded from taking the credit for donations made to both categories as long as the taxpayer meets the minimum donation separately for each category and does not exceed the overall credit limitation of $100,000.

Contributions within a category may be aggregated to reach the $50,000 minimum. However, contributions made to one category may not be aggregated with contributions to the other to reach the $50,000 minimum.

Line 16: Use the worksheet below to calculate the donation amount.

If aggregate contributions to Category A institutions exceed $50,000, enter that aggregate amount here	
+	
If aggregate contributions to Category B institutions exceed $50,000, enter that aggregate amount here	
=	
TOTAL Arts and Culture donation amount	

Include completed Form 4572 as part of the tax return filing.

Attachment 11

2010 MICHIGAN Business Tax Miscellaneous Nonrefundable Credits

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

PART 1 - If not taking any credits in Part 1, skip to Part 2.

NASCAR SPEEDWAY CREDIT. See instructions for tax years ending in 2011.

1.	If eligible for this credit, enter tax from Form 4568, line 12	1.	00
2.	Eligible capital expenditures	2.	00
3.	**NASCAR Speedway Credit.** Enter the lesser of line 1, line 2, or $2,100,000. Carry amount to Form 4568, line 13	3.	00

STADIUM CREDIT. See instructions for tax years ending in 2011.

4.	If eligible for this credit, enter tax from Form 4568, line 12	4.	00
5.	Multiply line 4 by 65% (0.65)	5.	00
6.	**Stadium Credit.** Enter the lesser of line 5 or $1,700,000. Carry amount to Form 4568, line 14	6.	00

START-UP BUSINESS CREDIT

7.	Start-Up Business Credit (attach MEDC Certificate)	7.	00
8.	Recapture of Start-Up Business Credit	8.	00
9.	**Start-Up Business Credit**. Subtract line 8 from line 7. Carry to Form 4568, line 15. If less than zero, enter as a negative number	9.	00

PART 2

10.	Tax from Form 4568, line 19	10.	00

NEXT ENERGY BUSINESS ACTIVITY CREDIT. If not claiming, carry amount from line 10 to line 13.

11.	Next Energy Business Activity Credit (attach MEDC Certificate)	11.	00
12.	**Next Energy Business Activity Credit.** Enter the lesser of line 10 or 11. Carry amount to Form 4568, line 20	12.	00
13.	Tax After Next Energy Business Activity Credit. Subtract line 12 from line 10	13.	00

RENAISSANCE ZONE CREDIT. If not claiming, carry amount from line 13 to line 15.
If claiming, complete and attach the *Renaissance Zone Credit Schedule*, Form 4595.

14.	**Renaissance Zone Credit.** Amount from Form 4595, line 25b. Carry amount to Form 4568, line 21	14.	00
15.	Tax After Renaissance Zone Credit. Subtract line 14 from line 13. If less than zero, enter zero	15.	00

HISTORIC PRESERVATION CREDIT. If not claiming, carry amount from line 15 to line 18.

16.	**Historic Preservation Credit** from Form 4584, line 29	16.	00
17a.	Recapture of Historic Preservation Tax Credit from Form 4584, line 2	17a.	00
17b.	Historic Preservation Credit Net of Recapture. Subtract line 17a from line 16. If less than zero, enter as a negative number. Carry to Form 4568, line 22 — 17b.		00
18.	Tax After Historic Preservation Credit. Subtract line 16 from line 15 and add line 17a	18.	00

LOW-GRADE HEMATITE CREDIT. If not claiming, carry amount from line 18 to line 23.

19.	Current Year Credit. Multiply $1.00 by number of long tons of qualified low-grade hematite used	19.	00
20.	Unused credit from previous period MBT return	20.	00
21.	Total Available Credit. Add lines 19 and 20	21.	00
22.	**Low-Grade Hematite Credit.** Enter the lesser of line 18 or line 21. Carry amount to Form 4568, line 23	22.	00
23.	Tax After Low-Grade Hematite Credit. Subtract line 22 from line 18	23.	00
24.	Credit Carryforward. If line 21 is greater than line 18, enter the difference — 24.		00

ENTREPRENEURIAL CREDIT. If not claiming, carry amount from line 23 to line 30. Fiscal year filers, see instructions.

25.	Payroll of increased new jobs	25.	00
26.	Total Michigan payroll	26.	00
27.	Credit percentage. Divide line 25 by line 26	27.	%
28.	Multiply line 23 by line 27	28.	00
29.	**Entrepreneurial Credit.** Enter the lesser of line 23 or 28. Carry amount to Form 4568, line 24	29.	00
30.	Tax After Entrepreneurial Credit. Subtract line 29 from line 23. If less than zero, enter zero	30.	00

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Continue on Page 2.

FEIN or TR Number:

NEW MOTOR VEHICLE DEALER INVENTORY CREDIT. If not claiming, carry amount from line 30 to line 34.

31.	Amount paid to acquire new motor vehicle inventory in the tax year	31.	00
32.	Multiply line 31 by 0.25% (0.0025)	32.	00
33.	**New Motor Vehicle Dealer Inventory Credit.** Enter lesser of line 30 or line 32. Carry amount to Form 4568, line 25	33.	00
34.	Tax After New Motor Vehicle Dealer Inventory Credit. Subtract line 33 from line 30. If less than zero, enter zero.	34.	00

LARGE FOOD RETAILER CREDIT. If not claiming, carry amount from line 34 to line 38.

35.	Michigan compensation	35.	00
36.	Multiply line 35 by 1% (0.01)	36.	00
37.	**Large Food Retailer Credit.** Enter lesser of line 34, line 36, or $8,500,000. Carry amount to Form 4568, line 26	37.	00
38.	Tax After Large Food Retailer Credit. Subtract line 37 from line 34. If less than zero, enter zero	38.	00

MID-SIZE FOOD RETAILER CREDIT. If not claiming, carry amount from line 38 to line 42.

39.	Michigan compensation	39.	00
40.	Multiply line 39 by 0.125% (0.00125)	40.	00
41.	**Mid-size Food Retailer Credit.** Enter lesser of line 38, line 40, or $300,000. Carry amount to Form 4568, line 27.	41.	00
42.	Tax After Mid-size Food Retailer Credit. Subtract line 41 from line 38. If less than zero, enter zero	42.	00

BOTTLE DEPOSIT ADMINISTRATION CREDIT. If not claiming, carry amount from line 42 to line 46.

43.	Expenses incurred in compliance with MCL 445.571 - 445.576	43.	00
44.	Multiply line 43 by 30.5% (0.305)	44.	00
45.	**Bottle Deposit Administration Credit**. Enter the lesser of line 42 or 44. Carry amount to Form 4568, line 28	45.	00
46.	Tax After Bottle Deposit Administration Credit. Subtract line 45 from line 42. If less than zero, enter zero	46.	00

MEGA FEDERAL CONTRACT CREDIT. If not claiming, carry amount from line 46 to line 48.

47.	**MEGA Federal Contract Credit** from Form 4584, line 38. Carry amount to Form 4568, line 29	47.	00
48.	Tax After MEGA Federal Contract Credit. Subtract line 47 from line 46. If less than zero, enter zero	48.	00

BIOFUEL INFRASTRUCTURE CREDIT. If not claiming, carry amount from line 48 to line 51.

49.	Amount from *Michigan Strategic Fund Energy Office Certificate* (attach)	49.	00
50.	**Biofuel Infrastructure Credit.** Enter the lesser of line 48 or 49. Carry amount to Form 4568, line 30	50.	00
51.	Tax After Biofuel Infrastructure Credit. Subtract line 50 from line 48. If less than zero, enter zero	51.	00

INDIVIDUAL OR FAMILY DEVELOPMENT ACCOUNT CREDIT. If not claiming, carry amount from line 51 to line 57.

52.	Contribution amount from MSHDA certificate (attach)	52.	00
53.	Current Individual or Family Development Account (IFDA) Credit. Multiply amount on line 52 by 75% (0.75)	53.	00
54.	Unused credit from previous period MBT return	54.	00
55.	Total Available Credit. Add lines 53 and 54	55.	00
56.	**IFDA Credit.** Enter the lesser of line 51 or 55. Carry to Form 4568, line 31	56.	00
57.	Tax After IFDA Credit. Subtract line 56 from line 51. If less than zero, enter zero	57.	00
58.	Credit Carryforward. If line 55 is greater than line 51, enter the difference	58.	00

BONUS DEPRECIATION CREDIT. If not claiming, carry amount from line 57 to line 65. Fiscal year filers, see instructions.

59.	Amount claimed on federal return for bonus depreciation under IRC § 168(k) for the 2008 tax year	59.	00
60.	Multiply line 59 by apportionment percentage from Form 4567, line 11c. Unitary Business Group filers use apportioned bonus depreciation from Form 4580, Part 2B, line 46b, column C	60.	00
61.	Multiply line 60 by 0.42% (0.0042)	61.	00
62.	Unused credit from previous MBT return	62.	00
63.	Total Available Credit. Add lines 61 and 62	63.	00
64.	**Bonus Depreciation Credit.** Enter the lesser of line 57 or 63. Carry to Form 4568, line 32	64.	00
65.	Tax After Bonus Depreciation Credit. Subtract line 64 from line 57. If less than zero, enter zero	65.	00
66.	Credit Carryforward. If line 63 is greater than line 57, enter the difference	66.	00

INTERNATIONAL AUTO SHOW CREDIT. If not claiming, carry amount from line 65 to line 68.

67.	**International Auto Show Credit.** Enter the lesser of line 65 or $250,000. Carry to Form 4568, line 33	67.	00
68.	Tax After International Auto Show Credit. Subtract line 67 from line 65	68.	00

BROWNFIELD REDEVELOPMENT CREDIT. If not claiming, carry amount from line 68 to line 70.

69.	**Brownfield Redevelopment Credit** from Form 4584, line 56. Carry amount to Form 4568, line 34	69.	00
70.	Tax After Brownfield Redevelopment Credit. Subtract line 69 from line 68. If less than zero, enter zero	70.	00

Continue on Page 3.

FEIN or TR Number:

PRIVATE EQUITY FUND CREDIT. If not claiming, carry amount from line 70 to line 75.

71.	Total activity of fund manager conducted in Michigan in the tax year	71.	00
72.	Total activity of fund manager conducted everywhere in the tax year	72.	00
73.	Credit percentage. Divide line 71 by line 72	73.	%
74.	**Private Equity Fund Credit.** Multiply line 70 by line 73. Carry amount to Form 4568, line 35	74.	00
75.	Tax After Private Equity Fund Credit. Subtract line 74 from line 70. If less than zero, enter zero	75.	00

FILM JOB TRAINING CREDIT. If not claiming, carry amount from line 75 to line 80.

76.	Amount from *Qualified Job Training Expenditure Certificat*e provided by Michigan Film Office (attach)	76.	00
77.	Unused credit from previous period MBT return	77.	00
78.	Total Available Credit. Add lines 76 and 77	78.	00
79.	**Film Job Training Credit.** Enter the lesser of line 75 or line 78. Carry amount to Form 4568, line 36	79.	00
80.	Tax After Film Job Training Credit. Subtract line 79 from line 75. If less than zero, enter zero	80.	00
81.	Credit Carryforward. If line 78 is greater than line 75, enter the difference	81.	00

FILM INFRASTRUCTURE CREDIT. If not claiming, carry amount from line 80 to line 86.

82.	Amount from *Investment Expenditure Certificate* provided by Film Office (attach) or assigned credit amount	82.	00
83.	Unused credit from previous period MBT return	83.	00
84.	Total Available Credit. Add lines 82 and 83	84.	00
85.	**Film Infrastructure Credit.** Enter the lesser of line 80 or line 84. Carry amount to Form 4568, line 37	85.	00
86.	Tax After Film Infrastructure Credit. Subtract line 85 from line 80. If less than zero, enter zero	86.	00
87.	Credit Carryforward. If line 84 is greater than line 80, enter the difference	87.	00

ANCHOR COMPANY PAYROLL CREDIT. If not claiming, carry amount from line 86 to line 89.

88.	**Anchor Company Payroll Credit** from Form 4584, line 65. Carry amount to Form 4568, line 38	88.	00
89.	Tax After Anchor Company Payroll Credit. Subtract line 88 from line 86. If less than zero, enter zero	89.	00

ANCHOR COMPANY TAXABLE VALUE CREDIT. If not claiming, carry amount from line 89 to line 91.

90.	**Anchor Company Taxable Value Credit** from Form 4584, line 73. Carry amount to Form 4568, line 39	90.	00
91.	Tax After Anchor Company Taxable Value Credit. Subtract line 90 from line 89. If less than zero, enter zero	91.	00

Instructions for Form 4573
Michigan Business Tax (MBT) Miscellaneous Nonrefundable Credits

Purpose

To allow standard taxpayers to claim certain miscellaneous nonrefundable credits. Generally, credits and any carryforwards allowed are calculated here and then carried to the *MBT Nonrefundable Credits Summary* (Form 4568). Review the descriptions carefully before claiming a credit as there are strict eligibility requirements. Follow the instructions on the form for each credit.

NOTE: This form may also be used by financial institutions to claim a limited number of credits:

- Renaissance Zone Credit
- Historic Preservation Credit
- Individual or Family Development Account Credit
- Brownfield Redevelopment Credit
- Assigned Film Infrastructure Credit.

Insurance companies use the *Miscellaneous Credits for Insurance Companies* (Form 4596) to claim credits for which they are eligible.

Special Instructions for Unitary Business Groups

Credits are earned and calculated on either an entity-specific or group basis, as determined by the relevant statutory provisions for the respective credits. Intercompany transactions are not eliminated for the calculation of most credits. Credits earned or calculated on either an entity-specific or group basis by Unitary Business Group (UBG) members are generally applied against the tax liability of the UBG, unless otherwise specified by statute or these instructions.

Entity-specific provisions are applied on a member-by-member basis and are addressed in the "Line-by-Line Instructions." In none of these cases does a taxpayer that is a UBG take the organization type of its parent, Designated Member (DM), or any other member of the UBG. A UBG taxpayer will not be attributed an organization type based on the composition of its members.

If any member of the UBG is eligible for an entity-specific credit, a statement must be attached to the form identifying the eligible member and any information requested for the credit. If more than one member is eligible, requested information should be provided in the statement on a per member basis. The total amount from all eligible members will be entered on each corresponding line on the form.

To the extent that a qualified taxpayer earning the Brownfield Redevelopment Credit or Historic Preservation Credit is included within a UBG taxpayer for relevant tax years, the qualified taxpayer's unused pre-2008 Brownfield Redevelopment Credit and/or Historic Preservation Credit (that is, such credits earned under the Single Business Tax (SBT)) may be applied against the tax liability imposed on the entire UBG taxpayer (of which the qualified taxpayer is a member) for the tax years the carryforward would have been available under SBT. These carryforwards are claimed on the *MBT Single Business Tax Credit Carryforwards* (Form 4569).

Find additional information on calculating credit carryforwards in the "Supplemental Instructions for Standard Members in UBGs" section in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600).

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

UBGs: Complete one form for the group. Enter the DM's name and account number.

PART 1

If not taking any credits in Part 1, skip to Part 2.

NASCAR Speedway Credit

For tax years that end before January 1, 2017, an eligible taxpayer may claim a credit against the tax imposed by the MBT Act equal to the amount of capital expenditures in this State on infield renovation, grandstand and infrastructure upgrades, and any other construction and upgrades subject to the following:

- For the 2010 tax year, the credit is limited to the lesser of the taxpayer's tax liability or $2,100,000.
- For the 2011 tax year, the credit is limited to the lesser of the taxpayer's tax liability or $1,580,000.

UBGs: If the eligible taxpayer is a member of a UBG, this credit is calculated against the eligible member's capital expenditures. This credit amount is limited to the lesser of the applicable dollar amount specified above or the pro forma tax liability calculated for the eligible taxpayer for that tax year. The resulting credit amount is then applied toward the UBG's tax liability for that tax year.

An eligible taxpayer must expend at least $30,000,000 on capital expenditures before January 1, 2011. An eligible taxpayer is any of the following:

- A person who owns and operates a motorsports entertainment complex and has at least two days of sanctioned motorsports events each calendar year which are comparable to NASCAR Nextel Cup events held in 2007 or their successor events.
- A person who is the lessee and operator of a motorsports entertainment complex or the lessee of the land on which a motorsports entertainment complex is located and operates that motorsports entertainment complex.
- A person who operates and maintains a motorsports entertainment complex under an operation and management agreement.

Motorsports entertainment complex and Motorsports event are defined terms in the statute.

Line 2: Enter eligible capital expenditures on infield renovation, grandstand, and infrastructure upgrades, and any other construction and upgrades. If eligible capital expenditures were made by a member of a UBG, enter the lesser of the eligible capital expenditures or the eligible member's pro forma liability.

UBGs: If the eligible taxpayer is a member of a UBG, a pro forma calculation must be performed to determine the tax liability of the eligible taxpayer prior to this credit. Where a pro forma calculation is required, the underlying objective is to determine what the tax liability of the UBG member generating the credit would have been if that member was not included in the UBG. Therefore, the UBG member generating the credit must calculate its pro forma tax liability as if it was a singular, stand alone taxpayer in all aspects. This supporting calculation should be provided in a statement attached to this form. However, this calculation should never be transferred to a Form 4567 or displayed as such.

Line 3: For fiscal years ending in 2011, enter the lesser of line 1, line 2 or $1,580,000.

Stadium Credit

For tax years that end before January 1, 2013, an eligible taxpayer may claim a credit against the tax imposed by the MBT Act equal to the following:

- For the 2010 tax year, 65 percent of the eligible taxpayer's total tax liability not to exceed $1,700,000.
- For the 2011 tax year, 45 percent of the eligible taxpayer's total tax liability not to exceed $1,180,000.
- For the 2012 tax year, 25 percent of the eligible taxpayer's total tax liability not to exceed $650,000.

An eligible taxpayer who is collectively or individually (including through affiliated companies) an owner, operator, manager, licensee, lessee, or tenant of more than one facility or stadium in Michigan (including grounds and ancillary facilities) that has a capacity of at least 14,000 patrons per facility and is primarily used for professional sporting events or other entertainment may earn a credit in one of two ways:

- The owner, operator, manager, licensee, lessee, or tenant as described above may make a capital investment of not less than $125,000,000, collectively or individually (including through affiliated companies), into the construction cost of a facility or stadium for which the taxpayer qualifies for this credit and must not have received proceeds from a State appropriation or a public bond issue from a local unit of government or public authority to assist in the construction or debt retirement of the facility, excluding a tax abatement, other waiver of a State or local tax or fee, or a State or local tax or fee from a public entity for road or infrastructure assistance, or
- The owner, operator, manager, licensee, lessee, or tenant as described above may make a capital investment of not less than $250,000,000, collectively or individually (including through affiliated companies), into the construction cost of a facility or stadium for which the taxpayer qualifies for this credit.

Line 4: Enter the amount from Form 4568, line 12. If the eligible taxpayer is a member of a UBG, enter instead the member's pro forma tax liability. (See information for UBGs below.)

UBGs: See guidance on pro forma calculations in the UBG note under line 2.

Line 5: For fiscal years ending in 2011, multiply line 4 by 45 percent (0.45).

Line 6: For fiscal years ending in 2011, enter the lesser of line 5 or $1,180,000.

Start-Up Business Credit

The Start-Up Business Credit provides a credit for small, relatively new taxpayers with substantial research and development activity. For a qualified taxpayer, the credit is equal to the taxpayer's MBT liability for the year. To qualify, a taxpayer must apply to and obtain annual certification from the Michigan Economic Development Corporation (MEDC), and attach that certificate to its MBT return. For an application form or additional information, call the MEDC at (517) 373-9808.

For the tax year for which a Start-Up Business Credit is claimed, compensation, director fees, or distributive shares paid by the taxpayer to any one of the following cannot exceed $135,000:

- A shareholder of a C Corporation or S Corporation. *Shareholder* means a person who owns outstanding stock in a business or is a member of a business entity (for example, an LLC) that files as a corporation for federal income tax purposes. All members of a shareholder's family, as defined by Internal Revenue Code (IRC) § 318(a)(1), that receive compensation from the business are considered shareholders.
- An officer of a C Corporation.
- A partner of a Partnership or Limited Liability Partnership.
- A member of a Limited Liability Company (LLC).
- An Individual who is an owner.

Corporations (and LLCs federally taxed as such) must report compensation and director fees of shareholders and (if a C Corporation) officers on the *MBT Schedule of Shareholders and Officers* (Form 4577) and attach to this form. Partnerships (and LLCs federally taxed as such) must report distributive shares to partners on the *MBT Schedule of Partners* (Form 4578) and attach to this form.

A taxpayer that meets the criteria and that is a qualified start-up business that does not have business income for two consecutive tax years may claim a credit against the tax imposed for the second of those two consecutive tax years and each immediately following consecutive tax year in which the taxpayer does not have business income. For the purposes of this credit, business income excludes funds received from small business innovation research grants and small business technology transfer programs established under the Small Business Innovation Development Act of 1982, Public Law 97-219, reauthorized under the Small Business Research and Development Enhancement Act, Public Law 102-564, and subsequently reauthorized under the Small Business Reauthorization Act of 2000, Public Law 106-554.

A Start-Up Business Credit cannot be claimed for more than a total of five tax years including the number of years the taxpayer was eligible to claim the credit under SBT.

UBGs: If the eligible taxpayer is a member of a UBG, this credit is based on the eligible member's business activity only.

This credit amount is limited to the pro forma tax liability calculated for the eligible taxpayer for that tax year. The resulting credit amount is then applied towards the UBG's tax liability for that tax year.

Line 7: Enter the tax liability from Form 4568, line 12, or the eligible member's pro forma liability if part of a UBG. Attach supporting MEDC Certification Letter.

UBGs: See guidance on pro forma calculations in the UBG note under line 2.

Line 8: Enter any recapture of Start-Up Business Credit.

NOTE: A company claiming the Start-Up Business Credit under either MBT or SBT must pay back a portion of the credit if they have no business activity in Michigan and have business activity outside of Michigan within three years after the last tax year in which the credit was taken. The following amounts must be added to the tax liability:

- 100 percent of the total of all credits claimed if the move is within the first tax year after the last tax year for which a credit is claimed.
- 67 percent of the total of all credits claimed if the move is within the second tax year after the last tax year for which a credit is claimed.
- 33 percent of the total of all credits claimed if the move is within the third tax year after the last tax year for which a credit is claimed.

PART 2

Next Energy Business Activity Credit

The Next Energy Business Activity Credit allows an eligible taxpayer to claim a credit for certain qualified business activity if certified under the Michigan Next Energy Authority Act.

Qualified business activity is research, development, or manufacturing of an alternative energy marine propulsion system, an alternative energy system, an alternative energy vehicle, alternative energy technology, or renewable fuel (as defined in the Michigan Next Energy Authority Act).

Line 11: Attach the certificate issued by MEDC for this credit to the return to substantiate a claim. (If the certificate is not attached, the credit will be disallowed.)

UBGs: If the eligible taxpayer is a member of a UBG, the eligible member's calculated pro forma liability (not the group's liability) must be used to determine the credit amount certified by the MEDC. This supporting pro forma calculation should be provided in a statement attached to this form. However, this calculation should never be transferred to a Form 4567 or displayed as such. See guidance on pro forma calculations in the UBG note under line 2.

For more information, call the MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives**.

Renaissance Zone Credit

The Renaissance Zone Credit encourages businesses and individuals to move into a designated Zone to help revitalize the area by providing a credit for businesses located and conducting business activity within the Zone.

Line 14: Complete and attach the *MBT Renaissance Zone Credit Schedule* (Form 4595) to claim this credit.

If located in more than one zone, complete and attach a separate Form 4595 for each zone. Add line 25b from each Form 4595 and enter the sum on line 14 of Form 4573.

For more information on Renaissance Zones, contact the MEDC at (517) 373-9808 or visit their Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives**. For information on the MBT credit, contact the Michigan Department of Treasury, Customer Contact Division, MBT Unit, at (517) 636-4657.

Historic Preservation Credit

The Historic Preservation Credit provides tax incentives for homeowners, commercial property owners, and businesses to rehabilitate historic resources located in Michigan. Rehabilitation projects must be certified by the State Historic Preservation Office (SHPO).

Line 16: Complete the *MBT Election of Refund or Carryforward of Credits* (Form 4584) to claim this credit and elect a refund or carryforward of any excess credit.

NOTE: Neither an assigned credit nor a credit carried forward from a prior year is eligible to be refunded.

Line 17a: Recapture from Form 4584, Line 2. If the resource is sold or the certification of completed rehabilitation or preapproval letter is revoked less than five years after the historic resource is placed in service, a percentage of the credit may be subject to recapture.

100 percent	If less than 1 year
80 percent	If at least 1 year, but less than 2 years
60 percent	If at least 2 years, but less than 3 years
40 percent	If at least 3 years, but less than 4 years
20 percent	If at least 4 years, but less than 5 years

Questions regarding federal and State certification may be directed to SHPO at (517) 373-1630. For additional information, visit the SHPO Web site at **www.michigan.gov/shpo**. Information about Federal Historic Preservation Tax Incentives is available at **www.nps.gov/hps/tps/tax/index.htm**.

Low-Grade Hematite Credit

The Low-Grade Hematite Credit provides a credit equal to one dollar per long ton of qualified low-grade hematite pellets consumed in an industrial or manufacturing process, a process in which low-grade hematite is used as a raw material in the production of pig iron or steel, that is the business activity of the taxpayer. If the credit exceeds the tax liability, the excess may be carried forward for five years.

UBGs: The credit is calculated from the aggregate tonnage of qualified low-grade hematite pellets consumed by all UBG members in an industrial or manufacturing process.

Line 19: *Low-grade hematite* means any hematitic iron formation that is not of sufficient quality in its original mineral state to be mined and shipped for the production of pig iron or steel without first being drilled, blasted, crushed,

and ground very fine to liberate the iron minerals and for which additional beneficiation and agglomeration are required to produce a product of sufficient quality to be used in the production of pig iron or steel. Qualified low-grade hematite must be produced from low-grade hematitic iron ore mined in the United States.

Line 20: UBGs: Enter the carryforward amount from Form 4580, Part 2B, line 51, column C.

Line 24: If line 21 is greater than line 18, enter the difference. This is a credit carryforward to be used on the taxpayer's immediately following MBT return.

Entrepreneurial Credit

For tax years ending in 2010, a taxpayer may claim the Michigan entrepreneurial credit equal to 100 percent of the eligible taxpayer's tax liability attributable to increased employment. This credit is not available for fiscal tax years ending in 2011.

The taxpayer must meet all of the following criteria:

- Has less than $25,575,000 in gross receipts (adjusted annually for inflation) in the immediately preceding tax year.
- Created or transferred into Michigan at least 20 new jobs in the immediately preceding tax year.
- Made a capital investment in Michigan of at least $1,250,000 in the immediately preceding tax year. (Cannot include the purchase of an existing plant or the purchase of existing equipment.)
- Is not a retail establishment as described in major groups 52 through 59 and 70 under the Standard Industrial Classification (SIC) Code as compiled by the United States Department of Labor. (However, a restaurant that did not exist, as determined by the State Treasurer, in Michigan in the immediately preceding year before which the credit is claimed and that is not a franchise or a part of a UBG may qualify for the credit.)

Alternatively, a taxpayer that is an eligible business engaged in research and development as defined in Section 407 of the MBT Act and that received an eligible contribution as defined in Section 407 for which a Michigan Economic Growth Authority (MEGA) Research and Development Credit was claimed by another taxpayer may claim the Michigan Entrepreneurial Credit equal to 100 percent of the taxpayer's MBT tax liability attributable to the increased employment for three years if the taxpayer meets all of the following conditions:

- Had less than $25,000,000 in gross receipts in the immediately preceding tax year.
- Has increased the number of new jobs in Michigan by at least 20 percent from the immediately preceding tax year.

Recapture Note: If the new jobs with which the taxpayer qualifies for this credit are relocated outside of Michigan within five years after claiming the credit or if the taxpayer reduces the employment levels by more than 10 percent of the jobs with which the taxpayer qualifies for the credit, that taxpayer is liable in an amount equal to the total of all credits received. Recapture is reported on the *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

UBGs: If the eligible taxpayer is a member of a UBG, qualification for this credit is determined by that member's activities. The credit amount is based upon pro forma tax liability calculated for that member. See guidance on pro forma calculations in the UBG note under line 2. The resulting credit amount is then applied toward the UBG's tax liability.

Line 25: Enter the payroll of increased new jobs in Michigan.

New jobs must meet all of the following criteria:

- Did not exist in Michigan in the immediately preceding tax year.
- Represent an overall increase in full-time equivalent jobs of the taxpayer in Michigan in the immediately preceding tax year.
- Are not jobs into which employees transfer if the employees worked in Michigan for the taxpayer in other jobs prior to beginning the new jobs.

Payroll means total salaries and wages before deducting any personal or dependency exemptions.

UBGs: If the eligible taxpayer is a member of a UBG, enter only the eligible member's payroll of the increased jobs attributable to Michigan.

Line 26: Enter only the payroll attributable to Michigan.

UBGs: If the eligible taxpayer is a member of a UBG, enter only the eligible member's payroll attributable to Michigan.

Line 28: UBGs: If the eligible taxpayer is a member of a UBG, multiply line 27 by that member's pro forma tax liability for line 23. See guidance on pro forma calculations in the UBG note under line 2.

New Motor Vehicle Dealer Inventory Credit

A taxpayer that is a new motor vehicle dealer licensed under the Michigan vehicle code, Michigan Compiled Law (MCL) 257.1 to 257.923, may claim a credit against the tax equal to 0.25 percent of the amount paid by the taxpayer to acquire new motor vehicle inventory in Michigan during the tax year.

Line 31: *New motor vehicle inventory* means new motor vehicles or new motor vehicle parts.

Large Food Retailer Credit

An eligible taxpayer may claim a Large Food Retailer Credit equal to 1 percent of the taxpayer's compensation in Michigan, not to exceed $8,500,000. A taxpayer that claims a Large Food Retailer Credit cannot also claim a Mid-Size Food Retailer Credit.

The taxpayer must meet all of the following criteria:

- Operates at least 17,000,000 square feet of enclosed retail space and 2,000,000 square feet of enclosed warehouse space in Michigan.
- Sells all of the following at retail:
  - Fresh, frozen, or processed food; food products; or consumable necessities.
  - Prescriptions and over-the-counter medications.
  - Health and beauty care products.
  - Cosmetics.

- Pet products.
- Carbonated beverages.
- Beer, wine, or liquor.

• Sales of the items listed above represent more than 35 percent of the taxpayer's total sales in the tax year.

• Maintains its headquarters operation in Michigan.

Line 35: Enter compensation attributable to Michigan.

UBGs: If the eligible taxpayer is a UBG, enter the compensation attributable to Michigan for the entire UBG.

Mid-Size Food Retailer Credit

An eligible taxpayer may claim a Mid-Size Food Retailer Credit equal to 0.125 percent of the taxpayer's compensation in Michigan, not to exceed $300,000.

The taxpayer must meet all of the following criteria:

• Operates at least 2,500,000 square feet of enclosed retail space and 1,400,000 square feet of enclosed warehouse, headquarters, and transportation services in Michigan.

• Sells all of the following at retail:

- Fresh, frozen, or processed food; food products; or consumable necessities.
- Prescriptions and over-the-counter medications.
- Health and beauty care products.
- Cosmetics.
- Pet products.
- Carbonated beverages.
- Beer, wine, or liquor.

• Sales of the items listed above represent more than 35 percent of the taxpayer's total sales in the tax year.

• Maintains its headquarters operation in Michigan.

Line 39: Enter compensation attributable to Michigan.

UBGs: If the eligible taxpayer is a UBG, enter the compensation attributable to Michigan for the entire UBG.

Bottle Deposit Administration Credit

An eligible taxpayer may claim a Bottle Deposit Administration Credit equal to 30.5 percent of the taxpayer's expenses incurred during the tax year to comply with MCL 445.571 to 445.576. *Eligible taxpayer* means a distributor or manufacturer who originates a deposit on a beverage container in accordance with MCL 445.571 to 445.576. *Beverage container* and *distributor* mean those terms as defined under MCL 445.571 to 445.576.

UBGs: If the eligible taxpayer is a member of a UBG, enter expenses incurred only by that eligible member. If multiple members of a UBG are eligible taxpayers, combine the expenses of those eligible members.

MEGA Federal Contract Credit

This credit is available for a qualified taxpayer or collective group of taxpayers that have been awarded a federal procurement contract from the U.S. Department of Defense, Department of Energy, or Department of Homeland Security resulting in a minimum of 25 new full-time jobs.

Line 47: Complete Form 4584 to claim this credit and elect a refund or carryforward of any excess credit.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Biofuel Infrastructure Credit

The Biofuel Infrastructure Credit is available to owners of service stations who convert existing delivery systems or create new delivery systems designed to provide E85 fuel or qualified biodiesel blends. *Qualified biodiesel blends* means any biodiesel blend that is blended on site utilizing on-demand bio-blending equipment that is installed after December 23, 2008. The credit is equal to 30 percent of the costs incurred during the tax year, not to exceed $20,000 per tax year per taxpayer, and is effective for tax years beginning after December 31, 2008, and ending before January 1, 2012. A taxpayer cannot include any conversion or creation costs for which the taxpayer received a grant under the Service Station Matching Grant Program.

A taxpayer that stops using the new or converted fuel system within three years of receiving an MBT credit may, as determined by the Michigan Strategic Fund, have the credit reduced or terminated, or have a percentage of a previously claimed credit added back to its MBT tax liability in the year that the taxpayer stops using the fuel delivery system. Credit recapture is reported on Form 4587.

UBGs: If the eligible taxpayer is a member of a UBG, qualification for this credit is determined by that member's activities. The credit is equal to 30 percent of the eligible member's costs incurred during the tax year, not to exceed $20,000 per tax year per eligible member. The resulting credit amount is then applied toward the UBG's tax liability.

Line 49: Approved businesses receive an *Annual Tax Credit Certificate* from the Michigan Strategic Fund Energy Office each year showing the total amount of tax credit allowed. To receive the credit, attach the certificate to the return.

Individual or Family Development Account Credit

A taxpayer or qualified financial institution may claim a credit for 75 percent of certified contributions made to a reserve fund of a fiduciary organization in accordance with the Individual or Family Development Account Program Act, MCL 206.701 to 206.711. A *fiduciary organization* is a 501(c)(3) exempt, charitable organization approved by the Michigan State Housing Development Authority (MSHDA) to manage a reserve fund. A *reserve fund* is a fund established and managed by a fiduciary organization housed at a financial institution.

This credit is nonrefundable but may be carried forward up to ten years. The credits, combined with the equivalent credits found in the Individual Income Tax Act in MCL 206.276, may not exceed $1 million annually for all taxpayers. The determination of whether the annual limit is reached will be made by MSHDA, which must certify contributions eligible for a credit, in accordance with the Individual or Family Development Account Program Act.

Attach the certificate issued by MSHDA for this credit to the return to substantiate a claim. (If the certificate is not attached, the credit will be disallowed.)

NOTE: For purposes of this credit, *qualified financial institution* is defined by reference to the definition of *financial institution* in the Individual or Family Development Account Program Act, rather than the MBT Act. *Financial institution* for this credit is defined as "a state chartered bank, state chartered savings bank, savings and loan association, credit union, or trust company; or a national banking association or federal savings and loan association or credit union."

Line 54: **UBGs:** Enter the unused credit amount from Form 4580, Part 2B, line 53, column C.

Bonus Depreciation Credit

For tax years beginning after December 31, 2008, and ending before January 1, 2011, a taxpayer may claim a credit equal to 0.42 percent of the amount of the IRC § 168(k) deduction claimed on the taxpayer's federal return for the 2008 tax year apportioned to Michigan. If the credit exceeds the taxpayer's MBT liability, the excess may be carried forward for ten years or until used up, whichever comes first. This credit applies to all standard taxpayers other than regulated utilities.

UBGs: If the eligible taxpayer is a member of a UBG, qualification for this credit is determined by that member's activities, and it is the tax year of each individual member that controls when that member may take a credit. Members with tax years ending before 2011 may claim this credit even if included in a UBG filing where the Designated Member has a fiscal year ending in 2011.

Line 62: **UBGs:** Enter the unused credit amount from Form 4580, Part 2B, line 54, column C.

International Auto Show Credit

A taxpayer who owns, operates, or controls an international auto show in Michigan that meets certain criteria may claim a credit. An international auto show must meet all of the following criteria:

- Promote, advertise, or display the design or concept of products that are designed, manufactured, or produced, in whole or in part, in this State and are available for sale to the general public.
- Use more than 100,000 square feet of floor space.
- Be open to the general public for at least seven consecutive days in a calendar year.
- Have attendance exceeding 500,000.
- Have more than 3,000 credentialed journalists, including international journalists, who attend the auto show.

A taxpayer claiming the International Auto Show Credit must maintain in its records proof that the international auto show satisfies all of the above criteria.

Line 67: The credit is equal to the qualified taxpayer's entire MBT liability or $250,000, whichever is less.

UBGs: If the eligible taxpayer is a member of a UBG, a pro forma tax calculation must be attached showing the individual member's tax liability. This credit is equal to the lesser of the member's entire MBT liability or $250,000, whichever is less. See guidance on pro forma calculations in the UBG note under line 2.

Brownfield Redevelopment Credit

The Brownfield Redevelopment Credit encourages businesses to make investment on eligible Michigan property that was used or is currently used for commercial, industrial, public, or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete, or blighted.

Line 69: Complete Form 4584 to claim this credit and elect a refund or carryforward of any excess credit.

