

SBT

MICHIGAN

2007

Single Business Tax



Forms and Instructions

Important Information for 2007 . . .

The Single Business Tax (SBT) rate is 1.9 percent.

SBT e-file. It's easy, fast and secure! See pages 4 and 83 for more information.

Calendar year 2007 returns and fiscal year filers with returns ending December 31, 2007, are due April 30, 2008. Fiscal year filers, see page 7 and Supplemental Instructions on page 75.

Web Self-Service is available. See page 4.

For more information, see page 4 or go to Treasury's Web site at www.michigan.gov/taxes.

For questions or information, contact Treasury at:

Customer Contact Division, SBT Unit
Michigan Department of Treasury
P.O. Box 30059
Lansing, MI 48909
(517) 636-4700

TABLE OF CONTENTS

Important Information for 2007		3
General Information		4
Revenue Administrative Bulletins		10
Notice to Single Business Tax Filers - Amended 2003		81
Supplemental Instructions for Final Fiscal SBT Filers		75
Forms and Instructions:		
C-8000	Single Business Tax Annual Return	11
	Purpose: To calculate annual tax liability.	
C-8044	Single Business Tax Simplified Return	19
	Purpose: To allow eligible taxpayers to calculate the alternate tax simply and quickly.	
C-8000C	SBT Credit for Small Businesses and Contribution Credits	23
	Purpose: To allow a choice of either the standard or alternate small business credit and to claim contribution credits.	
3307	SBT Loss Adjustment Worksheet for the Small Business Credit	27
	Purpose: To adjust the adjusted business income to qualify for the Small Business Credit or minimize the reduction percentage required.	
C-8000D	SBT Recapture of Capital Acquisition Deduction	29
	Purpose: To adjust the tax base for disposal of depreciable real or personal property acquired in tax years beginning prior to January 1, 2000.	
C-8000G	SBT Statutory Exemption/Business Income Averaging	33
	Purpose: To average business income with the previous four years to compute the statutory exemption.	
C-8000H	SBT Apportionment Formula	35
	Purpose: To determine the portion of SBT tax base attributable to Michigan.	
C-8000ITC	SBT Investment Tax Credit	39
	Purpose: To calculate an Investment Tax Credit (ITC) or an ITC recapture.	
C-8000KC	SBT Schedule of Shareholders and Officers	43
	Purpose: To determine eligibility for the standard small business credit or alternate tax and which shareholders qualify for the increased statutory exemption.	
C-8000KP	SBT Schedule of Partners	47
	Purpose: To determine eligibility for the partnership's standard small business credit or alternate tax and which partners qualify for the increased statutory exemption.	
C-8000MC	SBT Miscellaneous Credits	49
	Purpose: To allow eligible taxpayers to claim refundable and nonrefundable credits.	
C-8000S	SBT Reductions to Adjusted Tax Base	57
	Purpose: To reduce the adjusted tax base by excess compensation or gross receipts.	
C-8009	SBT Allocation of Statutory Exemption, Standard Small Business Credit and Alternate Tax for Members of Controlled Groups	59
	Purpose: To supplement the C-8000C and C-8043 for members of controlled groups.	
C-8010AGR	SBT Adjusted Gross Receipts for Controlled Groups	65
	Purpose: To calculate adjusted gross receipts for filing requirements and the Investment Tax Credit for members of controlled groups.	
C-8020	SBT Penalty and Interest Computation for Underpaid Estimated Tax	67
	Purpose: To compute penalty and interest for underpaying, late filing or late payment of quarterly estimates.	
C-8043	SBT Statutory Exemption Schedule	71
	Purpose: To compute allowable statutory exemption.	
4	Application for Extension of Time to File Michigan Tax Returns	73
	Purpose: To request more time to file the annual return.	

Important Information for 2007-2008

Repeal of SBT

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

Essential Information for Fiscal Year Taxpayers

A fiscal year SBT taxpayer must file a short year return for the period from the beginning of its 2007-08 fiscal year through December 31, 2007. The filing deadline for that final return is April 30, 2008. If the standard SBT extension period is not sufficient to allow a fiscal year taxpayer to gather necessary information for its final SBT return, the Michigan Department of Treasury will, upon request, grant a special extension appropriate to the circumstances. As with any extension, a request for a special extension beyond December 31, 2008 must comply with SBT Act section 73 in that substantially all of the tax estimated to be due must be paid with the request. See directions for extension requests on page 73 and supplemental instructions on page 75.

A fiscal year taxpayer may elect to compute the tax for the final (short) year in accordance with one of the following methods:

(i) The tax may be computed as if the SBT Act were effective throughout the taxpayer's 2007-08 federal tax period and the amount computed multiplied by a fraction, the numerator of which is the number of months of the federal period that fall in 2007, and the denominator of which is the number of months in the full federal period (typically 12).

(ii) The tax may be computed based on actual business activity occurring in the short period ending December 31, 2007, in accordance with the accounting method the taxpayer used in prior fiscal years.

① **Note:** The method used (annual or actual) to file the final fiscal SBT return must also be used when filing the initial fiscal MBT return.

Essential details regarding preparation of a final fiscal SBT return are available in the Supplemental Instructions for Final Fiscal SBT Filers, beginning on page 75 of this booklet.

Also see page 7 for additional instructions if the tax year is less than 12 months. All standard practices pertaining to annualization and proration apply for the qualification and calculation of credits and adjustments on the final SBT filing for a period less than 12 months.

Legislative Change - Transferred Jobs Credit

For the 2007 tax year, PA 293 of 2005 created a refundable credit equal to 100 percent of the property tax paid on tangible personal property used in the performance of jobs transferred to Michigan. "Transferred jobs" are defined as jobs that involve high-technology activity or manufacturing, previously were located in another state or country, and were moved to Michigan in the tax year in which the credit is claimed or in the immediately preceding tax year. Personal property taxes used to calculate this credit cannot also be considered in calculating the Industrial Personal Property Tax Credit.

Filing MBT Quarterly Tax Estimates for 2008

MBT is a tax on Michigan business income and modified gross receipts (except for insurance companies and financial institutions). In addition, every taxpayer is subject to an annual surcharge equal to a percentage of their MBT liability after apportionment or allocation. MBT is due only if a taxpayer's apportioned or allocated gross receipts are \$350,000 or greater for the tax year.

If estimated combined MBT liability for the year is over \$800, a taxpayer must file estimated quarterly returns and payments. You may make your payments with either of the following returns:

- Form 4548, *Michigan Business Tax Quarterly Return*, or
- Form 160, *Combined Return for Michigan Taxes*.

If filing **monthly** using Form 160, *Combined Return for Michigan Taxes*, monthly payments may be filed on the 20th day of the month. For example, a calendar year taxpayer may file a monthly MBT estimate using Form 160 on April 20 rather than April 15 so long as the estimate for that month is consistent with the instructions below. However, for taxpayers required to make remittances by electronic fund transfer (EFT) and not using Form 160, MBT estimates remain due on the 15th day of the month following the final month of the quarter. The estimated MBT for the quarter must also reasonably approximate the liability for the quarter.

