

2008 MICHIGAN Business Tax Penalty and Interest Computation for Underpaid Estimated Tax

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
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PART 1: ESTIMATED TAX REQUIRED

1. Annual tax from Form 4567, line 38, or Form 4583, line 21, or Form 4588, line 44, or Form 4590, line 29.....	1.		00
2. Required estimate amount. Enter 85% (0.85) of line 1.....	2.		00

See MBT instruction booklet for exceptions to penalty and interest computation.

- 3. **ENTER THE PAYMENT DUE DATES (MM-DD-YYYY)....**
- 4. Divide amount on line 2 by 4, or by the number of quarterly returns required. If annualizing, enter the amount from Annualization Worksheet, line 70, page 2....

CAUTION: Complete lines 5 - 13 one column at a time

- 5. Prior year overpayment used on quarterly return.....
- 6. Amount paid on quarterly return or SUW return (see instr.)
- 7. Enter amount, if any, from line 13 of the previous column.
- 8. Add lines 5, 6 and 7.....
- 9. Add amounts on lines 11 and 12 of the previous column and enter the result here
- 10. Subtract line 9 from line 8. If less than zero, enter zero. For column A only, enter the amount from line 8
- 11. Remaining underpayment from previous period. If amount on line 10 is zero, subtract line 8 from line 9 and enter result here. Otherwise, enter zero
- 12. If line 4 is greater than or equal to line 10, subtract line 10 from line 4 and enter it here. Then go to line 6 of the next column. Otherwise, go to line 13
- 13. If line 10 is larger than line 4, subtract line 4 from line 10 and enter it here. Then go to line 7 of next column

A	B	C	D
	X X X X X	X X X X X	X X X X X
X X X X X			
X X X X X			
X X X X X			

PART 2: FIGURING INTEREST

- 14. TOTAL UNDERPAYMENT. Add lines 11 and 12.....
- 15. Enter due date for the next quarter or date tax was paid, whichever is earlier. In column D, enter the due date for the annual return or date tax was paid, whichever is earlier
- 16. Number of days from the due date of the quarter to the date on line 15.....
- 17. No. of days on line 16 after 04-15-08 and before 07-01-08..
- 18. No. of days on line 16 after 06-30-08 and before 01-01-09..
- 19. No. of days on line 16 after 12-31-08 and before 07-01-09..
- 20. No. of days on line 16 after 06-30-09 and before 01-01-10..
- 21. $\frac{\text{Number of days on line 17}}{365} \times 9.2\% (0.092) \times \text{line 14}$
- 22. $\frac{\text{Number of days on line 18}}{365} \times 7.9\% (0.079) \times \text{line 14}$
- 23. $\frac{\text{Number of days on line 19}}{365} \times 6.0\% (0.060) \times \text{line 14}$
- 24. $\frac{\text{Number of days on line 20}}{365} \times \% \times \text{line 14}$
- 25. Underpayment of interest. Add lines 21 through 24

A	B	C	D

26. Interest Due. Add line 25 columns A through D and enter the result here.....	26.		00
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* Interest rate will be set at 1% above the adjusted prime rate for this period.

FEIN or TR Number

PART 3: FIGURING PENALTY

		A	B	C	D
27. Enter the amount from line 12	27.				
28. Payment due dates from line 3 (MM-DD-YYYY)	28.				
29. Annual return due date or the date payment was made, whichever is earlier.....	29.				
30. Number of days from date on line 28 to date on line 29.....	30.				
31. If line 30 is greater than 0 but less than 61, multiply line 27 by 5% (0.05)	31.				
32. If line 30 is greater than 60, but less than 91, multiply line 27 by 10% (0.10).....	32.				
33. If line 30 is greater than 90, but less than 121, multiply line 27 by 15% (0.15).....	33.				
34. If line 30 is greater than 120, but less than 151, multiply line 27 by 20% (0.20).....	34.				
35. If line 30 is greater than 150, multiply line 27 by 25% (0.25)	35.				
36. Add lines 31 through 35.....	36.				
37. Total Penalty. Add line 36, columns A through D	37.				00
38. Total Penalty and Interest. Add lines 26 and 37. Enter here and on Form 4567, line 46, or Form 4583, line 29, or Form 4588, line 52, or Form 4590, line 37.....	38.				00

PART 4: ANNUALIZATION WORKSHEET FOR MODIFIED GROSS RECEIPTS AND BUSINESS INCOME TAXES

(If filing Forms 4583, 4588, or 4590, see instructions.)

Complete worksheet if liability is not evenly distributed throughout year.