NOTE: Neither an assigned credit nor a credit carried forward from a prior year is eligible to be refunded.

The administration of the Brownfield Redevelopment Credit program is assigned to MEGA. For more information on the approval process, contact the MEDC at (517) 373-9808.

Private Equity Fund Credit

An eligible taxpayer may claim a Private Equity Fund Credit equal to the eligible taxpayer's tax liability attributable to the activities as an eligible taxpayer for the tax year after claiming any other credits allowed under the MBT Act multiplied by a fraction, the numerator of which is the total activity of the private equity fund manager conducted in Michigan during the tax year and the denominator of which is the total activity of the private equity fund manager conducted everywhere during the tax year.

Eligible taxpayer means a taxpayer that is a private equity fund which serves as a conduit for the investment of private securities not listed on a public exchange by accredited investors or qualified purchasers at any time during which the investment is acquired or subsequently used to claim the credit under this section.

Accredited investor means that term as defined under Section 2 of the Securities Act of 1933, 15 USC 77b.

Qualified purchaser means that term as defined under Section 2 of the Investment Company Act of 1940, 15 United States Code (USC) 80a-2.

Line 71: *Private equity fund manager* means the person or persons responsible for the management of the investments of the eligible taxpayer.

For purposes of this credit, the location of the activity of the private equity fund manager is based on the location of the office from which the fund manager conducts management activity for the eligible taxpayer.

UBGs: If the eligible taxpayer is a member of a UBG, enter only the activity of the eligible fund manager conducted in Michigan.

Line 72: If the eligible taxpayer is a member of a UBG, enter only the activity of the eligible fund manager conducted everywhere.

Line 74: If the taxpayer engages in both private equity fund activities as well as other activities, the amount on line 70 cannot be used. Instead, the taxpayer must do a pro forma

calculation of the tax before this credit based solely on the private equity fund activities.

UBGs: To the extent that a private equity fund is part of a UBG, the Private Equity Fund Credit is equal to the tax liability of the eligible member prior to this credit, multiplied by a fraction which is the Michigan activities of the manager over the activities of the manager everywhere. A pro forma calculation must be performed to determine the tax liability of the eligible UBG member prior to this credit. See guidance on pro forma calculations in the UBG note under line 2.

Film Job Training Credit

An eligible production company may claim a credit equal to 50 percent of qualified job training expenditures in film and digital media for qualified personnel, provided the taxpayer enters into an agreement with the Michigan Film Office, concurred in by the State Treasurer. If the credit exceeds the taxpayer's tax liability for the tax year, the excess may be carried forward to offset tax liability in subsequent years for a maximum of ten years.

Line 76: Upon verification that the taxpayer has complied with the agreement terms and the qualified job training expenditures and eligibility are met, the Film Office will issue a *Qualified Job Training Expenditure Certificate* verifying the amount of the credit to be claimed. The certificate must be attached to the return to receive the credit.

NOTE: To qualify for the credit, a taxpayer must not be delinquent in a tax or other obligation owed to Michigan nor be owned or under common control of an entity that is delinquent. A credit cannot be claimed for any direct expenditure for which a Film Production Credit was claimed for either an MBT or withholding tax liability.

Line 77: **UBGs:** Enter the unused credit amount from Form 4580, Part 2B, line 56, column C.

Line 81: If line 78 is greater than line 75, enter the difference. This is a credit carryforward to be used on the taxpayer's next MBT return.

For more information, contact the Michigan Film Office at 1-800-477-3456 or visit the Web site at **www.michiganfilmoffice.org.**

Film Infrastructure Credit

An eligible taxpayer may claim a credit for investment in a qualified film and digital media infrastructure project equal to 25 percent of the base investment expenditures for the project, provided the taxpayer enters into an agreement with the Michigan Film Office, concurred in by the State Treasurer. The credit is reduced by the amount of any Brownfield Redevelopment Credit claimed under Section 437 of the MBT Act for the same base investment. If the credit exceeds the taxpayer's tax liability for the tax year, the excess may be carried forward to offset tax liability in subsequent years for a maximum of ten years.

Upon verification that the taxpayer has complied with the agreement terms and investment expenditures and eligibility are met, the Film Office will issue an *Investment Expenditure Certificate* stating the amount of the credit. The certificate must be attached to the return.

The credit may be assigned in the tax year in which the *Investment Expenditure Certificate* is received but any such assignment is irrevocable. The *MBT Film Credit Assignment* (Form 4589) must be attached to the return on which the credit is claimed.

An assigned credit amount must be claimed against the assignee's MBT liability during the assignee's tax year in which the credit was assigned.

NOTE: To qualify for the credit, a taxpayer must not be delinquent in a tax or other obligation owed to Michigan nor be owned or under common control of an entity that is delinquent. A credit cannot be claimed for any direct expenditure for which a Film Production Credit was claimed against either an MBT or withholding tax liability.

If the taxpayer originally awarded this credit sells or otherwise disposes of any tangible assets, the cost of which were included in the base investment, that taxpayer must recapture part of the credit in the year of disposition. Credit recapture is reported on Form 4587.

Line 83: **UBGs:** Enter the unused credit amount from Form 4580, Part 2B, line 57, column C.

Line 87: If line 84 is greater than line 80, enter the difference. This is a credit carryforward to be used on the taxpayer's next MBT return.

For more information, contact the Michigan Film Office at 1-800-477-3456 or visit the Web site at **www.michiganfilmoffice.org.**

Anchor Company Payroll Credit

This credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

Line 88: Complete Form 4584 to claim this credit and elect a refund or carryforward of any excess credit.

For more information, contact the MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Anchor Company Taxable Value Credit

This credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

Line 90: Complete Form 4584 to claim this credit and elect a refund or carryforward of any excess credit.

For more information, contact the MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

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Attachment 14

2010 MICHIGAN Business Tax Refundable Credits

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

MEGA RESEARCH AND DEVELOPMENT CREDIT. If not claiming this credit, skip to line 2.

1. Credit amount from *MEDC Annual Tax Credit Certificate* (attach). Cannot exceed $300,000; UBG-see instr..... 1. 00

PERSONAL PROPERTY TAX CREDIT. If not claiming this credit, skip to line 9.

2. Property taxes paid on eligible industrial personal property in the current MBT tax year (see instructions)..... 2. 00
3. Multiply line 2 by 35% (0.35)..... 3. 00
4. Property taxes paid on eligible telephone personal property in the current MBT tax year (see instructions)..... 4. 00
5. Multiply line 4 by 13.5% (0.135)..... 5. 00
6. Property taxes paid on eligible natural gas pipeline property in the current MBT tax year (see instructions)..... 6. 00
7. Multiply line 6 by 10% (0.10)..... 7. 00
8. **Personal Property Tax Credit**. Add lines 3, 5 and 7..... 8. 00

WORKERS' DISABILITY SUPPLEMENTAL BENEFIT (WDSB) CREDIT. If not claiming this credit, skip to line 10.

9. **WDSB Credit** allowed by the Workers' Compensation Agency..... 9. 00

NEXT ENERGY PAYROLL CREDIT. Available only to businesses located within an alternative energy renaissance zone. If not claiming this credit, skip to line 13.

10. Enter alternative energy renaissance zone property information below:

Street Address	
City	Parcel Number

11. Total payroll of research, development or manufacturing employees who work primarily within the zone..... 11. 00
12. **Next Energy Payroll Credit**. Multiply line 11 by the Michigan individual income tax rate for the tax year..... 12. 00

MEGA EMPLOYMENT TAX CREDIT. If not claiming this credit, skip to line 14.

13. Credit amount from *MEDC Annual Tax Credit Certificate* (attach)..... 13. 00

HISTORIC PRESERVATION CREDIT. If not claiming this credit, skip to line 15.

14. Credit amount from Form 4584, line 27b..... 14. 00

NASCAR SAFETY CREDIT. If not claiming this credit, skip to line 16.

15. **NASCAR Safety Credit.** Expenses incurred to ensure traffic and pedestrian safety at motorsports events..... 15. 00

HYBRID TECHNOLOGY RESEARCH AND DEVELOPMENT CREDIT. If not claiming this credit, skip to line 17.

16. Credit amount from *MEDC Annual Tax Credit Certificate* (attach). Cannot exceed $2,000,000..... 16. 00

FARMLAND PRESERVATION CREDIT. If not claiming this credit, skip to line 18.

17. Credit amount from Form 4594, line 30..... 17. 00

MEGA FEDERAL CONTRACT CREDIT. If not claiming this credit, skip to line 19.

18. Credit amount from Form 4584, line 36a..... 18. 00

MEGA PHOTOVOLTAIC TECHNOLOGY CREDIT. If not claiming this credit, skip to line 20.

19. Credit amount from *Certificate* provided by MEDC (attach) or assigned credit amount..... 19. 00

BROWNFIELD REDEVELOPMENT CREDIT. If not claiming this credit, skip to line 21.

20. Credit amount from Form 4584, line 54a..... 20. 00

FILM PRODUCTION CREDIT. If not claiming this credit, skip to line 22.

21. Credit amount from *Post-Production Certificate of Completion* provided by Michigan Film Office (attach) or assigned credit amount (see instructions)..... 21. 00

ANCHOR COMPANY PAYROLL CREDIT. If not claiming this credit, skip to line 23.

22. Credit amount from Form 4584, line 63a..... 22. 00

ANCHOR COMPANY TAXABLE VALUE CREDIT. If not claiming this credit, skip to line 24.

23. Credit amount from Form 4584, line 71a..... 23. 00

TOTAL REFUNDABLE CREDITS

24. Add lines 1, 8, 9, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22 and 23. Enter total here and carry to Form 4567, line 61; Form 4583, line 25; or Form 4590, line 34..... 24. 00

+ 0000 2010 39 01 27 8

Instructions for Form 4574
Michigan Business Tax (MBT) Refundable Credits

Purpose

To allow standard taxpayers to claim certain credits. Unless otherwise specified, if the amount of the credit exceeds the tax liability of the taxpayer for the tax year, that excess is refunded.

NOTE: This form may also be used by financial institutions to claim a limited number of credits:

- Michigan Economic Growth Authority (MEGA) Employment Tax Credit.
- Historic Preservation Credit.
- Assigned MEGA Photovoltaic Technology Credit.
- Brownfield Redevelopment Credit.
- Assigned Film Production Credit.

Insurance companies use the *Miscellaneous Credits for Insurance Companies* (Form 4596) to claim credits for which they are eligible.

Special Instructions for Unitary Business Groups

Credits are earned and calculated on either an entity-specific or a group basis, as determined by relevant statutory provisions for the respective credits. Inter-company transactions are not eliminated for the calculation of most credits. Credits earned or calculated on either an entity-specific or group basis by Unitary Business Group (UBG) members are generally applied against the tax liability of the UBG, unless otherwise specified by statute or these instructions.

Entity-specific provisions are applied on a member-by-member basis. In none of these cases does a taxpayer that is a UBG take the organization type of its parent, Designated Member (DM), or any member of the UBG. A UBG taxpayer will not be attributed an organization type based on the composition of its members.

If any member of the UBG is eligible for an entity-specific credit, a statement must be attached to the form identifying the eligible member and any information requested for the credit. If more than one member is eligible, requested information should be provided in the statement on a per member basis. The total amount from all eligible members will be entered on each corresponding line on this form. Line-by-line instructions indicate credits requiring entity-specific information.

Line-by-Line Instructions

Lines not listed here are explained on the form.

NOTE: Although qualification for certain credits is reviewed and approved by MEGA, in many cases the certificates for such credits are issued by the Michigan Economic Development Corporation (MEDC).

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) or the *MBT Simplified Return* (Form 4583) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

UBGs: Complete one form for the group. Enter the DM name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

MEGA Research and Development Credit

The MEGA Research and Development Credit encourages innovation and job creation in Michigan. For the 2010 tax year, a qualified taxpayer that makes an eligible contribution in an eligible business may claim a credit against its MBT tax liability equal to 30 percent of the contribution, not to exceed $300,000. This credit is not available for tax years ending in 2011.

If within five years MEGA determines that there has not been compliance with the terms of the agreement, the taxpayer must report a recapture equal to 125 percent of the total of all MEGA Research and Development Credits for all tax years. Recapture of this credit is reported on the *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

For more information on this credit, contact the MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Line 1: MEGA must certify the taxpayer's eligibility for the credit and the taxpayer must attach that certification to its MBT return filed with the Department of Treasury (Treasury). (If the certificate is not attached, the credit will be disallowed.)

UBGs: Enter the total amount of MEGA Research and Development Credits claimed by all eligible members (limited to $300,000 for each certificate). If any member is claiming this credit, attach a statement identifying the member and providing requested information, including the certificate issued by MEGA.

Personal Property Tax Credit

The Personal Property Tax Credit is available against personal property taxes paid in the tax year on eligible industrial personal property, eligible telephone personal property, and eligible natural gas pipeline property. The Personal Property Tax Credit is available only to the taxpayer who timely files the required statements or reports, to whom an assessment or bill is issued, and who pays the taxes in the tax year. A taxpayer that disagrees with the assessor's classification of property must pursue a change of classification through the property tax appeals process. Treasury will not revise a property classification for purposes of these credits.

Line 2: *Eligible industrial personal property* is property classified as industrial personal property under Section 34c of the General Property Tax Act (Michigan Compiled Law (MCL) 211.34c). Under MCL 211.34c, the assessor is charged with the responsibility of classifying property. The taxes must have been levied after December 31, 2007.

Line 4: *Eligible telephone personal property* is defined as personal property of a telephone company subject to the tax levied under MCL 207.1 to 207.21.

Line 5: For eligible telephone personal property levied and

paid in the tax year the credit is equal to 13.5 percent of the taxes paid.

Line 6: *Eligible natural gas pipeline property* is defined as natural gas pipelines that are classified as utility personal property under Section 34c of the General Property Tax Act and are subject to regulation under the Natural Gas Act. The taxes must have been levied after December 31, 2007.

Line 8: The taxpayer claiming a Personal Property Tax Credit must attach to the MBT return copies of property tax bills that properly identify "eligible" property and provide proof of payment of the tax in the tax year.

UBGs: Add up the property tax bills for all members and enter the total amount on the corresponding line. The requested tax bills and proof of payment for each member claiming the Personal Property Tax Credit should be attached to the group's annual return.

Workers' Disability Supplemental Benefit (WDSB) Credit

The WDSB Credit is available to self-insured taxpayers for the amount authorized by the Department of Energy, Labor and Economic Growth (DELEG) during the tax year. The amount of the credit is provided to taxpayers by DELEG.

For more information on WDSB credit eligibility, contact DELEG, Workers' Compensation Agency at (517) 322-1879 or 1-888-396-5041 or visit the DELEG Web site at **www.michigan.gov/wca.**

Line 9: Attach to the return a copy of the document provided by DELEG to substantiate a claim for this credit.

UBGs: Enter total amount authorized for all members on line 9 and attach DELEG documentation for each member.

Next Energy Payroll Credit

Next Energy Payroll Credit provides a payroll-based credit to a taxpayer located within an alternative energy Renaissance Zone. The credit is equal to the payroll amount for the tax year attributable to employees who are working on alternative energy-related research, development, or manufacturing and whose regular place of employment is within the Zone, multiplied by the Michigan Individual Income Tax (IIT) rate for that year. (The Michigan Individual Income Tax rate can be found at **www.michigan.gov/taxes**.)

UBGs: If any member of a UBG is claiming the Next Energy Payroll Credit, attach a statement identifying the member(s) and providing information requested on the form. Enter the total payroll amount for all eligible members on line 11.

MEGA Employment Tax Credit

The MEGA Employment Tax Credit promotes economic growth and jobs in Michigan. For a period of time not to exceed 20 years, a taxpayer that is an authorized business or an eligible taxpayer may claim a credit equal to the amount certified each year by MEGA.

MEGA may certify a credit based on an agreement entered into prior to January 1, 2008, under the Single Business Tax (SBT). The number of years for which the credit may be claimed under MBT will be equal to the maximum number of years designated in the resolution reduced by the number of years for which a credit has been claimed or could have been claimed under SBT.

A taxpayer that claimed a credit under either SBT or MBT that had an agreement with MEGA based on qualified new jobs as defined in the MEGA Act, and that removes 51 percent or more of those qualified new jobs from Michigan within three years after the first year in which the taxpayer claimed a credit, must pay back an amount equal to the total of all credits claimed no later than 12 months after those qualified new jobs are removed from Michigan. Recapture is reported on Form 4587.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Line 12: On October 1, 2011, the Michigan IIT rate will change from 4.35 percent to 4.25 percent. A taxpayer with a 12-month fiscal year ending October 31, 2011, or November 30, 2011, will report that period on 2010 forms and must use the appropriate blended IIT rate below to calculate this credit.

Year End	Blended IIT Rate
October 31, 2011	4.3416% (0.043416)
November 30, 2011	4.3333% (0.043333)

These figures should not be used if the tax year is less than 12 months. Instead, a blended rate should be calculated as follows:

$$\frac{\text{Number of Months in the Tax Year at the Old Rate} \times 4.35 \;+\; \text{Number of Months in the Tax Year at the New Rate} \times 4.25}{\text{Number of Months in the Tax Year}}$$

Line 13: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Annual Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

UBGs: Enter the total amount of MEGA Employment Tax Credits claimed by eligible members and provide the requested MEGA certification for each eligible member.

Historic Preservation Credit

The Historic Preservation Credit provides tax incentives for homeowners, commercial property owners, and businesses to rehabilitate historic resources located in Michigan. Rehabilitation projects must be certified by the State Historic Preservation Office (SHPO). Questions may be directed to SHPO at (517) 373-1630. For additional information, visit the SHPO Web site at **www.michigan.gov/shpo**.

Line 14: Complete the *MBT Election of Refund or Carryforward of Credits* (Form 4584) to claim this credit and elect a refund of 90 percent of the balance or carryforward of the resulting overpayment.

NOTE: Neither an assigned credit nor a credit carried forward from a prior year is eligible to be refunded.

NASCAR Safety Credit

For the 2010 and subsequent tax years, this credit is equal to the amount of necessary expenditures incurred in this State by an eligible taxpayer including any professional fees, additional police officers, and any traffic management devices to ensure traffic and pedestrian safety while hosting the requisite motorsports events each calendar year.

UBGs: An eligible taxpayer that is a member of a UBG should enter the eligible expenditures of that member.

Hybrid Technology Research and Development Credit

The Hybrid Technology Research and Development Credit is available for taxpayers who are engaged in research and development of a qualified technology. The credit is equal to 3.9 percent of the compensation as defined in the MBT Act for services performed in a qualified facility and paid to employees at the qualified facility in the tax year. To be eligible for this credit, the taxpayer must have entered into an agreement with MEGA before April 1, 2007, agreeing to meet certain statutory conditions.

A taxpayer claiming this credit may also claim the Research and Development Credit on the *MBT Credits for Compensation, Investment, and Research and Development* (Form 4570). However, a taxpayer may not claim both credits for the same expenditures.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Line 16: Eligible taxpayers receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Annual Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.) The credit amount cannot exceed $2,000,000.

UBGs: Enter the total amount for this credit claimed by eligible members or $2,000,000, whichever is less, and provide the requested MEGA certification for each eligible member.

Farmland Preservation Credit

Farmland Preservation Credit gives back to farmland owners a portion of the property taxes paid on farmland. Farmland owners qualify for the credit by agreeing to preserve the land as farmland and not develop for another use.

To qualify for the credit, the taxpayer must meet the following requirements:

- Taxpayer must own farmland,
- Taxpayer must have entered into a Farmland Development Rights Agreement (FDRA) with the Michigan Department of Agriculture (MDA), and
- Taxpayer must complete the *Michigan Farmland Preservation Tax Credit* (Form 4594).

If agreements with MDA were entered into on or after January 1, 1978, the gross receipts qualifications in Part 1 of Form 4594 must be satisfied.

UBGs: UBG members claiming this credit should total all amounts from Form 4594, line 30, and enter on line 17. Each eligible member should submit Form 4594, which would be calculated based upon that member's respective property tax obligation and its respective MBT Business Income Tax base.

MEGA Federal Contract Credit

This credit is available for a qualified taxpayer or collective group of taxpayers that have been awarded a federal procurement contract from the United States Department of Defense, Department of Energy or Department of Homeland Security resulting in a minimum of 25 new full-time jobs.

Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

MEGA Photovoltaic Technology Credit

The MEGA Photovoltaic Technology Credit is available to a qualified taxpayer that enters into an agreement with MEGA to construct and operate a new facility in Michigan which serves to develop and manufacture photovoltaic energy, photovoltaic systems, or other photovoltaic technology. Photovoltaic energy, systems, or technology rely on solar power. The credit is available for 25 percent of the taxpayer's capital investment in the new facility during the tax year.

The credit generally must be taken in equal installments over a two-year period beginning in the tax year in which the certificate is issued. A taxpayer may make an irrevocable assignment of all or a portion of the credit or may convey the right to the assignment on a form provided by MEGA, which will then issue assignment certificates to the assignee(s).

A taxpayer or assignee that claims a credit and subsequently fails to meet the requirements of the act or any other conditions established by MEGA in the agreement may, as determined by MEGA, have its credit reduced or terminated or have a percentage of the credit previously claimed added back to the tax liability of the taxpayer in the tax year that the taxpayer or assignee fails to comply. Recapture is reported on Form 4587.

A taxpayer certified to take the polycrystalline silicon credit under MCL 208.1432 is disqualified from taking this credit.

Line 19: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Annual Tax Credit Certificate to the return. A taxpayer claiming an assigned MEGA Photovoltaic Technology Credit must attach the assignment certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Brownfield Redevelopment Credit

The Brownfield Redevelopment Credit encourages businesses to make investment on eligible Michigan property that was used or is currently used for commercial, industrial, public, or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete, or blighted.

Prior to April 8, 2008, the credit amount and any unused carryforward of the credit that exceeded the tax liability for the tax year was not refunded, but could be carried forward to offset tax liability in subsequent tax years for ten years

or until used up, whichever occurs first. Beginning on and after April 8, 2008, if this credit for the tax year exceeds the qualified taxpayer's tax liability for that tax year, the qualified taxpayer can elect to have the excess refunded at the rate of 85 percent of the excess for the tax year and forgo the remaining 15 percent of the credit and any carryforward.

Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment.

NOTE: Neither an assigned credit nor a credit carried forward from a prior year is eligible to be refunded.

The administration of the Brownfield Redevelopment Credit program is assigned to MEGA. For more information on the approval process, contact MEDC at (517) 373-9808**.**

Film Production Credit

The Michigan Film Office, with the concurrence of the State Treasurer, may enter into an agreement with an eligible production company providing the company with a refundable credit against MBT tax liability or against taxes withheld under Chapter 7 of the Michigan Individual Income Tax Act.

To qualify for the credit, an eligible production company must spend at least $50,000 in Michigan for the development, preproduction, production, or postproduction costs of a State-certified qualified production and must not be delinquent in a tax or other obligation owed to Michigan nor be owned or under common control of an entity that is delinquent.

A Post-Production Certificate will be issued verifying the amount of the credit to be claimed once the Michigan Film Office is satisfied that expenditure and eligibility requirements are met.

The credit may be assigned in the tax year in which the Post-Production Certificate is issued but such assignment is irrevocable.

For more information, contact the Michigan Film Office at 1-800-477-3456 or visit the Web site at **www.michiganfilmoffice.org.**

Line 21: A taxpayer claiming a Film Production Credit must attach the Post-Production Certificate to the return. A taxpayer claiming an assigned Film Production Credit must attach to the return an *MBT Film Credit Assignment* (Form 4589) approved by Treasury. (If the certificate or approved assignment form is not attached, the credit will be disallowed.)

UBGs: Enter the total amount for this credit claimed by all eligible members and provide the requested post-production certification or Form 4589 for each eligible member.

Anchor Company Payroll Credit

This credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Anchor Company Taxable Value Credit

This credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Include completed Form 4574 as part of the tax return filing.

Attachment 09

2010 MICHIGAN Business Tax Loss Adjustment for the Small Business Alternative Credit

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

INSTRUCTIONS: Use this worksheet to qualify for an otherwise disallowed Small Business Alternative Credit by adjusting current year adjusted business income. This is available only if a taxpayer had a negative adjusted business income in any of the five tax years immediately preceding this tax year and received a Single Business Tax Small Business Credit or MBT Small Business Alternative Credit in the loss year. Partnerships and members of Unitary Business Groups, see instructions. Each Unitary Business Group member with a disqualifier must complete this form.

PART 1: CURRENT YEAR AMOUNTS

Use this section to determine amount of loss adjustment to business income needed to qualify for the Small Business Alternative Credit.

Business Income Disqualifier: $1,329,900 ($180,000 for individuals)

1. Adjusted Business Income from Form 4571, line 8	1.		00
2. Business Income Disqualifier	2.		00
3. Loss adjustment required. Subtract line 2 from line 1. If less than zero, enter zero	3.		00

Shareholder Income Disqualifier: $180,000

4. Enter the amount from Form 4571, line 5	4.		00
5. Shareholder Income Disqualifier	5.		00
6. Enter compensation and director fees from Form 4577, column L, of the shareholder creating the disqualifier or reduction*	6.		00
7. Subtract line 6 from line 5. If less than zero, enter as a negative number	7.		00
8. Divide line 7 by the percent of ownership from Form 4577, column G, for the shareholder on line 6	8.		00
9. Loss adjustment required. Subtract line 8 from line 4	9.		00

* **Note:** If compensation exceeds $180,000 for any C Corporation shareholder or officer, a Small Business Alternative Credit cannot be claimed nor can a loss adjustment be used to reduce compensation from Form 4577, column L.

PART 2: AVAILABLE LOSS

Read instructions before completing Part 2. Use Part 2 to determine the loss available from the five preceding periods. Do not enter a negative sign in front of the loss amount.

Complete lines 10 through 16 one column at a time. Complete only columns for periods that reported a loss AND received a Small Business Credit or Small Business Alternative Credit.

10. Tax year end date (MM-DD-YYYY)					
11. Adjusted business income					
12. Loss used on prior returns					
13. Loss available for current return					
14. Loss adjustment required					
15. Remaining loss adjustment required					
16. Loss adjustment carryforward					

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Instructions for Form 4575, Michigan Business Tax (MBT) Loss Adjustment for the Small Business Alternative Credit

Purpose

To reduce the adjusted business income (ABI) or shareholder allocated income to qualify for the Small Business Alternative Credit (SBAC) or minimize the reduction percentage required.

If the ABI was less than zero in any of the five years immediately preceding the tax year for which a credit is being claimed, and the taxpayer received a Small Business Credit under the Single Business Tax (SBT) or SBAC under MBT for that same year, the taxpayer may adjust for the loss before figuring eligibility for the SBAC. Business income for credit purposes is adjusted by using available loss from prior years on a first-in, first-out basis until those losses are extinguished. A loss adjustment will not affect a reduction to the SBAC based on gross receipts that exceed $19,000,000. Also, it will not change the amount of compensation in column L for a C Corporation on the *MBT Schedule of Shareholders and Officers* (Form 4577).

NOTE: Although this form is formatted for Corporations, it can be used by other types of entities with minor adjustments. See instructions for further details.

Special Instructions for UBGs

The ABI threshold must be calculated by the UBG by combining the ABIs of its members. Likewise, to reduce an ABI disqualifier of the UBG, loss adjustment must be calculated on a group level and used against the group's ABI. Loss used at the group level is independent of the loss available at the member level.

Disqualifiers based on shareholder or partner allocated income must be determined on a member by member basis. If any shareholder or partner has allocated income in excess of $180,000, the loss adjustment must be calculated on a member by member basis for any and all members for which it may apply. Loss used at a member level does not reduce the group's available loss.

NOTE: Members with available loss adjustment must complete a copy of Form 4575 using member data, referred to here as a member copy or member form. The combined UBG member data is displayed on a separate Form 4575 identified as "Group Copy for ABI." Details regarding the forms are addressed further in these instructions.

NOTE: The usage of loss adjustment for one disqualifier does not affect the available loss adjustment for the other disqualifier. This form will accommodate the separate maintenance of loss adjustment available for the UBG for both the ABI (Group Copy for ABI) and allocated income (separate member copy) disqualifiers as long as no member leaves the UBG prior to using up all of its separately calculated loss adjustment available for the group's ABI disqualifier. See the "Supplemental Instructions for Standard Members in UBGs" section in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600) for details.

If one or more members exceed the shareholder income threshold, only those members with shareholder income disqualifiers must file a Form 4575, using member-only (pro forma) figures in lines 4 through 16 on each member form.

If the UBG's ABI exceeds the threshold, one Form 4575 must be filed to determine the UBG's business income loss adjustment, which will be calculated on a group basis (the Group Copy for ABI, detailed below). For years in which a member was not part of the UBG, the UBG will use that member's available loss from those separate years on a first-in, first-out basis until those losses are extinguished. These amounts are calculated initially at the member level but used and maintained for use in future years on the Group Copy for ABI. Supporting 4575 forms must be filed by each member who has a loss available from the separate years that is used against the UBG's ABI disqualifier (member forms). For members who do not exceed the credit's shareholder income threshold, only Part 2, lines 10 through 13, of Form 4575 need to be completed on the member form. For members who also exceed the credit's shareholder income threshold, lines 4 through 16 of the member form must be completed. Member forms must be completed using member-only figures.

Shareholder Income Disqualifier

Any member whose shareholder income creates a partial or complete disqualification, and that has loss available to resolve that disqualification in whole or in part, must file Form 4575. Leave lines 1 through 3 blank. Complete line 4 (using a pro forma figure) and lines 5 through 16, all with data for the reporting member only. For years that the member was part of the UBG, pro forma figures will be entered in lines 11 through 13; however, the member cannot complete these lines for a tax year that it was part of the UBG and the UBG did not receive the SBAC. The member may complete these lines for a tax year that it was **not** a member of the UBG and it received the SBC or SBAC, regardless of whether the UBG received the credit in that same year. Lines 14 through 16 on the member's Form 4575 will reflect the usage of loss adjustment to resolve the allocated income disqualifier only. The use of loss adjustment to resolve the ABI disqualifier will be maintained on the Group Copy for ABI.

NOTE: If any member still has a total disqualification on this basis (greater than $180,000) after completing its own Form 4575 as described above, the UBG is disqualified from the SBAC. Do not proceed with these instructions. However, if each member's shareholder income disqualification is fully resolved or reduced to a partial disqualification by this method, continue below to compute the groupwide ABI loss adjustment required.

Adjusted Business Income Disqualifier

This disqualifier is calculated at the group level. If the UBG has ABI in excess of $1,329,900, the UBG must complete one group Form 4575. The groupwide Form 4575 will calculate loss available from the UBG's prior tax years as well as organize the members' available loss that may be used against this disqualifier. These member amounts are calculated initially at the member level but used and maintained for use in future years on the Group Copy for ABI.

In the Taxpayer Name field at the top of the page, enter the Designated Member's (DM's) name followed by the DM's Federal Employer Identification Number (FEIN) or Michigan

Department of Treasury (TR) assigned number. In the Unitary Business Groups Only field, enter "GROUP COPY FOR ABI," and leave FEIN or TR Number field blank. On this group copy of Form 4575, enter groupwide data for lines 1 through 3. Leave lines 4 through 9 blank. Complete lines 10 through 16 following line-specific instructions.

To reduce the UBG's ABI disqualifier, the group will use its available loss from a prior tax period when the UBG received the SBAC, as well as a member's available loss from a tax year when it received the SBC or SBAC and was not part of the UBG (member's separate year). However, the group may not use a member's separately calculated available loss for a tax year when the member was part of the UBG to reduce the group's ABI disqualifier.

To reduce the UBG's ABI disqualifier, available loss is used on a first-in, first-out basis until those losses are extinguished. For the purposes of completing Part 2, if a member's separate year does not share a common year end with the UBG, use a separate column for that member. If some members' separate years share a common year end, total the amount of those members' available loss in a single column. Arrange all of the columns in chronological order. If additional columns are needed to accommodate the five preceding periods, create and attach a table comparable to that found in lines 10 through 16. Apply to that custom table the calculations described in the form text and instructions for lines 10 through 16.

Lines 14 through 16 on the Group Copy for ABI will reflect the usage of loss adjustment to resolve the ABI disqualifier and the maintenance of loss adjustment available for future years (within the five year statutory period). Loss adjustment used for the ABI disqualifier is not recorded on the member copy of Form 4575. However, loss adjustment used for the ABI disqualifier from a member's separately filed years should be tracked in the taxpayer's records. Any ABI loss adjustment remaining from a member's separately filed years will be available to that member in the event the member leaves the UBG prior to complete usage of the loss adjustment available by the UBG. See the "Supplemental Instructions for Standard Members in UBGs" section in Form 4600 for details.

NOTE: If the UBG still has a disqualification on this basis (greater than $1,329,900) after completing the group's Form 4575 as described above, the UBG is disqualified from the SBAC. Do not proceed with these instructions.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be entered in MM-DD-YYYY format.

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567).

UBGs: Complete one form for each member for whom this schedule applies. Enter the DM's name in the Taxpayer Name field and the member to whom the schedule applies on the line below. For the form that determines the UBG's ABI loss adjustment, enter the DM's name and FEIN in the first identification line, and "GROUP COPY FOR ABI" and no FEIN in the second identification line.

Part 1: Current Year Amounts

Use Part 1 to determine the amount of loss adjustment necessary to qualify for the SBAC.

If the taxpayer is not eligible for the credit because the ABI exceeds $1,329,900 ($180,000 for individuals), complete lines 1 through 3.

If the taxpayer is not eligible because a shareholder's allocated income exceeds $180,000, or a partner's distributive income exceeds $180,000, complete lines 4 through 9 for the shareholder(s) or partner(s) creating the disqualifier. The loss adjustment required is the largest amount needed to eliminate all allocated income disqualifiers.

Partnerships: Form 4575 is formatted for Corporations. To use it for a Partnership, make these changes:

Enter on line 6 any guaranteed payments made to the partner creating a $180,000 disqualifier.

On line 8, divide by the percentage of ownership from column C of the *MBT Schedule of Partners* (Form 4578).

NOTE: A member of a Limited Liability Company (LLC) is characterized for MBT purposes as a partner, shareholder, or owner, based on the federal characterization of the LLC. An LLC taxed as a Partnership for federal purposes must file as a Partnership for MBT. Similarly, an LLC taxed as a C Corporation or S Corporation for federal purposes must file under that same status for MBT.

NOTE: Federally disregarded LLCs (and Qualified Subchapter S Subsidiaries, or Q-Subs) are required to file separate MBT returns, although they may file as part of a UBG return with their owner if they meet the UBG relationship tests. A federally disregarded LLC or Q-Sub is classified for MBT purposes according to the federal tax classification of its owner.

Reduced SBAC: A reduction of the SBAC is required if an Individual, a partner in a Partnership, a shareholder of a Corporation, or an officer of a C Corporation has allocated income after loss adjustment of more than $160,000. This reduction is based on the Individual/partner/officer/shareholder with the largest allocated income.

Complete lines 4 through 9 for the shareholder or partner creating the need to reduce the SBAC.

Form 4575 should always be calculated initially using $160,000 on line 5. This calculation will establish taxpayer eligibility without the need to reduce the SBAC. However, if the total loss available for the current year on line 13 does not equal or exceed the loss adjustment required on line 9, the taxpayer may still calculate a lesser loss adjustment to claim a reduced credit.

Try the calculation more than once. Substitute the numbers shown on the chart in the instructions for line 5, in order to maximize the claimed SBAC.

Tax Year Less Than 12 Months: Business income and shareholder disqualifiers must be calculated on an annualized basis. Enter annualized numbers on lines 1, 4, and 6. Part-year shareholders also must annualize compensation and report that figure on line 6.

Annualizing

To annualize, multiply each applicable amount, ABI, or shareholder compensation, by 12 and divide the result by the number of months the business operated. Generally, a business is considered in business for one month if the business operated for more than half the days of the month.

Line 4: **UBGs:** When calculating the amount of loss adjustment needed to reduce a member's shareholder income disqualifier, the member should calculate a pro forma Form 4571 for the purpose of completing this line.

Line 5: Form 4575 should always be calculated initially using $160,000. This calculation will establish taxpayer eligibility without the need to reduce the SBAC. However, if the total loss available for the current year on line 13 does not equal or exceed the loss adjustment required on line 9, the taxpayer may still calculate a lesser loss adjustment to claim a reduced credit.

Try the calculation more than once. Substitute the numbers shown on the chart below on line 5 to maximize the claimed SBAC:

Line 5	Eligible % of Credit
$ 160,000	100% - no reduction
$164,999	80%
$169,999	60%
$174,999	40%
$180,000	20%

Part 2: Available Loss

Use Part 2 to determine the loss available from the five preceding periods. Do not enter a negative sign in front of the loss amount.

Complete lines 10 through 16 one column at a time. Complete only columns for periods that reported a loss **and** received an SBC or SBAC.

Line 10: Enter each tax year end date for periods where loss occurred. Begin with the earliest year in the left column.

Line 11: Enter (as a positive number) the negative ABI from Form 4571, line 8, for tax years where an SBAC was received. For SBT tax years, enter the ABI from the *SBT Credit for Small Businesses and Contribution Credits* (Form C-8000C), line 9, for each tax year that reported a loss **and** received an SBC.

UBGs: When completing a member's form, this line is calculated using member specific (pro forma) data. Note, however, the member cannot enter an ABI amount for a tax year that it was part of the UBG and the UBG did not receive the SBAC. The member may, however, enter an ABI amount for a tax year that it was **not** a member of the UBG and it received the SBC or SBAC, regardless of whether the UBG received the credit in that same year.