The estimated payment made with each quarterly return must be computed on the actual business income tax base and modified gross receipts tax base for the quarter, or 25 percent of the estimated annual total liability, plus the annual surcharge imposed. To avoid interest and penalties 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 year's tax liability is \$800 or less, estimated returns are not required. Estimates cannot be based on the prior year's SBT liability, and can no longer be based on one percent of gross receipts.

For taxpayers whose apportioned or allocated gross receipts equal \$350,000 or more, the MBT imposes a 4.95 percent business income tax and a modified gross receipts tax at the rate of 0.8 percent. A credit reduces the effective tax rates if gross receipts are between \$350,000 and \$700,000. In addition, an annual surcharge is imposed on each taxpayer equal to 21.99 percent of their MBT liability after allocation or apportionment to the State, but before the calculation of credits available under the Act. The amount of the surcharge levied against a taxpayer is capped at \$6,000,000 in any single tax year.

For most taxpayers, the business income tax base is essentially that part of federal taxable income derived from business activity, with certain additions and subtractions.

The modified gross receipts tax base consists of gross receipts less certain purchases from other firms. 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.

For more comprehensive information regarding the 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. Note that reliance on information found on the Web site does not protect a taxpayer from imposition of interest and penalties should the sum of the taxpayer's estimated payments not equal 85 percent of the taxpayer's MBT liability for the 2008 tax 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.

Financial Institutions: Financial institutions pay different taxes with different tax bases, without regard to any filing threshold and the annual surcharge is imposed at a different rate. For more information, please refer to the Michigan Business Tax Act (MCL 208.1101 et seq.) or visit the MBT Web site at www.michigan.gov/MBT.

E-filing of Single Business Tax (SBT) Returns

Software developers have been advised they must support e-file for all SBT forms included in their tax preparation software. Therefore, all eligible SBT returns prepared using software must be e-filed. There

are two options for e-filing SBT returns: 1) through Michigan's existing Internet Portal (SBT Direct e-file), or 2) through the SBT Fed/State e-file program.

Treasury will issue a Customer Service Number (CSN) to active SBT taxpayers who filed Form C-8000, C-8030 (for registered taxpayers) or C-8044 in the last two years, in time to file their SBT return(s). The CSN is used in conjunction with shared secrets to sign your e-filed SBT return when using the SBT Direct e-file Program or when e-filing a State Stand-Alone return using the SBT Fed/State e-file program.

If you are currently filing under a TR number (Treasury-assigned), in order to take advantage of e-file you need to have a Federal Employer Identification Number (FEIN). If you have not applied for an FEIN, contact the Internal Revenue Service (IRS). Additional information and forms to apply for an FEIN are available on the IRS Web site or by calling the IRS at 1-800-829-4933 and registering over the phone.

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

SBT is repealed on business activity after December 31, 2007. However, both the SBT Direct e-file and SBT Fed/State e-file programs will continue to be available for prior years' filings as supported by your software.

IRS e-file Requirements for Corporations

For information on IRS e-file requirements, visit www.irs.gov:

- Click on "Tax Professionals"
- Under "IRS Resources" click on "e-file"
- Click on the "e-file for Large and Mid-Size Corporations" link.

Internet Services

Access Treasury's Web self-service site at www.michigan.gov/businessstax for the following service options:

- Register for business taxes
- Access your Customer Service Number (CSN)
- Check if your return has been received
- Check if your refund has been issued, and when
- Ask Treasury a question
- Review Frequently Asked Questions
- Check estimated payments
- Request copies of returns filed.

Obtain copies of current and prior year tax forms at www.michigan.gov/taxes.

① **Note:** To get return information using the Internet, you must have the filer's Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) number, gross receipts and organization type.

General Information

(Fiscal filers, see supplemental instructions on page 75)

This booklet is intended as a guide to help you complete your return; it does not take the place of the law.

Single Business Tax (SBT)

Prior to 2008, SBT was the only general business tax levied by the State of Michigan. SBT is repealed on business activity after December 31, 2007.

Complete Federal Tax Forms First

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

- ✓ **Individuals, Partnerships or Fiduciaries** - U.S. 1040, 1041, 1065 and related Schedules C, C-EZ, D, E, K, 4797 and 8825.
- ✓ **Corporations** - U.S. 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 the Michigan SBT return.

Completing Michigan Forms

The Michigan Department of Treasury creates digital images from paper SBT returns. To avoid unnecessary delays caused by manual processing, follow the guidelines below so your 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: 0123456789**
Do **not** put a slash through the zero (0) or seven (7).
- **Leave Lines/Boxes Blank** if they do not apply to you or if the amount is zero.
- **Do Not Write Extra Numbers, Symbols or Notes** on your return, such as cents, dashes, decimal points or dollar signs. Enclose any explanations on a separate sheet unless you are instructed to write explanations on your return.
- **Stay Within the Lines** when entering information in boxes.

Using This Booklet

This SBT booklet includes the forms and instructions for all single business tax filers except insurance

companies. The areas that apply only to a particular organization type are identified with a check mark and by bolding the organization type.

Example: ✓ **Corporations**
✓ **Individuals**

The forms are designed for the calendar year 2007 or for fiscal years beginning in 2007. Fiscal years beginning in 2007 must close for SBT purposes by December 31, 2007.

Read the General Information. Then review the table of contents on page 2 to help determine which forms and schedules need to be filed and the form number, title and the page(s) of the form(s) and instructions.

To calculate gross receipts and business income, use one of the worksheets on page 18. Select the appropriate worksheet based on the organization type of the taxpayer.

Information deserving special attention is marked by an information symbol, ⓘ.

Defining Business Activity

Taxable business activity includes:

- Sale or rental of property, whether the property is real, personal, tangible or intangible. For example, rental of a house or lease of a car or sale or rental of property used in a business activity (e.g., the sale of an income-generating apartment complex).
- Performance of services for gain, including services performed outside Michigan. For example, services provided by an independent contractor (e.g., a building contractor or plumber).

Nontaxable business activity includes:

- Services provided by an employee to his or her employer only
- Services as a director of a corporation
- A casual transaction (e.g., sale of personal residence).

Filing an SBT Annual Return

Every person who is engaged in business activity in Michigan and whose **apportioned or allocated gross receipts** are \$350,000 or more must file an annual return.

See Form C-8000S, *SBT Reductions to Adjusted Tax Base*, on page 57, Part 2, lines 9-11 for calculation. In these instructions, **person** means an individual, firm, bank, financial institution, limited partnership, copartnership, partnership, joint venture, association, corporation, receiver, estate, trust, limited liability

company or any other combination acting as a unit for business purposes.

Businesses reporting less than 12 months must annualize gross receipts to determine whether or not to file. See page 7 for more information.