		A First 3 Months	B First 6 Months	C First 9 Months	D Full 12 Months
39. Gross receipts (GR).....	39.				
40. Subtractions.....	40.				
41. Modified GR. Subtract line 40 from line 39.....	41.				
42. Apportionment percentage from Form 4567, line 10d.....	42.	%	%	%	%
43. Apportioned GR Tax Base. Multiply line 41 by line 42.....	43.				
44. Single Business Tax business loss carryforward.....	44.				
45. Subtract line 44 from line 43. If less than zero, enter zero.....	45.				
46. Multiply line 45 by 0.8% (0.008)	46.				
47. Enrichment Prohibition for dealer of new motor vehicles or boats.....	47.				
48. GR Tax Before Credits. Enter the greater of lines 46 or 47.....	48.				
49. Business Income (BI)	49.				
50. Additions.....	50.				
51. BI Tax Base. Add lines 49 and 50.....	51.				
52. Subtractions.....	52.				
53. Modified BI Tax Base. Subtract line 52 from line 51.....	53.				
54. Apportioned BI Tax Base. Multiply line 53 by line 42.....	54.				
55. MBT business loss carryforward; Affordable Housing Deduction	55.				
56. Subtract line 55 from line 54. If less than zero, enter zero.....	56.				
57. BI Tax Before Credits. Multiply line 56 by 4.95% (0.0495)	57.				
58. Total MBT Before Credits. Add lines 48 and 57.....	58.				
59. Annual Surcharge. Multiply line 58 by 21.99% (0.2199) (surcharge for the year should not exceed \$6,000,000).....	59.				
60. MBT (including surcharge) Before Credits. Add lines 58 and 59.....	60.				
61. Nonrefundable Credits.....	61.				
62. Subtract line 61 from line 60. If less than zero, enter zero.....	62.				
63. Recapture of certain MBT credits and deductions.....	63.				
64. Net Tax Liability. Add lines 62 and 63.....	64.				
65. Annualization ratios	65.	4	2	1.3333	1
66. Annualized tax. Multiply line 64 by line 65.....	66.				
67. Applicable percentage	67.	21.25%	42.5%	63.75%	85%
68. Multiply line 66 by line 67	68.				
69. Combined amounts of line 70 from all preceding columns.....	69.	X X X X X			
70. ESTIMATE REQUIREMENTS BY QUARTER. Subtract line 69 from line 68. If less than zero, enter zero. Enter here and on page 1, line 4.....	70.				

NOTE: Totals on line 70 must equal 85% of the current year tax liability on page 1, line 1.

Instructions for Form 4582, Michigan Business Tax (MBT) Penalty and Interest Computation for Underpaid Estimated Tax

Fiscal Year Filers: See “Supplemental Instructions for Initial Fiscal MBT Filers” on page 133.

Purpose

To compute penalty and interest for underpaying, late filing or late payment of quarterly estimates. If a taxpayer prefers not to file this form, the Department of Treasury will compute any applicable penalty and interest and bill the taxpayer.

NOTE: Penalty and interest for late filing or late payment on the annual return is computed separately. See “Computing Penalty and Interest” on page 14.

Estimated returns and payments are required from any taxpayer who expects an annual MBT liability of more than \$800. Exceptions are listed below. If a taxpayer owes estimated tax and the estimated return with full payment is not filed or is filed late, penalty is added at 5 percent of tax due, for the first two months. Penalty increases by an additional 5 percent per month, or fraction thereof, after the second month, to a maximum of 25 percent. If the taxpayer made no estimated tax payments and none of the exceptions below apply, compute the interest due (Part 2) and the penalty for non-filing (Part 3).

Exceptions

If any of the conditions listed below apply, do not pay penalty and interest. If a business operated less than 12 months in the current or preceding year, annualize figures (as applicable) to determine if the exceptions apply. See page 13 for complete annualizing instructions.

- The annual tax on the current annual return is \$800 or less.
- The estimated quarterly payments reasonably approximate the tax liability incurred for each quarter and the total of all payments equals at least 85 percent of the annual liability. Complete the Annualization Worksheet if the liability is not evenly distributed through the tax year.
- The taxpayer is a farmer, fisher or seafarer and files the *MBT Annual Return* (Form 4567) by March 1, or a tentative annual return with payment by January 15, and the final return on or before April 15.
- For tax years beginning in 2008 and ending in 2009 only, the sum of estimated payments equals the annual tax on the preceding year’s return, providing these payments were made in four timely equal payments, or 12, if paid on Sales, Use or Withholding (SUW) returns, and the preceding year’s tax was \$20,000 or less. If the prior year’s tax liability was reported for a period less than 12 months, this amount must be annualized. See “Filing if Tax Year is Less Than 12 Months” in the general information section on page 13 for more information.

Line-by-Line Instructions

Lines not listed are explained on the form.

Do not enter data in boxes filled with Xs.

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

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

PART 1: ESTIMATED TAX REQUIRED

Line 2: Enter 85 percent of the annual tax amount from line 1.