When completing the Group Copy for ABI, enter the sum of the following: 1) UBG's negative ABI for tax years it received the SBAC, plus, 2) a member's negative ABI for a tax year when it received the SBC or SBAC and was **not** part of the UBG. These member amounts are calculated initially at the member level but used and maintained for use in future years on the Group Copy for ABI.

Line 12: Enter the amount of loss entered on line 11 that was used as an adjustment in a prior period (including loss adjustment used in SBT periods).

UBGs: When completing the Group Copy for ABI, if a member's negative ABI was included on Line 11 (the member received a credit and was not part of the UBG in the tax year the credit was received), include any loss adjustment used by that member in a prior period to offset an ABI disqualifier (including loss adjustment used in SBT periods). Also enter any groupwide loss used against the UBG's ABI disqualifier in a prior period.

Line 13: Subtract line 12 from line 11 to arrive at loss available on the current return. If less than zero, enter zero; no loss is available.

UBGs: On the Group Copy for ABI, if the group's membership has not changed, that is, no member has joined or left the group since the filing of the prior year's return, the amounts calculated on line 13 should equal the amounts on line 16 of the prior year's corresponding columns. If membership for this year is different, these amounts may not be the same. See the "Supplemental Instructions for Standard Members in UBGs" section in Form 4600 for details.

Line 14: Enter the amount from line 3 or line 9, whichever is larger, in the first column where a loss is available on line 13. In subsequent columns, enter amount from line 15 of the previous applicable column.

UBGs: When completing a member's form for the purpose of reducing the shareholder income disqualifier, enter the amount from line 9.

When completing the Group Copy for ABI, enter the amount from line 3.

Line 15: If line 14 is larger than line 13, subtract line 13 from line 14. Enter here and on line 14 of the next column where a loss is available on line 13.

Line 16: If line 13 is larger than line 14, subtract line 14 from line 13. This amount is available to use in subsequent periods.

NOTE: To benefit from a loss adjustment, the total loss available for the current year, line 13, must equal or exceed the loss adjustment required on line 14.

The function of this form is to demonstrate that a taxpayer that otherwise would have been disqualified from the SBAC due to ABI, or fully or partially disqualified due to owner's allocated income is, after application of loss adjustment, allowed to claim a full or partial SBAC.

If loss adjustment is successfully applied to cure an ABI disqualifier, there is no calculated figure from this form that feeds to another form. Simply ignore the apparent disqualification on Form 4571, line 8 and proceed with calculating the SBAC on the remainder of Form 4571.

If loss adjustment is successfully applied to fully or partially cure an owner's allocated income disqualifier, this will be demonstrated by the final column of line 15 being zero. In that event, carry the number from line 5 of this form to Form 4571, line 11 and proceed with the calculation there.

Include completed Form 4575 as part of the tax return filing.

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Attachment 07

2010 MICHIGAN Business Tax Schedule of Shareholders and Officers

For all Corporations claiming the Small Business Alternative and Start-Up Business Credits

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

PART 1: SHAREHOLDERS AND OFFICERS. See instructions.

1. A Member Number	B Name of shareholder (including corporation, trust, or partnership), officer, or family member receiving compensation from the business (Last, First, Middle)	C FEIN or Social Security number of shareholder or officer	D Check (X) if an officer	E % Stock directly owned	F % Stock with attribution (See instructions.)	G % Stock from Col. F less any attribution between two active shareholders
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
Percent of stock (not listed above) owned by shareholders who own less than 10% and receive no compensation:				%		
			Total:	100 %		

Continue below using the same Member Number references from column 1A.

H Member Number	I Dividends (used to determine active shareholders)	J Salaries, wages and/ or director fees	K Employee insurance plans, pensions, etc.	L Total compensation and director fees for officers and/or shareholders. Add columns J and K.	M Share of business income/loss (See instructions.)	N Total shareholder/officer income. Add columns L and M.

If more space is needed, attach additional 4577 forms. Identify taxpayer and complete Part 1 and Part 2 on each additional form. (See instructions.)

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Continue on Page 2.

FEIN or TR Number	
UBG Member FEIN or TR Number	

PART 2: LIST OF FAMILY MEMBERS AND THEIR CORRESPONDING RELATIONSHIP TYPE

Using the same Member Number references from Part 1, indicate your attributable family relationship (if any) to each shareholder. (An attributable family relationship is defined as either a spouse, parent, child or grandchild.)

- If an attributable family relationship exists, designate in columns P through S
- If no attributable family relationship exists, check box in column T.

2. O Member Number	P Spouse	Q Parent	R Child	S Grandchild	T Check (X) if No Attributable Relationship

PART 3: SMALL BUSINESS ALTERNATIVE CREDIT. See instructions for definition of active shareholder.

3.	Compensation and director fees of active shareholders. Add amounts in column L for each active shareholder. Enter here and on Form 4571, line 6, or 4583, line 12	3.	00
4.	Compensation and director fees of officers. Add amounts in column L for each officer who is not an active shareholder. Enter here and on Form 4571, line 7, or 4583, line 13	4.	00

Instructions for Form 4577
Michigan Business Tax (MBT) Schedule of Shareholders and Officers
For all Corporations claiming the Small Business Alternative and Start-Up Business Credits

Purpose

To determine eligibility for all Corporations to qualify for the Small Business Alternative Credit. *Corporation* means a taxpayer that is required or has elected to file as a Corporation under the Internal Revenue Code (IRC).

If filing as a Corporation (including Limited Liability Companies federally taxed as such) and claiming a Small Business Alternative Credit, complete this form and attach it to the annual return to report:

- Shareholder and C Corporation officer qualifications for the Small Business Alternative Credit;
- Compensation and director fees of active shareholders and all C Corporation officers for the computation of the Small Business Alternative Credit.

This form also is required to be completed and attached whenever a corporation claims a Start-Up Business Credit. To qualify for the Start-Up Business Credit, the compensation, director fees, or distributive shares paid by the taxpayer to a shareholder of a C Corporation or S Corporation, or an officer of a C Corporation, cannot exceed $135,000.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567) or the *MBT Simplified Return* (Form 4583).

Unitary Business Groups (UBGs): Complete one form for each member that is a corporation (including an entity taxed federally as such). Enter the Designated Member name in the Taxpayer Name field and the member to whom the schedule applies on the line below.

PART 1: SHAREHOLDERS AND OFFICERS

Line 1 (Columns A through N): In column 1A, assign numbers (beginning with 1) to all shareholders and C Corporation officers in order of percentage of stock ownership (percentage in column G), highest percentage first. (Repeat this numbering in Part 1, line 1H, and Part 2, line 2O. It is essential that this numbering system is followed.) All shareholders' family members, as defined by IRC § 318(a)(1), are considered shareholders and must be listed in Part 1 if they receive compensation from the business. List and describe all shareholders and C Corporation officers who:

- Are employees of the Corporation;
- Are directors of the Corporation; or
- Own 10 percent or more of the stock of the Corporation, including those by attribution.

Shareholder means a person who owns outstanding stock in the Corporation. An Individual is considered as owning the stock owned, directly or indirectly, by or for family members as defined by IRC § 318(a)(1). An officer of a C Corporation includes the chairperson of the board, president, vice president, secretary, and treasurer, or persons performing similar duties.

Outstanding stock means all stock of record, regardless of class, value, or voting rights, but outstanding stock does not include treasury stock.

If more lines are needed for listing the shareholders and C Corporation officers, attach additional copies of this form. Complete the taxpayer name and account number on each copy (and UBG member if applicable), and lines 1 and 2 as necessary. If using more than one copy of the form, continue the sequential number system for the Member Number in columns A and H.

NOTE: Rules of attribution in IRC § 318(a)(1) do not differentiate between an adult and a minor child.

Columns B and C: Identify each shareholder (including Corporations, Trusts, or Partnerships) and C Corporation officer by name and Social Security number. Corporations, Trusts, and Partnerships should be identified using the Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number.

NOTE: Column C: An individual or foreign entity that does not have a Social Security number or FEIN may enter in Column C "APPLD FOR" (an abbreviation for "applied for") or "FOREIGNUS" (an abbreviation for "foreign filer").

Column E: Enter the percentage of outstanding stock each shareholder or C Corporation officer actually owns. If a shareholder owned stock for a period less than the Corporation's tax year, multiply that shareholder's percentage of ownership by the number of months owned and divide the result by the number of months in the Corporation's tax year.

Taxpayers must account for 100 percent of the stock. If it is not accounted for, processing of the return may be delayed.

Column F: Enter the percentage of outstanding stock each shareholder owns, including attribution of ownership from family members under IRC § 318(a)(1). If no attribution exists, enter the percentage from column E in column G and leave column F blank.

Column G: When reporting ownership of a person who is an active shareholder, do not include in Column G any stock ownership attributed to this person from another active shareholder. See definition of active shareholders in the Part 3 instructions. For the purposes of determining disqualification for the Small Business Alternative Credit, an active shareholder's share of business income is not attributed to another active shareholder.

EXAMPLE: In this case, the husband and daughter are active shareholders because compensation, director fees, or dividends from the business are greater than $10,000. The wife and son are not active because compensation, director fees, or dividends from the business are less than $10,000.

Stock Percentage			
	Column E	Column F	Column G
Husband *(active)*	40%	100% *(all shareholders)*	70% *(husband/wife/son)*
Wife *(inactive)*	10%	100% *(all shareholders)*	100% *(all shareholders)*
Son *(inactive)*	20%	70% *(husband/ wife/son)*	70% *(husband/wife/son)*
Daughter *(active)*	30%	80% *(husband/ wife/daughter)*	40% *(wife/daughter)*

Column I: Enter total dividends received by each shareholder during the tax year from this business (used to determine active shareholders). This includes regular distributions for an S Corporation.

Column J: Enter salaries, wages, and director fees that are attributable to each shareholder or C Corporation officer. Compensation paid by a professional employer organization to the officers of a client (if the client is a C Corporation) and to employees of the professional employer organization who are assigned or leased to and perform services for a client must be included in determining the eligibility of the client for this credit.

If a shareholder owned stock for less than the entire tax year of the corporation, or an officer served as an officer less than the entire tax year, report only the compensation and insurance payments received while serving as an officer or shareholder. These amounts must be annualized when determining disqualifiers, but should be reported as actual amounts on this form.

NOTE: All compensation must be included, whether or not the shareholder or C Corporation officer worked in Michigan.

Column K: Enter employee insurance payments and pensions that are attributable to each shareholder or C Corporation officer.

If a shareholder owned stock for less than the entire tax year of the corporation, or an officer served as an officer less than the entire tax year, report only the compensation and insurance payments received while serving as an officer or shareholder. These amounts must be annualized when determining disqualifiers, but should be reported as actual amounts on this form.

Column M: Multiply the percentage in column G by line 5 on the *MBT Common Credits for Small Businesses* (Form 4571) OR the sum of lines 10 and 11 on Form 4583.

UBGs: Multiply the percentage in column G by the sum of the *MBT Unitary Business Group Combined Filing Schedule* (Form 4580), Part 2A, lines 30 and 34, plus capital loss from the federal return.

PART 2: LIST OF FAMILY MEMBERS AND THEIR CORRESPONDING RELATIONSHIP TYPE

Columns P through S represent relationships affected by attribution.

ATTRIBUTION EXAMPLE:

Larry David Stone	Husband of Betty Stone, Father of Mary Stone, Stepfather of Tammie Rock, Step Grandfather of Kathy Rock
Betty Ann Stone	Daughter of Bob Pebble, Wife of Larry Stone, Mother of Tammie Rock, Stepmother of Mary Stone, Grandmother of Kathy Rock
Mary Elizabeth Stone	Daughter of Larry Stone, Stepdaughter of Betty Stone
Tammie Marie Rock	Daughter of Betty Stone, Stepdaughter of Larry Stone, Spouse of Steve Rock, Mother of Kathy Rock, Granddaughter of Bob Pebble
Steve Carl Rock	Spouse of Tammie Rock, Father of Kathy Rock, Brother of Mike Rock
Kathy Evelyn Rock	Daughter of Tammie and Steve Rock, Granddaughter of Betty Stone, Step Granddaughter of Larry Stone
Mike Joseph Rock	Brother of Steve Rock
Bob Kenneth Pebble	Father of Betty Stone, Grandfather of Tammie Rock
Terry Robert Marble	Friend

Part 1: Shareholders and officers - See instructions

1. A Member Number	B Name of shareholder (including corporation, trust, or partnership), officer, or family member receiving compensation from the business (Last, First, Middle)
1	Stone, Larry David
2	Stone, Betty Ann
3	Stone, Mary Elizabeth
4	Rock, Tammie Marie
5	Rock, Steve Carl
6	Rock, Kathy Evelyn
7	Rock, Mike Joseph
8	Pebble, Bob Kenneth
9	Marble, Terry Robert

Part 2: List of family members and their corresponding relationships

2. O Member Number	P Spouse	Q Parent	R Child	S Grandchild	T Check (X) if No Attributable Relationship
1	2		3		
2	1	8	4	6	
3		1			
4	5	2	6		
5	4		6		
6		4-5			
7					X
8			2	4	
9					X

For each shareholder listed in Part 1, column A, enter the corresponding number of the shareholder's spouse, parent, child, or grandchild, if any, listed in Part 1, column A.

If more than one number is entered in boxes P through S, separate numbers with a dash. For example, if a family member has three children, each child's member number should appear in the "Child" column with dashes separating them ("2-3-4").

Do not use a dash to imply included numbers (such as "5-8" meaning "5 through 8"), but instead include each member number ("5-6-7-8"). Do not use commas.

EXAMPLE (SEE THE ATTRIBUTION EXAMPLE ON THE PREVIOUS PAGE): Kathy Rock's (6) parents (4 and 5) work for the company. Kathy will list "4-5" in column Q.

NOTE: If the space provided in the line 2 columns is not adequate to list all of the corresponding relationships, attach a separate sheet of paper with the member number from column O, the corresponding relationship, and the number of the member(s) with that relationship.

Column T: Check column T for each shareholder listed only if columns P through S are blank (no attributable relationship exists).

PART 3: Small Business Alternative Credit

Line 3: Add compensation and director fees in column L for each active shareholder and enter the result on line 3 and on Form 4571, line 6, or Form 4583, line 12.

An active shareholder:

- Is a shareholder of the C Corporation, including through attribution, AND
- Owns at least 5 percent of outstanding stock, including through attribution (column E or F = 5 percent or more), AND
- Receives at least $10,000 in compensation, director fees, and dividends from the business (sum of columns I and L = $10,000 or more). **Important:** For short-period returns or a part-year shareholder, compensation, director fees, and dividends of each individual must be annualized to meet this requirement.

Annualizing

Multiply each applicable amount by 12 and divide the result by the number of months the business operated or the person was a shareholder. Generally, a business is considered in business for one month if the business operated for more than half the days of the month.

Line 4: Add the compensation and director fees in column L for each C Corporation officer who is not an active shareholder and enter the result on line 4 and on Form 4571, line 7, or Form 4583, line 13. **Important:** For short-period returns or a part-year C Corporation officer, compensation, director fees, and dividends of each individual must be annualized to meet this requirement.

REMINDER: Active shareholders of an S Corporation are included in the line 3 calculation, even if the shareholder is also a C Corporation officer. Because the definition of "officer" for this purpose does not apply to an S Corporation, line 4 will always be blank for an S Corporation.

Include completed Form 4577 as part of the tax return filing.

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Attachment 08

2010 MICHIGAN Business Tax Schedule of Partners

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

PARTNER IDENTIFICATION

1.	A Name (If partner is an Individual, enter Last, First, and Middle Initial)	B FEIN, TR Number or Social Security Number of Partner	C % Owned		D Share of Business Income*	
a				%		00
b				%		00
c				%		00
d				%		00
e				%		00
f				%		00
g				%		00
h				%		00
i				%		00
j				%		00
k				%		00
l				%		00
m				%		00
n				%		00
o				%		00
p				%		00
q				%		00

2. **Total of Column C** (% Owned). Cannot exceed 100%.....	2.		%
3. **Total of Column D** (Share of Business Income). Cannot exceed the partnership's business income.	3.		00

*If any partner has a share of business income in column D of over $180,000 after loss adjustment, the Partnership is not eligible for the Small Business Alternative Credit.

* If any partner has a share of business income in column D of over $135,000, the Partnership is not eligible for the Start-Up Business Credit.

If more space is needed, submit additional forms 4578. Identify taxpayer and complete Partner Identification on each additional form. (See instructions.)

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Instructions for Form 4578
Michigan Business Tax (MBT) Schedule of Partners

For all Partnerships claiming the Small Business Alternative Credit and Start-Up Business Credit

Purpose

To determine eligibility for the Partnership's Small Business Alternative Credit.

Partnership means a taxpayer that is required to, or has elected to, file as a Partnership for federal income tax purposes.

NOTE: A member of a Limited Liability Company (LLC) is characterized for MBT purposes as a partner if the LLC is taxed as a Partnership for federal purposes.

NOTE: Federally disregarded LLCs (and Qualified Subchapter S subsidiaries, or Q-Subs) are required to file separate MBT returns, although they may file as part of a UBG return with their owner if they meet the UBG relationship tests. A federally disregarded LLC or Q-Sub is classified for MBT purposes according to the federal tax classification of its owner.

This form also is required to be completed and attached whenever a Partnership claims a Start-Up Business Credit. To qualify for the Start-Up Business Credit, distributive shares paid by the taxpayer to a partner in a Partnership cannot exceed $135,000.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567) or the *MBT Simplified Return* (Form 4583).

If more lines are needed for listing the partners, attach additional copies of this form and complete the name, account number, and line 1 for each copy.

Unitary Business Groups: Complete one form for each member that is a partnership (including an entity taxed federally as such). Enter the Designated Member name in the Taxpayer Name field and the member to whom the schedule applies on the line below.

Line 1: Partner Identification

- **Columns A and B:** Identify each partner (including Corporation, Partnership, and Trust) by name. Identify partners who are individuals by Social Security number. Partners that are Corporations, Partnerships, or Trusts should be identified using a Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number.
  - **NOTE: Column B:** An individual or foreign entity that does not have a Social Security number or FEIN may enter in Column B "APPLD FOR" (an abbreviation for "applied for") or "FOREIGNUS" (an abbreviation for "foreign filer").

- **Column C:** Enter the percentage of profits or capital interest of this Partnership owned by each partner. If a partner owned this interest for a period less than the Partnership's tax year, multiply that partner's percentage of ownership by the number of months owned and divide the result by the number of months in this Partnership's tax year.

- **Column D:** Enter each partner's distributive share of income, losses, and deductions from U.S. Form *1065*, *Schedule K-1*. Use the *Business Income Worksheet* (Worksheet 4746) in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600) to calculate partnership business income. Attach Worksheet 4746 to the filing. Each partner's distributive share includes guaranteed payments to partners that are made to that partner. If any partner has a share of business income in column D of over $180,000 after loss adjustment, the Partnership is not eligible for the Small Business Alternative Credit. If any partner has a share of business income in Column D of over $135,000, the Partnership is not eligible for the Start-Up Business Credit.

IMPORTANT: For short-period returns, each partner's share of business income must be annualized to meet these requirements.

Annualizing

Multiply each applicable amount by 12 and divide the result by the number of months the business operated or the person was a partner. Generally, a business is considered in business for one month if the business operated for more than half the days of the month.

Line 2: If multiple pages of Form 4578 are included for one separately filing taxpayer, or one member of a UBG, bring the total of all line 1C entries to the main Form 4578.

Line 3: If multiple pages of Form 4578 are included for one separately filing taxpayer, or one member of a UBG, bring the total of all line 1D entries to the main Form 4578.

Include completed Form 4578 as part of the tax return filing.

Attachment 15

2010 MICHIGAN Business Tax Unitary Business Group Combined Filing Schedule for Standard Members

Issued under authority of Public Act 36 of 2007.

IMPORTANT: Read the instructions before completing this form.

Designated Member Name	Federal Employer Identification Number (FEIN) or TR Number

PART 1A: UNITARY BUSINESS GROUP (UBG) MEMBERS

List the UBG members whose activity is included on the combined return supported by this form, beginning with the Designated Member (DM). Include all UBG members (with or without nexus), except those excluded in Part 3. If more than one page is needed, repeat the DM's name and FEIN or TR Number in the field at the top of the page, but not on line 1.

1. A Member Name	B FEIN or TR Number

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Continue on Page 2.

Designated Member FEIN or TR Number

PART 1B: MEMBER IDENTIFICATION

Complete a separate copy of Part 1B for each member listed in Part 1A.

2. Member Name			5. Organization Type
3. Member FEIN or TR Number			☐ Individual ☐ C Corporation / LLC C Corporation
4. Member Address (Street)			☐ Fiduciary ☐ S Corporation / LLC S Corporation
City	State	ZIP/Postal Code	☐ Partnership / LLC Partnership

	Beginning	Ending	
6. Federal Tax Period Included in Return (MM-DD-YYYY)			10. ☐ Check if Nexus with Michigan
7. If part-year member, enter membership dates (MM-DD-YYYY)			11. ☐ Check if Registered for MBT
8. NAICS Code	9. If discontinued, effective date		12. ☐ Check if New Member

13. Nature of business activities or operations resulting in a flow of value between members, or integration, dependence or contribution to other members

PART 2A: MEMBER DATA FOR COMBINED RETURN OF STANDARD TAXPAYERS

Enter data for the member listed in Part 1B. Enter whole dollars only.

14. Michigan sales. (If no Michigan sales enter zero) 14. 00
15. Total sales 15. 00
16. Pro forma apportionment percentage. Divide line 14 by line 15 ..... 16. %

Member Modified Gross Receipts

17. Gross receipts 17. 00
18. Inventory acquired during the tax year 18. 00
19. Depreciable assets acquired during the tax year 19. 00
20. Materials and supplies not included in inventory or depreciable property 20. 00
21. Staffing company: Compensation of personnel supplied to customers 21. 00
22. Deduction for contractors in SIC Codes 15, 16 and 17 (see instructions) 22. 00
    SIC Code:
23. Film rental or royalty payments paid by a theater owner to a film distributor and/or film producer 23. 00
24. Qualified Affordable Housing Project (QAHP) deduction
    a. Gross receipts attributable to residential rentals in Michigan 24a. 00
    b. Number of residential rent restricted units in Michigan owned by QAHP ..... 24b.
    c. Total number of residential rental units in Michigan owned by QAHP ..... 24c.
    d. Divide line 24b by line 24c and enter as a percentage ..... 24d. %
    e. Multiply line 24a by line 24d 24e. 00
    f. Limited dividends or other distributions made to project owners 24f. 00
    g. QAHP Deduction. Subtract line 24f from line 24e 24g. 00
25. Payments made by taxpayers licensed under Article 25 or Article 26 of the Occupational Code to independent contractors licensed under Article 25 or Article 26 ..... 25. 00
26. Miscellaneous subtractions (see instructions) 26. 00
27. Modified gross receipts. Subtract lines 18 through 23 and 24g through 26 from line 17 ..... 27. 00
28. Enrichment prohibition for dealer of personal watercraft or new motor vehicles. Enter amount collected during tax year. If zero, enter zero and skip line 29. If greater than zero, enter number here, then see instructions for how to complete line 29 ..... 28. 00
29. Excess enrichment prohibition tax collected (see instructions) 29. 00

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Continue on Page 3.

Designated Member FEIN or TR Number

Member FEIN or TR Number

PART 2A: MEMBER DATA FOR COMBINED RETURN OF STANDARD TAXPAYERS (Cont.)

Member Business Income

30.	Business income (If business activity protected under PL 86-272, complete and attach Form 4581 or Form 4586, as applicable; see instructions)	30.	00
31.	Interest income and dividends derived from obligations or securities of states other than Michigan	31.	00
32.	Taxes on or measured by net income	32.	00
33.	Tax imposed under MBT	33.	00
34.	Any carryback or carryover of a federal NOL	34.	00
35.	Losses attributable to other taxable flow-through entities Account No.	35.	00
36.	Royalty, interest, and other expenses paid to a related person (see instructions)	36.	00
37.	Miscellaneous additions (see instructions)	37.	00
38.	Dividends and royalties received from persons other than U.S. persons and foreign operating entities	38.	00
39.	Income attributable to other taxable flow-through entities Account No.	39.	00
40.	Interest income derived from U.S. obligations	40.	00
41.	Net earnings from self-employment. If less than zero, enter zero	41.	00
42.	Miscellaneous subtractions (see instructions)	42.	00
43.	Business Income Tax Base. Add lines 30 through 37 and subtract lines 38 through 42	43.	00
44.	Available MBT business loss from previous period MBT return (see instructions)	44.	00
45.	Qualified Affordable Housing Deduction. Members claiming the seller's deduction, skip lines 45a through 45h and carry the amount from Form 4579, line 5, to line 45i. Members claiming the QAHP deduction, complete lines 45a through 45i.		
a.	Gross rental receipts attributable to residential units in Michigan	45a.	00
b.	Rental expenses attributable to residential rental units in Michigan	45b.	00
c.	Taxable income attributable to residential rental units. Subtract line 45b from line 45a	45c.	00
d.	Number of residential rent restricted units in Michigan owned by the QAHP	45d.	
e.	Total residential rental units in Michigan owned by the QAHP	45e.	
f.	Divide line 45d by line 45e and enter as a percentage	45f.	%
g.	Multiply line 45c by line 45f	45g.	00
h.	Limited dividends, other distributions made to project owners	45h.	00
i.	Qualified Affordable Housing Deduction. Subtract line 45h from line 45g	45i.	00
46a.	Amount claimed on federal return for bonus depreciation under IRC § 168(k) for the 2008 tax year	46a.	00
46b.	Apportioned bonus depreciation. Multiply line 46a by pro forma apportionment percentage on line 16	46b.	00
47.	Unused SBT Historic Preservation Credit carryforward	47.	00
48.	Unused SBT "New" Brownfield Credit carryforward	48.	00
49.	Unused MBT Basic/Enhanced Historic Preservation Credit carryforward	49.	00
50.	Unused MBT Special Consideration Historic Preservation Credit carryforward	50.	00
51.	Unused MBT Low-Grade Hematite Credit carryforward	51.	00
52.	Unused MBT MEGA Federal Contract Credit carryforward	52.	00
53.	Unused MBT Individual or Family Development Credit carryforward	53.	00
54.	Unused MBT Bonus Depreciation Credit carryforward	54.	00
55.	Unused MBT Brownfield Redevelopment Credit carryforward	55.	00
56.	Unused MBT Film Job Training Credit carryforward	56.	00
57.	Unused MBT Film Infrastructure Credit carryforward	57.	00
58.	Unused MBT Anchor Company Payroll Credit carryforward	58.	00
59.	Unused MBT Anchor Company Taxable Value Credit carryforward	59.	00
60.	Overpayment credited from prior MBT return	60.	00
61.	Estimated tax payments	61.	00
62.	Tax paid with request for extension	62.	00

Continue on Page 4.

Designated Member FEIN or TR Number

PART 2B: SUMMARY OF BUSINESS ACTIVITY FOR COMBINED RETURN OF STANDARD TAXPAYERS

NOTE: Not all lines from Part 2A are carried to Part 2B.

	A Combined Total Before Eliminations	B Eliminations	C Combined Total After Eliminations	D Carry to form, line
14. Michigan sales				4567, 11a
15. Total sales				4567, 11b
17. Gross receipts				4567, 12
18. Inventory acquired during the tax year				4567, 13
19. Depreciable assets acquired during the tax year				4567, 14
20. Materials and supplies not included in inventory or depreciable property				4567, 15
21. Staffing company: Compensation of personnel supplied to customers				4567, 16
22. Deduction for contractors in SIC Codes 15, 16 and 17 (see instructions)				4567, 17
23. Film rental or royalty payments paid by a theater owner to a film distributor and/or film producer				4567, 18
24g. QAHP Deduction				4567, 19g
25. Payments made by taxpayers licensed under Article 25 or Article 26 of the Occupational Code to independent contractors licensed under Article 25 or Article 26				4567, 20
26. Miscellaneous subtractions (see instructions)				4567, 21
27. Modified gross receipts (Gross receipts line minus all subtraction lines)		X X X X X X X		N/A
28. Enrichment prohibition for dealer of personal watercraft or new motor vehicles. Enter amount collected during tax year				N/A
29. Excess enrichment prohibition tax collected				See instr.
30. Business income				4567, 28
31. Interest income and dividends derived from obligations or securities of states other than Michigan		X X X X X X X		4567, 29
32. Taxes on or measured by net income		X X X X X X X		4567, 30
33. Tax imposed under MBT		X X X X X X X		4567, 31
34. Any carryback or carryover of a federal NOL		X X X X X X X		4567, 32
35. Losses attributable to other taxable flow-through entities				4567, 33
36. Royalty, interest and other expenses paid to a related person		X X X X X X X		4567, 34
37. Miscellaneous (see instructions)				4567, 35
38. Dividends and royalties received from persons other than U.S. persons and foreign operating entities		X X X X X X X		4567, 38
39. Income attributable to other taxable flow-through entities				4567, 39
40. Interest income derived from U.S. obligations		X X X X X X X		4567, 40
41. Net earnings from self-employment. If less than zero, enter zero		X X X X X X X		4567, 41
42. Miscellaneous (see instructions)				4567, 42
43. Business Income Tax Base				4567, 44
44. Available MBT business loss from previous period MBT return(s)				4567, 46
45i. Qualified Affordable Housing Deduction				4567, 48i
46b. Apportioned bonus depreciation		X X X X X X X		4573, 60

Continue on Page 5.

Designated Member FEIN or TR Number

PART 2B: SUMMARY OF BUSINESS ACTIVITY FOR COMBINED RETURN OF STANDARD TAXPAYERS (CONT.)

	A Combined Total Before Eliminations	B Eliminations	C Combined Total After Eliminations	D Carry to form, line
47. Unused SBT Historic Preservation Credit carryforward		X X X X X X X		4569, 2
48. Unused SBT "New" Brownfield Credit carryforward		X X X X X X X		4569, 6
49. Unused MBT Basic/Enhanced Historic Preservation Credit carryforward		X X X X X X X		4584, 4
50. Unused MBT Special Consideration Historic Preservation Credit carryforward		X X X X X X X		4584, 7
51. Unused MBT Low-Grade Hematite Credit carryforward		X X X X X X X		4573, 20
52. Unused MBT MEGA Federal Contract Credit carryforward		X X X X X X X		4584, 31
53. Unused MBT Individual or Family Development Credit carryforward		X X X X X X X		4573, 54
54. Unused MBT Bonus Depreciation Credit carryforward		X X X X X X X		4573, 62
55. Unused MBT Brownfield Redevelopment Credit carryforward		X X X X X X X		4584, 41
56. Unused MBT Film Job Training Credit carryforward		X X X X X X X		4573, 77
57. Unused MBT Film Infrastructure Credit carryforward		X X X X X X X		4573, 83
58. Unused MBT Anchor Company Payroll Credit carryforward		X X X X X X X		4584, 58
59. Unused MBT Anchor Company Taxable Value Credit carryforward		X X X X X X X		4584, 66
60. Overpayment credited from prior MBT return		X X X X X X X		4567, 58
61. Estimated tax payments		X X X X X X X		4567, 59
62. Tax paid with request for extension		X X X X X X X		4567, 60

Check all that apply to the Unitary Business Group.

63. ☐ Group identified consists of a group of U.S. persons, one of which owns or controls, directly or indirectly, more than 50% of the ownership interests with voting or comparable rights of the others.

64. ☐ Some or all members are included on a consolidated federal income tax return. If checked, attach a copy of U.S. *Form 851.*

65. ☐ Each member of the group has business activities or operations resulting in a flow of value between the members or has business activities or operations that are integrated with, dependent upon, or contribute to each other.

66. ☐ All members of the Unitary Business Group are included in this combined unitary filing.

Continue on Page 6.

Designated Member FEIN or TR Number

PART 3: AFFILIATES EXCLUDED FROM THE COMBINED RETURN OF STANDARD TAXPAYERS

List every person (with or without nexus) for which the "greater than 50%" ownership test of a Michigan Unitary Business Group is satisfied, which is not included on the combined return of standard taxpayers that is supported by this form. Using the codes below, identify in column D why each person is not included in the combined return. If any persons listed here are part of a federal consolidated group, attach a copy of U.S. *Form 851*.

REASON CODES FOR EXCLUSION:

1. Lacks business activities resulting in a flow of value or integration, dependence or contribution to group.
2. Foreign operating entity.
4. Foreign entity.
5. Member has no MBT tax year (as a member of this UBG) ending with or within this filing period.
6. Other.
7. Insurance company. (Insurance companies always file separately.)
8. Financial institution. (Financial institutions and standard taxpayers generally are not included on the same combined return.)

67. A Number From U.S. *Form 851* (if applicable)	B Name	C FEIN or TR Number	D Reason Code for Exclusion	E Check (X) if Nexus with Michigan	F NAICS Code

PART 4: PERSONS INCLUDED IN THE PRIOR COMBINED RETURN, BUT EXCLUDED FROM CURRENT RETURN

List persons included as standard members in the immediately preceding combined return of this Designated Member that are not included as standard members on the return supported by this form. Persons that satisfy the criteria of Part 3 and Part 4 should be listed in each part. See column C instructions.

68. A Name	B FEIN or TR Number	C Reason This Person is Not on Current Return

Instructions for Form 4580
Michigan Business Tax (MBT) Unitary Business Group Combined Filing Schedule for Standard Members

Purpose

The purpose of this form is to:

- Identify all members of a Unitary Business Group (UBG)
- Gather tax return data for each standard member included in the combined return on a separate basis, make appropriate eliminations, and determine combined UBG data for the tax return.

NOTE: This is not the primary return. It is designed to support the *MBT Annual Return* (Form 4567) submitted on behalf of the UBG by the Designated Member (DM).

Refund Only: If combined apportioned or allocated gross receipts of all members is less than $350,000 and the taxpayer is filing Form 4567 solely to claim a refund of estimates paid, Form 4580 must also be attached. The designated member must complete Part 1A, Part 2B (skip lines 18 through 59), Part 3, and Part 4 of Form 4580. For each member listed in Part 1A, complete Part 1B and 2A (skip lines 18 through 59). See Form 4567 for instructions on completing that form.

General Information About UBGs in MBT

Unitary Business Group means a group of United States persons, other than a foreign operating entity, that satisfies the control test and relationship test.

United States person is defined in Internal Revenue Code (IRC) § 7701(a)(30). A *foreign operating entity* is defined by statute in Michigan Compiled Laws (MCL) 208.1109(5).

Control Test. The control test is satisfied when one person owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting or comparable rights of the other person or persons. A person owns or controls more than 50 percent of the ownership interest with voting rights or ownership interest that confer comparable rights to voting rights of another person if that person owns or controls:

- More than 50 percent of the total combined voting power of all ownership interests with voting (or comparable) rights, or
- More than 50 percent of the total value of all ownership interests with voting (or comparable) rights.

Relationship Tests. The definition of a Unitary Business Group requires that the group of persons have business activities or operations that either:

1) Result in a flow of value between or among persons in the group, or

2) Are integrated with, dependent upon, or contribute to each other.

A taxpayer need only meet one of the two alternative tests to satisfy the relationship test.

1) *Flow of value* is established when members of the group demonstrate one or more of functional integration, centralized management, and economies of scale. Examples of functional integration include common programs or systems and shared information or property. Examples of centralized management include common management or directors, shared staff functions, and business decisions made for the UBG rather than separately by each member. Examples of economies of scale include centralized business functions and pooled benefits or insurance. Groups that commonly exhibit a flow of value include vertically or horizontally integrated businesses, conglomerates, parent companies with their wholly owned subsidiaries, and entities in the same general line of business. Flow of value must be more than the mere flow of funds arising out of passive investment.

2) The alternate *contribution/dependency* relationship test asks whether business activities are integrated with, dependent upon, or contributed to each other. Businesses are integrated with, are dependent upon, or contribute to each other under many of the same circumstances that establish flow of value. However, this alternate relationship test is also commonly satisfied when one entity finances the operations of another or when there exist intercompany transactions, including financing.

For more information on the control and relationship tests for UBGs, see Revenue Administrative Bulletin (RAB) 2010-1, MBT—Unitary Business Group Control Test, and RAB 2010-2, MBT—Unitary Business Group Relationship Tests, on the Department of Treasury (Treasury) Web site at **www.michigan.gov/taxes**. (Click on the "Reference Library" link on the left side of the page.)

Filing Procedures for UBGs

By definition, a UBG can include standard taxpayers, insurance companies, and financial institutions. (Note that an entity that would otherwise be standard but is owned by and unitary with a financial institution is defined by statute to be a financial institution.) In some cases, however, not all members of the UBG will be included on the same return. Standard members (not owned by and unitary with a financial institution in the UBG) file a combined return on Form 4567. Form 4580 must be filed in support of that return.

NOTE: A UBG may not file the *MBT Simplified Return* (Form 4583).

Form 4580 is used to gather and combine data from each standard member of the UBG to support the group's Form 4567 and related forms. This form must be completed before the group's Form 4567 and related forms are completed. If this UBG also includes financial institutions and/or insurance companies, those members generally will not report tax data on this form, but will be listed as excluded affiliates in Part 3.

Financial institution members will report and combine their data using *MBT Unitary Business Group Combined Filing Schedule for Financial Institutions* (Form 4752), which supports the lead financial form, *MBT Annual Return for Financial Institutions* (Form 4590).

Financial institutions include any of the following:

- A bank holding company, a national bank, a state chartered

bank, an office of thrift supervision chartered bank or thrift institution, or a savings and loan holding company other than a diversified savings and loan holding company as defined in 12 United States Code (USC) 1467a(a)(1)(F) or a federally chartered Farm Credit System institution.