An affiliated group, a controlled group of corporations or a group of entities under common control must sum its members' apportioned or allocated gross receipts on Form C-8010AGR, *SBT Adjusted Gross Receipts for Controlled Groups*, on page 65, to determine if members of the group need to file. Do not include members whose apportioned or allocated gross receipts are less than \$100,000; these members are not required to file an SBT return. If the sum of the members' apportioned or allocated gross receipts are \$350,000 or more, all members with apportioned or allocated gross receipts that equal \$100,000 or more must file an annual return.

Members whose apportioned or allocated gross receipts are less than \$100,000 must include their business activity when computing a small business credit on Form C-8009, *SBT Allocation of Statutory Exemption, Standard Small Business Credit and Alternate Tax for Members of Controlled Groups*. These members must also include their apportioned or allocated gross receipts to determine the group's Investment Tax Credit (ITC) adjusted gross receipts percentage.

If apportioned or allocated gross receipts are below the filing requirement, there is no legal obligation to file a return. In that case, however, a registered SBT taxpayer may avoid unnecessary inquiries from Treasury by filing Form C-8030, *Single Business Tax Notice of No SBT Return Required*. Form C-8030 does not constitute a return, does not affect the statutory limitation period for refunds and assessments, and does not cause a pre-existing business loss or credit carry forward to transfer to the following year.

- ✓ **Unincorporated businesses - 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, must file separate SBT returns. If a husband and wife have jointly-owned rental property and file a federal *Schedule E*, a separate SBT return must be filed for the jointly-owned rental property. The SBT return for the jointly-owned rental property must be reported as part of a controlled group with at least one spouse's SBT return.
- ✓ **Individual - If a person owns more than one business that is registered as individual** (e.g., a grocery store and rental property), file one SBT

return and use the combined apportioned or allocated gross receipts to determine filing requirements.

- ✓ **Joint ventures** and other groups engaged in a business as a unit (e.g., real estate owned jointly by two individuals who have not treated their relationship as a partnership) must file an annual return as a partnership. This does not include husband/wife ventures.
- ✓ **Fiduciaries** filing for estates or trusts engaged in business activity must file an SBT return and report the total business activity. Beneficiaries are not required to file an SBT 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.
- ⓘ **Reminder:** Partners and shareholders may have to pay tax on their share of income from a partnership or S Corporation. For a partner or shareholder who is an **individual**, this share of business income is taxed under the Michigan Individual Income Tax Act. For a **partner or shareholder who is a business, not an individual, subject to SBT**, this income must be subtracted (add losses) on the SBT annual return filed for the corporation or other partnership to the extent that it was included in arriving at business income.

Exception: If this partner/shareholder has no Michigan business activity other than its interest in the partnership or S Corporation, the partner/shareholder is not subject to SBT and is not required to file a return. However, the partner/shareholder may be subject to Michigan Income Tax.

Exemption Guidelines for the SBT

The following may be exempt from the Single Business Tax:

- Most persons who are exempt from federal income tax under the Internal Revenue Code (IRC)
- Nonprofit cooperative housing corporations
- Farmers producing agricultural goods. For more information see *Revenue Administrative Bulletin (RAB) 1989-47* at www.michigan.gov/businessstax.

If a taxpayer is exempt, but has unrelated business taxable income as defined in the IRC, that business activity is subject to the SBT and a return will be required if the apportioned or allocated gross receipts are \$350,000 or more for the unrelated business activity.

For a complete list of exemptions, consult a copy of the SBT Act (PA 228 of 1975, as amended).

If a taxpayer is exempt and has no unrelated business taxable income, filing an SBT return is not required. All requests to remove names from Treasury's mailing list should be directed to the Treasury Registration Unit at (517) 636-4660.

Filing the Correct Form

File Form C-8030 if:

Taxpayer is registered for SBT and apportioned or allocated gross receipts are less than \$350,000, no refund is claimed, no business loss carryforward from this year or previous years is used and there is no Investment Tax Credit (ITC). Form C-8030 is not a return.

File Form C-8044 if:

- Apportioned or allocated gross receipts are less than \$350,000 and a refund is claimed (skip lines 9-15 and 21-24); or
- Apportioned or allocated gross receipts are \$350,000 or more, the criteria on the form are met and the alternate tax rate is used. **For the 2007 tax year the C-8044 can only be used by calendar year filers.**

File Form C-8000 if:

- Business activity is apportioned; or
- Apportioned or allocated gross receipts are \$350,000 or more; or
- Apportioned or allocated gross receipts are less than \$350,000 and a refund is claimed; or
- Apportioned or allocated gross receipts are less than \$350,000 and a business loss carryforward is reported or a business loss from a preceding year is used; or
- Apportioned or allocated gross receipts are less than \$350,000 and an ITC is claimed; or
- The alternate tax is calculated but the reduced credit must be used; or
- The taxpayer is a member of a controlled group and apportioned or allocated gross receipts are equal to or greater than \$100,000.

The C-8000 is the only form which will guarantee the calculation of the lowest tax liability. This list does not cover all situations. See the instructions for each form for more information.

Filing if Tax Year Is Less Than 12 Months

Except for the required fiscal return ending December 31, 2007, annual returns must be filed for the same period as federal income tax returns. If a business operated less than 12 months or must report a final fiscal SBT return of less than 12 months, annualize to determine which forms to file and the eligibility for a standard small business tax credit or the alternate tax. Annualized business income will

also determine the amount of an unincorporated credit. Do not use annualized numbers on a return unless specified; use them only to determine filing requirements and qualifications for credits. Final fiscal filers see supplemental instructions on page 75.

Annualizing: Multiply each amount, total gross receipts, business income, and shareholder's, officer's and partner's income by 12 and divide the result by the number of months the business operated. 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. Annualized apportioned or allocated gross receipts plus Capital Acquisition Deduction (CAD) recapture and ITC recapture are also used to determine the ITC adjusted gross receipts percentage for the year. If annualized gross receipts are more than \$10,000,000, the taxpayer is not eligible for the standard small business credit or the alternate tax.
- Annualize shareholders', officers' and partners' compensation and share of business income. If any shareholder or officer has annualized allocated income more than \$115,000 after loss adjustment, or any partner has a distributive share more than \$115,000 on Form C-8000KP, column E, or Form C-8000KC, columns K or M, the taxpayer is not eligible for the standard small business credit or the alternate tax. If annualized allocated income or distributive share is more than \$95,000 but not more than \$115,000, the annualized figure will determine the reduction to the small business credit.
- Annualize business income to determine the credit percentage used to compute the unincorporated/S Corporation credit. If the annualized adjusted business income after loss adjustment is more than \$475,000, the taxpayer is not eligible for the standard small business credit or the alternate tax.

Prorating: The statutory exemption must be prorated, including increased exemptions. Use Form C-8043, *SBT Statutory Exemption Schedule*.

