

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
2.		00
3.		00
4.		00
5.		00
6.		00
7.		00
8.		00
9.		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)
- 3. Multiply line 2 by 35% (0.35)
- 4. Property taxes paid on eligible telephone personal property in the current MBT tax year (see instructions)
- 5. Multiply line 4 by 13.5% (0.135)
- 6. Property taxes paid on eligible natural gas pipeline property in the current MBT tax year (see instructions)
- 7. Multiply line 6 by 10% (0.10)
- 8. **Personal Property Tax Credit.** Add lines 3, 5 and 7.....

WORKERS' DISABILITY SUPPLEMENTAL BENEFIT (WDSB) CREDIT. If not claiming this credit, skip to line 10.

9. **WDSB Credit** allowed by the Workers' Compensation Agency

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
- 12. **Next Energy Payroll Credit.** Multiply line 11 by the Michigan individual income tax rate for the tax year.....

MEGA EMPLOYMENT TAX CREDIT. If not claiming this credit, skip to line 14.

13. Credit amount from *MEDC Annual Tax Credit Certificate* (attach)

HISTORIC PRESERVATION CREDIT. If not claiming this credit, skip to line 15.

14. Credit amount from Form 4584, line 27b.....

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

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

FARMLAND PRESERVATION CREDIT. If not claiming this credit, skip to line 18.

17. Credit amount from Form 4594, line 30.....

MEGA FEDERAL CONTRACT CREDIT. If not claiming this credit, skip to line 19.

18. Credit amount from Form 4584, line 36a.....

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.....

BROWNFIELD REDEVELOPMENT CREDIT. If not claiming this credit, skip to line 21.

20. Credit amount from Form 4584, line 54a.....

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).....

ANCHOR COMPANY PAYROLL CREDIT. If not claiming this credit, skip to line 23.

22. Credit amount from Form 4584, line 63a.....

ANCHOR COMPANY TAXABLE VALUE CREDIT. If not claiming this credit, skip to line 24.

23. Credit amount from Form 4584, line 71a.....

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.....

11.		00
12.		00
13.		00
14.		00
15.		00
16.		00
17.		00
18.		00
19.		00
20.		00
21.		00
22.		00
23.		00
24.		00

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:

Number of Months in the Tax Year at the Old Rate \times 4.35	+	Number of Months in the Tax Year at the New Rate \times 4.25
$\frac{\text{Number of Months in the Old Rate} \times 4.35 + \text{Number of Months in the New Rate} \times 4.25}{\text{Number of Months in the Tax Year}}$		

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.