- Any person, other than a person subject to the tax imposed under Chapter 2A of the MBT Act (Insurance Companies), that is directly or indirectly owned by an entity described above and is a member of the UBG.
- A UBG of entities described in either or both of the preceding two bullets.

Each insurance company member will file separately, using the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588). Because insurance companies always file separately, rather than on a combined return, there is no MBT insurance form that serves a function similar to that of Form 4580 and Form 4752.

Example A: UBG A is composed of the following:

- Four standard members
- Three financial institutions
- Two insurance companies.

All members of UBG A are owned by and unitary with one of the standard members of the UBG. UBG A will need to file Form 4567, supported by Form 4580, containing the four standard members and Form 4590, supported by Form 4752, containing the three financial institutions. In Part 1 of Form 4580 or Form 4752, only the members that are included on that form (either the four standard members, or the three financial institutions) will be listed. Form 4580 with standard members will be prepared under the name and Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number of the group's standard DM. One of the financial institutions will serve as DM for those three members and file Form 4590, supported by Form 4752. On Part 3 of Form 4580, list all financial and insurance members. On Part 3 of Form 4752, list all standard and insurance members. The two insurance companies each will file a stand-alone Form 4588.

Example B: UBG B is composed of the following:

- Four members that would be standard (see below) unless owned by a financial institution
- Three financial institutions
- Two insurance companies.

All members of UBG B are owned by and unitary with one of the financial institutions in the UBG. Due to this ownership by a financial institution, the four members that otherwise would be standard are defined by statute to be financial institutions. (See definition of financial institution earlier in these instructions.) Therefore, this UBG will not file a Form 4580 or Form 4567. Seven members will file a combined return on Form 4590, supported by Form 4752, listing the two insurance members as excluded affiliates on Part 3 of Form 4752. The two insurance companies each will file a stand-alone Form 4588.

To complete this form and prepare a combined return, the UBG must select a DM.

A UBG combined return of standard taxpayers is filed under the name and FEIN or TR number of the DM of the standard taxpayer group. *Designated Member* means a UBG member that has nexus with Michigan and will file the combined MBT return on behalf of the standard members of the group. In a brother-sister controlled group, any member with nexus may be designated to serve as DM. In a parent-subsidiary controlled group or a combined controlled group (an interlocking combination of a parent-subsidiary group and a brother-sister group), the controlling member must serve as DM if it has nexus with Michigan. If it does not have nexus, the controlling member may appoint any member with nexus with Michigan to serve as DM. That DM must continue to serve as such every year, unless it ceases to be a group member or the controlling member attains Michigan nexus. The filing period of a combined return is based on the tax year of the DM.

If a UBG is comprised of both standard taxpayers and financial institutions, the UBG will have two DMs (one for the standard taxpayer members completing Form 4567 and related forms, and one for the financial institution members completing Form 4590 and related forms).

Role of the DM: The DM speaks, acts, and files the MBT return on behalf of the group for MBT purposes. Only the DM may file a valid extension request for the group. Treasury maintains the group's MBT tax data (e.g., prior MBT returns, business loss carryforward, tax credit carryforward, overpayment credit forward) under the DM's name and account number. The DM must be of the same taxpayer type (standard or financial institution) as the members for which it files a combined return.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be entered in MM-DD-YYYY format.

Do not enter data in boxes filled with Xs.

For additional guidance, see the "Supplemental Instructions for Standard Members in UBGs" section in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600).

Part 1A: Unitary Business Group Members

Lines 1A and 1B: Beginning with the DM, list the UBG standard members and their corresponding FEIN or TR number. Use additional Part 1A, Form 4580 pages as needed.

NOTE: A taxpayer that is a UBG must file a combined return using the tax year of the DM. The combined return of the UBG must include each tax year of each member whose tax year ends with or within the tax year of the DM. For example, Taxpayer ABC is a UBG comprised of three standard members: Member A, the DM with a calendar tax year, and Members B and C with fiscal years ending March 31, 2010, and September 30, 2010, respectively. Taxpayer ABC's tax year is that of its DM. Thus, Taxpayer ABC's tax year ends December 31, 2010, and its annual return is due April 30, 2011. That annual return must

include the tax years of Members B and C ending March 31, 2010, and September 30, 2010.

If, in the previous example, Member A, the DM, instead had a fiscal year ending July 31, 2011, the UBG's tax year would end July 31 and its annual return would be due November 30, 2011. The 2011 combined return for the UBG would include Member A's fiscal year ending July 31, 2011, Member B's fiscal year ending March 31, 2011 and Member C's fiscal year ending September 30, 2010.

Part 1B: Member Identification

Include a separate copy of Parts 1B and 2A for each standard member whose business activity is reported on the combined return supported by this form. If a member (other than the DM) has two or more federal tax periods ending with or within the filing period of the return, use a separate copy of Parts 1B and 2A for each of that member's federal periods.

Line 5: Identify the organization type of this member:

- Individual.
- C Corporation (including an LLC, Trust, or other entity taxed federally as a Corporation under Subchapter C of the IRC).
- Fiduciary (a decedent's estate, and a Trust taxed federally as a Trust under Subchapter J of the IRC. A grantor Trust or "revocable living Trust" established by an Individual is not taxed as a separate entity, and should be listed as an Individual.).
- S Corporation (including an LLC, Trust, or other entity taxed federally as a Corporation under Subchapter S of the IRC).
- Partnership (including an LP, LLP, LLC, Trust, or any other entity taxed federally as a Partnership).

NOTE: Federally disregarded LLCs (and Qualified Subchapter S Subsidiaries, or Q-Subs) are required to file separate MBT returns, although they may file as part of a UBG return with their owner if they meet the UBG relationship tests. A federally disregarded LLC or Q-Sub is classified for MBT purposes according to the federal tax classification of its owner.

Line 6: List the member's tax year, for federal income tax purposes, from which business activity is being reported on this copy of Parts 1B and 2A.

Line 7: If the control test and relationship test were not both satisfied for this member's entire federal tax year, enter the beginning and ending dates of the period within this member's federal tax year during which both tests were satisfied. These dates constitute a short tax period for MBT purposes, even if there is no corresponding short federal tax period. This member must prepare a pro forma federal return for the portion of its federal year during which it was a UBG member, and use that pro forma return as the basis for reporting the tax data required by Part 2A.

Line 8: Enter the member's six-digit North American Industry Classification System (NAICS) code. For a complete list of six-digit NAICS codes, see the U.S. Census Bureau Web site at **www.census.gov/eos/www/naics/.** Enter the same NAICS code used when filing U.S. Form *1120S,* U.S. Form *1065*, *Schedule C* of U.S. Form *1040*, or *Schedule K* of U.S. Form *1120*.

Line 9: Enter the date, if applicable, on which this member went out of existence. Examples include death of an Individual, dissolution of an entity, and a merger in which this member was not the surviving entity. Include any event in which the FEIN ceases to be used by this entity. If this member continues to exist, **DO NOT** use this line to report that this member has stopped doing business in Michigan.

Line 10: If this member has nexus with Michigan, check this box. Guidance in determining nexus can be found in RAB 2007-6 and 2008-4, available online at **www.michigan.gov/taxes**. (See the "Reference Library" link at left edge of page.)

Line 12: This line does not apply to the first MBT return filed by this UBG. For subsequent tax periods, check this box if this member was not included in the UBG's preceding MBT return.

Line 13: Enter a concise description of the activities or operations of this member that result in a flow of value between this member and others in the UBG, or integration, dependence, or contribution to other members. This is not limited to transactions that are recognized for tax or accounting purposes. It may include sharing of assets, employees, data, business opportunities, or other resources. (See RAB 2010-2.)

Part 2A: Member Data for Combined Return of Standard Taxpayers

A member that does not file a separate federal return (e.g., a member that also is a member of a federal consolidated group or that is a federally disregarded entity) must prepare a pro forma federal return or equivalent schedule and use it as the basis for preparing its portion of the MBT return. A member that owns one or more federally disregarded entities must prepare a pro forma federal return or equivalent schedule that excludes the activity of the disregarded entity(ies), and base its MBT reporting on that pro forma return.

Line 14: *Sale* or *Sales* means amounts received by a member as consideration from the following:

- Transfer of title to, or possession of, property that is stock in trade or other property of a kind which would properly be included in the inventory of the member if on hand at the close of the tax period, or property held by the member primarily for sale to customers in the ordinary course of its trade or business. For intangible property, the amounts received will be limited to any gain received from the disposition of that property.
- Performance of services which constitute business activities.
- Rental, leasing, licensing, or use of tangible or intangible property, including interest, that constitutes business activity.
- Any combination of business activities described above.
- For a member not engaged in any other business activities, sales include interest, dividends, and other income from investment assets and activities and from trading assets and activities.

If a member's business activity is confined solely to Michigan and the member does not establish nexus in another state, all sales are allocated to Michigan. *State* is defined to include a foreign country. A member is treated as if subject to tax in another state if, in that state, the member is subject to a business

privilege tax, a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, a Corporation stock tax, or a tax of the type imposed under the MBT Act, or that state has jurisdiction to subject the member to one or more of such taxes regardless of whether the tax is imposed. A member will be treated as subject to a tax in another state for these purposes if the member has due process and commerce clause nexus with that state.

If this member has no Michigan sales, enter zero.

Complete this line using amounts for the member's business activity only. Do not include amounts from an interest owned by the member in a Partnership, S Corporation, or LLC.

If this member is subject to tax in another state, as described above, use the "Sourcing of Sales to Michigan" information in the Form 4567 instructions to determine Michigan sales. If sales reported are adjusted by a deduction for qualified sales to a qualified customer, as determined by the Michigan Economic Growth Authority (MEGA), attach the Anchor District Tax Credit Certificate or Anchor Jobs Tax Credit Certificate from the Michigan Economic Development Corporation (MEDC) as support.

For transportation services that source sales based on revenue miles, include on Line 14 a sales amount calculated by multiplying total sales of the transportation service by the ratio of Michigan revenue miles over revenue miles everywhere as provided in the "Sourcing of Sales to Michigan" section of the Form 4567 instructions, for that type of transportation service. *Revenue mile* means the transportation for a consideration of one net ton in weight or one passenger the distance of one mile.

Line 17: *Gross receipts* means the entire amount received by the member, as determined by using the members's method of accounting for federal income tax purposes, from any activity, whether in intrastate, interstate, or foreign commerce, carried out for direct or indirect gain, benefit, or advantage to the member or to others, with certain exceptions. Calculation of gross receipts also involves a phased-in deduction (60 percent in the 2010 and 75 percent in the 2011 tax years) of any amount deducted as bad debt for federal income tax purposes that corresponds to items of gross receipts included in the modified gross receipts tax base for the current tax year or past tax years. This partial reduction is reflected in the *Gross Receipts Worksheet* (Worksheet 4700) discussed below.

Receipts include, but are not limited to:

- Some or all receipts (sales proceeds) from the sale of assets used in a business activity.
- Sale of products.
- Services performed.
- Gratuities stipulated on a bill.
- Sales tax collected on the sale of tangible personal property, subject to the phase-out schedule.
- Dividend and interest income.
- Gross commissions earned.
- Rents.
- Royalties.
- Sales of scrap and other similar items.
- Client reimbursed expenses not obtained in an agency capacity.
- Gross proceeds from sales between affiliated companies, including members of a UBG.

Use Worksheet 4700 in Form 4600 to calculate gross receipts. Attach the worksheet to the return. Gross receipts are not necessarily derived from the federal return, however, the worksheet will calculate gross receipts as defined by law in most circumstances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce gross receipts not identified by specific lines on Worksheet 4700, and report that amount on the most appropriate line. Treasury may adjust the figure resulting from the worksheet to account properly for such uncommon situations.

A member should compute its gross receipts using the same accounting method used in the computation of its taxable income for federal income tax purposes.

Line 18: Enter inventory acquired during the tax year, including freight, shipping, delivery, or engineering charges included in the original contract price for that inventory.

Inventory means the stock of goods, including electricity and natural gas, held for resale in the ordinary course of a retail or wholesale business, and finished goods, goods in process of a manufacturer, and raw materials purchased from another person. Inventory includes shipping and engineering charges so long as such charges are included in the original contract price for the associated inventory. Inventory also includes floor plan interest for new motor vehicle dealers licensed under the Michigan vehicle code and any pre-paid sales tax required to be paid on the inventory at the time of purchase. Neither pre-paid sales tax nor the sales tax collected upon resale of that inventory is excluded from gross receipts calculated on Worksheet 4700. This must be reported on line 17 of Form 4580.

For purposes of this deduction, *floor plan interest* means interest paid that finances any part of the person's purchase of new motor vehicle inventory from a manufacturer, distributor, or supplier. However, amounts attributable to any invoiced items used to provide more favorable floor plan assistance to a person subject to the tax imposed under the MBT Act than to a person not subject to this tax is considered interest paid by a manufacturer, distributor, or supplier, and is not considered floor plan interest.

For a person that is a securities trader, broker, or dealer, or a person included in the UBG of that securities trader, broker, or dealer that buys and sells for its own account, inventory includes contracts that are subject to the Commodity Exchange Act, 7 USC 1 to 27f, the cost of securities as defined under IRC § 475(c)(2) and for a securities trader the cost of commodities as defined under IRC § 475(e)(2) and for a broker or dealer the cost of commodities as defined under IRC § 475(e)(2)(b), (c), and (d), excluding interest expense other than interest expense related to repurchase agreements. As used in this provision:

- *Broker* and *dealer* mean those terms as defined under section 78c(a)(4) and (a)(5) of the Securities Exchange Act of 1934, 15 USC 78c.

• *Securities trader* means a person that engages in the trade or business of purchasing and selling investments and trading assets.

Inventory does not include either of the following:

• Personal property under lease or principally intended for lease rather than sale.

• Property allowed a deduction or allowance for depreciation or depletion under the IRC.

Line 19: Enter assets, including the costs of fabrication and installation, acquired during the tax year of a type that are, or under the IRC will become, eligible for depreciation, amortization, or accelerated capital cost recovery for federal income tax purposes.

Line 20: To the extent not included in inventory or depreciable property, enter the value of materials and supplies, including repair parts and fuel.

Materials and supplies means tangible personal property acquired during the tax year to be used or consumed in, and directly connected to, the production or management of inventory or the operation or maintenance of depreciable assets as described previously. Materials and supplies includes repair parts and fuel.

For example, a physician's or dentist's purchase of sterilizing solution during the tax year that is used to sterilize examination equipment, such as an X-ray machine, may be considered materials and supplies under MCL 208.1113(6)(c).

Line 21: A staffing company may deduct compensation (including wages, benefits, and all payroll tax) paid to personnel supplied to its clients. *Staffing company* means a taxpayer whose business activities are included in Industry Group 736 under the Standard Industrial Classification (SIC) Code as compiled by the United States Department of Labor.

Payments to a staffing company by a client do not constitute purchases from other firms.

Line 22: For taxpayers that fall under SIC major groups 15 (Building Construction General Contractors and Operative Builders), 16 (Heavy Construction Other Than Building Construction Contractors), and 17 (Construction Special Trade Contractors) who do not qualify for the Small Business Alternative Credit under MCL 208.1417, the following payments are considered "purchases from other firms:"

• Payments to subcontractors for a construction project, under a contract specific to that project, and

• To the extent not deducted as "inventory" and "materials and supplies," payments for materials deducted as purchases in determining the cost of goods sold for the purpose of calculating total income on the taxpayer's federal income tax return.

NOTE: For purposes of this subtraction, the analysis of whether a person in a UBG does not qualify for a Small Business Alternative Credit should be based on whether the group as a whole qualifies. However, for purposes of the SIC code requirement, it is sufficient that the UBG member that made the payments listed above be included in SIC codes 15, 16, or 17.

Persons included in SIC codes 15, 16, and 17 include general contractors (of residential buildings including single-family homes; industrial, commercial, and institutional buildings; bridges, roads, and infrastructure; etc.), operative builders, and trade contractors (such as electricians, plumbers, painters, masons, etc.). See **http://www.osha.gov/pls/imis/sic_manual.html** for a more complete list.

A *subcontractor* is an Individual or entity that enters into a contract and assumes some or all of the obligations of a person included in SIC codes 15, 16, and 17 as set forth in the primary contract specific to a project. Thus, payments to an independent contractor for general labor services not specific to a particular construction contract do not constitute purchases from other firms. However, payments made to a subcontractor for services and materials provided under a contract specific to a particular construction project (such as the construction of commercial property at 2400 Main Street) do constitute purchases from other firms. There is no requirement that the subcontractors to whom such payments are made be licensed.

The taxpayer bears the burden to prove it is entitled to a deduction in computing its tax liability. It is contemplated that good business practice would include documentation such as a written contract that would support a deduction from gross receipts for payments to subcontractors as purchases from other firms. The supporting information for payments to a subcontractor could be incorporated into the contract for the specific project or memorialized in a separate contract with a subcontractor specifying the project to which the costs pertain.

Line 24: On lines 24a through 24g, calculate a deduction from gross receipts for a member that is a limited dividend housing association that owns and operates a Qualified Affordable Housing Project (QAHP).

Public Act (PA) 168 of 2008 provides for a deduction from the modified gross receipts and apportioned business income tax bases for a QAHP. (A deduction from the apportioned business income tax base also is available. See below.)

Qualified Affordable Housing Project means a person that is organized, qualified, and operated as a limited dividend housing association that has a limitation on the amount of dividends or other distributions that may be distributed to its owners in any given year and has received funding, subsidies, grants, operating support, or construction or permanent funding through one or more public sources.

A *limited dividend housing association* is organized and qualified pursuant to Chapter 7 of the State Housing Development Authority Act (MCL 125.1491 et seq).

If these criteria are satisfied, a QAHP may deduct from its modified gross receipts, its gross receipts attributable to the residential rental units in Michigan it owns multiplied by a fraction, the numerator of which is the number of rent restricted units in Michigan owned by that QAHP and the denominator of which is the number of all residential rental units in Michigan owned by the project. This deduction is reduced by the amount of limited dividends or other distributions made to the owners of the project. Amounts received by the management, construction, or development

company for completion and operation of the project and rental units do not constitute gross receipts for purposes of the deduction.

MCL 208.1201(8) governs the termination of this deduction.

Line 24a: Gross receipts attributable to residential rentals in Michigan do not include amounts received by the management, construction, or development company for completion and operation of the project and those rental units.

Line 24b: *Rent restricted unit* means any residential rental unit that has a rental rate restricted in accordance with IRC § 42(g)(1) as if it was a qualified low-income housing project, or that receives rental assistance from Housing and Urban Development (HUD) section 8 subsidies, HUD housing assistance program subsidies, U.S. Department of Agriculture rural housing programs, or from any of the programs described in MCL 208.1203(8)(b).

Line 24c: This includes rent restricted and unrestricted residential rental units owned by the QAHP in Michigan.

Line 25: If the member is licensed under Article 25 (Real Estate Brokers and Salespersons) or Article 26 (Real Estate Appraisers) of the Occupational Code [MCL 339.2501 to 339.2518 and 339.2601 to 339.2637], enter payments made to independent contractors licensed under Articles 25 or 26.

Line 26: There currently are no subtractions allowed that are recorded on this line. Leave this line blank.

Line 28: Enter amount of the MBT Modified Gross Receipts (MGR) Tax collected in the tax year.

MCL 208.1203(5) permits new motor vehicle dealers licensed under the Michigan Vehicle Code, PA 300 of 1949, MCL 257.1 to 257.923, and dealers of new or used personal watercraft to collect the MGR Tax in addition to the sales price. The statute states that the "amount remitted to the Department for the [Modified Gross Receipts Tax] ... shall not be less than the stated and collected amount." Therefore, the entire amount of the MGR Taxes stated and collected by new motor vehicle dealers and new or used personal watercraft dealers must be remitted to Treasury. There should be no instance in which a dealer collects amounts of the MGR Tax from customers in excess of the amount of MGR taxes remitted to Treasury. Eligible taxpayers that elect to separately collect the MGR Tax from customers in addition to sales price may include the collected tax as part of their estimated payments.

NOTE: Only new motor vehicle dealers and dealers of new or used personal watercraft are permitted to separately itemize and collect a tax imposed under the MBT Act from customers in addition to sales price, and that authority is limited to only the MGR Tax imposed and levied under MCL 208.1203. The statute does not authorize separate itemizing and collection of the Business Income Tax or surcharge by any person.

Line 29: A member that is a dealer of personal watercraft or new motor vehicles that collected MGR Tax from customers by separate statement on the invoice during the tax year, as entered in line 28, should complete the following worksheet to determine excess MGR Tax collected.

WORKSHEET –
EXCESS MGR TAX COLLECTED

A.	Pro forma apportionment percentage from Form 4580, Part 2A, line 16.....		**%**
B.	Modified gross receipts from Form 4580, Part 2A, line 27. If MGR is less than zero, enter zero.....		**00**
C.	Apportioned MGR tax base. Multiply line B by line A.....		**00**
D.	Pro forma MGR Tax before credits. Multiply line C by 0.8% (0.008)		**00**
E.	Enrichment prohibition, amount from Form 4580, Part 2A, line 28		**00**
F.	Excess MGR Tax collected. If line D is less than line E, enter the difference. Otherwise, enter zero. Carry amount to Form 4580, Part 2A, line 29		**00**

Line 30: *Business income* means that part of federal taxable income derived from business activity. For MBT purposes, *federal taxable income* means taxable income as defined in IRC § 63, except that federal taxable income shall be calculated as if section 168(k) [as applied to qualified property placed in service after December 31, 2007] and IRC § 199 were not in effect. For a Partnership or S Corporation (or LLC federally taxed as such), business income includes payments and items of income and expense that are attributable to business activity of the Partnership or S Corporation and separately reported to the partners or shareholders.

Use the *Business Income Worksheet* (Worksheet 4746) in Form 4600 to calculate business income. Attach Worksheet 4746 to the return. The worksheet will calculate business income as defined by law in most circumstances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce business income not identified by specific lines on the worksheet, and report that amount on the most appropriate line. Treasury may adjust the figure resulting from Worksheet 4746 to account properly for such uncommon situations.

For an organization that is a mutual or cooperative electric company exempt under IRC § 501(c)(12), business income equals the organization's excess or deficiency of revenues over expenses as reported to the federal government by those organizations exempt from the federal income tax under the IRC, less capital credits paid to members of that organization, less income attributed to equity in another organization's net income, and less income resulting from a charge approved by a state or federal regulatory agency that is restricted for a specified purpose and refundable if it is not used for the specified purpose.

For a tax-exempt person, *business income* means only that part of federal taxable income (as defined for MBT purposes) derived from unrelated business activity.

For an Individual or an estate, or for a Partnership or Trust organized exclusively for estate or gift planning purposes, business income is that part of federal taxable income (as defined for MBT purposes) derived from transactions,

activities, and sources in the regular course of the member's trade or business, including the following:

- All income from tangible and intangible property if the acquisition, rental, management, or disposition of the property constitutes integral parts of the member's regular trade or business operations.
- Gains or losses incurred in the member's trade or business from stock and securities of any foreign or domestic corporation, and dividend and interest income.
- Income derived from isolated sales, leases, assignment, licenses, divisions, or other infrequently occurring dispositions, transfers, or transactions involving property if the property is or was used in the member's trade or business operation.
- Income derived from the sale of a business.

NOTE: Personal investment income, gains from the sale of property held for personal use and enjoyment, or other assets not used in a trade or business, and any other income not specifically derived from a trade or business that is earned, received, or otherwise acquired by an Individual, an estate, or a Trust or Partnership organized or established exclusively for estate or gift planning purposes, are not included in the Business Income Tax base. This exclusion only applies to the specific types of persons identified above. Investment income and any other types of income earned or received by all other types of persons not specifically referenced must be included in the business income of the member.

IMPORTANT: If business activity is protected under Public Law (PL) 86-272 for any member of the UBG, then the member must claim protection by filing the *MBT Tax Schedule of Business Activity Protected Under Public Law 86-272* (Form 4586) (if member is the DM) or the *MBT Schedule of Business Activity for Non-Designated Members of a Unitary Business Group Protected Under Public Law 86-272* (Form 4581) (if member is not the DM) and reporting its individual activity. Unless all members of the UBG have PL 86-272 protection, a member claiming protection must complete lines 30 through 46b. If all members of the UBG are claiming PL 86-272 protection, leave lines 30 through 46b blank.

So long as one member of a UBG has nexus with Michigan and exceeds the protections of PL 86-272, all members of the UBG, including members protected under PL 86-272, must be included when calculating the UBG's Business Income Tax base and apportionment formula. (In other words, PL 86-272 will only remove business income from the apportionable Business Income Tax base when all members of the UBG are protected under PL 86-272.) The inclusion of the business income of members that fall under PL 86-272 in the tax base of the UBG and the subsequent apportionment of such income does not constitute taxation upon those PL 86-272 members. Rather, this method is required for properly determining the Michigan income of the UBG.

Line 31: Enter any interest income and dividends from bonds and similar obligations or securities of states other than Michigan and their political subdivisions in the same amount that was excluded from federal taxable income (as defined for MBT purposes). Include only the income derived from business activity. Reduce this addition by any expenses related to the foregoing income that were disallowed on the federal return by IRC § 265 or 291.

Line 32: Enter all taxes on, or measured by, net income including city and state taxes, foreign income tax, and Federal Environmental Tax claimed as a deduction on the federal return.

Line 33: Enter the Michigan Business Tax, including surcharge, claimed as a deduction on this member's federal return (or this member's allocable share, if claimed on a federal consolidated return).

Line 34: Enter any net operating loss carryover or carryback that was deducted in arriving at this member's federal taxable income (as defined for MBT purposes) reported on line 30. If the member reporting on this copy of Part 2A is a member of a federal consolidated group, or for any other reason did not file a separate federal return for the period reported here, the federal net operating loss (NOL) carryover or carryback entered here must be based on a pro forma federal return for the member reporting on this copy of Part 2A. Enter this amount as a positive number.

Line 35: Enter any losses included in federal taxable income (as defined for MBT purposes) that are attributable to other entities whose business activities are taxable or would be subject to the business income tax if the business activities were in Michigan. If this member owns an interest in only one such entity, list that entity's FEIN or TR number in the field on this form. If this member owns interests in more than one such entity, enter on the form the FEIN or TR number of one of the entities and attach a list of the account numbers of all. On the list include a breakdown of the amount of this loss add-back that is attributable to each entity. In any case, the amount on line 35 should be the total of all losses, not just the loss of the one entity identified on the form. This addition includes a loss attributable to this member's ownership interest in another member of the UBG, to the extent that loss was included in this member's federal taxable income (as defined for MBT purposes).

Line 36: Enter any royalty, interest, or other expense paid to a person related to the member by ownership or control for the use of an intangible asset if the person is not included in the member's UBG. Royalty, interest, or other expense described here is not required to be included if the taxpayer can demonstrate that the transaction has a nontax business purpose other than avoidance of MBT, is conducted with arm's-length pricing and rates and terms as applied in accordance with IRC § 482 and 1274(d), and satisfies one of the following:

- Is a pass-through of another transaction between a third party and the related person with comparable rates and terms.
- Results in double taxation. For purposes of this subparagraph, double taxation exists if the transaction is subject to tax in another jurisdiction.
- Is unreasonable as determined by Treasury, and the taxpayer agrees that the addition would be unreasonable based on the taxpayer's facts and circumstances.
- The related person (recipient of the transaction) is organized

under the laws of a foreign nation which has in force a comprehensive income tax treaty with the United States.

Line 37: There currently are no subtractions allowed that are recorded on this line. Leave this line blank.

Line 38: To the extent included in federal taxable income (as defined for MBT purposes), enter any dividends and royalties received from persons other than United States persons and foreign operating entities, including, but not limited to, amounts determined under IRC § 78 or IRC § 951 to 964.

Line 39: Enter any income included in federal taxable income (as defined for MBT purposes) that is attributable to other entities whose business activities are taxable or would be subject to the business income tax if their business activities were in Michigan. If this member owns an interest in only one such entity, list that entity's FEIN or TR number in the field on the form. If this member owns interests in more than one such entity, enter on the form the FEIN or TR number of one of the entities and attach a list of the account numbers of all. On the list include a breakdown of the amount of this income subtraction that is attributable to each entity. In any case, the amount on line 39 should be the total of all income, not just the income of the one entity identified on the form. This subtraction includes income attributable to this member's ownership interest in another member of the UBG, to the extent that income was included in this member's federal taxable income (as defined for MBT purposes).

Line 40: To the extent included in federal taxable income (as defined for MBT purposes), deduct interest income derived from United States obligations.

Line 41: To the extent included in federal taxable income (as defined for MBT purposes), deduct any earnings that are net earnings from self-employment as defined under IRC § 1402 of the UBG member reporting here, or a partner or LLC member of the UBG member reporting here, except to the extent that those net earnings represent a reasonable return on capital. If less than zero, enter zero.

Under IRC § 1402, the business income of an Individual or sole proprietor, and a partner's distributive share of Partnership income, whether distributed or not, from any trade or business carried on by the Partnership, may be considered self-employment income (with certain statutory exceptions), and subject to the Federal Self-Employment Tax. Therefore, a sole proprietorship or Partnership may deduct any income subject to the Federal Self-Employment Tax when computing the MBT Business Income Tax Base. Shareholders of Corporations, including S Corporations, are not subject to the Federal Self-Employment Tax, and, as a result, no deduction is allowed for earnings from self-employment income for corporate entities. There is no deduction allowed for S Corporation distributions that is equivalent to the self-employment deduction allowed for Partnerships and sole proprietorships under MBT.

Net earnings from self-employment under IRC § 1402 generally means "the gross income derived by an Individual from any trade or business carried on by such Individual, less the deductions allowed by this subtitle which are attributable to such trade or business, plus the distributive share (whether or not distributed) of income or loss described in [IRC] 702(a)(8) from any trade or business carried on by a Partnership of which he is a member," subject to certain exclusions, including rentals from real estate, dividends and interest, and certain net operating losses and personal exemptions (IRC § 1402(a)).

Line 42: For tax years that begin after December 31, 2009, to the extent included in federal taxable income, deduct the amount of a charitable contribution made to the advance tuition payment fund created under section 9 of the Michigan education trust act, PA 316 of 1986, MCL 390.1429. This is deductible only to the extent that contribution was NOT federally deductible.

Line 44: Enter any unused MBT business loss carryforward from the MBT return for the preceding year. Deduct any available business loss incurred after December 31, 2007. *Business loss* means a negative business income tax base after allocation or apportionment. The business loss will be carried forward to the year immediately succeeding the loss year as an offset to the allocated or apportioned Business Income Tax base, then successively to the next nine taxable years following the loss year or until the loss is used up, whichever occurs first, but for not more than ten taxable years after the loss year.

This line is used only by the DM and by any member that had its own MBT business loss carryforward (hereafter, loss carryforward) when it joined this group. That latter category includes a member that generated loss carryforward on a separately filed MBT return, and a member that left another UBG and took its share of that group's loss carryforward.

On the DM's copy of this form, enter loss carryforward from the group's immediately preceding Form 4567 (2009, line 47), less any part of that loss carryforward attributable to members that had their own loss carryforward when they joined the group, and less any part of that carryforward subsequently taken by departing members (see below). In calculating this division of the loss carryforward from the prior return, keep in mind that loss carryforward consumed on a return always is the oldest available on that return, regardless of whether the oldest loss was generated by the group or brought by an incoming member. Loss carryforward of a UBG, including loss carryforward brought by an incoming member, ages according to the tax years of the group, rather than tax years of any particular member.

On any non-DM member's copy of this form, loss carryforward brought to this group by an incoming member is determined by two different methods, depending on when the member joined this group:

- To report activity of a member that joined this group in the group's tax year prior to the current filing period, or earlier, and brought loss carryforward with it, enter the portion of the loss carryforward from the group's immediately preceding Form 4567 that is attributable to this member.
- To report activity of a member that joined this group during the group's current filing period and brought loss carryforward with it, enter the entire amount of loss carryforward brought by this member.

Loss carryforward generated by the group is maintained by

Treasury under the DM's account. Loss carryforward brought to the group by a joining member is maintained by Treasury under that member's account, until it expires, is fully used, or is taken from the group when that same member departs. If these instructions are not followed carefully, loss carryforward available for use by the group in the current filing period will be miscalculated.

When membership of a UBG changes, the business loss carryforward of the UBG is divided among the UBG and the departing member(s) in proportion to the losses the member(s) would have generated had each member filed separately for all MBT periods that contribute to the loss.

Additional direction is found in the "Supplemental Instructions for Standard Members in UBGs" section in Form 4600.

NOTE: MBT business loss carryforward is not the same as the federal net operating loss carryforward or carryback, or the SBT business loss carryforward.

Line 45: QAHP deductions. Members claiming the seller's deduction, skip lines 45a through 45h and carry the amount from Form 4579, line 5, to line 45i. Members claiming the QAHP deduction, complete lines 45a through 45i.

PA 168 of 2008 provides for a deduction from the apportioned Business Income Tax base to a QAHP and a seller of residential rental units to a QAHP. *Qualified Affordable Housing Project* is defined under instructions for line 24.

The QAHP may deduct from its apportioned Business Income Tax base an amount equal to the product of the taxable income attributable to residential rental units in Michigan it owns multiplied by a fraction, the numerator of which is the number of rent restricted units in Michigan owned by that QAHP and the denominator of which is the number of all residential rental units in Michigan owned by the project. MCL 208.1201(8) governs the termination of this deduction.

The seller's deduction is described in the instructions to line 45i.

Lines 45a through 45c: In general, taxable income attributable to residential rental units is gross rental receipts attributable to residential rental units in Michigan less rental expenses attributable to residential rental units in Michigan, including, but not limited to, repairs, interest, insurance, maintenance, utilities, and depreciation.

Specifically, Partnerships may use a Rental Real Estate Income and Expenses of a Partnership or an S Corporation (U.S. Form 8825) to determine its taxable income attributable to residential rental units in Michigan. To the extent that the QAHP is taxed as something other than a Partnership or S Corporation, the QAHP may use the Supplemental Income and Loss (U.S. Form 1040, Schedule E) or the relevant portions of the U.S. Corporation Income Tax Return (U.S. Form 1120), as appropriate. If the QAHP is a Corporation, the expenses permitted should be limited to those also listed on the Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition (U.S. Form 8823) and U.S. Form 1040, Schedule E. Rental receipts and expenses must be calculated without regard to any gain or loss resulting from the disposition of rental property. Also, since Partnerships are subject to tax as a person under MBT, flow-through amounts from other Partnerships are not considered.

Improvements that increase the value of the property or extend its life, such as replacing a roof or renovating a kitchen, are not deductible rental expenses. Any passive activity loss limitations applicable to the QAHP's federal return also apply for purposes of MCL 208.1201(7).

Line 45d: *Rent restricted unit* means a residential rental unit's rental income is restricted in accordance with IRC § 42(g)(1) as if it was a qualified low-income housing project, or receives rental assistance in the form of HUD section 8 subsidies or HUD housing assistance program subsidies, or rental assistance from the U.S. Department of Agriculture rural housing programs, or from any of the other programs described in MCL 208.1203(8)(b).

Line 45e: This includes rent restricted and unrestricted residential rental units owned by the QAHP in Michigan.

Line 45h: The QAHP's deduction is reduced by the amount of limited dividends or other distributions made to the owners of the project. Income received by the management, construction, or development company for completion and operation of the project and rental units does not constitute taxable income attributable to residential rental units.

Line 45i: The seller may take a deduction from its apportioned Business Income Tax base equal to the gain from the sale of the residential rental units to the QAHP, as calculated on the *MBT Qualified Affordable Housing Seller's Deduction* (Form 4579). Enter the amount from Form 4579, line 5.

When the seller claims a deduction for the year of sale, the State will place a lien on the property equal to the amount of the seller's deduction. If the buyer fails to qualify as a QAHP or fails to operate any of the residential rental units as rent restricted units in accordance with the operation agreement within 15 years after the date of purchase, the lien placed on the property for the amount of the seller's deduction becomes payable to the State. The lien is payable through a "recapture" to be added to the tax liability of the buyer in the year the recapture event occurs. The recapture is calculated on *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587), and is reduced proportionally for the number of years the buyer qualified for the deduction.

Line 46a: For tax years beginning after December 31, 2008, and ending before January 1, 2011, a standard taxpayer may claim a credit equal to 0.42 percent of the amount of the IRC § 168(k) deduction claimed on the taxpayer's federal return for the 2008 tax year apportioned to Michigan. These tax year limitations are applied to the tax year of the particular member reporting the credit, rather than the tax year of the group. This credit is not available to regulated utilities. If the member reporting here is not a regulated utility, enter the amount of IRC § 168(k) bonus depreciation this member claimed on its federal return for the 2008 tax year.

Lines 47 through 59: These lines are for reporting each member's credit carryforwards remaining from a previous year. If the group created a credit carryforward in a preceding tax

period, Treasury will have maintained that carryforward on the DM's account. Enter unused credit carryforwards of this type on the DM's copy of Part 2A.

If a member created a credit carryforward prior to joining the UBG, Treasury will maintain that carryforward on that member's account, subject to use by the group, until it is fully consumed or that member leaves the group. Enter unused credit carryforwards of this type on the copy of Part 2A filed for the member that brought the carryforward to the group.

Available credit carryforwards, regardless of whether they arose within the group or outside of it, are applied against the UBG's tax liability on the basis of age (oldest first). Credit carryforward of a UBG, including credit carryforward brought by an incoming member, ages according to the tax years of the group, rather than tax years of any particular member.

If two members each created a carryforward of the same credit and the same age, and together they exceed the amount allowable in this filing period, those members' respective credit carryforwards are used in proportion to the amount they contributed to the group. If a member that generated a carryforward in a prior period leaves the group, that member will take with it an amount equal to the group's remaining carryforward from that period multiplied by the amount that member contributed relative to the total amount contributed by all group members for the same credit in that same period.