- ✓ **Individuals and Fiduciaries** - A business registered as individual or fiduciary that is in business less than 12 months is not required to annualize. However, the statutory exemption must be prorated for the number of months of business activity reported. Complete lines 12 and 13 of Form C-8043.

Filing Consolidated Returns

- ✓ **Corporations** - An affiliated group of corporations

may file a consolidated or combined return only with prior approval from the State Treasurer. To request approval, file Form C-8007, *Request for Consolidated or Combined Filing*, before the due date of the parent corporation's annual return. This form is available online at www.michigan.gov/taxes. See RAB 1989-49 for additional information.

Filing Returns on Due Date

Annual returns are due on or before the last day of the 4th month after the end of your tax year. For example: A return for calendar year 2007 is due April 30, 2008. A return for a short year ending March 31, 2007, is due July 31, 2007. The deadline for filing and payment of a final SBT liability for all taxpayers is April 30, 2008.

Additional Filing Time

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

Filing a federal extension request with the Internal Revenue Service (IRS) does not automatically grant a Michigan SBT extension. The IRS does not notify state governments of extensions. A request for a Michigan extension must be received and approved to avoid penalty on the tax due.

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

Although the Treasury will grant extensions for filing SBT 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 180 days to file the tax return. If the taxpayer indicates on Form 4 that they have been granted an extension to file their federal income tax return, Treasury will grant an additional 60 days.

Fiscal year taxpayers see supplemental instructions for fiscal filers.

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 SBT 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.

ⓘ Important: If no tax is owed, there is no need to file an extension with Michigan by the due date of the return **to avoid penalty**. However, without an approved extension, it is necessary to file an annual return as soon as the information is available to do so.

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

Amending a Return

To amend a current annual return, complete either Form C-8000X or Form C-8044X.

To amend an annual return for a year before 1995, use the appropriate year's return and print "**AMENDED**" at the top.

See page 9 for how to request current or past forms.

To amend a return to claim a refund, file within four years of the due date of the original return. 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 SBT 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 Form C-8020, *SBT Penalty and Interest Computation for Underpaid Estimated Tax*, on page 67. 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 one percent above the prime rate for each six-month period.

<u>Beginning date</u>	<u>Rate</u>	<u>Daily Rate</u>
January 1, 2007	9.1%	.0002493
July 1, 2007	9.25%	.0002534
January 1, 2008	9.2%	.0002514

For a complete list of interest rates, see RAB 2007-4 on Treasury's Web site at www.michigan.gov/taxes.

Formatting Amounts Entered on SBT Forms

- **Losses:** Report losses and negative amounts in parentheses. For example, (22,459.00).
- **Percentages:** Carry all percentages to six decimal places. Do not round percentages. For example, 24.154266 percent becomes 24.1542 percent (.241542).
- **Round dollar amounts:** Report all amounts in whole dollars. Round down amounts of 49 cents or less. Round up amounts of 50 cents or more.

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, officer's agent or association member.

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

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

Assemble your returns and attachments and staple in the upper left corner. (Do not staple your check to your return.)

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

Mailing the Return

Mail your annual return and all necessary schedules to:

With payment:

Michigan Department of Treasury
 Department 77375
 P.O. Box 77000
 Detroit, MI 48277-0375

Without payment:

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

Mail an extension application (Form 4) to:
 Michigan Department of Treasury
 Department 78205
 P.O. Box 78000
 Detroit, MI 48278-0205

Mail MBT quarterly estimate payments (Form 4548) to:
 Michigan Department of Treasury
 Dept. 77889
 Detroit, MI 48277-0889

Courier delivery service mail should be sent to:
 Michigan Department of Treasury
 430 W. Allegan Street
 Lansing, MI 48922

Make all checks payable to "State of Michigan." Write your Federal Employer Identification Number (FEIN) or TR number and "SBT" on the check.

Correspondence

- **Address changes and business discontinuance** can be reported by using Form 163, *Notice of Change or Discontinuance*, which can be found online at www.michigan.gov/businesstax or inside the Sales, Use and Withholding Tax booklet. Business discontinuance can also be reported on line 6 of Form C-8000, *SBT Annual Return*, or Form C-8044, *SBT Simplified Return*.

- **Mail Correspondence to:**

Customer Contact Division, SBT 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/businesstax
- **Phone:** Call toll-free 1-800-367-6263 to have business tax forms mailed to you.
- **Alternate Format:** Assistance in obtaining printed material in an alternate format may be requested by calling 1-800-827-4000, press options 1, 4 and 223.
- **TTY:** Teletypewriter assistance is available by calling 517-636-4999.

Revenue Administrative Bulletins
For a complete list go to www.michigan.gov/businessstax.

<u>Number</u>	<u>Title</u>
2007-4	Interest Rate
2007-3	List of Certified Community Foundations for Tax Year 2007 Single Business Tax Credit and Income Tax Credit
2005-3	Penalty Provisions
2002-16	Single Business Tax - Financial Organizations Defined
2002-14	Apportionment Sourcing for Financial Organizations
1998-1	Single Business Tax Nexus Standards
1996-4	Credit or Refund of Overpayment of Taxes or Credits in Excess of Tax Due and Applicable Interest
1995-10	Income Tax - Single Business Tax Community Foundation Credit Extended
1994-12	Single Business Tax and Individual Income Tax Treatment of an Election Under Internal Revenue Code Section 338
1994-1	Challenge of Assessment, Decision or Order Limited by Statute
1993-14	Credit or Refund of Overpayment of Taxes or Credits in Excess of Tax Due and Applicable Interest
1993-10	Enterprise Zone Act. Sales and Use Tax Exemptions and Single Business Tax Credit
1992-10	Income and Single Business Taxes - Credit for Cash Donations to Eligible Shelters for the Homeless, Food Kitchens and Food Banks
1992-3	Single Business Tax, Capital Acquisition Deduction
1990-35	Single Business Tax Treatment of Terminated Pension Plans
1989-54	Single Business Taxation of Real Estate Mortgage Investment Conduits (REMICs)
1989-51	Single Business Tax, Small Business Credit and Statutory Exemption for Part-Year Shareholders/Partners
1989-49	Single Business Tax, Consolidated or Combined Reporting
1989-48	Single Business Tax, Entities Under Common Control
1989-47	Single Business Tax, Agriculture Exemption
1989-38	Officer Liability
1987-6	Single Business Tax Estimates

Single Business Tax (SBT) forms contained in this book (pages 11 to 74) are posted separately. Select and print the form you need from the list below.