Line 3: Enter the due date for each quarterly return. For calendar year filers these dates are April 15, July 15, October 15 and January 15. For fiscal year filers, these dates are 4, 7, 10 and 13 months after the start of the fiscal year. Payment is due on the 15th day of the month.

Line 4: Divide the amount of the estimated tax required for the year on line 4 by four and enter this as estimated tax for each quarter. If the business operated less than 12 months, divide by the number of quarterly returns required and enter this as the estimated tax for each quarter.

Actual Quarterly Tax. If a taxpayer computes quarterly tax due based on the actual tax base for each quarter, complete Part 4 first, then bring the tax from line 70 of the annualization worksheet to line 4. See Part 4 instructions for taxpayers filing a return other than Form 4567. The total of the four computed amounts cannot be less than 85 percent of the current year tax liability on page 1, line 1.

Line 5: Complete column A only. Enter the amount of prior year overpayment credited to the current tax year estimates.

Line 6: Amount Paid.

- **Column A:** Enter estimated payments made by the due date for the first quarterly return. Also enter in column A the total refundable credits from line 23 of the *MBT Refundable Credits* (Form 4574).
- **Column B:** Enter payments made after the due date in column A and by the due date in column B.
- **Column C:** Enter payments made after the due date in column B and by the due date in column C.
- **Column D:** Enter payments made after the due date in column C and by the due date in column D.

If quarterly payments are made after the due date, penalty and interest will apply until the payment is received. If less than full payment is made with a late filing, the taxpayer will need to compute multiple penalty and interest calculations for each column. Attach a separate schedule if necessary.

PART 2: FIGURING INTEREST

Compute the interest due for both non-filing and underpayment of the required estimated tax in this section. Follow the instructions for each line, as the interest amount is different for each quarter.

Line 15: Enter the due date of the next quarter or the date the tax was paid, whichever is earlier. In column D, enter the earlier of the due date for the annual return or the date the tax was paid. An approved extension does not change the due date of the annual return (column D) for this computation.

PART 3: FIGURING PENALTY

Compute the penalty due for both non-filing and underpayment of the required estimated tax in this section. Follow the instructions for each line, as the penalty amount is different for each quarter.

Avoiding Penalty and Interest Under MBT

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

- *MBT Quarterly Return* (Form 4548) or
- *Combined Return for Michigan Taxes* (Form 160).
- Electronic Funds Transfer (EFT). To learn more about this option, see www.michigan.gov/biztaxpayments.

If filing monthly using Form 160, monthly payments may be filed on the 20th day of the month. If filing quarterly via Form 160, payment for MBT is due on the 15th. For example, a calendar year taxpayer may file 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.

NOTE: Taxpayers required to make remittances by 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 for the total estimated Business Income Tax and Modified Gross Receipts Tax for the quarter, or 25 percent of the estimated annual liability. To avoid interest charges, estimated payments must equal at least 85 percent of the liability for the tax year and the amount of each estimated payment must reasonably approximate the tax liability for that quarter. If the year's tax liability is \$800 or less, estimated returns are not required. **Estimates for 2008 cannot be based on the prior year's Single Business Tax (SBT) liability and can no longer be based on 1 percent of gross receipts.**

PART 4: ANNUALIZATION WORKSHEET FOR MODIFIED GROSS RECEIPTS AND BUSINESS INCOME TAXES

Standard taxpayers may use the annualization worksheet to determine the amount of estimates due when income is not evenly distributed through the tax year.

If filing the *MBT Simplified Return* (Form 4583), the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588) or *MBT Annual Return for Financial Institutions* (Form 4590), submit a schedule showing the entity's computations for each quarter. Enter the total amounts on line 64 and follow the instructions for lines 65 through 70.

Each column represents a quarterly three-month filing period.

The annualization worksheet essentially leads filers through the steps required to calculate the actual MBT due for the tax year to date. The net tax liability is then annualized and multiplied by the percentage of estimates required for that quarter.

Line 42: If not subject to apportionment, enter 100 percent.

Line 59: Multiply line 58 by 21.99 percent (0.2199). The surcharge for the year should not exceed \$6,000,000.

For example, if 21.99 percent of line 59 is equal to \$4,000,000 in the first quarter, in the second quarter there is additional tax on line 58 that would add another \$1,000,000, the third quarter there was no additional tax, and the fourth quarter the additional tax would add another \$2,000,000, enter as follows:

- **Column A:** \$4,000,000
- **Column B:** \$5,000,000
- **Column C:** \$5,000,000
- **Column D:** \$6,000,000

Line 70: The totals for line 70, columns A, B, C, and D, must equal 85 percent of the current year tax liability on page 1, line 1.

Attach this schedule to the return.

For More Information

For more comprehensive information regarding MBT, visit the MBT Web site at www.michigan.gov/mbt. The Web site contains information taxpayers may find helpful in determining their estimated tax liability. 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.