NOTE: It is important to review a carryforward for the possibility that some or all of it has expired, or that some or all of it was withdrawn from the group by a departing member.

Each of these lines for a tax credit carryforward is the amount of the identified item that may be claimed in this filing period.

See the "Supplemental Instructions for Standard Members in UBGs" section in Form 4600 for information on the effects of members leaving or joining a UBG on credit carryforwards.

Line 60: Enter overpayment credited from the prior MBT return. When membership of a UBG changes from one filing period to the next, carryforward of an overpayment from the prior return remains with the DM's account. As with business loss carryforwards (above), in general this line should be used only on the DM's copy of Part 2A (credit forward from the group's prior return) or that of a new member (credit forward from the new member's final return as a separate filer).

Line 61: All MBT estimated payments for a UBG should be made by the DM. Enter estimates paid by the DM on this line of the DM's copy of Part 2A. If any other member paid estimates attributable to the group return supported by this form, enter those estimates on that member's copy of Part 2A. Include all payments made by that member for any portion of its federal filing period that is included on the group return. For example, if a non-DM member has a 12-month fiscal year beginning April 1, 2009, and is a member of the UBG throughout that period, its business activity from April 1, 2009, through March 31, 2010, will be reported on the group's December 31, 2010, return. If that member pays MBT quarterly estimates, it will make two estimates during 2009, before the DM's filing period begins. Because those estimates are attributable to activity that will be reported on the group's December 31, 2010, return, they should be included on the paying member's copy of Part 2A for the December 31, 2010, group return.

Line 62: Only the DM may request a filing extension for a UBG. If any other member submits an extension request, it will not create a valid extension for the UBG, but any payment attached to such a request can be credited to the UBG by entering that payment on this line in that member's copy of Part 2A.

Part 2B: Summary of Business Activity for Combined Return of Standard Taxpayers

Part 2B supports, line by line, the combination of all members' entries for each corresponding line in Part 2A, and elimination of intercompany transaction data where appropriate. In general, see instructions for corresponding line numbers in Part 2A. Guidance specific to the combination and elimination process is provided below.

NOTE: Elimination, where required, applies to transactions between any members of the UBG — not just members that report on the standard taxpayer combined return supported by this form. For example, if the UBG includes standard taxpayers (not owned by and unitary with a financial institution in the UBG), an insurance company, and two financial institutions, transactions between a standard taxpayer member and an insurance or financial member are eliminated whenever elimination is required, despite the fact that the insurance and financial members are not reported on the combined return filed by standard taxpayer members. If a transaction between two members of a UBG is reported on the group's current return by one member but reported on the preceding or succeeding group return by the other member (due to differing year ends or accounting methods of the members), the side of that transaction that is included in the group's current filing period must be eliminated. The other side of the same transaction will be eliminated on the group return for the filing period in which the other member reports the transaction.

However, there is no elimination with an otherwise related entity if the related entity is excluded from the UBG. For example, consider a group with a U.S. parent, a U.S. subsidiary, and a foreign operating entity subsidiary that would otherwise be a UBG, but the foreign operating entity is excluded from the UBG by definition. The U.S. parent filing a UBG return may not eliminate intercompany transactions between itself and the foreign operating entity.

In column B for each line, eliminate the tax consequences of intercompany transactions that are included in column A of that line. Tax consequences of a transaction include, for example, gross receipts, subtractions from gross receipts, income, and deductions. Elimination of intercompany transactions does not apply where boxes are filled with Xs in column B.

Line 29C: Add the combined total after eliminations from Part 2B, line 29C, to the number on Form 4567, line 25, and carry the sum to Form 4567, line 26. This calculation method is designed to prevent the fact of one member overcharging MGR Tax to its customers from being obscured by activities of the other members.

Line 63: U.S. person is defined in IRC § 7701(a)(30).

Line 65: Flow of value, integration, dependence, and contribution in a UBG context are described under "General Information About UBGs in MBT" at the beginning of these instructions for Form 4580, and in RAB 2010-2.

Part 3: Affiliates Excluded From The Combined Return of Standard Taxpayers

The statutory test for membership in a UBG is a group of U.S. persons (other than a foreign operating entity):

- One of which owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting rights or ownership interests that confer rights comparable to voting rights of the other U.S. persons (see RAB 2010-1); and
- That has business activities or operations which result in a flow of value between or among persons included in the UBG or has business activities or operations that are integrated with, are dependent upon, or contribute to each other. Flow of value is determined by reviewing the totality of facts and circumstances of business activities and operations. (See RAB 2010-2.)

A person that would be a standard taxpayer if viewed separately is defined and taxed as a financial institution if it is owned, directly or indirectly, by a financial institution and is in a UBG with its owner.

The purpose of Part 3 is to identify persons for which the ownership test described above is satisfied, but which are not included on the combined return supported by this form, either because the relationship test is not satisfied or because the person is excluded by statute. A new member whose business activity is not included in the current combined return because its tax year ends after the filing period of the UBG should also be listed here.

Line 67A: If a person being listed here is listed on U.S. Form 851, enter the identifying number for that person that is called "Corp. No." at the left edge of pages 1, 2, and 3 of U.S. Form 851.

Line 67D: Reason codes for affiliates being excluded from the current combined return:

1	Lacks business activities resulting in a flow of value or integration, dependence or contribution to group.
2	Foreign operating entity.
4	Foreign entity.
5	Member has no MBT tax year (as a member of this UBG) ending with or within this filing period.
6	Other.
7	Insurance company. (Insurance companies always file separately.)
8	Financial institution. (Financial institutions and standard taxpayers generally are not included on the same combined return.)

If you have questions, call Treasury, Technical Services Division, at (517) 636-4230, to discuss an appropriate entry.

Line 67E: If this person has nexus with Michigan, enter a check in this box.

Line 67F: Enter the person's six-digit NAICS code. For a complete list of six-digit NAICS codes, see the U.S. Census Bureau Web site at **www.census.gov/eos/www/naics/**, or enter the same NAICS code used when filing the U.S. Form 1120, Schedule K; U.S. Form 1120S; U.S. Form 1065; or U.S. Form 1040, Schedule C.

Part 4: Persons Included in the Prior Combined Return, but Excluded From Current Return

The purpose of Part 4 is to assist Treasury in tracking membership changes of a UBG from year to year.

NOTE: If a person satisfies the criteria for both Part 3 and Part 4, report that person in both parts. This is a change of procedure from prior MBT forms and instructions.

Line 68C: Reason codes for a person being included in last year's return but not on the current combined return:

10	The member no longer meets the control test, but the ownership interest is still greater than zero.
12	The member no longer meets the control test and the ownership interest is zero.
14	Before the beginning of the group's filing period for the group's current combined return, the person ceased to exist due to dissolution.
16	Before the beginning of the group's filing period for the group's current combined return, the person ceased to exist due to a merger or similar combination.

If the reason is not listed among these reason codes, describe the reason in 21 characters or less in the space provided.

Attachments

For each member that files a separate federal return, attach copies of the same pages of that member's federal return as are required for a separate filer in similar circumstances. See the "Attachments" section of Form 4567 instructions for guidance on required pages of federal returns.

If some or all members reporting on the current combined return are also members of a federal consolidated group, each member will prepare its portion of this Form 4580 on the basis of a pro forma federal return. In this case, attach a copy of the applicable pro forma form and schedules as listed in the "Attachments" section of Form 4567 instructions.

NOTE: Federally disregarded LLCs (and Q-Subs) are treated as persons separate from their owners, although in most cases such an entity will be a member of a UBG with its owner. A federally disregarded entity that is a member of a UBG will prepare its portion of this Form 4580 on the basis of a pro forma federal return or equivalent schedule, using the same federal return type as its owner. The owner of the federally disregarded entity also will use a pro forma federal return (with activity of the disregarded entity removed) to prepare its portion of this form. In each case, attach a copy of the applicable pro forma return and schedules as listed in the "Attachments" section of Form 4567 instructions.

Include completed Form 4580 as part of the tax return filing.

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Attachment 16

2010 MICHIGAN Business Tax Penalty and Interest Computation for Underpaid Estimated Tax

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

PART 1: ESTIMATED TAX REQUIRED

1.	Annual tax from Form 4567, line 57, or Form 4583, line 21, or Form 4588, line 44, or Form 4590, line 30	1.	00
2.	Required estimate amount. Enter 85% (0.85) of line 1	2.	00

See MBT instruction booklet for exceptions to penalty and interest computation.

		A	B	C	D
3. **ENTER THE PAYMENT DUE DATES** (MM-DD-YYYY)	3.				
4. Divide amount on line 2 by 4, or by the number of quarterly returns required. If annualizing, enter the amount from Annualization Worksheet, line 69, page 2	4.				
CAUTION: Complete lines 5 - 13 one column at a time					
5. Prior year overpayment	5.		X X X X X	X X X X X	X X X X X
6. Amount paid on quarterly return or SUW return (see instr.)	6.				
7. Enter amount, if any, from line 13 of the previous column.	7.	X X X X X			
8. Add lines 5, 6 and 7	8.				
9. Add amounts on lines 11 and 12 of the previous column and enter the result here	9.	X X X X X			
10. Subtract line 9 from line 8. If less than zero, enter zero. For column A only, enter the amount from line 8	10.				
11. Remaining underpayment from previous period. If amount on line 10 is zero, subtract line 8 from line 9 and enter result here. Otherwise, enter zero	11.	X X X X X			
12. If line 4 is greater than or equal to line 10, subtract line 10 from line 4 and enter it here. Then go to line 6 of the next column. Otherwise, go to line 13	12.				
13. If line 10 is larger than line 4, subtract line 4 from line 10 and enter it here. Then go to line 6 of next column	13.				

PART 2: FIGURING INTEREST

		A	B	C	D
14. TOTAL UNDERPAYMENT. Add lines 11 and 12	14.				
15. Enter due date for the next quarter or date tax was paid, whichever is earlier. In column D, enter the due date for the annual return or date tax was paid, whichever is earlier	15.				
16. Number of days from the due date of the quarter to the date on line 15	16.				
17. No. of days on line 16 after 04-15-10 and before 07-01-10	17.				
18. No. of days on line 16 after 06-30-10 and before 01-01-11	18.				
19. No. of days on line 16 after 12-31-10 and before 07-01-11	19.				
20. No. of days on line 16 after 06-30-11 and before 01-01-12	20.				
21. Number of days on line 17 / 365 x 4.25% (0.0425) x line 14	21.				
22. Number of days on line 18 / 365 x 4.25% (0.0425) x line 14	22.				
23. Number of days on line 19 / 365 x 4.25% (0.0425) x line 14	23.				
24. Number of days on line 20 / 365 x *% x line 14	24.				
25. Interest on underpayment. Add lines 21 through 24	25.				

26. **Interest Due.** Add line 25 columns A through D and enter the result here	26.		00

* Interest rate will be set at 1% above the adjusted prime rate for this period.

✚ 0000 2010 63 01 27 7

Continue on Page 2.

FEIN or TR Number

PART 3: FIGURING PENALTY

		A	B	C	D
27. Enter the amount from line 12	27.				
28. Payment due dates from line 3 (MM-DD-YYYY)	28.				
29. Annual return due date or the date payment was made, whichever is earlier	29.				
30. Number of days from date on line 28 to date on line 29.	30.				
31. If line 30 is greater than 0 but less than 61, multiply line 27 by 5% (0.05)	31.				
32. If line 30 is greater than 60, but less than 91, multiply line 27 by 10% (0.10)	32.				
33. If line 30 is greater than 90, but less than 121, multiply line 27 by 15% (0.15)	33.				
34. If line 30 is greater than 120, but less than 151, multiply line 27 by 20% (0.20)	34.				
35. If line 30 is greater than 150, multiply line 27 by 25% (0.25)	35.				
36. Add lines 31 through 35	36.				

37. Total Penalty. Add line 36, columns A through D ..... 37. _____ 00

38. **Total Penalty and Interest.** Add lines 26 and 37. Enter here and on Form 4567, line 65, or Form 4583, line 29, or Form 4588, line 52, or Form 4590, line 38 ..... 38. _____ 00

PART 4: ANNUALIZATION WORKSHEET FOR MODIFIED GROSS RECEIPTS AND BUSINESS INCOME TAXES

(If filing Forms 4583, 4588, or 4590, see instructions.)
Complete worksheet if liability is not evenly distributed throughout year.

		A First 3 Months	B First 6 Months	C First 9 Months	D Full 12 Months
39. Gross receipts (GR)	39.				
40. Subtractions	40.				
41. Modified GR. Subtract line 40 from line 39	41.				
42. Apportionment percentage from Form 4567, line 11c	42.	%	%	%	%
43. Apportioned GR Tax Base. Multiply line 41 by line 42	43.				
44. Multiply line 43 by 0.8% (0.008)	44.				
45. Enrichment Prohibition for dealers of boats/new motor vehicles	45.				
46. GR Tax Before Credits. Enter the greater of lines 44 or 45	46.				
47. Business Income (BI)	47.				
48. Additions	48.				
49. Add lines 47 and 48	49.				
50. Subtractions	50.				
51. BI Tax Base. Subtract line 50 from line 49	51.				
52. Apportioned BI Tax Base. Multiply line 51 by line 42	52.				
53. MBT business loss carryforward	53.				
54. Qualified Affordable Housing Deduction	54.				
55. Subtract line 54 and line 53 from line 52. If less than zero, enter zero.	55.				
56. BI Tax Before Credits. Multiply line 55 by 4.95% (0.0495)	56.				
57. Total MBT Before Credits. Add lines 46 and 56	57.				
58. Annual Surcharge. Multiply line 57 by 21.99% (0.2199) (surcharge for the year should not exceed $6,000,000)	58.				
59. MBT (including surcharge) Before Credits. Add lines 57 and 58.	59.				
60. Nonrefundable Credits	60.				
61. Subtract line 60 from line 59. If less than zero, enter zero	61.				
62. Recapture of certain MBT credits and deductions	62.				
63. Net Tax Liability. Add lines 61 and 62	63.				
64. Annualization ratios	64.	4	2	1.3333	1
65. Annualized tax. Multiply line 63 by line 64	65.				
66. Applicable percentage	66.	21.25%	42.5%	63.75%	85%
67. Multiply line 65 by line 66	67.				
68. Combined amounts of line 69 from all preceding columns	68.	X X X X X			
69. **ESTIMATE REQUIREMENTS BY QUARTER**. Subtract line 68 from line 67. If less than zero, enter zero. Enter here and on page 1, line 4	69.				

NOTE: Totals on line 69 must equal 85% of the current year tax liability on page 1, line 1.

✚ 0000 2010 63 02 27 5

Instructions for Form 4582, Michigan Business Tax (MBT) Penalty and Interest Computation for Underpaid Estimated Tax

Purpose

To compute penalty and interest for underpaying, late filing, or late payment of quarterly estimates. If a taxpayer prefers not to file this form, the Department of Treasury (Treasury) will compute any applicable penalty and interest and bill the taxpayer. Part 4 of this form also is used to determine and report the amount of estimates due when income is not evenly distributed through the tax year.

NOTE: Penalty and interest for late filing or late payment on the annual return is computed separately. See the "Computing Penalty and Interest" section of the "General Information for Standard Taxpayers" in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600).

Estimated returns and payments are required from any taxpayer that expects an annual MBT liability (including surcharge) of more than $800. Exceptions are listed below. If a taxpayer owes estimated tax and the estimated return with full payment is not filed or is filed late, penalty is added at 5 percent of tax due, for the first two months. Penalty increases by an additional 5 percent per month, or fraction thereof, after the second month, to a maximum of 25 percent. If the taxpayer made no estimated tax payments and none of the exceptions below apply, compute the interest due (Part 2) and the penalty for non-filing (Part 3).

Exceptions

If any of the conditions listed below apply, do not pay penalty and interest. If a business operated less than 12 months in the current or preceding year, annualize figures (as applicable) to determine if the exceptions apply. See Form 4600 for complete annualizing instructions.

- The annual tax (including surcharge) on the current annual return is $800 or less.
- The estimated quarterly payments reasonably approximate the tax liability incurred for each quarter and the total of all payments equals at least 85 percent of the annual liability. Complete the Annualization Worksheet (Part 4) if the liability is not evenly distributed through the tax year.
- The sum of estimated payments equals the annual tax on the preceding year's return, providing these payments were made in four timely equal payments, or 12, if paid on Sales, Use, and Withholding (SUW) returns, and the preceding year's tax under the MBT Act, including surcharge, if applicable, was $20,000 or less. If the prior year's tax liability was reported for a period less than 12 months, this amount must be annualized for purposes of both the $20,000 ceiling and calculating the quarterly payments due under this method. See "Filing if Tax Year Is Less Than 12 Months" in the "General Information" section of Form 4600 for more information. Reliance on the prior year's tax liability as a means to avoid interest and penalty charges is only allowed if you had business activity in Michigan in that prior year. In addition, if your business was not in existence in the preceding year, no safe harbor exists. In such a case, estimates must be based on the MBT liability for the current year.
- The taxpayer is a farmer, fisherman, or seafarer and files the *MBT Annual Return* (Form 4567) by March 1, or a tentative annual return with payment by January 15, and the final return on or before April 15.

NOTE: For a taxpayer that calculates and pays estimated payments for federal income tax purposes pursuant to section 6655(e) of the Internal Revenue Code, that taxpayer may use the same methodology as used to calculate the annualized income installment or the adjusted seasonal installment, whichever is used as the basis for the federal estimated payment, to calculate the estimated payments required each quarter under this section. Retain the calculation for your records.

Line-by-Line Instructions

Lines not listed are explained on the form.

Do not enter data in boxes filled with Xs.

Dates must be entered in MM-DD-YYYY format.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either Form 4567 or the *MBT Simplified Return* (Form 4583) for standard taxpayers, the *MBT Annual Return for Financial Institutions* (Form 4590), or the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588)).

PART 1: ESTIMATED TAX REQUIRED

Line 2: Enter 85 percent of the annual tax amount from line 1.

Line 3: Enter the due date for each quarterly return. For calendar year filers these dates are April 15, July 15, October 15, and January 15. For fiscal year filers, these dates are 4th, 7th, 10th and 13th months after the start of the fiscal year. Payment is due on the 15th day of the month. For any tax year that includes an estimated tax payment period of less than three months, the quarterly return for that period is due on the 15th day of the month immediately following the final month of the estimated tax payment period.

Line 4: Divide the amount of the estimated tax required for the year on line 4 by four and enter this as estimated tax for each quarter. If the business operated less than 12 months, divide by the number of quarterly returns required and enter this as the estimated tax for each quarter.

Actual Quarterly Tax. If a taxpayer computes quarterly tax due based on the actual tax base for each quarter, complete Part 4 first, then bring the tax from line 69 of the Annualization Worksheet to line 4. See Part 4 instructions for taxpayers filing a return other than Form 4567. The total of the four computed amounts cannot be less than line 2.

Line 5: Complete column A only. Enter the amount of prior year overpayment credited to the current tax year estimates.

Line 6: Amount Paid.

- **Column A:** Enter estimated payments made by the due date for the first quarterly return. Also enter in column A the total refundable credits from line 24 of the *MBT Refundable Credits* (Form 4574) or line 7 of the *Miscellaneous Credits for Insurance Companies* (Form 4596).
- **Column B:** Enter payments made after the due date in column A and by the due date in column B.
- **Column C:** Enter payments made after the due date in column B and by the due date in column C.
- **Column D:** Enter payments made after the due date in column C and by the due date in column D.

If quarterly payments are made after the due date, penalty and interest will apply until the payment is received. If less than full payment is made with a late filing, the taxpayer will need to compute multiple penalty and interest calculations for each column. Attach a separate schedule if necessary.

PART 2: FIGURING INTEREST

Compute the interest due for both non-filing and underpayment of the required estimated tax in this section. Follow the instructions for each line, as interest is calculated separately for each quarter and the interest rate might not be the same for each quarter.

Line 15: Enter the due date of the next quarter or the date the tax was paid, whichever is earlier. In column D, enter the earlier of the due date for the annual return or the date the tax was paid. An approved extension does not change the due date of the annual return (column D) for this computation.

PART 3: FIGURING PENALTY

Compute the penalty due for both non-filing and underpayment of the required estimated tax in this section. Follow the instructions for each line, as the penalty and interest is calculated separately for each quarter and the penalty percentage and interest rate might not be the same for each quarter.

Avoiding Penalty and Interest Under MBT

If estimated MBT liability for the year (including surcharge) is over $800, a taxpayer must file estimated quarterly returns and payments. The taxpayer may make payments with any of the following:

- *MBT Quarterly Return* (Form 4548) or
- *Combined Return for Michigan Taxes* (Form 160) (if registered for SUW Taxes), or
- Electronic Funds Transfer (EFT). To learn more about this option, see **www.michigan.gov/biztaxpayments.**

If filing monthly using Form 160, monthly payments may be filed on the 20th day of the month. If filing quarterly via Form 160, payment for MBT is due on the 15th. For example, a calendar year taxpayer may file monthly MBT estimated tax payments using Form 160 on February 20, March 20, and April 20 rather than a single quarterly payment on April 15 provided the combined estimated tax payments for those months are calculated using the instructions provided with the form.

For taxpayers electing to make monthly remittances by EFT where the requirement to file a paper Form 160 has been waived, MBT estimates can be made by the 20th day of the month following the month's end. The estimated MBT for the quarter must also reasonably approximate the liability for the quarter.

NOTE: A debit transaction will be ineligible for EFT if the bank account used for the electronic debit is funded or otherwise associated with a foreign account to the extent that the payment transaction would qualify as an International ACH Transaction (IAT) under NACHA Rules. Contact your financial institution for questions about the status of your account. Contact Treasury's Electronic Funds Transfer Unit at (517) 636-4730 for alternate payment methods.

For standard taxpayers, the estimated payment made with each quarterly return must be for the total estimated Business Income Tax and Modified Gross Receipts Tax for the quarter plus surcharge, or 25 percent of the estimated annual liability. To avoid interest and penalty charges, estimated payments must equal at least 85 percent of the liability for the tax year and the amount of each estimated payment must reasonably approximate the tax liability for that quarter or the sum of estimated payments must equal the annual tax on the preceding year's return, providing these payments were made in four timely equal payments, or 12, if paid on SUW returns, and the preceding year's tax was $20,000 or less. If the year's tax liability (including surcharge) is $800 or less, estimated returns are not required.

PART 4: ANNUALIZATION WORKSHEET FOR MODIFIED GROSS RECEIPTS AND BUSINESS INCOME TAXES

Standard taxpayers may use the Annualization Worksheet to calculate and report the amount of estimates due when income is not evenly distributed throughout the tax year.

If filing the *MBT Simplified Return* (Form 4583), the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588), or *MBT Annual Return for Financial Institutions* (Form 4590), submit a schedule showing the entity's computations for each quarter. Enter the total amounts on line 63 and follow the instructions for lines 64 through 69.

Each column represents a quarterly three-month filing period.

The Annualization Worksheet essentially leads filers through the steps required to calculate the actual MBT due for the tax year to date. The net tax liability is then annualized and multiplied by the percentage of estimates required for that quarter.

Line 42: If not subject to apportionment, enter 100 percent.

Line 58: Multiply line 57 by 21.99 percent (0.2199). The surcharge for the year should not exceed $6,000,000.

For example, if 21.99 percent of line 58 is equal to $4,000,000 in the first quarter, in the second quarter there is additional tax on line 57 that would add another $1,000,000, the third quarter there was no additional tax, and the fourth quarter the additional tax would add another $2,000,000, enter as follows:

- **Column A:** $4,000,000
- **Column B:** $5,000,000
- **Column C:** $5,000,000
- **Column D:** $6,000,000

Line 69: The totals for line 69, columns A, B, C, and D, must equal 85 percent of the current year tax liability on page 1, line 1.

Include completed Form 4582 as part of the tax return filing.

For More Information

For more comprehensive information regarding MBT, visit the MBT Web site at **www.michigan.gov/mbt**. The Web site contains information taxpayers may find helpful in determining their estimated tax liability.

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Attachment 13

2010 MICHIGAN Business Tax Election of Refund or Carryforward of Credits

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

1. Tax liability after Renaissance Zone Credit from Form 4573, line 15, or tax liability after Renaissance Zone Credit from Form 4596, line 18 ..... 1. 00

HISTORIC PRESERVATION CREDIT. If not claiming, skip to line 30.

Recapture Calculation

2. Historic Preservation Credit recapture. Carry to Form 4573, line 17a, or Form 4596, line 20a 2. 00
3. Tax Liability After Historic Preservation Credit Recapture. Add lines 1 and 2 ..... 3. 00
4. Unused Basic/Enhanced credit from previous period return 4. 00
5. Tax liability after Basic/Enhanced credit carryforward. Subtract line 4 from line 3. If less than zero, enter zero ... 5. 00
6. Basic/Enhanced credit carryforward to the next period. If line 4 is greater than line 3, enter the difference 6. 00
7. Unused Special Consideration credit from previous period return (see instructions) 7. 00
8. Tax liability after Special Consideration credit carryforward. Subtract line 7 from line 5. If less than zero, enter zero 8. 00
9. Special Consideration credit carryforward to the next period. If line 7 is greater than line 5, enter the difference 9. 00
10. Basic/Enhanced credit received by assignment in this filing period. (Attach Michigan Department of Treasury approval letter received from Assignor.) 10. 00
11. Tax liability after Basic/Enhanced credit received by assignment. Subtract line 10 from line 8. If less than zero, enter zero 11. 00
12. Assigned Basic/Enhanced credit carryforward to the next period. If line 10 is greater than line 8, enter the difference 12. 00
13. Special Consideration credit received by assignment for this filing period. (Attach Michigan Department of Treasury approval letter received from Assignor.) 13. 00
14. Tax liability after Special Consideration credit received by assignment. Subtract line 13 from line 11. If less than zero, enter zero 14. 00
15. Assigned Special Consideration credit carryforward for the next year. If line 13 is greater than line 11, enter the difference 15. 00
16. Current period Basic credit from Form 3581, line 4d 16. 00
17. Current period Enhanced credit from Form 3581, line 5d 17. 00
18. Current period Basic/Enhanced credits. Add lines 16 and 17. ..... 18. 00
19. Tax liability after current period Basic/Enhanced credits. Subtract line 18 from line 14. If less than zero, enter zero 19. 00
20. Current period Basic/Enhanced credits that exceed liability. If line 18 is greater than line 14, enter the difference 20. 00
21. Special Consideration credit from Form 3581, line 6d 21. 00
22. Allowable current period Special Consideration credit. Enter the lesser of lines 19 and 21 ..... 22. 00
23. Current period Special Consideration credit carryforward to next period. If line 21 is greater than line 22, enter the difference 23. 00
24. Tax liability after Historic Preservation Credit. Subtract line 22 from line 19 ..... 24. 00

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Continue on Page 2.

FEIN or TR Number

Carryforward/Refund Calculation

25. Prior year and assigned Basic/Enhanced credit carryforward to next period. Add lines 6 and 12 ..... 25. 00

26. All Special Consideration credit carryforward to next period. Add lines 9, 15, and 23 ..... 26. 00

27. Basic/Enhanced credit refund (see instructions)

    a. Amount of credit from line 20 that is eligible to be refunded. If line 20 is zero, skip to line 28 ..... 27a. 00

    b. Refundable Amount. Multiply line 27a by 90% (0.90). Carry to Form 4574, line 14, or Form 4596, line 3 ..... 27b. 00

28. Total Basic/Enhanced credit carryforward to next period. If no refund selected in line 27b, add lines 25 and 20. Otherwise, add lines 25 and 20 and subtract line 27a (see instructions) 28. 00

29. **Total Historic Preservation Credit.** Subtract line 24 from line 3. Carry amount to Form 4573, line 16, or Form 4596, line 19 ..... 29. 00

MEGA FEDERAL CONTRACT CREDIT. If not claiming, skip to line 39.

30. Tax liability before MEGA Federal Contract Credit from Form 4573, line 46 ..... 30. 00

31. Unused credit from previous period MBT return 31. 00

32. Tax After Previous Period Credit. Subtract line 31 from line 30. If less than zero, enter zero 32. 00

33. Remaining unused credit from previous period MBT return. If line 31 is greater than line 30, enter the difference 33. 00

34. Available credit from the MEDC Certificate (attach) 34. 00

35. Tax After Current Period Credit. Subtract line 34 from line 32. If less than zero, enter zero here and complete line 36; Otherwise, skip to line 37 ..... 35. 00

36. If line 34 is greater than line 32, elect a refund or carryforward of credit by entering the difference on either line 36a or line 36b.

    a. Refundable Amount. Carry amount to Form 4574, line 18 ..... 36a. 00

    b. Carryforward Amount 36b. 00

37. Total Credit Carryforward. Add lines 33 and 36b 37. 00

38. **MEGA Federal Contract Credit.** Subtract line 35 from line 30. Carry amount to Form 4573, line 47 ..... 38. 00

BROWNFIELD REDEVELOPMENT CREDIT. If not claiming, skip to line 57.

Recapture Calculation

39. Tax liability before Brownfield Redevelopment Credit from Form 4573, line 68, or Form 4596, line 21 ..... 39. 00

40. If completing Form 4569, enter amount from Form 4569, line 8; Otherwise, enter MBT Brownfield Redevelopment Credit recapture amount 40. 00

41. Unused credit from previous period MBT return 41. 00

42. Subtract line 41 from line 40. If less than zero, enter zero 42. 00

43. Remaining prior year carryforward. If line 41 is greater than line 40, enter the difference 43. 00

44. Assigned credit from *MBT Brownfield Redevelopment Credit Assignment Certificate* (attach) 44. 00

45. Subtract line 44 from line 42. If less than zero, enter zero 45. 00

46. Remaining assigned credit. If line 44 is greater than line 42, enter the difference 46. 00

47. Available credit from *MBT Brownfield Redevelopment Credit Certificate of Completion* (attach) 47. 00

48. Subtract line 47 from line 45. If less than zero, enter zero here; Otherwise, carry amount to Form 4587, line 7 ..... 48. 00

Continue on Page 3.

FEIN or TR Number

BROWNFIELD REDEVELOPMENT CREDIT — Continued

Carryforward/Refund Calculation

49. Remaining current year credit. If line 47 is greater than line 45, enter the difference 49. 00
50. Available prior year and assigned credit. Add lines 43 and 46 ..... 50. 00
51. Tax after available prior year and assigned credit. Subtract line 50 from line 39. If less than zero, enter zero 51. 00
52. Prior year and assigned credit carryforward. If line 50 is greater than line 39, enter the difference 52. 00
53. Tax after Brownfield Redevelopment Credit. Subtract line 49 from line 51. If less than zero, enter zero here and complete line 54; Otherwise, skip to line 56 ..... 53. 00
54. If line 49 is greater than line 51, elect a refund or carryforward of credit by completing either line 54a or line 54b.
    a. Refundable Amount. Enter 85% (0.85) of the difference of line 49 and line 51. Carry amount to Form 4574, line 20, or Form 4596, line 5 ..... 54a. 00
    b. Carryforward Amount. Enter the difference of line 49 and line 51 ..... 54b. 00
55. Total Credit Carryforward. Add lines 52 and 54b 55. 00
56. **Brownfield Redevelopment Credit.** Subtract line 53 from line 39. Carry amount to Form 4573, line 69, or Form 4596, line 22 ..... 56. 00

ANCHOR COMPANY PAYROLL CREDIT.

If not claiming, complete line 57, carry amount to line 62, and continue to the next credit.

57. Tax liability before Anchor Company Payroll Credit from Form 4573, line 86 ..... 57. 00
58. Unused credit from previous period MBT return 58. 00
59. Tax After Previous Period Credit. Subtract line 58 from line 57. If less than zero, enter zero 59. 00
60. Remaining unused credit from previous period MBT return. If line 58 is greater than line 57, enter the difference 60. 00
61. Available credit from the MEDC Certificate (attach) 61. 00
62. Tax After Current Period Credit. Subtract line 61 from line 59. If less than zero, enter zero here and complete line 63; Otherwise, skip to line 64 ..... 62. 00
63. If line 61 is greater than line 59, elect a refund or carryforward of credit by entering the difference on either line 63a or line 63b.
    a. Refundable Amount. Carry amount to Form 4574, line 22 ..... 63a. 00
    b. Carryforward Amount 63b. 00
64. Total Credit Carryforward. Add lines 60 and 63b 64. 00
65. **Anchor Company Payroll Credit.** Subtract line 62 from line 57. Carry amount to Form 4573, line 88 ..... 65. 00

ANCHOR COMPANY TAXABLE VALUE CREDIT.

66. Unused credit from previous period MBT return 66. 00
67. Tax After Previous Period Credit. Subtract line 66 from line 62. If less than zero, enter zero 67. 00
68. Remaining unused credit from previous period MBT return. If line 66 is greater than line 62, enter the difference 68. 00
69. Available credit from the MEDC Certificate (attach) 69. 00
70. Tax After Current Period Credit. Subtract line 69 from line 67. If less than zero, enter zero here and complete line 71; Otherwise, skip to line 72 ..... 70. 00
71. If line 69 is greater than line 67, elect a refund or carryforward of credit by entering the difference on either line 71a or line 71b.
    a. Refundable Amount. Carry amount to Form 4574, line 23 ..... 71a. 00
    b. Carryforward Amount 71b. 00
72. Total Credit Carryforward. Add lines 68 and 71b 72. 00
73. **Anchor Company Taxable Value Credit.** Subtract line 70 from line 62. Carry amount to Form 4573, line 90 ..... 73. 00

Instructions for Form 4584
Michigan Business Tax (MBT) Election of Refund or Carryforward of Credits

Purpose

To allow standard taxpayers to claim certain "hybrid" credits that, if greater than the tax liability, can either be refunded or carried forward to offset future liabilities. Credits and any overpayments are calculated here and then carried to either the *MBT Miscellaneous Nonrefundable Credits* (Form 4573) or the *MBT Refundable Credits* (Form 4574), depending on the election chosen.

NOTE: This form cannot be used with *MBT Simplified Return* (Form 4583).

Financial institutions and insurance companies may use this form to claim the Historic Preservation Credit and Brownfield Redevelopment Credit only.

An election must be made on the original return filed for the year in which the credit was earned. No amendment will be allowed to change this election. Amounts elected to be carried forward may not be subsequently refunded, nor can assigned credits be refunded. Treatment of any excess credit may not be split between a refund and carryforward.

Special Instructions for Unitary Business Groups

Credits on this form are earned and calculated on an entity-specific basis, as determined by relevant statutory provisions for the respective credits. Intercompany transactions are not eliminated, and the credits are applied against the tax liability of the Unitary Business Group (UBG).

Entity-specific provisions are applied on a member-by-member basis. In none of these cases does a taxpayer that is a UBG take the organization type of its parent, Designated Member (DM), or any member of the UBG. A UBG taxpayer will not be attributed an organization type based on the composition of its members.

A member of a UBG may claim any of the applicable credits contained on this form by attaching the member's credit certificate to the return. If more than one member is claiming the same credit, the total amount from all claiming members should be entered on each corresponding line on this form. Line-by-line instructions indicate additional information required for UBGs.

See the "Supplemental Instructions for Standard Members in UBGs" section in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600) for information on the effects of members leaving or joining a UBG on credit carryforwards.

Line-by-Line Instructions

Lines not listed are explained on the form.

NOTE: Although qualification for certain credits is reviewed and approved by the Michigan Economic Growth Authority (MEGA), in many cases the certificates for such credits are issued by the Michigan Economic Development Corporation (MEDC).

Name and Account Number: Enter the name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers, the *MBT Annual Return for Financial Institutions* (Form 4590), or the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588)).

UBGs: Complete one form for the group. Enter the DM name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

Historic Preservation Credit

The Historic Preservation Credit provides tax incentives for homeowners, commercial property owners, and businesses to rehabilitate historic resources located in the State of Michigan. Rehabilitation projects must be certified by the State Historic Preservation Office (SHPO).

The credit must be claimed in the year that the certification of completed rehabilitation of the historic resource was issued.

A qualified taxpayer that has a rehabilitation plan certified before January 1, 2008, under the Single Business Tax (SBT) for the rehabilitation of a historic resource for which a certification of completed rehabilitation has been issued after the end of the taxpayer's last tax year under SBT may also claim a credit.

Qualified taxpayers may receive a *Basic Michigan Credit* equal to 25 percent of their qualified expenditures. For taxpayers eligible for the federal Rehabilitation Credit under Internal Revenue Code (IRC) § 47(a)(2), the Basic Michigan Credit is 25 percent of the qualified expenditures less the amount of the federal credit claimed. For example, if the federal credit is 20 percent, the State credit is 5 percent of the qualified expenditures.

A qualified MBT taxpayer may take one of two additional credits. The **Enhanced Credit** is equal to a percentage of qualified expenditures, not to exceed 15 percent, established in a preapproval letter issued by SHPO.

The **Special Consideration Credit** is equal to a percentage of qualified expenditures, not to exceed 15 percent, recorded on the Certificate of Completion awarded by SHPO. Special Consideration Credits are granted to rehabilitation plans expected to have a high community impact and to have significantly greater historic, social, and economic impact than those plans that earn Enhanced Credits. The maximum amount of credit that may be claimed during a tax year is $3,000,000 per project, with the excess being carried forward until used up. The Enhanced and Special Consideration Credits are taken in addition to the Basic Credit. All three are calculated on *Michigan Historic Preservation Tax Credit* (Form 3581).