<u>Forms</u>	<u>Page No.</u>
C-8000, SBT Annual Return	11-18
C-8044, SBT Simplified Return	19-22
C-8000C, SBT Credit for Small Businesses and Contribution Credits	23-26
3307, SBT Loss Adjustment Worksheet for Small Business Credit	27-28
C-8000D, SBT Recapture of Capital Acquisition Deduction	29-32
C-8000G, SBT Statutory Exemption/Business Income Averaging	33-34
C-8000H, SBT Apportionment Formula	35-38
C-8000ITC, SBT Investment Tax Credit	39-42
C-8000KC, SBT Schedule of Shareholders and Officers	43-46
C-8000KP, SBT Schedule of Partners	47-48
C-8000MC, SBT Miscellaneous Credits	49-56
C-8000S, SBT Reductions to Adjusted Tax Base	57-58
C-8009, SBT Allocation of Statutory Exemption, Standard Small Business Credit, and Alternative Tax for members of Controlled Groups	59-63
C-8010AGR, SBT Adjusted Gross Receipts for Controlled groups	65-66
C-8020, SBT Penalty and Interest Computation for Underpaid Estimated Tax .	67-70
C-8043, SBT Statutory Exemption Schedule	71-72
4, Application for Extension of Time to File Michigan Tax Returns	73-74

2007 Supplemental Instructions for Final Fiscal SBT Filers

① **Note:** These instructions for fiscal year SBT filers are meant to supplement the standard instructions, not to replace them.

Per PA 325 of 2006, the SBT is repealed on business activity after December 31, 2007.

A fiscal year SBT taxpayer must file a short year return for the period from the beginning of its 2007-08 fiscal year through December 31, 2007. The filing deadline for that final return is April 30, 2008. If the standard SBT extension period is not sufficient to allow a fiscal year taxpayer to gather necessary information for its final SBT return, Treasury will, upon request, grant a special extension appropriate to the circumstances. As with any extension, a request for a special extension beyond December 31, 2008 must comply with Single Business Tax Act (SBTA) section 73 in that substantially all of the tax estimated to be due must be paid with the request.

Taxable Year. A 2007-08 fiscal year is required to close on December 31, 2007 for SBT reporting purposes. Enter the beginning date (month) that corresponds to the taxable period as reported to the IRS, and enter December as the ending month.

Computing the Final Return for a Period of Less Than 12 Months. A fiscal year taxpayer with a tax year ending in 2008 may elect to compute the tax for the final, short-period ending December 31, 2007, in accordance with one of the following methods:

1) Annual Method. The tax may be computed as if the SBT Act were effective throughout the taxpayer's 2007-08 federal tax period. The gross receipts and the tax base will then be multiplied by a fraction, in which the numerator is the number of months of the federal period that fall in 2007, and the denominator is the number of months in the full federal period (typically 12).

2) Actual Method. The tax may be computed by determining the actual tax base in the final taxable year/short-period in accordance with the method of accounting used in prior fiscal years, which reflects the actual tax base attributable to the period.

Example: Using the annual method, a taxpayer with a fiscal year-end of August 31 would compute the tax based on full year numbers (September 1, 2007 through August 31, 2008 annual accounting period), and then multiply that amount by 4/12 or 1/3 for the short year of September 1, 2007 through December 31, 2007.

Alternatively, the same taxpayer could choose to compute the actual tax base for business activity occurring in the short year of September 1, 2007 through December 31, 2007 using the same method of accounting

employed in prior years. The method used (annual or actual) to file the final fiscal SBT return must be used when filing the initial fiscal MBT return.

Filing for a Tax Year Less Than 12 Months. All standard practices pertaining to annualization and proration will apply for the qualification and calculation of credits and adjustments on the final SBT filing for a period less than 12 months.

Annualizing. If a business operated less than 12 months, annualize to determine which forms to file and the eligibility for a standard small business tax credit or the alternate tax. Annualized business income will also determine the amount of an unincorporated credit. Fiscal year filers choosing the annual method of computing their tax base will report the figures using annualized amounts on their returns. For all other taxpayers, including fiscal filers using the actual method, do not use annualized numbers on a return unless specified; use them only to determine filing requirements and qualifications for credits. See General Instructions on page 7 for further details.

Prorating. The statutory exemption, including increased exemptions, must be prorated. Use Form C-8043, *SBT Statutory Exemption Schedule*.

Federal Returns. If you choose the annual method to compute your final fiscal return, attach copies of all federal forms required. See page 22 for details. If you choose the actual method to compute your final return, attach a pro-forma federal return reflecting your actual income and expenses, prepared in accordance with the method of accounting used in prior fiscal years. This pro-forma federal return must include all income, expenses and adjustments required.

Forms to file. Taxpayers with fiscal years ending in 2008 must file Form C-8000 to calculate their final fiscal return. The filing of Form C-8044 will not be accepted.

Amended Returns. If you are filing an amended return for a final fiscal year, use the 2007 Form C-8000 and print "AMENDED" at the top. There will not be a Form C-8000X applicable to this situation.

Additional Instructions Pertaining to Specific Forms

(Forms not addressed here need no supplemental instructions.)

C-8000, Single Business Tax Annual Return

Actual Method filers do not need to complete the prorated lines.

Line 1b, Fiscal filer, annual method. Check the box if you compute tax in accordance with the annual method. Compute the percentage of your 2007-08 accounting period attributable to 2007.

Line 10b, Prorated Gross Receipts. If gross receipts on line 10a are computed under the annual method, enter line 10a multiplied by the percentage on line 1b.

Line 32b, Prorated Tax Base. If the tax base on line 32a is computed under the annual method, enter line 32a multiplied by the percentage on line 1b.

Line 33, Apportioned Tax Base. If taxable in another state, multiply line 32a or b, whichever applies, by the percentage from Form C-8000H, line 16 or 19, whichever applies.

SHORT METHOD to Compute SBT. The maximum SBT any filer pays is equal to the tax rate times one-half of the adjusted gross receipts. Adjusted gross receipts for this purpose means gross receipts, apportioned for companies doing business outside of Michigan, plus recapture of capital acquisition deduction. For a fiscal year filer choosing to compute the tax base using the annual method, this means prorated gross receipts on Form C-8000, line 10b, apportioned for companies doing business outside of Michigan, plus recapture (not prorated) of capital acquisition deduction. Figure this amount quickly by using Form C-8000S, *SBT Reductions to Adjusted Tax Base*, on page 57, lines 9 through 14, instead of figuring the tax base on Form C-8000. To use the SHORT METHOD, follow these steps:

1. Enter gross receipts on Form C-8000, line 10a. If gross receipts on line 10a are computed under the annual method, enter prorated gross receipts on line 10b.
2. If claiming an unincorporated credit, enter the business income on Form C-8000, line 11.
3. On Form C-8000, line 35, enter recapture, if applicable, from Form C-8000D, line 19.
4. Complete Form C-8000S, lines 9 through 14 only.
5. Enter the amount from Form C-8000S, line 14, on Form C-8000, line 42, and complete Form C-8000.

C-8044, Single Business Tax Simplified Return. This form **cannot** be used by final fiscal year filers with tax years ending in 2008.

C-8000C, SBT Credit for Small Businesses and Contribution Credits. All credits against the tax must be earned and calculated based on actual payments made and actions performed prior to January 1, 2008, regardless of the method selected for the tax calculation.