A qualified taxpayer may assign all or a portion of its credit to any assignee. The credit assignment cannot be revoked, but an assignee may subsequently reassign a credit, or any portion of an assigned credit, to one or more assignees. Both the initial assignment of the Michigan Historic Preservation Tax Credit by the qualified taxpayer to the first assignee(s) and the subsequent

reassignment by the first assignee(s) to reassignee(s) must be done in the tax year in which the certificate of completed rehabilitation is issued. Assignments are made on *Historic Preservation Tax Credit Assignment and Reassignment* (Form 3614).

This credit is generally nonrefundable. If the credit exceeds the taxpayer's tax liability, the balance of the credit may be carried forward up to ten years. However, for projects for which the credit amount allowed is less than $250,000, a qualified taxpayer may elect to forgo the carryover period and receive a refund of 90 percent of the amount that exceeds the qualified taxpayer's tax liability. Such an election must be made in the year that a certificate of completed rehabilitation is issued and is irrevocable. The credit must be claimed in the year that the certificate of completed rehabilitation of the historic resource was issued.

An unused carryforward of a Historic Preservation Credit generated under SBT may be claimed against the tax imposed by MBT for the years the carryforward would have been available under SBT (maximum ten years). This carryforward is claimed on the *MBT Single Business Tax Credit Carryforwards* (Form 4569).

Line 2: Recapture. Enter the sum of all SBT and MBT Historic Preservation Credit recapture amounts. If a recapture event occurs, in the year of the event the following percentage of the credit amount previously claimed must be added back to the tax liability of the qualified taxpayer that received the certificate of completed rehabilitation or preapproved letter. For tax years beginning after December 31, 2008, a recapture event occurs if:

• A certificate of completed rehabilitation is revoked or a preapproval letter for an enhanced credit is revoked or a historic resource is sold or disposed of less than five years after the historic resource is placed in service (as defined in IRC § 47(b)(1) and related federal regulations); or

• A certificate of completed rehabilitation issued after December 1, 2008, is revoked; or a preapproval letter for an enhanced credit issued after December 1, 2008, is revoked; or a historic resource is sold or disposed of less than five years after the historic resource is placed in service during a tax year beginning after December 31, 2008.

100 percent	If less than 1 year
80 percent	If at least 1 year, but less than 2 years
60 percent	If at least 2 years, but less than 3 years
40 percent	If at least 3 years, but less than 4 years
20 percent	If at least 4 years, but less than 5 years

If the credit has been assigned, the recapture is the responsibility of the qualified taxpayer that received the certificate of completed rehabilitation, not the assignee.

NOTE: A recapture is not required if the qualified taxpayer enters into a written agreement with SHPO that allows for the transfer or sale of the historic resource.

UBGs: If any member of the UBG is reporting recapture, a statement must be attached to this form identifying the reporting member.

Line 4: Enter only the unused credit from a previous period MBT return. Available SBT credit carryforward is claimed separately on Form 4569.

UBGs: Enter the carryforward amount from Form 4580, Part 2B, line 49, column C.

Line 7: Enter amount of Special Consideration credit carryforward from prior year MBT Form 4584, if any. The Special Consideration credit carryforward must be separately recorded because, unlike the Basic/Enhanced Credit carryforward, it may be carried forward until used up. It does not expire after 10 years.

UBGs: Enter the unused credit amount from Form 4580, Part 2B, line 50, column C.

Line 10: Basic/Enhanced Credit. If the Historic Preservation Credit has been assigned, attach the approval letter received from the Michigan Department of Treasury (Treasury) to the return. (If the approval letter is not attached, the credit will be disallowed.)

NOTE: If the taxpayer assigned part, but not all, of the credit, include here the amount of credit retained by the taxpayer. To this extent the assignor is also an assignee.

Line 13: Special Consideration Credit. If the Historic Preservation Credit has been assigned, attach the approval letter received from Treasury to the return. (If the approval letter is not attached, the credit will be disallowed.)

NOTE: If the taxpayer assigned part, but not all, of the credit, include here the amount of credit retained by the taxpayer. To this extent the assignor is also an assignee.

Line 26: Add lines 9, 15, and 23. This amount is the Special Consideration Credit carryforward to be used on the taxpayer's next MBT return.

Line 27: For projects for which the total credit amount allowed is less than $250,000, a qualified taxpayer may elect to forgo the carryover period and receive a refund of 90 percent of the amount of the credit that exceeds the qualified taxpayer's tax liability. Neither an assigned credit nor a credit carried forward from a prior year is eligible to be refunded.

Line 27a: Enter the amount of credit from Line 20 that is eligible to be refunded. This amount may be greater than $250,000 if a taxpayer has earned credit from more than one project. The determination is made separately for each project for which a taxpayer has earned a credit. Thus, if a separate filer (or two members of a UBG) has two credits, one for $200,000 and one for $300,000, the smaller credit is eligible to be refunded. The eligibility for a refund will be based on the entire historic preservation credit earned for a project, including the Basic Credit plus any additional amounts earned as an Enhanced or Special Consideration Credit.

Once eligibility is determined for each credit earned, an election must be made to request either a carryforward or a 90 percent refund of the entire amount eligible. An eligible credit may not be split between a refund and carryforward.

Line 28: If no refund was elected in line 27b, add lines 25 and 20. Otherwise, add lines 25 and 20 and subtract line 27a. This amount is the Basic/Enhanced Credit carryforward to be used on the taxpayer's next MBT return.

MEGA Federal Contract Credit

The MEGA Federal Contract Credit is available for a qualified taxpayer or collective group of taxpayers that have been awarded a federal procurement contract from the United States Department of Defense, Department of Energy, or Department of Homeland Security, resulting in a minimum of 25 new full-time jobs. The credit amount is 100 percent of the qualified taxpayer's payroll attributable to employees who perform qualified new jobs as a result of the contract multiplied by the Michigan Individual Income Tax rate.

This credit may be taken for a period of up to seven years, as determined by MEGA. Any amount that exceeds the taxpayer's tax liability may be refunded or carried forward for ten years or until it is used up, whichever occurs first. To be eligible for the credit, a taxpayer must enter into an agreement with MEGA and be certified by MEGA.

If a misrepresentation is made on the application for this credit, the designation of a qualified taxpayer may be revoked and the taxpayer may be required to refund or recapture credits received. Credit recapture is calculated on Form 4587.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Line 31: **UBGs:** Enter the unused credit amount from Form 4580, Part 2B, line 52, column C.

Line 34: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Defense Contracting Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 37: Add lines 33 and 36b. This is the MEGA Federal Contract Credit carryforward to be used on the taxpayer's next MBT return.

Brownfield Redevelopment Credit

The Brownfield Redevelopment Credit encourages businesses to make an investment in eligible Michigan property that was used or is currently used for commercial, industrial, public, or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete, or blighted.

A qualified taxpayer may claim a credit against its MBT tax liability, provided the taxpayer has a preapproval letter issued for the project after 2007, and before 2014, and the project is completed not more than five years after the preapproval letter is issued (ten years for multiphase projects). An extension can be requested for up to ten years from the date of the preapproval letter.

MBT also allows a taxpayer that received a preapproval letter prior to January 1, 2008, under the SBT Act to receive a Certificate of Completion and claim a credit against the tax imposed by the MBT Act, provided that all other requirements are met.

For projects approved or amended by MEGA, prior to April 8, 2008, the credit is limited to 10 percent of the cost of the eligible investment. For projects approved or amended on or after April 8, 2008, the credit is authorized for a percentage of the cost of eligible investment to be determined by MEGA, up to 20 percent of the cost.

Except for a multiphase project, the Brownfield Redevelopment Credit must be claimed in the tax year in which the Certificate of Completion is issued. For credits for a project approved by MEGA with total credits greater than $10,000,000, the credits must be claimed at the rate of 10 percent per year for ten years, beginning with the first year specified by MEGA on the Certificate of Completion.

If a Brownfield Redevelopment Credit exceeds a taxpayer's tax liability for the year, the excess may be carried forward to offset tax liability in subsequent tax years for a maximum of ten years. Beginning April 8, 2008, a qualified taxpayer may elect to have the amount of the credit that exceeds the tax liability refunded at a rate equal to 85 percent of that amount, forgoing the remaining 15 percent of the credit. This election must be made when filing the return for the tax year in which the Certificate of Completion was received.

NOTE: Neither an assigned credit nor a credit carried forward from a prior year is eligible to be refunded.

NOTE: An unused SBT credit carryforward may be claimed against the tax imposed under the MBT for the same years the carryforward would have been available under SBT, but it expires after ten years (combined SBT and MBT years). This carryforward is claimed on Form 4569.

All or a portion of the credit may be assigned. The assignment of the credit is irrevocable, and except for an assignment based on a multiphase project, must be made in the tax year in which the Certificate of Completion was issued.

The administration of the Brownfield Redevelopment Credit program is assigned to MEGA. For more information on the approval process, contact the MEDC at (517) 373-9808.

Line 39: Enter tax liability before Brownfield Redevelopment Credit from Form 4573, line 68, or Form 4596, line 21.

Line 40: Recapture. The disposal or transfer to another location of personal property used to calculate this credit will result in an addition to the tax liability of the qualified taxpayer that was originally awarded the credit in the year in which the disposal or transfer occurs. This is true even if the credit was assigned to someone else. This additional liability will be calculated by multiplying the same percentage as is used to calculate the credit (e.g., 10 percent) times the federal basis of the property used to calculate gain or loss [as calculated for federal purposes] as of the date of the disposition or transfer. The amount otherwise added to the tax liability may also be used to reduce any carryforward of credits available to the taxpayer.

UBGs: If any member of the UBG is reporting recapture, a statement must be attached to this form identifying the reporting member.

Line 41: Enter only the unused credit from a previous period MBT return. Available SBT credit carryforward is claimed separately on Form 4569.

UBGs: Enter the unused credit amount from Form 4580, Part 2B, line 55, column C.

Line 44: If the Brownfield Redevelopment Credit has been assigned, attach the MBT Brownfield Redevelopment Credit Assignment Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 47: For the credit to be valid, attach the Certificate of Completion, issued after the completion of the approval process, to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 54: A qualified taxpayer may elect to have the amount of the credit that exceeds the tax liability refunded at a rate equal to 85 percent of that amount, forgoing the remaining 15 percent of the credit. Neither an assigned credit nor a credit carried forward from a prior year is eligible to be refunded.

Line 55: Add lines 52 and 54b. This amount is the Brownfield Redevelopment credit carryforward to be used on the taxpayer's next MBT return.

Anchor Company Payroll Credit

The Anchor Company Payroll Credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

A qualified taxpayer may take a credit up to 100 percent of its supplier's or customer's payroll for employees who perform qualified new jobs multiplied by the Michigan Individual Income Tax rate. This credit may be taken for a period of up to five years, as determined by MEGA. Any amount that exceeds the taxpayer's tax liability may be refunded or carried forward for ten years or until it is used up, whichever occurs first. To be eligible for the credit, a taxpayer must be certified by MEGA. MEGA also may provide that qualified sales to a qualified customer not be considered in calculating the sales factor for the tax year for which a credit is provided.

The statute provides for reduction, termination, or recapture of the credit if the taxpayer fails to comply with its agreement or the statute. Credit recapture is calculated on Form 4587.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives**.

Line 57: Enter tax liability before Anchor Company Payroll credit from Form 4573, line 86.

Line 58: **UBGs:** Enter unused credit amount from Form 4580, Part 2B, line 58, column C.

Line 61: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Anchor Jobs Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 64: Add lines 60 and 63b. This amount is the Anchor Company Payroll credit carryforward to be used on the taxpayer's next MBT return.

Anchor Company Taxable Value Credit

The Anchor Company Taxable Value Credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

A qualified taxpayer may take a credit in an amount up to 5 percent of its supplier's or customer's taxable property value within a ten mile radius of the qualified taxpayer. This credit may be taken for a period of up to five years, as determined by MEGA. Any amount that exceeds the taxpayer's tax liability may be refunded or carried forward for five years or until it is used up, whichever occurs first. To be eligible for the credit, a taxpayer must be certified by MEGA. MEGA also may provide that qualified sales to a qualified customer not be considered in calculating the sales factor for the tax year for which a credit is provided.

The statute provides for reduction, termination, or recapture of the credit if the taxpayer fails to comply with its agreement or the statute. Credit recapture is calculated on the *MBT Schedule of Recapture of Certain Business Credits and Deductions* (Form 4587).

For more information, contact the MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives**.

Line 66: Enter unused credit amount from a previous period MBT return.

UBGs: Enter the unused credit amount from Form 4580, Part 2B, line 59, column C.

Line 69: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Anchor District Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 72: Add lines 68 and 71b. This amount is the Anchor Company Taxable Value credit carryforward to be used on the taxpayer's next MBT return.

Include completed Form 4584 as part of the tax return filing.

Attachment 05

2010 MICHIGAN Business Tax Investment Tax Credit Recapture From Sale of Assets Acquired Under Single Business Tax

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

PART 1: CALCULATION OF SINGLE BUSINESS TAX (SBT) INVESTMENT TAX CREDIT (ITC) RECAPTURE BASES

Each row in lines 1-3 is for assets acquired in one SBT tax year and disposed of this year. Enter years in date order. Columns B and C are totals by acquisition year. Line 1, column D, and Line 2, column E: For all years, enter MBT apportionment percentage from Form 4567, line 11c. Enter amounts in whole dollars (no cents).

Depreciable Tangible Assets

1. A Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY)	B Combined Sales Price of Disposed Assets by Year of Acquisition	C Net Gain/Loss From Sale of Assets	D Apportionment Percentage *From Form 4567, line 11c*	E Apportioned Gain/Loss *Multiply Column C by Column D*	F SBT ITC Recapture (Base 1) *Subtract Column E From Column B*

Depreciable Mobile Tangible Assets

2. A Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY)	B Combined Sales Price of Disposed Assets by Year of Acquisition	C Net Gain/Loss From Sale of Assets	D Adjusted Proceeds *Subtract Column C From Column B*	E Apportionment Percentage *From Form 4567, line 11c*	F SBT ITC Recapture (Base 2) *Multiply Column D by Column E*

Assets Transferred Outside Michigan

3. A Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY)	B SBT ITC Recapture Combined Adjusted Federal Basis of Disposed Assets by Year of Acquisition (Base 3)

✚ 0000 2010 75 01 27 2

Continue on Page 2.

FEIN or TR Number	
UBG Member FEIN or TR Number	

PART 2: CALCULATION OF SBT ITC RECAPTURE RATES

Enter amounts from ALL prior SBT C-8000ITC forms filed for tax years beginning on or after January 1, 2000. Enter SBT tax years in date order. Enter amounts in whole dollars only (no cents).

4. A Return For Taxable Year Ending (MM-DD-YYYY)	B Net Capital Investment *(C-8000ITC, Line 24)*	C SBT ITC *(C-8000ITC, Line 33)*	D SBT ITC Used *(C-8000ITC, Line 36)*	E Effective Percentage Rate of SBT ITC by Year	
					%
					%
					%
					%
					%
					%
					%
					%
					%

Enter amounts from Form 4569, line 3, for all periods ending in 2008 or 2009.

5. A Return For Taxable Year Ending (MM-DD-YYYY)	B SBT ITC Carryforward Used *(Form 4569, line 3)*

PART 3: CALCULATION OF SBT ITC RECAPTURE AMOUNTS

Enter amounts in whole dollars only (no cents).

6. A Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY)	B Total SBT ITC Recapture Base by Year of Acquisition *Add Amounts from Columns 1F, 2F and 3B*	C Year-Specified Recapture Percentage Rate from Line 4, Column E		D Recapture Amount *Multiply Column B by Column C*
			%	
			%	
			%	
			%	
			%	
			%	
			%	
			%	
			%	

7. TOTAL. Enter total of Line 6, column D. Carry total to Form 4570, line 19 ..... | | 00 |

Instructions for Form 4585
Michigan Business Tax (MBT) Investment Tax Credit Recapture From Sale of Assets Acquired Under Single Business Tax

Purpose

To calculate the Investment Tax Credit (ITC) recapture amount for the disposition or transfer of tangible, depreciable real or personal property acquired in tax years beginning after 1999 and prior to 2008 which must be recaptured to the extent used and at the rate used under the Single Business Tax (SBT) or MBT. Form 4585 must be filed as a supporting schedule for the total recapture amount reported on the *MBT Credits for Compensation, Investment and Research and Development* (Form 4570).

Special Instructions for Unitary Business Groups

For the tax period covered on the Unitary Business Group (UBG) combined *MBT Annual Return* (Form 4567), the following types of UBG members are required to file Form 4585:

- Members who disposed of SBT ITC assets during the member's tax year included in the UBG combined Form 4567;
- Members who need to report during the tax period covered on the UBG combined Form 4567 gains attributable to previous tax period installment sale of SBT ITC assets; OR
- Members who had an SBT ITC carryforward available to be used against the UBG's liability in tax year 2008 and/or 2009.

EXAMPLE: UBG A consists of six members and files a combined Form 4567 for the tax period ending in July 2010 (tax year 2010).

- Members 1 and 2 disposed of SBT ITC assets during the tax year ending in July 2010.
- Members 3 and 4 did not sell any SBT ITC assets, but had available SBT ITC carryforward to be used against the UBG's liability for the tax years ending in July 2008 and July 2009.
- Member 5 also did not dispose of any SBT ITC assets during the UBG's tax year ending in July 2010, and had no SBT ITC carryforward available to be used in tax year ending in July 2008 or July 2009.
- Member 6 sold an SBT ITC asset in the tax period ending in July 2009 on an installment basis, where gain attributable to the installment sale is to be reported in tax period ending in July 2010.

In the example above, for tax year 2010, Members 1, 2, and 6 must each file Form 4585, completing Parts 1, 2, and 3. Members 3 and 4 must each file Form 4585, completing only Part 2, while Member 5 must not file a Form 4585.

Note that failure of one or more required members identified above to file Form 4585 will lead to incorrect calculation of the UBG's total SBT ITC recapture. Each member with SBT ITC assets dispositions or reporting gain from installment sales must complete Form 4585, Parts 1, 2, and 3, while the remaining required members must complete only Part 2 of Form 4585.

The total recapture of each member's Form 4585 forms, line 7, must be combined and reported on the UBG's Form 4570, line 19. Each Form 4585 must be filed as a supporting schedule for the total recapture amount reported on Form 4570.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be entered in MM-DD-YYYY format.

Name and Account Number: Enter name and account number as reported on page 1 of Form 4567.

UBGs: Complete one form for each member for whom this schedule applies as instructed in the section above. Enter the Designated Member (DM) name in the Taxpayer Name field and the specific member of the UBG for which this form is filed on the line below.

PART 1: CALCULATION OF SBT ITC RECAPTURE BASES

In Part 1, compute the adjusted proceeds (proceeds include any benefit derived) from the disposition of tangible, depreciable real or personal property that was acquired in a tax year beginning after 1999 and prior to 2008, and the recapture for property moved out of state. The calculation of gross proceeds may be reduced by selling expenses. Lines 1, 2, and 3 represent three different categories of SBT ITC assets, categorized by type of asset or nature of disposition.

NOTE: A sale of qualifying property reported on the installment method for federal income tax purposes causes a recapture of the entire gross proceeds in the year of the sale. The recapture is reduced by any gain reported in federal taxable income (as defined for MBT purposes) in the year of the sale. The gain attributable to the installment sale that is reported in subsequent years increases the credit base (or reduces other sources of recapture) for those years, and must be reported either on line 1, column C, or line 2, column C, based on the type of asset.

Line 1: For depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after 1999 and prior to 2008, and were sold or otherwise disposed of during the tax year, enter the following:

- **Column A:** Separate the depreciable tangible assets that were disposed of during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no dispositions of depreciable tangible assets during the filing period may be omitted. However, do not omit the acquisition year of depreciable tangible assets that have been sold on an installment method if gains attributable to installment payments received during the current filing period must be reported.
- **Column B:** Total gross proceeds from all depreciable tangible assets that were acquired in the same taxable year and disposed of during the filing period. If a qualifying asset was sold on an installment sale in a prior filing period, the entire

sale price was reported for recapture purposes in the year of sale. Therefore, if a payment was received on that installment sale in the current filing period, do not report that amount as gross proceeds for this period. See Column C, however, with respect to the gain from that installment payment.

• **Column C:** Net total gains/losses reflected in federal taxable income (as defined for MBT purposes) from all depreciable tangible assets that were acquired in the same taxable year and disposed of during the filing period. Report also in column C any gain reflected in federal taxable income (as defined for MBT purposes) that is attributed to an installment payment received during the current MBT filing period. For property placed in service prior to January 1, 2008, gain reflected in federal taxable income (as defined for MBT purposes) is equal to the gain reported for federal purposes.

Keep in your files a separate worksheet with the appropriate information regarding each depreciable tangible asset located in Michigan that was acquired or moved into Michigan after acquisition in a tax year beginning after 1999 and prior to 2008, and was sold or otherwise disposed of during the tax year. Sum the total gross proceeds and gain or loss for all disposed assets acquired in the same taxable year. Enter in this form only the total sum of gross proceeds and gain/loss grouped by taxable year the assets were acquired. Use one row per group of disposed assets acquired in the same taxable year. Start from the earliest acquisition year.

• **Column D:** Enter the apportionment percentage from Form 4567, line 11c. If not apportioning, enter 100 percent. Enter the same apportionment percentage for each row completed.

• **Column F:** Subtract column E from column B for each row. If column E is a loss, add its positive value to column B for each appropriate row. A loss in column E will increase the recapture base.

Line 2: *Mobile tangible assets* are all of the following:

• Motor vehicles that have a gross vehicle weight rating of 10,000 pounds or more and are used to transport property or persons for compensation;

• Rolling stock (railroad freight or passenger cars, locomotives or other railcars), aircraft, and watercraft used by the owner to transport property or persons for compensation or used by the owner to transport the owner's property for sale, rental, or further processing;

• Equipment used directly in completion of, or in construction contracts for, the construction, alteration, repair, or improvement of property.

For depreciable mobile tangible assets that were acquired in a tax year beginning after 1999 and prior to 2008, and were sold or otherwise disposed of during the tax year, enter the following:

• **Column A:** Separate the depreciable mobile tangible assets that were disposed of during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no dispositions of depreciable mobile tangible assets during the filing period may be omitted. However, do not omit the acquisition year of depreciable mobile tangible assets that have been sold on an installment method if gains attributable to installment payments received during the current filing period must be reported.

• **Column B:** Total gross proceeds from all depreciable mobile tangible assets that were acquired in the same taxable year and disposed of during the filing period. If a qualifying asset was sold on an installment sale in a prior filing period, the entire sale price was reported for recapture purposes in the year of sale. Therefore, if a payment was received on that installment sale in the current filing period, do not report that amount as gross proceeds for this period. See Column C, however, with respect to the gain from that installment payment.

• **Column C:** Net total gains/losses reflected in federal taxable income (as defined for MBT purposes) from all depreciable mobile tangible assets that were acquired in the same taxable year and disposed of during the filing period. Report also in column C any gain reflected in federal taxable income (as defined for MBT purposes) that is attributed to an installment payment received during the current MBT filing period. For property placed in service prior to January 1, 2008, gain reflected in federal taxable income (as defined for MBT purposes) is equal to the gain reported for federal purposes.

Keep in your files a separate worksheet with the appropriate information regarding each depreciable mobile tangible asset acquired in a tax year beginning after 1999 and prior to 2008, and sold or otherwise disposed of during the tax year. Sum the total gross proceeds and gain or loss for all disposed assets acquired in the same taxable year. Enter in this form only the total sum of gross proceeds and gain or loss grouped by taxable year the assets were acquired. Use one row per group of disposed assets acquired in the same taxable year. Start from the earliest acquisition year.

• **Column D:** Subtract figures in column C from figures in column B for each row. If column C is a loss, add its positive value to column B for each appropriate row. A loss in column C will increase the recapture.

• **Column E:** Enter the apportionment percentage from Form 4567, line 11c. Enter the same apportionment percentage for each row you have filled columns A through D.

• **Column F:** Multiply figures in column D by column E for each row.

Line 3: For depreciable tangible assets other than mobile tangible assets acquired in tax years beginning after 1996 and prior to 2008, that were eligible for the ITC in tax years beginning after 1999 and prior to 2008, and were transferred outside Michigan during the tax year, enter the following:

• **Column A:** Separate the depreciable tangible assets other than mobile tangible assets that were transferred out of Michigan during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no

transfers of depreciable tangible assets out of Michigan during the filing period may be omitted.

• **Column B:** Total sum of adjusted federal basis from all depreciable tangible assets acquired in the same taxable year and transferred out of Michigan during the filing period.

Keep in your files a separate worksheet with the appropriate information regarding each depreciable tangible asset other than mobile tangible assets acquired in tax years beginning after 1999 and prior to 2008, that were eligible for the ITC in tax years beginning after 1999 and prior to 2008, and were transferred outside Michigan during the tax year. Sum the total adjusted federal basis for all such transferred assets acquired in the same taxable year. Enter in this form only the total sum of adjusted federal basis grouped by taxable year the assets were acquired. Use one row per group of such transferred assets acquired in the same taxable year. Start from the earliest taxable year.

PART 2: CALCULATION OF SBT ITC RECAPTURE RATES

Whereas the information required in Parts 1 and 3 of this form apply only to years when assets were acquired that have been disposed of in the current tax year, Part 2 requires entering information from all years (see NOTE below) of the *SBT Investment Tax Credit* (Form C-8000ITC) filed in chronological order to correctly calculate the effective usage rate of SBT-generated ITC. Otherwise, the calculation will be flawed. Enter a negative number as negative.

NOTE: For SBT tax years when the taxpayer filed a C-8000 with no C-8000ITC attachment, or a C-8030, enter on line 4A the taxable year end date, and enter zero for lines 4B, 4C, and 4D. Do not enter any information on lines 4A through 4D for SBT tax years in which the taxpayer filed nothing or filed a C-8044. If more than one return was filed for the same tax year (that is, the taxpayer filed an amended return), use only the information from the latest return filed for that tax year.

UBGs: The calculation of the UBG's SBT ITC recapture will only be correct if information for all required members of the UBG is provided in Part 2. Required members are specified under the "Special Instructions for Unitary Business Groups" section of these form instructions.

Line 4: Gather all C-8000ITC forms filed for tax years beginning on or after January 1, 2000. (If an amended C-8000ITC was filed, use the figures from the amended form, not the original.) Sort all the returns in chronological order of taxable year end date, from earliest to latest date.

Starting with the Form C-8000ITC for the earliest applicable SBT filing period, enter the following for each taxable year (use one row for each return):

• **Column A:** Taxable year end date for each Form C-8000ITC return filed.

• **Column B:** Amount from Form C-8000ITC, line 24, for each taxable year.

• **Column C:** Amount from Form C-8000ITC, line 33, for each taxable year.

• **Column D:** Amount from Form C-8000ITC, line 36, for each taxable year.

• **Column E:** Three different methods can be used to fill this column, depending on the characteristic of the taxpayers. A taxpayer may choose any one of the following three methods, as explained below. However, Method B does not work for a UBG that has had any change in membership since its 2008 MBT return.

○ **Method A:** Divide the amount in column C by the amount in column B, for each taxable year in column A, and enter as a percentage.

NOTE: Method A only takes into account the rate at which the SBT ITC was created but not the extent to which the created credit was used. Therefore, an election to use method A for taxpayers whose amount of SBT ITC used is NOT the same as the amount of SBT ITC created will result in a larger amount of SBT ITC recapture calculated compared to the amount of SBT ITC recapture calculated by using method B or C. For taxpayers whose amount of SBT ITC used is the same as the amount of SBT ITC created, the three methods should yield the same result.

The amount of SBT ITC used is the same as the amount of SBT ITC created when a taxpayer is able to fully utilize all SBT ITC carryforward by their 2009 tax year return. It occurs when:

• Taxpayer is a calendar year filer: 2009 MBT Form 4569, lines 2 and 3, are equal for the latest 2009 tax year return filed.

• Taxpayer is a fiscal year filer: 2008 MBT Form 4569, line 4, equals zero for the latest 2009 tax year return filed.

○ **Method B:** Enter the amount determined by the Michigan Department of Treasury (Treasury) Web tool. Go to the Treasury site (**www.michigan.gov/mbt4585tool**) and enter the necessary information as instructed. Part 2, line 5, of Form 4585 must be completed before column E can be determined. Place the calculated rates for each taxable year in the appropriate row of column E. (See instructions for line 5.)

UBGs: Information for all required members of the UBG (see "Special Instructions for Unitary Business Groups" section in these form instructions) must be entered on the Treasury Web tool. Otherwise, the calculation of column E will be flawed.

○ **Method C:** Enter results from the taxpayer's own software of choice (that is, a non-Treasury Web tool) or the taxpayer's own calculation that reflects the MBT statute. Retain records to substantiate figures entered in the filed return.

Line 5: See information found on the *MBT Single Business Tax Credit Carryforwards* (Form 4569), line 3, for tax years ending 2008 and 2009. Gather all forms 4569 filed for periods ending in 2008 or 2009, and sort them in chronological order to correctly calculate the effective usage rate of SBT-generated ITC. Otherwise, the calculation will be flawed.

Starting with the earliest Form 4569 filed for each taxable year starting on or after January 1, 2008, through the last Form 4569 filed for tax year 2009, enter the following (use one row for each return):

- **Column A:** Tax year end date for each Form 4569 filed for tax years ending in 2008 and 2009.
- **Column B:** The amount found on line 3 of Form 4569 for each taxable year entered in column A. UBG filers for which member composition changed since tax year 2008 must use the alternate instructions on the note below.

NOTE: UBG filers for which member composition changed since tax year 2008 must have their current tax year members complete line 5, column B, as follows:

- A member of a UBG must enter only the amount of SBT ITC used by the member individually for each MBT tax year. Do not enter the total group amount for any taxable year listed on line 5, column A.

PART 3: CALCULATION OF SBT ITC RECAPTURE AMOUNTS

The amount of SBT-generated ITC (grouped by taxable year of acquisition) to be recaptured under MBT is calculated in Part 3.

- **Line 6, Column A:** Enter the tax year end date of each acquisition year represented in Part 1, in chronological order beginning with the earliest.
- **Column B:** Separately for each acquisition year listed in Column A, combine the corresponding amounts in columns 1F, 2F, and 3B.
- **Column C:** For each acquisition year listed in Column A, enter the corresponding SBT ITC effective rate from line 4, column E. Match the acquisition year in line 6, column A, with the corresponding acquisition year in line 4, column A.
- **Column D:** Multiply column B by column C for each acquisition year.

Line 7: Add the figures in each row of line 6, column D. Carry that amount to Form 4570, line 19.

Include completed Form 4585 as part of the tax return filing.

Attachment 21

2010 MICHIGAN Business Tax Schedule of Recapture of Certain Business Tax Credits and Deductions

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

Complete this schedule for any recapture in this tax year of previous tax credits and deductions listed on this schedule.

1. Recapture of MEGA Research and Development Credit	1.		00
2. a. Recapture of Michigan Business Tax MEGA Employment Tax Credit	2a.		00
b. Recapture of Single Business Tax MEGA Employment Tax Credit	2b.		00
c. Recapture of Single Business Tax MEGA Business Activity Credit	2c.		00
3. Recapture of Entrepreneurial Credit	3.		00
4. Recapture of MEGA Federal Contract Credit	4.		00
5. Recapture of MEGA Photovoltaic Technology Credit	5.		00
6. Recapture of Biofuel Infrastructure Credit	6.		00
7. Recapture of MBT Brownfield Redevelopment Credit. Enter the amount from Form 4584, line 48	7.		00

8. Recapture of Film Infrastructure Credit

a. Enter all eligible depreciable tangible assets located in Michigan that were acquired in a tax year beginning after December 31, 2007, and were sold or otherwise disposed of during the tax year. (Date format: MM-DD-YYYY)

A Description	B City	C Date Acquired	D Date Sold	E Gross Sales Price	F Gain/Loss

b. Total columns E and F. A loss in column F will increase recapture	8b.		
c. Adjusted Proceeds. If line 8b, column F, is a gain, subtract line 8b, column F from line 8b, column E. If line 8b, column F, is a loss, add line 8b, column E and F	8c.		00

If taxable in another state, complete lines 8d and 8e; otherwise, skip to line 8f.

d. Apportioned gains (losses). Multiply line 8b, column F, by the percentage from Form 4567, line 11c	8d.		00
e. Apportioned Adjusted Proceeds. If line 8d is a gain, subtract line 8d from line 8b, column E. If line 8d is a loss, add lines 8d and line 8b, column E	8e.		00
f. Recapture of Film Infrastructure Credit. Multiply line 8c or line 8e by 25% (0.25)	8f.		00
9. Recapture of Anchor Company Payroll Credit	9.		00
10. Recapture of Anchor Company Taxable Value Credit	10.		00
11. Recapture of Qualified Affordable Housing deductions	11.		00
12. **Total Recapture of Certain Business Tax Credits and Deductions.** Add lines 1, 2a, 2b, 2c, 3, 4, 5, 6, 7, 8f, 9, 10, and 11. Carry amount to Form 4567, line 56, Form 4588, line 26, or Form 4590, line 29	12.		00

✚ 0000 2010 81 01 27 9

Instructions for Form 4587, Michigan Business Tax (MBT) Schedule of Recapture of Certain Business Tax Credits and Deductions

Purpose

Complete this schedule for any recapture in this tax year of previously claimed tax credits listed on this schedule. Recapture of some tax credits occurs at the same point in the forms as the credit is calculated. The credits on this form, however, are required by statute to be recaptured at a later point in the tax calculation process. This form is also used to report a required recapture of an Affordable Housing Deduction.

Attachments in support of these recapture amounts are not required. Maintain the recapture calculation information in your files for review during audit.

Special Instructions for Unitary Business Groups

If any member of the Unitary Business Group (UBG) is reporting recapture, a statement must be attached to this form identifying the reporting member and the recapture information for each applicable credit. If more than one member is reporting recapture, requested information should be provided in the statement on a per member basis. The total amount from all reporting members will be entered on each corresponding line on this form.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be in MM-DD-YYYY format.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers, the *MBT Annual Return for Financial Institutions* (Form 4590), or the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588)).

UBGs: A UBG reporting recapture should attach only one copy of this form to its annual return. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

Line 1: There are two Research and Development Credits in MBT. The one reported on the *MBT Credits for Compensation, Investment, and Research and Development* (Form 4570) does not apply here. Report on this line only recapture of the Research and Development Credit that is certified by Michigan Economic Growth Authority (MEGA) and claimed on *MBT Refundable Credits* (Form 4574).

The credit is earned under an agreement with MEGA. If MEGA determines that there has not been compliance with the terms of the agreement, the taxpayer must report recapture. Enter recapture amount equal to 125 percent of the total of all MEGA Research and Development Credits claimed on previously filed 4574 forms.

Line 2: If a taxpayer claims an MBT or Single Business Tax (SBT) MEGA Employment Tax Credit or an SBT MEGA Business Activity Credit for a previous tax period under an agreement with MEGA based on qualified new jobs, and then removes 51 percent or more of those qualified new jobs from Michigan within three years after the first year in which the taxpayer claims such a credit, the taxpayer must recapture an amount equal to the total of all such credits claimed on prior returns.

Line 2a: Enter the total amount of the MBT MEGA Employment Tax Credit claimed on previously filed 4574 forms subject to recapture.

Line 2b: Enter the total amount of the SBT MEGA Employment Tax Credit claimed on previously filed *SBT Miscellaneous Credits* (Form C-8000MC) forms subject to recapture.

Line 2c: Enter the total amount of the SBT MEGA Business Activity Credit claimed on previously filed C-8000MC forms subject to recapture.

Line 3: If the new jobs by which a taxpayer earns an Entrepreneurial Credit are relocated outside of Michigan within five years after claiming the credit, or if a taxpayer reduces employment levels by more than 10 percent of the jobs by which the taxpayer earned the credit, the taxpayer must recapture an amount equal to the total of all Entrepreneurial Credits received.

Enter the total amount of the Entrepreneurial Credit claimed on previously filed *MBT Miscellaneous Nonrefundable Credits* forms (Form 4573) subject to recapture.

Line 4: Enter the total amount of MEGA Federal Contract Credit claimed on previously filed *MBT Election of Refund or Carryforward of Credits* forms (Form 4584) subject to recapture.

NOTE: The MEGA Federal Contract Credit is claimed through an agreement with MEGA. If a taxpayer claims this credit and subsequently fails to meet requirements of the MBT Act or conditions of the agreement, the taxpayer must recapture the entire amount of such credit previously claimed.

Line 5: Enter the total amount of the MEGA Photovoltaic Technology Credit claimed on previously filed 4574 forms subject to recapture.

Line 6: Enter the total amount of the Biofuel Infrastructure Credit claimed on previously filed 4573 forms subject to recapture.

Line 8: The Film Infrastructure Credit is available through an agreement between the taxpayer and the Michigan Film Office, with the concurrence of the State Treasurer. The credit amount is equal to 25 percent of the base investment expenditures in a qualified film and digital media infrastructure project. If the taxpayer sells or otherwise disposes of a tangible asset that was paid for or accrued after December 31, 2007, and whose cost is included in the base investment, the taxpayer must report recapture equal to 25 percent of the gross proceeds or benefit from the sale or disposition, adjusted by the apportioned gain or loss.

NOTE: A sale of qualifying property reported on the installment method for federal income tax purposes causes recapture of the entire gross proceeds (including the amount of the note) in the year of sale, less any gain reflected in federal taxable income (as defined for MBT purposes) in the year of the sale. In each subsequent year of the installment note, enter zero in line 8a, column E, and enter the gain reflected in federal taxable income (as defined for MBT purposes) in column F. For property placed in service prior to January 1, 2008, gain reflected in federal taxable income (as defined for MBT purposes) is equal to the gain reported for federal purposes.