Part 1: Adjusted Business Income

Line 6b, Prorated Subtotal. If adjusted business income on line 6a is computed under the annual method, enter line 6a multiplied by the percentage on Form C-8000, line 1b.

Lines 7 and 8, Compensation and Directors Fees. Officers and active shareholders will be reported on an actual basis on lines 7 and 8, regardless of the method selected for the tax calculation.

Line 9, Adjusted Business Income. Add lines 6a or 6b, whichever applies, 7 and 8.

Part 2: Small Business Credit

Line 10, Tax base from Form C-8000. Enter line 32a or 32b, whichever applies.

Part 3: Reductions Based on Excess Gross Receipts

- Complete this section if annualized gross receipts are greater than \$9 million but do not exceed \$10 million. Enter annualized gross receipts on Line 20 for tax years less than 12 months.

Part 4: Contribution Credits

Lines 29, 31, and 33, Donations. Provide a partial credit for donations made to various qualifying organizations. These donations must have been made prior to 2008, regardless of the method selected for the tax calculation.

Line 34, Public Utility Property Tax Credit.

Taxes claimed must be imposed prior to 2008.

3307, SBT Loss Adjustment Worksheet for the Small Business Credit.

Part 1: Current Year Amounts - Business Income and Shareholder Compensation disqualifiers must be computed on an annualized basis. Enter annualized numbers on lines 1, 4 and 6.

Part 2: Available Loss. Final fiscal year filers will use the information from the five preceding periods, which will include the fiscal year ending in 2007.

C-8000D, SBT Recapture of Capital Acquisition Deduction. A recapture of capital acquisition deduction will be required only for dispositions prior to January 1, 2008.

C-8000G, SBT Statutory Exemption/Business Income Averaging. Final fiscal year filers will average business income for fiscal years ending in 2004, 2005, 2006, 2007 (full year) and 2007 (short period). For the short period return ending December 31, 2007, annual method filers should multiply business income for the full 2007-2008 federal period by the percentage on C-8000, line 1b and then annualize the result prior to averaging.

C-8000ITC, SBT Investment Tax Credit. Credits against the tax must be earned and calculated based on actual payments made and actions performed prior to January 1, 2008, regardless of the method selected for the tax calculation. Do not include acquisitions or dispositions occurring in 2008 in calculation of the ITC.

Line 26. Multiply the result of line 25 by the adjusted gross receipts percentage from the table in the general instructions. Adjusted gross receipts must be annualized for a period of less than 12 months.

C-8000KC, SBT Schedule of Shareholders and Officers. In columns H through J enter actual dividends, salaries, wages, director's fees, employee insurance plans, pensions, etc., received during the tax year in 2007, regardless of the method selected for the tax calculation. For a fiscal filer choosing to compute the tax base using the annual method, Column L "Share of Business Income" will have to be adjusted to reflect the prorated business income.

C-8000KP, SBT Schedule of Partners. For a fiscal year filer choosing to compute the tax base using the annual method, Column E "Share of Business Income" will have to be adjusted to reflect the prorated business income.

C-8000MC, SBT Miscellaneous Credits. All credits against the tax must be earned and calculated based on actual payments made and actions performed prior to January 1, 2008, regardless of the method selected for the tax calculation.

Certificates for the Michigan Historic Preservation Credit and the Brownfield Rehabilitation Credit must show a completion date prior to 2008. To be eligible for SBT MEGA Employment, Hybrid Technology Research and Development, Transferred Jobs, Next Energy Business Activity, Qualified Start-Up Business, and MEGA Business Activity credits, MEGA certificates must be received for the period ending December 31, 2007.

The WDSB credit is available only for the amount authorized by the Department of Labor and Economic

Growth during the portion of the 2007-08 fiscal year that is in 2007.

Apprenticeship and Industrial Personal Property Tax credits are limited to amounts paid in the portion of the 2007-08 fiscal year that is in 2007.

C-8000S, SBT Reductions to Adjusted Tax Base.

Line 9, Gross receipts from Form C-8000. If gross receipts on Form C-8000, line 10a, are computed under the annual method, enter prorated gross receipts from Form C-8000, line 10b.

C-8009, SBT Allocation of Statutory Exemption, Standard Small Business Credit and Alternate Tax for Members of Controlled Groups. Form C-8009 must be completed by all controlled groups, including affiliated groups, controlled groups of corporations, and entities under common control, to calculate the standard or alternate small business credit. The gross receipts, adjusted business income and tax base of all members of the group must be combined to determine eligibility and to compute the credit. Form C-8009 is also used to allocate the statutory exemption among members of the group. Each member's business activities attributable to its tax year(s) ending within the calendar year 2007 are required to be consolidated on Form C-8009.

If an entity (short-year entity) has two taxable years ending in a controlled group calendar year, as will most 2007 fiscal year filers, two Form C-8009s must be filed, each reflecting all other members of the group and one tax period of the short-year entity. The business activities of the other members are reported identically on each Form C-8009.

A controlled group is disqualified from taking a small business credit if combined gross receipts exceed \$10 million, if combined adjusted business income exceeds \$475,000, or if allocated income exceeds \$115,000. If a disqualifier exists for any of the other members on either Form C-8009, then all members (including the short-year entity) will be denied the small business credit on both Forms C-8009. However, if a disqualifier exists only for the short-year entity on only one Form C-8009 (one tax year) this will not disqualify the short-year entity from taking the small business credit on the other Form C-8009 (the other tax year). The other members, in either case, will be denied the small business credit on both Forms C-8009. When one member of an affiliated group is allowed the credit but another is not, calculation of the credit for the eligible member is still completed on Form C-8009, using the business activity of the entire group.

Adjusted business income, gross receipts, and allocated income to owners or officers for the short-period return must be annualized to determine

eligibility for that C-8009. Annualized allocated income must be used to determine the reduction percentage for the credit when annualized allocated income is between \$95,000 and \$115,000 for any owner or officer of any member of the group. If annualized gross receipts exceed \$9 million, but do not exceed \$10 million, complete Part 6. See page 7 for complete annualizing instructions.

If the short-year entity is allocated any statutory exemption, this allocation is made identically to each taxable year. The statutory exemption must be prorated for the short-period return.

Part 3: Adjusted Business Income

For fiscal year filers choosing the annual method to report their final SBT business activity, the calculation of Adjusted Business Income will require that Business Income, Capital Losses and Net Operating Losses be subtotaled and prorated. Compensation and Directors Fees from Form C-8000KC must be reported on an actual basis, regardless of the method selected for the tax calculation.

Line 8b, Prorated Subtotal. If adjusted business income on line 8a is computed under the annual method, enter line 8a multiplied by the percentage on Form C-8000, line 1b. Actual method filers enter 100 percent of line 8a.

C-8010AGR, SBT Adjusted Gross Receipts for Controlled Groups. For periods less than 12 months, enter annualized amounts on line 3, column A. For columns B and C, do not include dispositions occurring in 2008.