Line 8a: Enter all dispositions of depreciable tangible assets included in base investment expenditures that were paid or accrued after December 31, 2007, and were sold or otherwise disposed of during the tax year.

- **Columns A through D:** Enter a brief description of the asset, the city or township in which the asset is located, and the dates that the asset was paid for or accrued and disposed of or sold. To list multiple disposition as one entry, the date the assets were acquired and sold must be the same; dispositions with variable dates must be listed separately.
- **Column E:** Enter the total gross proceeds from the sale or disposition of depreciable tangible assets listed in column A.
- **Column F:** Enter total gain or loss included in calculating federal taxable income (as defined for MBT purposes).

Lines 9-10: NOTE: The Anchor Company Payroll Credit and the Anchor Company Taxable Value Credit are claimed through an agreement with MEGA. If a taxpayer claimed one of these credits and subsequently fails to meet requirements of the MBT Act or conditions of the agreement, the taxpayer must recapture the entire amount of such credit previously claimed.

Line 9: Enter the total amount of the Anchor Company Payroll Credit claimed on previously filed 4584 forms subject to recapture.

Line 10: Enter the total amount of the Anchor Company Taxable Value Credit claimed on previously filed 4584 forms subject to recapture.

Line 11: Under Michigan Compiled Laws 208.1201(6), the seller of residential rental units may take a deduction from its Business Income Tax base, after apportionment, of the gain from the sale of the residential rental units to a buyer who is a Qualified Affordable Housing Project (QAHP). To qualify for a deduction, the seller and buyer must enter into an "operation agreement" in which the buyer agrees to operate a specific number of the residential rental units sold as rent restricted units for a minimum of 15 years. The Department of Treasury (Treasury) will record a lien against the property subject to the operation agreement, to enforce the possibility of future recapture of this deduction.

When the buyer fails to qualify as a QAHP or fails to operate any of the residential rental units as rent restricted units in accordance with the operation agreement within 15 years after the date of purchase, the lien recorded by Treasury becomes payable to the State. Failure to operate even one residential rental unit in accordance with an operation agreement constitutes failure to operate all or some of the residential rental units as rent restricted units in accordance with the operation agreement, and therefore is a recapture event. The lien is payable in the year the recapture event occurs. This recapture is mandatory even if a taxpayer is otherwise not required to file a return because it does not meet the filing threshold of $350,000.

Enter a recapture amount equal to the full amount of the deduction allowed to the seller multiplied by a fraction, the numerator of which is the difference between 15 and the years the affordable housing project qualified and complied with the terms of the agreement and the denominator of which is 15.

Line 12: Add lines 1, 2a, 2b, 2c, 3, 4, 5, 6, 7, 8f, 9, 10, and 11. Standard taxpayers carry this amount to Form 4567, line 56. Insurance companies carry this amount to the Form 4588, line 26. Financial Institutions carry this amount to the Form 4590, line 29.

Include completed Form 4587 as part of the tax return filing.

Attachment 12

2010 MICHIGAN Business Tax Renaissance Zone Credit Schedule

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

1. Tax liability before Renaissance Zone Credit. Enter amount from Form 4573, line 13, or Form 4596, line 16 ..... 1. 00
2. Enter property information below. If operating in multiple Zones, file a separate Form 4595 for each Zone:

Street Address	Zone or Subzone
City	Parcel Number

3. Average value of property owned within the Zone 3. 00
4. Multiply rent paid for property within the Zone by 8 and enter the result 4. 00
5. Total property value within the Zone. Add lines 3 and 4 ..... 5. 00
6. Average value of all property owned in Michigan 6. 00
7. Multiply rent paid for property in Michigan by 8 and enter the result 7. 00
8. Total property value in Michigan. Add lines 6 and 7 ..... 8. 00
9. Divide line 5 by line 8 and enter as a percentage ..... 9. %
10. Total payroll for services performed within the Zone 10. 00
11. Total Michigan payroll 11. 00
12. Divide line 10 by line 11 and enter as a percentage ..... 12. %
13. Add lines 9 and 12 and enter as a percentage ..... 13. %
14. Business Activity Factor. Divide line 13 by 2 and enter as a percentage ..... 14. %
15. Credit based on the Business Activity Factor. Multiply line 14 by line 1 ..... 15. 00

Adjusted Services Performed in the Renaissance Zone

16. Enter amount from line 10 ..... 16. 00
17. Enter depreciation for tangible property in the Zone exempt under MCL 211.7ff. Claim property exempt in tax year; also claim new property that will be exempt in immediately following tax year (see instructions) 17. 00
18. Add lines 16 and 17 ..... 18. 00
19. **Partnerships, S Corporations and Individuals Only (see instructions); UBGs, see instructions**
    a. Business income from Form 4567, line 28. If less than zero, enter zero 19a. 00
    b. Apportionment percentage from Form 4567, line 11c ..... 19b. %
    c. Enter percentage from line 14 ..... 19c. %
    d. Multiply line 19a by line 19b by line 19c 19d. 00
    e. Add lines 18 and 19d 19e. 00
20. Enter amount from line 18, or, if taxpayer is a Partnership, S Corporation or Individual, enter amount from line 19e 20. 00
21. Credit based on adjusted services performed in the Zone. Multiply line 20 by 10% (0.10) 21. 00

Taxpayers first located within the Renaissance Zone before 12-31-2002 ONLY
(All others, leave lines 22a-e blank.)

22. a. Renaissance Zone Credit allowed in 2007 ..... 22a. 00
    b. Michigan payroll in 2007 ..... 22b. 00
    c. Business Activity Factor for tax year 2007 and enter as a percentage ..... 22c. %
    d. Divide line 11 by line 22b and enter as a percentage ..... 22d. %
    e. Divide line 14 by line 22c and enter as a percentage ..... 22e. %
23. Multiply line 22a by line 22d by line 22e 23. 00
24. Tentative Renaissance Zone Credit. Taxpayer first located within the Zone before 12-31-2002, enter lesser of lines 15, 21 or 23. All others enter the lesser of lines 15 or 21 ..... 24. 00
25. a. Reduced credit percentage from Reduced Credit Table on page 2 ..... 25a. %
    b. **Reduced Renaissance Zone Credit.** Multiply line 24 by the reduced credit percentage on line 25a. Carry amount to Form 4573, line 14, or Form 4596, line 17 ..... 25b. 00

✚ 0000 2010 95 01 27 0

REDUCED CREDIT TABLE

If this tax period begins in the:	The reduced credit is:
Final year of designation as a Renaissance Zone.....	**25 percent** (0.25) of tentative credit on line 24.
Year immediately preceding the final year of designation as a Renaissance Zone.....	**50 percent** (0.50) of tentative credit on line 24.
Second year before the final year of designation as a Renaissance Zone.....	**75 percent** (0.75) of tentative credit on line 24.
Third (or greater) year before the final year of designation as a Renaissance Zone.....	**100 percent** (1.00) of the tentative credit on line 24.

Instructions for Form 4595
Michigan Business Tax (MBT) Renaissance Zone Credit Schedule

Purpose

To allow eligible taxpayers to calculate and claim the Renaissance Zone Credit. For standard taxpayers and financial institutions, the credit is calculated on Form 4595 and then carried to the *MBT Miscellaneous Nonrefundable Credits* (Form 4573). Insurance companies will carry this credit to the *Miscellaneous Credits for Insurance Companies* (Form 4596).

NOTE: If a person is located and has business activity in more than one Renaissance Zone, use a separate Form 4595 to calculate the credit for each Zone. For each line that requires Zone-specific data, enter data based only on business activity in the Zone identified on line 2 of this copy of the form.

Renaissance Zone Credit

The Renaissance Zone Credit encourages businesses and individuals to move into a designated Zone to help revitalize the area by providing a credit for businesses located and conducting business activity within the Zone. The method of calculating the credit is different for businesses first locating and conducting business activity within the Renaissance Zone before December 31, 2002, and those businesses first locating and conducting business activity within the Renaissance Zone after December 30, 2002.

To obtain the credit an otherwise qualified taxpayer must file an MBT annual return. The credit is equal to the lesser of the following:

- The tax liability attributable to business activity conducted within the Renaissance Zone in the tax year.
- 10 percent of adjusted services performed in the designated Renaissance Zone.
- For a taxpayer located and conducting business activity in the Renaissance Zone before December 31, 2002, the product of the following:
  - The Single Business Tax (SBT) Renaissance Zone Credit claimed for the tax year ending in 2007.
  - The ratio of the taxpayer's payroll in this State in the tax year divided by the taxpayer's payroll in this State in its SBT tax year ending in 2007.
  - The ratio of the taxpayer's Renaissance Zone Business Activity Factor for the tax year divided by the taxpayer's Renaissance Zone Business Activity Factor for its SBT tax year ending in 2007.

The credit allowed continues through the tax year in which the Renaissance Zone designation expires and is nonrefundable.

Business activities relating to a casino, including operating a parking lot, hotel, motel, or retail store, cannot be used to calculate this credit. Businesses delinquent in filing or paying Property Tax, SBT, MBT or City Income Tax as of December 31 of the prior tax year are not eligible for this credit. Taxpayers will be notified if a claimed credit is disallowed.

For more information on Renaissance Zones, contact the Michigan Economic Development Corporation (MEDC) at (517) 373-9808 or visit their Web site at **www.michiganadvantage.org/MIAdvantage/Taxes-and-Incentives**. For information on the MBT credit, contact the Michigan Department of Treasury, Customer Contact Division, MBT Unit, at (517) 636-4657.

Special Instructions for Unitary Business Groups

If the entity located and conducting business activity in the Renaissance Zone is a member of a Unitary Business Group (UBG), the Renaissance Zone Credit must be calculated at the member entity level. Calculation of the Renaissance Zone Credit should be done before elimination of intercompany transactions, such as rent payments by the member claiming this credit to another member of the UBG.

Attach this form to the UBG's combined annual return. If more than one member is eligible for this credit, complete one Form 4595 for each eligible member (or multiple forms for a member that is located and has business activity in multiple Zones) and attach all of them to the UBG's annual return. If filing multiples of Form 4595, enter the total of line 25b for all members on Form 4573, line 14.

When this form refers to "taxpayer," it is referring to the UBG member completing this form.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the annual return.

UBGs: Complete one form for each member for whom this schedule applies (or multiple forms for a member that is located and has business activity in more than one Zone). Enter the Designated Member (DM) name in the Taxpayer Name field and the specific member of the UBG for which this form is filed on the line below.

Line 1: Enter the tax liability before the Renaissance Zone Credit.

UBGs: This must be a pro forma tax liability of the member whose activity is represented on the form. See guidance on pro forma calculations in the "Supplemental Instructions for Standard Members in UBGs" section in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600).

Line 2: Enter the street address and parcel number of the property. Enter the name of the Zone or Subzone in which the property is included.

BUSINESS ACTIVITY CONDUCTED WITHIN THE RENAISSANCE ZONE

Line 3: Determine the **average value** of property by averaging the values at the start and end of the tax period. The State Treasurer may require the periodic averaging of values during the tax year if reasonably required to reflect properly the

average value of a taxpayer's property. Property owned by the taxpayer is valued at its original cost.

Line 4: Property rented by the taxpayer is valued at eight (8) times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals.

ADJUSTED SERVICES PERFORMED IN THE RENAISSANCE ZONE

Line 17: Enter the amount deducted in arriving at federal taxable income (as defined for MBT purposes) for the tax year for depreciation, amortization, or accelerated write-off for tangible property in a Zone exempt under Michigan Compiled Law (MCL) 211.7ff. Claim property exempt in the tax year; also claim new property that will be exempt in the immediately following tax year (i.e., property that has not been subject to, or exempt from, the collection of taxes under the General Property Tax Act and has not been subject to, or exempt from, ad valorem property taxes levied in another state, except that receiving an exemption as inventory property does not disqualify property).

Line 19: Only a person reporting under an MBT organization type of Individual, Partnership, or S Corporation should complete line 19. This includes a Limited Liability Company (LLC) that files its federal return as a Partnership or S Corporation, and a federally disregarded entity (LLC or a Qualified Subchapter S Subsidiary, also called a Q-Sub) that is owned by an Individual, Partnership, or S Corporation.

NOTE: Federally disregarded LLCs (and Q-Subs) are required to file separate MBT returns, although they may file as part of a UBG return with their owner if they meet the UBG relationship tests. A federally disregarded LLC or Q-Sub is classified for MBT purposes according to the federal tax classification of its owner.

Line 19a: **UBGs:** Enter the business income from the *MBT UBG Combined Filing Schedule for Standard Members*, Form 4580, Part 2A, line 30, for the member whose activity is reported on this copy of Form 4595.

Insurance companies and financial institutions: These types of taxpayers do not calculate business income as their tax base. For Renaissance Zone credit purposes, however, they must calculate and enter here pro forma business income. Use the *Business Income Worksheet* (Worksheet 4746), in Form 4600, to calculate business income. Attach that worksheet to the return. See MCL 208.1201 for further guidance.

Line 19b: **UBGs:** Enter the pro forma apportionment percentage from Form 4580, Part 2A, line 16, for the member whose activity is reported on this copy of Form 4595.

Insurance companies and financial institutions: Unlike standard taxpayers, these types of taxpayers do not apportion their tax base by a sales factor. For Renaissance Zone credit purposes, however, they must calculate pro forma sales in Michigan and sales everywhere, and enter here a pro forma apportionment percentage based on those figures. See instructions for Form 4567 for guidance on the definition of sales and applicable sourcing provisions.

Line 20: Enter amount from line 18, or, if the taxpayer is an Individual, Partnership, S Corporation, or an LLC federally taxed as a Partnership or S Corporation, enter amount from line 19e.

TAXPAYERS FIRST LOCATED WITHIN THE RENAISSANCE ZONE BEFORE 12-31-2002 ONLY

For a person located in the Zone before December 31, 2002, that had no credit or no Michigan payroll in 2007, line 23 will calculate to zero. Therefore, such a person will not be entitled to a Renaissance Zone Credit on the Michigan Business Tax Return. If completing this form you must enter zero on line 24.

Line 22: Taxpayers first located within the Renaissance Zone before December 31, 2002, ONLY (all others, leave lines 22a through 22e blank). A taxpayer that is located and conducting business activity in two Zones will prepare two copies of Form 4595. Base each copy on the taxpayer's history in the Zone being reported.

Lines 25a and 25b: For a tax year that begins within one of the last three years of the Zone's designation, a reduced credit is allowed, as follows:

- For a tax year that begins within the second year before the final year of designation as a Renaissance Zone, 75 percent of the normally calculated credit is allowed.
- For a tax year that begins within the year before the final year of designation as a Renaissance Zone, 50 percent of the normally calculated credit is allowed.
- For a tax year that begins within the final year of designation as a Renaissance Zone, 25 percent of the normally calculated credit is allowed.

Line 25b: Multiply line 24 by the reduced credit percentage provided in the Reduced Credit Table. Carry amount to line 14 of the *MBT Miscellaneous Nonrefundable Credits* (Form 4573), or line 17 of the *MBT Miscellaneous Credits for Insurance Companies* (Form 4596).

If filing multiple 4595 forms, enter the total of line 25b for all Zones on Form 4573, line 14, or Form 4596, line 17, as applicable.

Include completed Form 4595 as part of the tax return filing.

Form 4, Instructions for Application for Extension of Time to File Michigan Tax Returns

Important Information

An extension of time to file is not an extension of time to pay. Read the Line-by-Line Instructions before completing Form 4. The form and payment must be postmarked on or before the original due date of the return.

Income Tax (Individual and Fiduciary)

File Form 4 or a copy of your federal extension. An extension of time to file the federal return automatically extends the time to file the Michigan return to the new federal due date. An extension of time to file is not an extension of time to pay. If you have not been granted a federal extension, the Michigan Department of Treasury (Treasury) will grant a 180-day extension for individual income tax and composite returns, or a 150-day extension for fiduciary returns.

- Do not file this form if a refund is expected or if you are not submitting payment with this form.
- If, at the time the extension is filed, it is determined additional Michigan tax is due, send the amount due and a completed Form 4 or a copy of your federal extension form. If filing Form 4, do not send a copy of the federal extension to Treasury. Retain a copy for your records. Extension requests received without payment on the account will not be honored and penalty and interest will accrue on the unpaid tax from the original due date of the return.
- Payments made to date include withholding, estimated tax payments, a credit forward from the previous tax year, and any other payments previously made for this tax year. Individual income tax filers should include any Michigan withholding.

Michigan Business Tax (MBT)

Michigan Business Tax filers must use this form to request an extension and must file it even if the Internal Revenue Service has approved a federal extension.

- If this form is properly prepared meeting all listed conditions and filed timely, Treasury will grant the taxpayer an extension to the last day of the eighth month beyond the original due date regardless of whether you are granted a federal extension.
- Do not send a copy of the federal extension to Treasury. Retain a copy for your records.
- An extension of time to file is not an extension of time to pay. If there will be an MBT liability, payment must be included with this form and/or appropriate estimated tax payments must have been made during the tax year, **or the extension request will be denied.** Late filing penalty and interest will accrue on the unpaid tax from the original due date of the return.

MBT Unitary Business Group (UBG)

A UBG must file a combined return for MBT under the name and Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number of the Designated Member (DM) of the group. Only the DM may submit a valid Form 4 for the UBG. If any other member submits Form 4, it will not extend the time for filing the combined return. Any payment attached to such request will be applied to the UBG. If a UBG includes standard members and financial institutions, it will have two DMs and file two combined returns. In that case, a separate extension must be requested (if desired) for each combined return, through the DM designated on that return. For more information on UBGs, see the "Supplemental Instructions for Standard Members in UBGs" section in the 2010 *MBT Forms and Instructions for Standard Taxpayers* (Form 4600).

Line-by-Line Instructions

Lines not listed are explained on the form.

Line 1: File a separate application for each tax type. Check the box next to the appropriate tax. If filing a Composite Income Tax return (for nonresident partners or shareholders), check the "Fiduciary Tax" box.

Line 2: Enter the month and year your tax year ends, NOT the date you are making the payment. For most individual income tax filers,

Detach here and mail with your payment. Do not fold or staple the application.

Michigan Department of Treasury, Form 4 (Rev. 07-10)

Issued under the authority of Public Acts 281 of 1967 and 36 of 2007.

Application for Extension of Time to File Michigan Tax Returns

Make check payable to "**State of Michigan**." Print your **Social Security** or **account number** and **"Michigan Extension"** on the front of your check.
Mail to: Michigan Department of Treasury, PO Box 30774, Lansing, MI 48909-8274

1. Extension request is for the following tax Check ONLY ONE ☐ Income Tax* ☐ Fiduciary Tax* (includes Composite Filers) ☐ Michigan Business Tax * Do not file this form if a refund will be shown on the return.	2. Month and Year Your Tax Year Ends (MM-YYYY) —	3. Federal Employer Identification or TR Number
	4. ☐ Check if extension is requested for good cause — see instructions.	5. Filer's Social Security Number
	6. ☐ Check if an extension was granted for taxpayer's federal tax return.	7. Spouse's Social Security Number (If filing jointly)
8. Business or Trust Name		9. Tentative Annual Tax
10. Taxpayer's Name (first name, middle initial, last name) or Fiduciary/Trustee Name		11. Total Payments Made to Date
12. Mailing Address		**13. Payment Amount** .00

DO NOT WRITE IN THIS SPACE

this date is 12-2010. Fiscal filers use the last month of the tax year (for example, if fiscal year ends March 31, 2011, enter 03-2011).

Lines 3, 5, and 7: MBT and Fiduciary Tax filers, enter your FEIN or TR number on line 3. Income Tax filers only, enter your Social Security number on line 5 (and line 7 if filing jointly).

Line 4: Filers who have not been granted a federal extension may request an extension for good cause. Examples of good cause include, but are not limited to: (a) taxpayer's initial return, (b) taxpayer's final return, (c) a change in accounting period, and (d) taxpayer's books and records are not available or complete. **NOTE**: The inability to pay a tax due is not good cause.

Line 6: Check the box if you have been granted a federal extension. Retain a copy of your federal extension for your files. By checking the box on line 6, you are affirming that you have a federal extension in your possession. You must be able to produce a copy for verification, if requested.

Lines 8 and 10: If applicable, these lines must both be completed to avoid delays in processing.

Penalty and Interest

If the tax due is underestimated and sufficient payment is not paid with the application for extension, interest will be due on the unpaid or underpaid amount.

The interest rate is 1 percent above the adjusted prime rate and is adjusted on January 1 and July 1. Interest is charged from the original due date of the return to the date the balance of the tax is paid.

Any one of the following penalties may also apply to the unpaid tax:

- The initial penalty is 5 percent of tax due. Penalty increases by an additional 5 percent per month or fraction thereof, after the second month, to a maximum of 25 percent for failure to pay;
- 10 percent for negligence;
- 25 percent for intentional disregard of the law.

When You Have Finished

Detach Form 4 from the instructions and mail to the address on the form.

MBT filers who submit a properly completed request will receive a written response at the legal address on file with Treasury.

Income Tax and Fiduciary Tax filers will not receive a response.

Computation and Payment of Tax Due

Estimate tax liability for the year and pay any unpaid portion of the estimate with the application for extension.

A.	Tax before credits	A. _____
B.	Credits (if any)	B. _____
C.	Total annual tax liability. Subtract line B from line A. Enter here and carry to Form 4, line 9	C. _____
D.	Payments made to date. Enter here and carry to Form 4, line 11 *	D. _____
E.	Estimated balance due. Subtract line D from line C	E. _____
F.	Amount paid with Form 4. Enter here and carry to Form 4, line 13	F. _____

* Payments made to date include withholding, estimated tax payments, a credit forward from the previous tax year, and any other payments previously made for this tax year.

2010 Supplemental Instructions for Standard Members in Unitary Business Groups (UBGs)

NOTE: These instructions for Unitary Business Groups (UBGs) are meant to supplement general instructions and form-specific instructions for standard taxpayers of the Michigan Business Tax (MBT), not to replace them.

Standard taxpayers and *standard members* refer to all taxpayers or UBG members, respectively, other than financial institutions or insurance companies. Financial institutions that are members of a UBG should see "Supplemental Instructions for Financial Institution Members in UBGs" in the *MBT Forms and Instructions for Financial Institutions* (Form 4599).

There is not a corresponding supplement for insurance companies because, although they can be members of a UBG, they do not file combined returns.

Introductory pages of this MBT instruction booklet contain general information designed to assist in identifying the existence and membership of a UBG. The following instructions address:

- Filing combined returns by different member types within a UBG.
- Understanding the role of the Designated Member (DM).

For each type of UBG member that is reported on a combined return (standard and financial institution), there is a required form that collects data that is necessary for preparation of a combined return:

- The *MBT Unitary Business Group Combined Filing Schedule for Standard Members* (Form 4580) supports a combined return of standard members to be filed on the *MBT Annual Return* (Form 4567).
- The *MBT Unitary Business Group Combined Filing Schedule for Financial Institutions* (Form 4752) supports a combined return of financial institution members to be filed on the *MBT Annual Return for Financial Institutions* (Form 4590).

Guidance that is specific to only one form is contained in the instructions for that form, in sections titled either "Special Instructions for Unitary Business Groups" or simply "UBGs." With the exception of a section providing supplemental instructions for the *MBT Tax Loss Adjustment for the Small Business Alternative Credit* (Form 4575), the following are instructions that apply to more than one form.

Special Instructions and the Designated Member

Special Instructions for the Annual Return

By definition, a UBG can include standard members, insurance companies, and financial institutions. However, in some cases not all members of the UBG will be included on the same return. All standard members in a UBG (except those owned by and unitary with a financial institution) file a single combined return on Form 4567. Financial institution members of a UBG (and any standard member owned by and unitary with a financial institution in the group) file a combined return on Form 4590. Insurance company members of a UBG each file separately on Form 4588.

Before completing a combined return, UBGs should first complete the Form 4580 or Form 4752. These forms are used to gather and combine data from each member included in the combined filing schedule and eliminate intercompany transactions where required, to support the primary return. Insurance companies that are part of a UBG will each file a separate Form 4588, but should be listed as an excluded affiliate with an incompatible tax base on Form 4580 or Form 4752, as applicable.

The Designated Member (DM)

A UBG combined return of standard members is filed under the name and Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number of the DM of the standard member group. *Designated Member* means a UBG member that has nexus with Michigan and will file the combined MBT return on behalf of the standard members of the group. In a brother-sister controlled group, any member with nexus may be designated to serve as DM. In a parent-subsidiary controlled group or a combined controlled group (an interlocking combination of a parent-subsidiary group and a brother-sister group), the controlling member must serve as DM if it has nexus with Michigan. If it does not have nexus, the controlling member may appoint any member with nexus with Michigan to serve as DM. That DM must continue to serve as such every year, unless it ceases to be a group member or the controlling member attains Michigan nexus. The filing period of a combined return is based on the tax year of the DM.

If a UBG is comprised of both standard members and financial institutions, the UBG will have two DMs (one for the standard members completing Form 4567 and related forms, and one for the financial institution members completing Form 4590 and related forms).

Role of the DM: The DM speaks, acts, and files the MBT return on behalf of the group for MBT purposes. Only the DM may file a valid extension request for the group. Treasury maintains the group's MBT tax data (e.g., prior MBT returns, business loss carryforward, tax credit carryforward, overpayment credit forward) under the DM's name and account number. The designated member must be of the same taxpayer type (standard or financial institution) as the members for which it files a combined return.

Special Instructions for Supporting Forms

Most forms are completed by UBGs on a group basis. However, the following forms must be completed with entity-specific data, rather than groupwide data:

- *Michigan Historic Preservation Tax Credit* (Form 3581)
- *MBT Loss Adjustment for the Small Business Alternative Credit* (Form 4575). (In some circumstances, a separate copy of Form 4575 also is completed with groupwide data.)
- *MBT Schedule of Shareholders and Officers* (Form 4577)
- *MBT Schedule of Partners* (Form 4578)

- *MBT Qualified Affordable Housing Seller's Deduction* (Form 4579)
- *MBT Investment Tax Credit Recapture From Sale of Assets Acquired Under Single Business Tax* (Form 4585)
- *MBT Schedule of Business Activity Protected Under Public Law 86-272* (Form 4586) or *MBT Schedule of Business Activity for Non-Designated Members of a Unitary Business Group Protected Under Public Law 86-272* (Form 4581), as applicable.
- *Michigan Farmland Preservation Tax Credit* (Form 4594)
- *MBT Renaissance Zone Credit Schedule* (Form 4595)
- *Gross Receipts Worksheet* (Worksheet 4700)
- *Business Income Worksheet* (Worksheet 4746).

If more than one member completes one of these forms, multiple copies of that form must be included in the group's combined return.

In addition, many credits require an entity-specific calculation of a credit amount. The following table provides a summary of UBG credit calculations, where:

A) The test or criteria to qualify for the credit should be applied on a group basis (G) or a separate entity basis (E),

B) If the qualification test is satisfied, the calculation of the credit amount should be on a group basis (G) or a separate entity basis (E),

C) Calculation of the credit should be done after elimination of intercompany transactions (Y or N). Note: This applies only to the calculation of the credit. The tax liability of the UBG against which the credit will be applied is calculated after elimination of all intercompany transactions from the tax bases and apportionment.

Credit	(A)	(B)	(C)
Anchor Company Payroll Credit	E	E	N
Anchor Company Taxable Value Credit	E	E	N
Arts and Culture Credit	G	G	N
Biofuel Infrastructure Credit	E	E	N
Bonus Depreciation Credit	E	E	N
Bottle Deposit Administration Credit	E	E	N
Brownfield Redevelopment Credit	E	E	N
Community or Education Foundation Credit	G	G	N
Compensation Credit	G	G	N
Entrepreneurial Credit	E	E	N
Farmland Preservation Credit	E	E	N
Film Infrastructure Credit	E	E	N
Film Job Training Credit	E	E	N
Film Production Credit	E	E	N
Gross Receipts Filing Threshold Credit	G	G	N
Historic Preservation Credit	E	E	N
Homeless Shelter/Food Bank Credit	G	G	N
Hybrid Technology Research and Development Credit	E	E	N
Individual or Family Development Account Credit	G	G	N
International Auto Show Credit	E	E	N
Investment Tax Credit	G	G	*
Large Food Retailer Credit	G	G	N
Low-Grade Hematite Credit	G	G	N
MEGA Employment Tax Credit	E	E	N
MEGA Federal Contract Credit	E	E	N
MEGA Photovoltaic Credit	E	E	N
MEGA Research and Development Credit	E	E	N
Mid-size Food Retailer Credit	G	G	N
NASCAR Safety Credit	E	E	N
NASCAR Speedway Credit	E	E	N
New Motor Vehicle Dealer Inventory Credit	E	E	N
Next Energy Business Activity Credit	E	E	N
Next Energy Payroll Credit	E	E	N
Personal Property Tax Credit	G	G	N
Private Equity Fund Credit	E	E	N
Public Contribution Credit	G	G	N
Renaissance Zone Credit	E	E	N
Research and Development Credit	G	G	N
Small Business Alternative Credit	G	G	N
Stadium Credit	E	E	N
Start-up Business Credit	E	E	N
Workers' Disability Supplemental Benefit Credit	G	G	N

* Assets transferred between members of the group are not a capital investment in qualifying assets for purposes of calculating this credit. Intercompany eliminations are otherwise not applicable.

The above credits are taken against the standard member group's entire tax liability. Additional UBG instructions are provided on forms where these credits are calculated.

If the UBG is comprised of both standard members and financial institutions, two copies of supporting forms will be completed (one group of supporting forms for the standard members' annual return and one group of supporting forms for the financial institutions' annual return).

Pro Forma Calculations for Certain Credits

For some credits, evaluation of whether a UBG is qualified to claim the credit is based on characteristics and activities of a single member, rather than the group as a whole. Similarly, for some credits, after it is determined that a UBG is qualified to claim the credit, calculation of the amount of credit available is based on data of a single member, rather than the group. Each credit requiring this method is identified on the form on which it is calculated. In these situations, typically a pro forma MBT liability is required for the member generating the credit.

Where a pro forma calculation is required, the underlying objective is to determine what the tax liability (immediately prior to the credit) of the UBG member generating the credit would have been if that member was not included in the group.

Therefore, the member generating the credit must calculate its pro forma tax liability as if it was a singular, stand-alone taxpayer in all aspects. This supporting pro forma calculation should be provided in a statement attached to the return. However, this calculation and its results should never be transferred to Form 4567 or displayed in a layout similar to Form 4567.

Effects of Members Joining a Group

When an entity becomes a member of a UBG part way through the member's tax year, for MBT purposes the new member will experience a short tax year beginning on the date the member joins the group, even if it does not have a short period for federal purposes.

For both the UBG return and the new member's separate short period return, tax bases will be calculated using actual numbers from the applicable short period of the new member.

If a member that is new to the group brings with it a carryforward of a credit, combine that amount with any carryforward of the same credit that was generated by the group or brought to the group by another member. The group must then use the oldest available carryforward first, regardless of source. If two members each created (or brought) a carryforward of the same credit and the same age, and together those exceed the amount allowable in this filing period after use of older carryforwards, those members' respective credit carryforwards are used in proportion to the amount they created for, or brought to, the group.

Effects of Members Leaving a Group

When a member of a UBG ceases to be a member part way through the member's tax year, for MBT purposes the departing member will experience a short tax year ending on the departure date, even if it does not have a short period for federal purposes.

For both the UBG return and the departing member's separate short period return, tax bases will be calculated using actual numbers from the applicable short period of the departing member.

In most cases, when a member leaves the group, any tax credit created by that member's activity will be applied against the group's tax liability for the group filing period within which the member leaves. The same treatment applies to any tax credit carryforward arising from a credit created by the departing member in a prior year. If a carryforward remains after application of this current year credit and prior year carryforward to the group's liability, the departing member will take its share of the unused carryforward for its own account. Its share of a carryforward from any particular period will be an amount equal to the group's remaining carryforward from that period multiplied by the amount of credit that member contributed relative to the total amount contributed by all group members for the same credit in that same period.

There is a narrow exception to the preceding paragraph if the departing member's return for the period after it leaves is due before the group's return. In this case, any elective tax credit generated (on a pro forma basis) by the departing member during its partial UBG period will belong entirely to the departing member. In addition, in this situation the departing member's proportional share of a credit carryforward from a prior period will belong to the departing member, and may not be applied against the group's tax liability for the group filing period within which the member leaves.

Other UBG-Related Issues

An affiliated person that is excluded from membership in a UBG because it is a foreign person, which has nexus and meets the applicable filing threshold, must file a separate MBT return.

Supplemental Instructions for the MBT Tax Loss Adjustment for the Small Business Alternative Credit, Form 4575

For the purpose of applying loss adjustment from a member's separately filed year, when members' separate years share a common year end and the amount of available loss from a single tax year exceeds the amount needed to offset the UBG's adjusted business income (ABI) disqualifier, the portion of available loss from that tax year used by each member to offset the group's disqualifier must reflect the proportion of each member's total loss available from that tax year with respect to the total loss available to the UBG from the same tax year.

EXAMPLE: The total loss adjustment needed to reduce a UBG's ABI disqualifier is $65. The UBG has loss available in the amount of $50 from its 2008 tax year, which had a tax year end of December 31, 2008. Member A, who was included in the UBG's 2008 tax year return, has loss available in the amount of $20 from its 2006 SBT tax year which ended September 30, 2006. Member B, who became a member of the UBG during the current tax year due to a change in ownership, has loss available in the amount of $25 from its 2006 SBT tax year which ended September 30, 2006, and loss available in the amount of $25 from its separate 2008 tax year which ended September 30, 2008. Member C also became a member of the UBG during the current tax year and has loss available in the amount of $75 from its separate 2008 tax year which ended September 30, 2008.

In this example, three columns of the table will be populated: one column with a tax year end of 09-30-2006 and available loss of $45; a second column with a tax year end of 09-30-2008 and available loss of $100; and a third column with a tax year end of 12-31-2008 and available loss of $50. Because loss is used on a first-in, first-out basis, the group will use the entire amount of loss available ($45) from the column with the 09-30-2006 tax year end; that is, all of Member A's available loss ($20) from its 2006 SBT year, as well as all of Member B's available loss from its 2006 SBT year ($25). The use of the members' losses must be maintained in the taxpayer's records. The remaining $20 of loss adjustment needed to reduce the groups' ABI disqualifier will be subtracted from the loss available in the second column with the 09-30-2008 year end. Members B and C will account for this adjustment in their records in a proportional manner. That is, Member B will record a $5 loss adjustment used from its 2008 separate tax year, or the remaining loss adjustment needed to reduce the group's ABI disqualifier ($20) multiplied by a fraction, the numerator of which is Member B's available loss ($25) and the denominator of which is the total loss

available in the second column ($100). Likewise, Member C will record a loss adjustment used of $15. Thus, in subsequent tax years, the UBG will have the following remaining loss available to reduce its ABI disqualifier: Member B's available loss in the amount of $20 from its 2008 separate tax year; Member C's available loss in the amount of $60 from its 2008 separate tax year, and the UBG's available loss in the amount of $50 from its 2008 tax year. The loss available to the UBG to reduce its ABI disqualifier will not be affected by Member B's or C's use, if any, of available loss from their separate tax years to reduce their respective shareholder income disqualifiers.

Further Guidance on Existence and Membership of a UBG

For further guidance, please consult the following:

- Online at **www.michigan.gov/taxes**: Click on the "Reference Library" link on the left side of the page, which leads to information on Revenue Administrative Bulletins (RABs). Of particular interest are RAB 2010-1, MBT—Unitary Business Group Control Test, and RAB 2010-2, MBT—Unitary Business Group Relationship Tests.

FEIN or TR Number

UBG Member FEIN or TR Number

Gross Receipts Worksheet

INFORMATION DIRECTLY FROM SPECIFIC FEDERAL RETURNS

Complete the appropriate parts below based on the taxpayer organization type. Part 1 is for an Individual or Fiduciary; Part 2 is for a C Corporation (or a taxpayer filing federal returns as a C Corporation); and Part 3 is for a Partnership or S Corporation (or a taxpayer filing a federal return as a Partnership or an S Corporation). Parts 4 and 5 apply to all filers, independent of their organization type. Gross receipts is not necessarily derived from the federal return, however, this worksheet will calculate gross receipts as defined by law in most circumstances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce gross receipts not identified by specific lines on this worksheet, and report that amount on the most appropriate line. The Michigan Department of Treasury may adjust the figure resulting from this worksheet to account properly for such uncommon situations. Complete and attach this worksheet to your return. Unitary Business Groups (UBGs) must complete and attach a worksheet for each member.

PART 1: INDIVIDUALS AND FIDUCIARIES

1.	U.S. Form *1040, Schedule C* or *C-EZ* gross receipts (net of returns)	1.	00
2.	U.S. Form *1040, Schedule C*, other income	2.	00
3.	U.S. Form *1040, Schedule D*, short- and long-term sales price*	3.	00
4.	U.S. Form *1040, Schedule E*		
	a. Part I, total rents received	4a.	00
	b. Total royalties received	4b.	00
5.	U.S. Form *4797*, gross sales price,* business assets	5.	00
6.	**Gross Receipts from Federal Return for Individuals and Fiduciaries.** Add lines 1 through 5. Carry amount to line 19	6.	00

PART 2: C CORPORATIONS

7.	U.S. Form *1120*, balance of gross receipts or sales less returns and allowances	7.	00
8.	U.S. Form *1120*, sum of dividends, interest, gross rents and gross royalties	8.	00
9.	U.S. Form *1120*, other income	9.	00
10.	U.S. Form *1120*, Schedule D, short- and long-term sales price*	10.	00
11.	U.S. Form *4797*, gross sales price*	11.	00
12.	**Gross Receipts from Federal Return for C Corporations.** Add lines 7 through 11. Carry amount to line 19	12.	00

PART 3: PARTNERSHIPS AND S CORPORATIONS

13.	U.S. Form *1065*, or U.S. Form *1120S*		
	a. Gross receipts (net of returns)	13a.	00
	b. Other income/receipts	13b.	00
14.	U.S. Form *8825*, gross income from real estate rentals	14.	00
15.	U.S. Form *1065*, or *1120S, Schedule D*, short- and long-term sales price*	15.	00
16.	U.S. Form *1065*, or *1120S, Schedule K*		
	a. Gross other rental income	16a.	00
	b. Interest, dividend, royalty income	16b.	00
	c. Other income	16c.	00
17.	U.S. Form *4797*, gross sales price* business assets	17.	00
18.	**Gross Receipts from Federal Return for Partnerships and S Corporations.** Add lines 13 through 17. Carry amount to line 19	18.	00

* See the definition of Gross Receipts under MCL 208.1111.

Continued on Page 2

FEIN or TR Number

UBG Member FEIN or TR Number

ADJUSTMENTS TO FEDERAL GROSS RECEIPTS

19.	**Gross Receipts as recorded on line 6, 12 or 18**	19.	00

PART 4: ADDITIONS TO GROSS RECEIPTS

To the extent EXCLUDED or DEDUCTED in arriving at the number used in line 19, include the following:

20.	Proceeds from the sale of assets used in a business activity	20.	00
21.	Dividend and interest income	21.	00
22.	Receipts from gratuities stipulated on a bill	22.	00
23.	Receipts from gross commissions earned	23.	00
24.	Receipts from client reimbursed expenses not obtained in an agency capacity	24.	00
25.	Gross proceeds from intercompany sales	25.	00
26.	Rents	26.	00
27.	Royalties	27.	00
28.	Sales of scrap and other similar items	28.	00
29.	Bad Debt amounts deducted for Federal Income Tax	29.	00
30.	Dividends and royalties received or deemed received from a foreign operating entity or a person other than a U.S. person, including, but not limited to, the amounts determined under IRC § 78, or 951 through 964	30.	00
31.	Sales or use taxes collected from or reimbursed by a consumer or other taxes collected from or reimbursed by a purchaser and remitted to a local, state, or federal tax authority	31.	00
32.	In the case of receipts from the sale of motor fuel by a person with a motor fuel tax license or a retail dealer, the amount equal to federal and state excise taxes paid by any person on such motor fuel under IRC 4081 or applicable state law	32.	00
33.	In the case of receipts from the sale of beer, wine, or intoxicating liquor by a person holding a license to sell, distribute, or produce those products, the amount equal to federal and state excise taxes paid by any person on or for such products under IRC Subtitle E or applicable state law	33.	00
34.	In the case of receipts from the sale of communication, video, internet access and related services and equipment, any government imposed tax, fee, or other imposition in the nature of a tax or fee required by law, and authorized to be charged on a customer's bill or invoice, but not including net income taxes, net worth taxes, property taxes, or the Michigan Business Tax (MBT)	34.	00
35.	In the case of receipts from the sale of electricity, natural gas, or other energy source, any government imposed tax, fee, or other imposition in the nature of a tax or fee required by law, and authorized to be charged on a customer's bill or invoice, but not including net income taxes, net worth taxes, property taxes, or the MBT	35.	00
36.	Any deposit required under the following:		
	a. 1976 IL 1, MCL § 445.571 to 445.576	36a.	00
	b. R 436.1629 of the Michigan administrative code	36b.	00
	c. R 436.1723a of the Michigan administrative code	36c.	00
	d. Any substantially similar beverage container deposit law of another state	36d.	00
37.	Excise tax collected from or reimbursed by a consumer and remitted pursuant to MCL § 207.371 to 207.383	37.	00
38.	Other receipts not included in previous lines	38.	00
39.	Add lines 20 through 38	39.	00
40.	**SUBTOTAL** Add line 19 and line 39	40.	00

Continued on Page 3

FEIN or TR Number

UBG Member FEIN or TR Number

PART 5: EXCLUSIONS TO GROSS RECEIPTS

To the extent INCLUDED in arriving at line 40, enter the following receipts:

41. Proceeds from sales by a principal collected by the taxpayer in an agency capacity and delivered to the principal 41. 00

42. Amounts received on behalf of a principal that are received and expended by the taxpayer in an agency capacity for the following:

    a. Performance of service by third party for the benefit of the principal for service required by law to be performed by a licensed person 42a. 00

    b. Performance of service by a third party for the benefit of the principal that the taxpayer has not undertaken a contractual duty to perform 42b. 00

    c. Payment of principal and interest under a mortgage loan or land contract, lease or rental payments, or taxes, utilities, or insurance premiums relating to real or personal property owned or leased by the principal 42c. 00

    d. Capital asset that is or will become eligible for depreciation, amortization, or accelerated cost recovery by the principal for federal income tax purposes, or real property owned or leased by the principal 42d. 00

    e. Property not described above that is purchased by taxpayer on behalf of the principal, where taxpayer does not take title to or use in the course of performing its contractual business activities 42e. 00

    f. Fees, taxes, assessments, levies, fines, penalties, or other payments established by law that are paid to a governmental entity and that are the legal obligation of the principal 42f. 00

43. Amounts excluded from gross income of a foreign corporation engaged in the international operation of aircraft under IRC § 883(a) 43. 00

44. Amounts received by advertising agency used to acquire advertising media time, space, production, or talent on behalf of another person 44. 00

45. Amounts received by a newspaper to acquire advertising space not owned by that newspaper in another newspaper on behalf of another person, excluding any consideration received by taxpayer for acquiring that advertising space 45. 00

46. Amounts received by taxpayer that manages real property owned by a third party that are deposited into a separate account kept in the name of that third party and that are not reimbursements to the taxpayer and are not indirect payments for management services that the taxpayer provides to that third party 46. 00

47. For taxpayers that during tax year do NOT both buy and sell any receivables, proceeds from the taxpayer's transfer of an account receivable, if the sale that generated that receivable was included in Gross Receipts for Federal Income Tax purposes 47. 00

48. Proceeds from original issue of stock or equity instruments or equity issued by a regulated investment company as defined in IRC § 851 .... 48. 00

49. Proceeds from the original issue of debt instruments 49. 00

50. Refunds from returned merchandise 50. 00

51. Cash and in-kind discounts 51. 00

52. Trade discounts 52. 00

53. Federal, state, or local tax refunds 53. 00

54. Security deposits 54. 00

55. Payment of the principal portion of loans 55. 00

56. Value of property received in a like-kind exchange 56. 00

57. Proceeds from a sale, transaction, exchange, involuntary conversion, maturity, redemption, repurchase, recapitalization, or other disposition or reorganization of tangible or intangible property that are capital assets and IRC § 1231(b) land:

    a. Amount from such dispositions of capital assets as defined in IRC § 1221(a) or land used in a trade or business as defined in IRC § 1231(b) 57a. 00

    b. Combined gains from each disposition in this category that produced a gain that is included in that taxpayer's federal taxable income. (Do not net against dispositions that produced loss.) 57b. 00

    c. **Amount excluded from Gross Receipts.** Subtract line 57b from line 57a 57c. 00

58. Proceeds from a sale, transaction, exchange, involuntary conversion, maturity, redemption, repurchase, recapitalization, or other disposition or reorganization of tangible or intangible property that is a hedging transaction[a]:

    a. Amount from such dispositions of property used in a hedging transaction 58a. 00

    b. Amount of overall net gain from hedging transactions entered into during the tax year 58b. 00

    c. **Amount excluded from Gross Receipts.** Subtract line 58b from line 58a 58c. 00

Continued on Page 4

FEIN or TR Number

UBG Member FEIN or TR Number

PART 5: EXCLUSIONS TO GROSS RECEIPTS (CONT.)

59. Proceeds from a sale, transaction, exchange, involuntary conversion, maturity, redemption, repurchase, recapitalization, or other disposition or reorganization of tangible or intangible property that is investment and trading assets managed as part of the person's treasury function[b]:

a. Amount from such dispositions of property that is investment and trading assets managed as part of the person's treasury function 59a. 00

b. Amount of overall net gain from treasury function incurred during tax year... 59b. 00

c. **Amount excluded from Gross Receipts.** Subtract line 59b from line 59a 59c. 00

60. Proceeds from an insurance policy, a settlement of a claim or a judgment in a civil action, less any proceeds that are included in federal taxable income (as defined for MBT purposes) 60. 00

61. For a sales finance company, as defined in MCL 492.102 and directly or indirectly owned in whole or in part by a motor vehicle manufacturer as of January 1, 2008, and for a person that is a broker or dealer as defined under 15 USC § 78c(a)(4) or (5), or a member of the UBG of that broker or dealer that buys and sells contracts subject to 7 USC § 1 to 27f for its own account:

a. Amounts realized from the repayment, maturity, sale, or redemption of the principal of a loan, bond, or mutual fund, certificate of deposit, or similar marketable instrument provided such instruments are not held as inventory 61a. 00

b. Principal amount received under a repurchase agreement or other transaction properly characterized as a loan... 61b. 00

62. For a mortgage company[c], proceeds representing the principal balance of loans transferred or sold 62. 00

63. For a professional employer organization[d] (PEO), any amount charged that represents the actual cost of wages and salaries, benefits, worker's compensation, payroll taxes, withholding, or other assessments paid to or on behalf of a covered employee by the PEO under a professional employer arrangement..... 63. 00

64. Any invoiced items used to provide more favorable floor plan assistance to a person subject to the MBT than to a person not subject to the MBT and paid by a manufacturer, distributor, or supplier..... 64. 00

65. For an individual, estate, or other person organized for estate or gift planning purposes:

a. Receipts from investment activity, including interest, dividends, royalties, and gains from an investment portfolio or retirement account, if the investment activity is not part of the taxpayer's trade or business..... 65a. 00

b. Receipts from the disposition of tangible or intangible property held for personal use and enjoyment, such as a personal residence or personal assets..... 65b. 00

c. Other amounts received that are NOT from transactions, activities, and sources in the regular course of the taxpayer's trade or business 65c. 00

66. Receipts derived from investment activity by a person organized exclusively to conduct investment activity and that does not conduct investment activity for any person other than an individual or a person related[e] to that individual, or by a common trust fund established under MCL 555.101 to 555.113 ..... 66. 00

67. Interest and dividends derived from obligations or securities of the United States government, this state, or any governmental unit of this state (as defined under MCL § 141.1053)..... 67. 00

68. Amounts attributable to an ownership interest in a pass-through entity, regulated investment company, real estate investment trust, or cooperative corporation whose business activities are taxable under the modified gross receipts tax or would be subject to the modified gross receipts tax if the business activities were in this state[f] 68. 00

69. For a regulated investment company as that term is defined under IRC § 851, receipts derived from investment activity by that regulated investment company..... 69. 00

70. Only Health Maintenance Organizations (HMOs) holding contract with the State for Medicaid services may complete this line: If applicable per MCL 208.1111(1) (dd), enter amounts received during the period that is both within the tax year and within October 1, 2010, through September 30, 2011, for Medicaid premium or reimbursement of costs associated with service provided to a Medicaid recipient or beneficiary. The State Budget Director has until January 1, 2011 to certify that necessary rates provide explicit adjustment for MBT obligations, in which case NO deduction will be allowed for any HMO holding contract with the State for Medicaid services 70. 00

71. For a taxpayer that provides health care management consulting services, amounts received by the taxpayer after August 1, 2010, as fees from its clients that are expended by the taxpayer to reimburse those clients for labor and nonlabor services that are paid by the client and reimbursed to the client pursuant to a services agreement..... 71. 00

72. **SUBTOTAL** **Gross Receipts Exclusions that are not phased in.** Add lines 41 through 56, 57c, 58c, 59c, and 60 through 71 ..... 72. 00

To the extent INCLUDED in arriving at line 40, list the following:

73. Bad Debt amounts deducted for Federal Income Tax that correspond to items included in MGR tax base for current or prior MBT return 73. 00

74. Dividends and royalties received or deemed received from a foreign operating entity or a person other than a U.S. person, including, but not limited to, the amounts determined under IRC § 78, or 951 through 964 ..... 74. 00

75. Add lines 73 and 74 ..... 75. 00

Continued on Page 5

FEIN or TR Number

UBG Member FEIN or TR Number

PART 5: EXCLUSIONS TO GROSS RECEIPTS (CONT.)

To the extent INCLUDED in arriving at line 40, and to the extent NOT deducted as purchases from other firms on the *MBT Annual Return*, Form 4567, lines 13, 14 or 15, (or, for UBG standard members, the *MBT UBG Combined Filing Schedule for Standard Members*, Form 4580, lines 18, 19 or 20) enter:

76.	Sales or use taxes collected from or reimbursed by a consumer or other taxes collected from or reimbursed by a purchaser and remitted to a local, state, or federal tax authority	76.	00
77.	In the case of receipts from the sale of motor fuel by a person with a motor fuel tax license or a retail dealer, the amount equal to federal and state excise taxes paid by any person on such motor fuel under IRC § 4081 or applicable state law	77.	00
78.	In the case of receipts from the sale of beer, wine, or intoxicating liquor by a person holding a license to sell, distribute, or produce those products, the amount equal to federal and state excise taxes paid by any person on or for such products under IRC Subtitle E or applicable state law	78.	00
79.	In the case of receipts from the sale of communication, video, internet access and related services and equipment, any government imposed tax, fee, or other imposition in the nature of a tax or fee required by law, and authorized to be charged on a customer's bill or invoice, but not including net income taxes, net worth taxes, property taxes, or the MBT	79.	00
80.	In the case of receipts from the sale of electricity, natural gas, or other energy source, any government imposed tax, fee, or other imposition in the nature of a tax or fee required by law, and authorized to be charged on a customer's bill or invoice, but not including net income taxes, net worth taxes, property taxes, or the MBT	80.	00
81.	Any deposit required under the following:		
	a. 1976 IL 1, MCL § 445.571 to 445.576	81a.	00
	b. R 436.1629 of the Michigan administrative code	81b.	00
	c. R 436.1723a of the Michigan administrative code	81c.	00
	d. Any substantially similar beverage container deposit law of another state	81d.	00
82.	Excise tax collected from or reimbursed by a consumer and remitted pursuant to MCL § 207.371 to 207.383	82.	00
83.	Add lines 76 through 82	83.	00
84.	Add lines 75 and 83	84.	00
85.	**SUBTOTAL** **Multiply line 84 by 0.6 for tax years ending in 2010. Multiply line 84 by 0.75 for tax years ending in 2011**	85.	00

GROSS RECEIPTS FOR MBT PURPOSES

86.	**Subtract lines 72 and 85 from line 40.** Carry this amount to Form 4567, line 12. Standard members of a UBG will carry this amount to Form 4580, Part 2A, line 17	86.	00

a) For purposes of this provision, a hedging transaction is one entered into by the taxpayer in the normal course of the taxpayer's trade or business primarily to manage (i) risk of exposure to foreign currency fluctuations that affect assets, liabilities, profits, losses, equity, or investments in foreign operations; (ii) interest rate fluctuations; or (iii) commodity price fluctuations. Transfer of title of real or tangible personal property is not a hedging transaction. "Hedging transaction" means that term as defined under IRC 1221 regardless of whether the transaction was identified by the taxpayer as a hedge for federal income tax purposes, provided, however, that transactions not identified as a hedge for federal income tax purposes shall be identifiable to the department by the taxpayer as a hedge in its books and records.

b) For purposes of this provision, a person principally engaged in the trade or business of purchasing and selling investment and trading assets is not performing a treasury function. "Treasury function" means the pooling and management of investment and trading assets for the purpose of satisfying cash flow or liquidity needs of the taxpayer's trade or business.

c) "Mortgage company" means a person that is licensed under MCL § 445.1651 to 445.1684, or MCL § 493.51 to 493.81, and has greater than 90 percent of its revenues, in the ordinary course of business, from the origination, sale, or servicing of residential mortgage loans.

d) Professional employer organization is not the same thing as a staffing company, and it means an organization that provides the management and administration of the human resources of another entity by contractually assuming substantial employer rights and responsibilities through a professional employer agreement that establishes an employer relationship with the leased officers or employees assigned to the other entity by doing all of the following:

- Maintaining a right of direction and control of employees' work, although this responsibility may be shared with the other entity.
- Paying wages and employment taxes of the employees out of its own accounts.
- Reporting, collecting, and depositing state and federal employment taxes for the employees.
- Retaining a right to hire and fire employees.

e) For purposes of this provision, a person is related to an individual if that person is a spouse, brother or sister, whether of the whole or half blood or by adoption, ancestor, lineal descendent of that individual or related person, or a trust benefiting that individual or one or more persons related to that individual.

f) For this provision, the following definitions apply: Cooperative Corporation means those organizations described under subchapter T of the IRC; Pass-through entity means a partnership, subchapter S Corporation, or other person, other than an individual, that is not classified for Federal Income Tax purposes as an association taxed as a corporation; Real estate investment trust means the term defined under IRC 856; and Regulated investment company means the term defined under IRC § 851.

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FEIN or TR Number

UBG Member FEIN or TR Number

Business Income Worksheet

Complete the appropriate parts below, based on the taxpayer's organization type. Part 1 is for an Individual or Fiduciary; Part 2 is for a C Corporation (or a taxpayer filing federal returns as a C Corporation); and Part 3 is for a Partnership or S Corporation (or a taxpayer filing a federal return as an S Corporation). This worksheet will calculate business income as defined by law in most circumstances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce business income not identified by specific lines on this worksheet, and report that amount on the most appropriate line. The Michigan Department of Treasury may adjust the figure resulting from this worksheet to account properly for such uncommon situations. Complete and attach this worksheet to your return. Unitary Business Groups (UBG) must complete and attach a worksheet for each member.

PART 1: INDIVIDUALS AND FIDUCIARIES

1.	U.S. Form *1040, Schedule C* or *C-EZ*, net profit/loss	1.	00
2.	U.S. Form *1040, Schedule D*, gain/loss [a]	2.	00
3.	U.S. Form *1040, Schedule E*, line 26 rent and royalty income/loss	3.	00
4.	U.S. Form *4797* gain/loss not included in Schedule D	4.	00
5.	Domestic Production Activities deduction based on IRC § 199 reported on U.S. Form *8903*, to the extent deducted from federal taxable income	5.	00
6.	Other Income	6.	00
7.	**Total business income before adjustment.** Add lines 1 through 6	7.	00
8.	Adjustments due to decoupling of Michigan depreciation from section 168(k) of IRC. If adjustment is negative, enter as negative:		
	a. Net bonus depreciation adjustment [b]	8a.	00
	b. Gain/loss adjustment on the sale of an eligible depreciable asset [c]	8b.	00
9.	Add lines 8a and 8b. If negative, enter as negative	9.	00
10.	**Total business income after adjustment.** Add lines 7 and 9. Carry amount to Form *4567*, line 28. Members of a UBG carry amount to Form 4580, Part 2A, line 30	10.	00

PART 2: C CORPORATIONS

11.	Federal taxable income from U.S. Form *1120*	11.	00
12.	Domestic Production Activities deduction based on IRC § 199 reported on U.S. Form *8903*, to the extent deducted from federal taxable income	12.	00
13.	Miscellaneous	13.	00
14.	**Total business income before adjustment.** Add lines 11, 12 and 13	14.	00
15.	Adjustments due to decoupling of Michigan depreciation from section 168(k) of IRC. If adjustment is negative, enter as negative:		
	a. Net bonus depreciation adjustment [b]	15a.	00
	b. Gain/loss adjustment on the sale of an eligible depreciable asset [c]	15b.	00
16.	Add lines 15a and 15b. If negative, enter as negative	16.	00
17.	**Total business income after adjustment.** Add lines 14 and 16. Carry amount to Form 4567, line 28. Members of a UBG carry amount to Form 4580, Part 2A, line 30	17.	00

PART 3: PARTNERSHIPS AND S CORPORATIONS

18.	U.S. Form *1065*, or *1120S Schedule K*, Income (loss):		
	a. Ordinary income/loss	18a.	00
	b. Net real estate rental income/loss	18b.	00
	c. Net other rental income/loss	18c.	00
	d. Interest, dividend, and royalty income	18d.	00
	e. Net short-term gain/loss	18e.	00
	f. Net long-term gain/loss	18f.	00
	g. Other portfolio income/loss	18g.	00
	h. Guaranteed payments to partners or wages paid to a member of a LLC Partnership	18h.	00
	i. Other net gain/loss under section 1231	18i.	00
	j. Other income	18j.	00
19.	**Total income/loss.** Add lines 18a through 18j	19.	00

Continued on Page 2

FEIN or TR Number

UBG Member FEIN or TR Number

PART 3: PARTNERSHIPS AND S CORPORATIONS (CONT.)

20. U.S. Form *1065* or *1120S, Schedule K*, Deductions:
    - a. Charitable contributions ..... 20a. ____ 00
    - b. Section 179 expense ..... 20b. ____ 00
    - c. Deductions related to portfolio income ..... 20c. ____ 00
    - d. Other deductions, excluding deductions for domestic production activities (IRC § 199) ..... 20d. ____ 00
21. **Total deductions.** Add lines 20a through 20d ..... 21. ____ 00
22. **Total business income before adjustments.** Subtract line 21 from line 19 ..... 22. ____ 00
23. Adjustments due to decoupling of Michigan depreciation from section 168(k) of IRC (If adjustment is negative, enter as negative):
    - a. Net bonus depreciation adjustment [b] ..... 23a. ____ 00
    - b. Gain/loss adjustment on the sale of an eligible depreciable asset [c] ..... 23b. ____ 00
24. Add lines 23a and 23b. If negative, enter as negative ..... 24. ____ 00
25. **Total business income after adjustment.** Add lines 22 and 24. Carry amount to Form 4567, line 28. Members of a UBG carry amount to Form 4580, Part 2A, line 30 ..... 25. ____ 00

(a) U.S. Forms *1040D* and *4797*: Report only gains or losses from assets used in a business activity. Do not include personal gains and losses.

(b) For the computation of business income for Michigan Business Tax (MBT) purposes, taxpayers who claimed a federal special depreciation under IRC § 168(k) on property first placed in service in 2008 or later must calculate the net bonus depreciation adjustment on those assets as follows: net bonus depreciation adjustment in tax year equals the total federal depreciation claimed in tax year less the total amount of depreciation that would be claimed in the federal return in the tax year if the taxpayer had elected not to utilize the bonus depreciation allowance at IRC § 168(k). A taxpayer may not elect IRC § 179 depreciation if they did not elect to use this method federally.

(c) For the computation of business income for MBT purposes, taxpayers who claimed a federal special depreciation under IRC § 168(k) on property first placed in service in 2008 or later and subsequently disposed of that property in the current tax year must calculate the gain/loss adjustment on the sale of those assets as follows: gain/loss adjustment in tax year equals the total amount of federal depreciation that would be claimed in the federal return over the years (starting the year the asset was purchased and ending on the current tax year) if the taxpayer had elected not to utilize the bonus depreciation allowance at IRC § 168(k) on the property being disposed LESS the total federal depreciation claimed over the years (starting the year asset was purchased and ending on the current tax year). A taxpayer may not elect IRC § 179 depreciation if they did not elect to use this method federally.

Revenue Administrative Bulletins

2010-1	Michigan Business Tax — Unitary Business Group Control Test
2010-2	Michigan Business Tax — Unitary Business Group Relationship Tests
2010-5	Michigan Business Tax — Where Benefit of Services is Received
2010-6	Interest Rate
2010-9	Certified Community Foundations
2010-10	Certified Educational Foundations
2008-4	Michigan Business Tax Nexus Standards
2007-6	Michigan Business Tax — “Actively Solicits” Defined
2005-3	Penalty Provisions
1996-4	Credit or Refund of Overpayment of Taxes or Credits in Excess of Tax Due and Applicable Interest
1994-1	Challenge of Assessment, Decision or Order Limited by Statute
1989-38	Officer Liability

For a complete list, go to **www.michigan.gov/taxes**.

2010 Certified Education Foundations

1001	Ann Arbor Public Schools Educational Foundation
1052	Blissfield Foundation for Educational Excellence
1053	Birmingham Public Schools Charitable Foundation
1101	Caledonia Education Foundation
1201	East Lansing Education Foundation
1202	Educational Excellence Foundation Plymouth-Canton
1203	East Grand Rapids Schools Foundation
1301	Education Foundation of Greenville
1302	Grosse Pointe Foundation for Public Education
1501	Kentwood Public Schools Educational Foundation
1551	Lansing Educational Advancement Foundation
1601	Marquette Area Public Schools Education Foundation
1651	Northville Educational Foundation
1851	Rochester Community Schools Foundation

Certified Community Foundations and Component Funds

A component fund serves donors and nonprofit organizations in a specific geographic area as a restricted fund of a neighboring community foundation. The following are certified for the Community Foundations Credit for 2010.

01 Albion Community Foundation
56 Allegan County Community Foundation
  Saugatuck/Douglas Area Community Fund
63 Anchor Bay Community Foundation
02 Ann Arbor Area Community Foundation
  Community Foundation of Plymouth
  Ypsilanti Area Community Fund
49 Baraga County Community Foundation
58 Barry Community Foundation
  Thornapple Area Enrichment Fund
17 Battle Creek Community Foundation
  Athens Area Community Foundation
  Homer Area Community Foundation
  Springfield Community Foundation
03 Bay Area Community Foundation
  Arenac County Fund
04 Berrien Community Foundation
45 Branch County Community Foundation
36 Cadillac Area Community Foundation
  Missaukee Area Community Foundation
  Missaukee Area Youth Fund
64 Canton Community Foundation
06 Capital Region Community Foundation
  City of East Lansing Fund
  DeWitt Area Community Fund
  Eaton County Community Foundation
  Lansing Fund
  Leslie Community Fund
  Meridian Township Fund
  Ovid-Elsie Community Fund
  St. Johns Area Community Fund
  Williamston Area Beautification Fund
66 Central Montcalm Community Foundation
44 Charlevoix County Community Foundation
70 Chippewa County Community Foundation
28 Community Foundation for Muskegon County
  Community Foundation for Mason County
  Community Foundation for Oceana County
  Manistee County Community Foundation
29 Community Foundation for Northeast Michigan
  Iosco County Community Foundation
  North Central Michigan Community Foundation
  Straits Area Community Foundation
09 Community Foundation for Southeast Michigan
  Chelsea Community Foundation
  Community Foundation for Livingston County
10 Community Foundation of Greater Flint
  Clio Area Community Fund
  Fenton Community Fund
  Flushing Community Fund
  Grand Blanc Community Fund
  Davison Community Fund
19 Community Foundation of Greater Rochester
11 Community Foundation of Monroe County
  Greater Milan Area Community Foundation
35 Community Foundation of St. Clair County
20 Community Foundation of the Holland/Zeeland Area
54 Community Foundation of the Upper Peninsula
  Alger Regional Community Foundation
  Community Foundation for Delta County
  Gogebic-Ontonagon Community Foundation
  Les Cheneaux Community Foundation
  Rudyard Area Community Foundation
  Schoolcraft County Community Foundation
  St. Ignace Area Community Foundation
  Tahquamenon Area Community Foundation
  West Iron County Area Community Foundation
50 Dickinson Area Community Foundation
  Crystal Falls Area Community Foundation
  Norway Area Community Foundation
13 Four County Community Foundation
18 Frankenmuth Community Foundation
14 Fremont Area Community Foundation
  Lake County Community Foundation
  Mecosta County Community Foundation
  Osceola County Community Foundation
15 Grand Haven Area Community Foundation
  Allendale Area Community Foundation
  Coopersville Area Community Foundation
16 Grand Rapids Community Foundation
  Cascade Community Foundation
  East Grand Rapids Community Foundation Fund
  Ionia County Community Foundation
  Lowell Area Community Fund
  Southeast Ottawa Community Foundation
  Sparta Community Foundation
  Wyoming Community Foundation
46 Grand Traverse Regional Community Foundation
48 Gratiot County Community Foundation
37 Greenville Area Community Foundation
  Lakeview Area Community Fund
  Montcalm Panhandle Community Fund
43 Hillsdale County Community Foundation
60 Huron County Community Foundation
21 Jackson Community Foundation
22 Kalamazoo Community Foundation
  Covert Township Community Foundation Fund
67 Keweenaw Community Foundation
77 Lapeer County Community Foundation
23 Leelanau Township Community Foundation
62 Lenawee Community Foundation
55 Livonia Community Foundation
25 M & M Area Community Foundation
65 Mackinac Island Community Foundation
39 Marquette Community Foundation
  Greater Ishpeming Area Community Fund
  Gwinn Area Community Fund
  Negaunee Area Community Fund
26 Marshall Community Foundation
05 Michigan Gateway Community Foundation
27 Midland Area Community Foundation
  Clare County Community Foundation
  Gladwin County Endowment Fund
42 Mt. Pleasant Area Community Foundation
72 North Woodward Community Foundation
75 Otsego County Community Foundation
47 Petoskey-Harbor Springs Area Community Foundation
76 Roscommon County Community Foundation
30 Saginaw Community Foundation
  Chesaning Area Community Foundation Fund
61 Sanilac County Community Foundation
71 Shelby Community Foundation
31 Shiawassee Community Foundation
57 Southfield Community Foundation
74 Sterling Heights Community Foundation
40 Sturgis Area Community Foundation
  Constantine Area Community Foundation
  White Pigeon Area Community Foundation
32 Three Rivers Area Community Foundation
73 Tuscola County Community Foundation
  Cass City Booster's Club
  Greater Millington Area Fund

Country Codes

Countries are identified by two-letter codes – Country Codes – which are required on some Michigan Business Tax (MBT) forms, including the annual returns. The following is a list of countries and their codes.

AF Afghanistan	CK Cook Islands	IN India	NR Nauru	SB Solomon Islands
AX Åland Islands	CR Costa Rica	ID Indonesia	NP Nepal	SO Somalia
AL Albania	CI Côte D'ivoire	IR Iran	NL Netherlands	ZA South Africa
DZ Algeria	HR Croatia	IQ Iraq	AN Netherlands Antilles	GS S. Georgia, Sandwich
AS American Samoa	CU Cuba	IE Ireland	NC New Caledonia	KR South Korea
AD Andorra	CY Cyprus	IM Isle Of Man	NZ New Zealand	ES Spain
AO Angola	CZ Czech Republic	IL Israel	NI Nicaragua	LK Sri Lanka
AI Anguilla	CD Dem. Rep. of Congo	IT Italy	NE Niger	SD Sudan
AQ Antarctica	DK Denmark	JM Jamaica	NG Nigeria	SR Suriname
AG Antigua & Barbuda	DJ Djibouti	JP Japan	NU Niue	SJ Svalbard, Jan Mayen
AR Argentina	DM Dominica	JE Jersey	NF Norfolk Island	SZ Swaziland
AM Armenia	DO Dominican Republic	JO Jordan	KP North Korea	SE Sweden
AW Aruba	EC Ecuador	KZ Kazakhstan	MP N. Mariana Islands	CH Switzerland
AU Australia	EG Egypt	KE Kenya	NO Norway	SY Syrian Arab Republic
AT Austria	SV El Salvador	KI Kiribati	OM Oman	TW Taiwan
AZ Azerbaijan	GQ Equatorial Guinea	KW Kuwait	PK Pakistan	TJ Tajikistan
BS Bahamas	ER Eritrea	KG Kyrgyzstan	PW Palau	TZ Tanzania
BH Bahrain	EE Estonia	LA Laos	PS Palestinian Occ. Terr.	TH Thailand
BD Bangladesh	ET Ethiopia	LV Latvia	PA Panama	TL Timor-Leste
BB Barbados	FK Falkland Islands	LB Lebanon	PG Papua New Guinea	TG Togo
BY Belarus	FO Faroe Islands	LS Lesotho	PY Paraguay	TK Tokelau
BE Belgium	FJ Fiji	LR Liberia	PE Peru	TO Tonga
BZ Belize	FI Finland	LY Libya	PH Philippines	TT Trinidad & Tobago
BJ Benin	FR France	LI Liechtenstein	PN Pitcairn	TN Tunisia
BM Bermuda	GF French Guiana	LT Lithuania	PL Poland	TR Turkey
BT Bhutan	PF French Polynesia	LU Luxembourg	PT Portugal	TM Turkmenistan
BO Bolivia	TF Fr. Southern Terr.	MO Macao	PR Puerto Rico	TC Turks & Caicos
BA Bosnia, Herzegovina	GA Gabon	MK Macedonia	QA Qatar	TV Tuvalu
BW Botswana	GM Gambia	MG Madagascar	RE Réunion	UG Uganda
BV Bouvet Island	GE Georgia	MW Malawi	RO Romania	UA Ukraine
BR Brazil	DE Germany	MY Malaysia	RU Russian Federation	AE United Arab Emir.
IO Brit. Ind. Ocean Terr.	GH Ghana	MV Maldives	RW Rwanda	GB United Kingdom
BN Brunei Darussalam	GI Gibraltar	ML Mali	BL St. Barthélemy	US United States
BG Bulgaria	GR Greece	MT Malta	SH St. Helena	UM U.S. Minor Out. Isl.
BF Burkina Faso	GL Greenland	MH Marshall Islands	KN St. Kitts & Nevis	UY Uruguay
BI Burundi	GD Grenada	MQ Martinique	LC St. Lucia	UZ Uzbekistan
KH Cambodia	GP Guadeloupe	MR Mauritania	MF St. Martin	VU Vanuatu
CM Cameroon	GU Guam	MU Mauritius	PM St. Pierre & Miquelon	VE Venezuela
CA Canada	GT Guatemala	YT Mayotte	VC St. Vincent, Grenad.	VN Vietnam
CV Cape Verde	GG Guernsey	MX Mexico	WS Samoa	VG Virgin Islands, British
KY Cayman Islands	GN Guinea	FM Micronesia	SM San Marino	VI Virgin Islands, U.S.
CF Cent. African Repub.	GW Guinea-Bissau	MD Moldova	ST Sao Tome & Principe	WF Wallis & Futuna
TD Chad	GY Guyana	MC Monaco	SA Saudi Arabia	EH Western Sahara
CL Chile	HT Haiti	MN Mongolia	SN Senegal	YE Yemen
CN China	HM Heard, McDonald Isl.	ME Montenegro	RS Serbia	ZM Zambia
CX Christmas Island	VA Holy See (Vatican)	MS Montserrat	SC Seychelles	ZW Zimbabwe
CC Cocos Islands	HN Honduras	MA Morocco	SL Sierra Leone	
CO Colombia	HK Hong Kong	MZ Mozambique	SG Singapore	XX Countries-Other
KM Comoros	HU Hungary	MM Myanmar	SK Slovakia	
CG Congo	IS Iceland	NA Namibia	SI Slovenia	

Unclaimed Property Reporting for Businesses and Government Entities

Michigan's Uniform Unclaimed Property Act, Public Act 29 of 1995, as amended, requires businesses and government entities to report and remit to the Michigan Department of Treasury (Treasury) abandoned and unclaimed property belonging to owners whose last known address is in Michigan. In addition, every business or government entity that is incorporated in Michigan must report to the Treasury abandoned property belonging to owners where there is no known address.

Most businesses have unclaimed property resulting from normal operations. Any asset, tangible or intangible, belonging to a third party that remains unclaimed for a specified period of time is considered unclaimed property. For example, uncashed payroll checks must be turned over to the State after one year; most other property types, such as vendor checks and accounts receivables credit balances, must be turned over after three years. Government entities must turn over unclaimed property after one year.

Recently passed legislation to the Uniform Unclaimed Property Act changed the due date of the unclaimed property annual report beginning in 2011 as well as the dormancy period for most property types.

DUE DATE CHANGE

Starting in 2011, the due date for the unclaimed property annual report will be July 1 for property reaching its dormancy period as of March 31.

DORMANCY PERIOD CHANGE

A statutory change was also made to shorten dormancy periods to three years for most property types. According to the new legislation, unclaimed property reaching the new dormancy periods as of March 31, 2011, must be remitted to the State on or before July 1, 2011. A detailed listing of property types along with the new corresponding dormancy periods can be found at **www.michigan.gov/unclaimedproperty**.

REPORT UNCLAIMED PROPERTY TO AVOID PENALTIES

Review your records to determine if you are holding unclaimed property. Property remitted voluntarily will not be subject to the 25 percent penalty outlined in the law; however, interest will be charged from the date that the property should have been reported. If you are selected for an audit, you will be subject to the penalty and interest charges outlined in the law. State-initiated audits will cover the last ten years, as authorized in the Uniform Unclaimed Property Act.

NONCOMPLIANCE WITH UNCLAIMED PROPERTY REPORTING REQUIREMENTS

Section 31(2) of the Uniform Unclaimed Property Act gives the State Treasurer the authority to conduct unclaimed property examinations (audits) if there is reason to believe that an entity is a holder that has failed to report or has underreported unclaimed property. As a result of the audit, penalty and interest may be assessed as follows:

- Interest at one percentage point above the adjusted prime rate per annum per month on the property or value of the property from the date the property should have been paid or delivered, and/or
- Penalty at 25 percent of the value of the property that should have been paid or delivered, and/or
- Penalty at $100 for each day the report is withheld or the duty is not performed but not more than $5,000.

REPORTING MANUAL AND FREE SOFTWARE

The Manual for Reporting Unclaimed Property, including forms and instructions, is available at **www.michigan.gov /unclaimedproperty**. Also available on Treasury's Web site is the Holder Reporting System (HRS), a free software package for creating unclaimed property reports on electronic media for submission to Treasury.

Notes

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