C-8043, SBT Statutory Exemption Schedule.

For a fiscal year filer choosing to compute the tax base using the annual method, Line 3, Business Income and Line 4, Loss Carryovers, must be subtotaled on Line 5a and prorated on Line 5b using the percentage of your 2007-08 accounting period attributable to 2007, as reported on Form C-8000, line 1b. For a period less than 12 months, the statutory exemption, including increased exemptions, must be prorated.

Form 4, Application for Extension of Time to File Michigan Tax Returns.

① **Note:** If the standard SBT extension period is not sufficient to allow a fiscal year taxpayer to gather necessary information for its final SBT return, Treasury will, upon request, grant a special extension appropriate to the circumstances.

Line 2, Month and Year Your Tax Year Ends. Enter the actual tax year-end (month and year) from your federal return.

If a properly prepared application along with appropriate estimated tax payments are received by April 30, 2008, Treasury will adjust the deadline for filing the final return to the last day of the fourth month after the date entered on line 2, and will grant an extension of 180 days to file the tax return. If, on Form 4, the taxpayer indicates an extension to file their federal income tax return has been granted, Treasury will grant the same length of time as the federal extension plus an additional 60 days.

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 2007.

- 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
- 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
- 64 Canton Community Foundation
- 06 Capital Region Community Foundation
 - Eaton County Community Foundation
- 66 Central Montcalm Community Foundation
- 44 Charlevoix County Community Foundation
- 28 Community Foundation for Muskegon County
 - Community Foundation for Mason County
 - Community Foundation for Oceana County
- 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 Foundation
 - The Bedford 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
 - Chippewa County Community Foundation
 - Community Foundation for Delta County
 - Gogebic-Ontonagon Community Foundation
 - Les Cheneaux Area Community Foundation
 - Schoolcraft County Community Foundation
 - St. Ignace Area Community Foundation
 - Tahquamenon Area Community Foundation
 - West Iron County Area Community Foundation
- 72 Community Foundation of Troy
- 50 Dickinson County Area Community Foundation
 - Crystal Falls/Forest Park Area Community Fund
 - Norway Area Community Fund
- 13 Four County 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 Community Foundation
 - Coopersville Area Community Foundation
- 16 Grand Rapids Community Foundation
 - 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
- 18 Greater Frankenmuth Area 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 County Community Foundation
- 22 Kalamazoo Community Foundation
 - Covert Township Community Foundation
- 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
- 24 Manistee County 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
- 68 Northville 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

Quick Reference Guide to Forms and Schedules Required Under Certain Conditions

<u>Condition</u>	<u>Form to Use</u>
Business activity taxable in another state	C-8000H
Business Income Averaging for Individuals, Partnerships, Fiduciaries and LLCs	C-8000G
Controlled Groups:	
Calculate Adjusted Gross Receipts	C-8010AGR
Small Business Credit/Alternate Tax (also attach)	C-8009
Statutory Exemption	C-8009
Credits:	
Apprenticeship	C-8000MC
Brownfield	C-8000MC
Community Foundation	C-8000C
Created Jobs	C-8000MC
Donated Vehicle	C-8000MC
Enterprise Zone	C-8000MC
Historic Preservation	C-8000MC
Homeless Shelter/Food Bank	C-8000C
Hybrid Technology Research and Development	C-8000MC
Industrial Personal Property Tax	C-8000MC
Investment Tax Credit	C-8000ITC
Michigan Economic Growth Authority Business Activity Tax (MEGA)	C-8000MC
Michigan Economic Growth Authority Employment Tax (MEGA)	C-8000MC
Next Energy	C-8000MC
Pharmaceutical	C-8000MC
Public Contribution	C-8000C
Public Utility Property Tax	C-8000C
Qualified Start-Up Business	C-8000MC
Renaissance Zone	C-8000MC
Small Business/Alternate Tax	C-8000C
Controlled groups (also attach)	C-8009
Corporations (also attach)	C-8000KC
Loss Adjustment Worksheet (attach if needed)	3307
Partnerships (also attach)	C-8000KP
Transferred Jobs Credit	C-8000MC
Unincorporated	C-8000 or C-8044
Workers' Disability Supplemental Benefit (WDSB)	C-8000MC
Extension of time to file Michigan tax returns	4
Penalty and interest for underpayment, late filing or late payment of estimates	C-8020
Recapture of Capital Acquisition Deduction	C-8000D
Reductions to adjusted tax base, excess compensation or gross receipts	C-8000S
Statutory Exemption	C-8043
Controlled groups (also attach)	C-8009
Partnerships (also attach)	C-8000KP
Professional Corporations (also attach)	C-8000KC
S Corporations (also attach)	C-8000KC

ORGANIZATION TYPE REFERENCE GUIDE

Organization Type

	Individual/ Fiduciary	Professional Corp.	S Corporation	Other Corp.	Partnership / LLC-Partnership / LLC S Corp.	Limited Liability Co.-Corp
Annualize if less than 12 months	N	Y	Y	Y	Y	Y
Prorate Statutory Exemption	Y	Y	Y	Y	Y	Y
Business Income Averaging	Y	N	N	N	Y	Y
Contribution Credits						
Community Foundation	*	Y	Y	Y	Y	Y
Homeless Shelter/Food Bank	*	Y	Y	Y	Y	Y
Public Contribution	N	Y	Y	Y	Y	Y
Public Utility	N	Y	Y	Y	N	N
Unincorporated	Y	N	Y	N	Y	Y
File Consolidated (with prior approval)	N	Y	Y	Y	N	N
Increase Statutory Exemption	N	Y	Y	N	Y	N

*Yes, if not claiming under Section 261 of the Income Tax Act

NOTICE TO SINGLE BUSINESS TAX FILERS - AMENDED 2003

Adjusted Gross Receipts, Capital Acquisition Deduction Recapture and Investment Tax Credit Recapture

General Summary

Pursuant to P.A. 477 of 2000, “gross receipts” as defined in the Single Business Tax Act includes the entire proceeds from the sale of a depreciable, tangible asset. However, the taxpayer is not required to report the proceeds from the asset sale twice when calculating “adjusted gross receipts” as described in this notice.

Adjusted Gross Receipts

For tax years that begin on or after January 1, 2001, this notice explains the calculation of “adjusted gross receipts” and “gross receipts plus” capital acquisition deduction recapture (CADR) for the following purposes only:

- Gross Receipts Reduction [MCL 208.31(2)]
- Investment Tax Credit Percentage [MCL 208.35a(10)]

This notice does **not** change the calculation of CADR that is added to the tax base under MCL 208.23a.

Note that assets eligible for the Investment Tax Credit (ITC) are not included in the adjusted gross receipts calculation for gross receipts reduction, but are included for purposes of calculating the ITC rate. For gross receipts reduction, only capital acquisition deduction (CAD) assets are included in the calculation. For gross receipts reduction purposes [MCL 208.31(2)], include only the adjustments provided for under Sec. 23b(a) to (g). For ITC percentage purposes [MCL 208.35a(10)], include the adjustments under sections 23b(a) to (g) and 35a(1)(d) to (f).

Explanation and Examples

For tax years that begin on or after January 1, 2001, gross receipts as defined by MCL 208.7(3) includes, among other items, the gross proceeds from the sale of property used in the taxpayer’s business activity. When calculating “adjusted gross receipts” for the purposes of the sections cited in the paragraphs above, the taxpayer is required to add certain amounts to gross receipts. The phrase “gross receipts plus adjustments” appears in MCL 208.31(2):

As used in this section, “adjusted tax base” means the tax base allocated or apportioned to this state pursuant to chapter 3 with the adjustments prescribed by sections 23 and 23b and the exemptions prescribed by section 35. If the adjusted tax base exceeds 50% of the *sum of gross receipts plus the adjustments provided in section 23b(a) to (g)*, apportioned or allocated to Michigan with the apportionment fraction calculated pursuant to chapter 3, the adjusted tax base may, at the option of the taxpayer, be reduced by that excess.... MCL 208.31(2)

“Gross receipts” as used in the above section already includes the gross proceeds from the sale of tangible assets that are subject to capital acquisition deduction

recapture. Therefore, to avoid double reporting of these receipts, for purposes of the above-cited sections only, when calculating the adjustments under section 23b(a) to (g), the taxpayer shall subtract the gain from gross receipts or add the loss to gross receipts, as illustrated in the following example:

EXAMPLE: The taxpayer’s gross receipts for the tax year are \$90. This includes “sales” of inventory of \$75 and gross proceeds from the sale of an asset subject to CADR of \$15. The sale of the asset resulted in a loss of \$5 for federal income tax purposes. For purposes of calculating gross receipts plus adjustments under section 31(2), the taxpayer starts with gross receipts of \$90, then adds the loss of \$5, for a total adjusted gross receipts of \$95.

The calculation of “adjusted gross receipts” for purposes of determining the percentage rate for the ITC also follows the same reasoning as above. Section 35a(10) describes the “adjusted gross receipts” calculation as follows:

MCL 208.35a(10) As used in subsection (2), “adjusted gross receipts” means the sum of the following:

- *Gross receipts* apportioned or allocated to Michigan with the apportionment fraction calculated pursuant to chapter 3.
- Adjustments provided in section 23b(a) to (g).
- Adjustments provided in subsection (1)(d) to (f).

“Gross receipts”, as that term is used in section 35a(10)(a) [in italics above], already includes the gross proceeds from the sale of tangible assets that are subject to recapture related to the ITC or the CAD. Therefore, the taxpayer shall not include the gross proceeds from the sale of such depreciable, tangible assets again when calculating the adjustments provided in sections 23b(a) to (g) and 35a(1)(d) to (f). The following example demonstrates the adjustments for CAD or ITC recapture as provided by sections 23b(a) to (g) and 35a(1)(d) to (f) (assume the asset was subject to CAD recapture):

EXAMPLE: The taxpayer’s gross receipts for the tax year are \$100. This \$100 in total gross receipts includes the gross proceeds from the sale of a depreciable capital asset used in the taxpayer’s business activity equaling \$25. The gain for federal income tax purposes on the sale of the asset is \$5. Subtract the gain from gross receipts [\$100 Gross Receipts - \$5 gain on sale of asset = \$95 Adjusted Gross Receipts].

For simplicity, the above examples involve taxpayers not subject to apportionment. However, taxpayers that are subject to apportionment must make similar adjustments to avoid accounting for the same proceeds more than once in the calculation of adjusted gross receipts.

Unclaimed Property Reporting for Businesses

Michigan's Uniform Unclaimed Property Act (PA 29 of 1995) requires holders of unclaimed property to report and remit property belonging to owners who cannot be located or for whom there is no known address. Every business that has uncashed checks (payroll, vendor, dividends, etc.) must file a report and turn the funds over to the Michigan Department of Treasury, Unclaimed Property Division. Unclaimed property could also include cash, deposits, interest, stocks* or contents from safe deposit boxes.

Section 31 (2) of PA 29 gives the State Treasurer the authority to conduct unclaimed property examinations to determine compliance with the Act.

WHO MUST REPORT. Every individual, partnership or corporation who has unclaimed property belonging to someone whose last known address is in Michigan must report. If the owner's last known address is in another state or country and the holder does not report under the provisions of that state or country, then report those interests to Michigan.

DORMANCY PERIODS. Generally, property in your custody that belongs to someone else and has gone unclaimed for five years must be reported. However, dormancy periods will vary based on the type of property. Visit Treasury's Web site at www.michigan.gov/unclaimedproperty for more detailed information about dormancy periods.

*A 2004 law change reduced the dormancy period for reporting stock and dividends from seven to **three** years.

REPORTING DUE DATE. Holder reports are due by November 1 each year and must contain all items considered unclaimed as of June 30. Enclose payment with the report to cover the amount reported. If you have unclaimed property and fail to pay or deliver it timely to the State of Michigan, you may be liable for interest at the current monthly rate of one percentage point above the adjusted prime rate on the value of the property. Civil penalties may also apply for not filing.

CLAIMING FUNDS. To check if funds are being held for you, your family or your business entity, visit Treasury's Web site at www.michigan.gov/unclaimedproperty.

FOR MORE INFORMATION. Visit Treasury's Web site or write to Unclaimed Property Division, Michigan Department of Treasury, P.O. Box 30756, Lansing, MI 48909, or call (517) 636-5320.

The following companies have indicated their commitment to develop software for Michigan SBT e-file.

ATX
www.atxinc.com

CCH, a Wolters Kluwer Business
www.CCHGroup.com

CORPTAX, LLC
www.corptax.com

Data Technology Group
www.taxdimensions.com

Drake Software
www.drakesoftware.com

Greatland
www.greataxpro.com

Lacerte
www.lacertesoftware.com

Lamson Tech
www.lamsontech.com

NTS Services Corp.
www.NTSLink.com

Pro Series
www.proseries.com

Tax Technologies, Inc.
www.taxtechnologies.com

TAX\$IMPLE, INC.
www.taxsimple.us

Taxation Inc.
www.taxation.com

TaxWise
www.taxwise.com

TaxWorks, Inc.
www.taxworks.com

Thomson Tax & Accounting
www.cs.thomson.com
www.GoSystem.Thomson.com
www.InSource.Thomson.com

TRE Financial Services
www.trefs.com

Vertex, Inc.
www.vertexinc.com

SBT e-file Transmitter only:
Profit Developers, Inc.
www.profitdevelopers.com
www.efileinterchange.com



For more information on SBT Direct e-file and SBT Fed/State e-file programs, visit www.michigan.gov/sbtfile.

You may need to contact the above companies to determine when their software will be available. Additional company contact information is available on Treasury's Web site.