

2008 MICHIGAN Business Tax Investment Tax Credit Recapture From Sale of Assets Acquired Under Single Business Tax

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

PART 1: CALCULATION OF SINGLE BUSINESS TAX (SBT) INVESTMENT TAX CREDIT (ITC) RECAPTURE BASES

All Columns B and C: For each type of asset being disposed, enter each year totals. Line 1, Column D, and Line 2, Column E: For all years, enter MBT apportionment percentage from Form 4567, line 10d. Enter amounts in whole dollars (no cents).

Depreciable Tangible Assets

1.	A Acquired In Taxable Year Ending (MM-DD-YYYY)	B Combined Sales Price of Disposed Assets by Year of Acquisition	C Net Gain/Loss From Sale of Assets	D Apportionment Percentage <i>From Form 4567, line 10d</i>	E Apportioned Gain/Loss <i>Multiply Column C by Column D</i>	F SBT ITC Recapture (Base 1) <i>Subtract Column E From Column B</i>

Depreciable Mobile Tangible Assets

2.	A Acquired In Taxable Year Ending (MM-DD-YYYY)	B Combined Sales Price of Disposed Assets by Year of Acquisition	C Net Gain/Loss From Sale of Assets	D Adjusted Proceeds <i>Subtract Column C From Column B</i>	E Apportionment Percentage <i>From Form 4567, line 10d</i>	F SBT ITC Recapture (Base 2) <i>Multiply Column D by Column E</i>

Assets Transferred Outside Michigan

3.	A Acquired In Taxable Year Ending (MM-DD-YYYY)	B SBT ITC Recapture Combined Adjusted Federal Basis of Disposed Assets by Year of Acquisition (Base 3)

Instructions for Form 4585

Michigan Business Tax (MBT) Investment Tax Credit Recapture from Sale of Assets Acquired Under Single Business Tax

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

Purpose

To calculate the Investment Tax Credit (ITC) recapture amount for the disposal or transfer of depreciable real or personal property acquired in tax years beginning after 1999 and prior to 2008, which must be recaptured to the extent used and at the rate used under the Single Business Tax (SBT) or MBT. Form 4585 must be filed as a supporting schedule for the total recapture amount reported on the *MBT Credits for Compensation, Investment and Research and Development* (Form 4570).

Special Instructions for Unitary Business Groups

For the tax period covered on the Unitary Business Group (UBG) combined *MBT Annual Return* (Form 4567), the following types of UBG members are required to file Form 4585:

- Members who disposed of SBT ITC assets during the member's tax year included in the UBG combined Form 4567;
- Members who need to report during the tax period covered on the UBG combined Form 4567 gains attributable to previous tax period installment sale of SBT ITC assets; OR
- Members who had an SBT ITC carryforward available to be used against the UBG's liability in tax year 2008 (and/or 2009, where applicable).

EXAMPLE: UBG A consists of six members and files a combined Form 4567 for the tax period ending in July 2008 (tax year 2008) and another form for the tax period ending in July 2009 (tax year 2009).

- Member 1 disposed of SBT ITC assets during the tax years ending in July 2008 and July 2009.
- Member 2 disposed of SBT ITC assets during the tax year ending in July 2009.
- Members 3 and 4 did not sell any SBT ITC assets, but had available SBT ITC carryforward to be used against the UBG's liability for the tax years ending in July 2008 and July 2009.
- Member 5 also did not dispose of any SBT ITC assets during the UBG's tax year ending in July 2009, and had no SBT ITC carryforward available to be used in tax year ending in July 2008, or July 2009.
- Member 6 sold an SBT ITC asset in the tax period ending in July 2008 on an installment basis, where gain attributable to the installment sale is to be reported in tax period ending in July 2009.

In the example above, for tax year 2008, Members 1 and 6 must each file Form 4585, completing Parts 1, 2, and 3. Members 3 and 4 must each file Form 4585, completing only Part 2, and the remaining members must not file Form 4585. For tax year 2009, Members 1, 2, and 6 must each file Form 4585, completing Parts 1, 2, and 3. Members 3 and 4 must each file Form 4585, completing only Part 2, while Member 5 must not file a Form 4585.

Note that failure of all required members identified above to file Form 4585 will lead to incorrect calculation of the UBG's total SBT ITC recapture. Each member with SBT ITC assets dispositions or reporting gain from installment sales must complete Form 4585, Parts 1, 2, and 3, while the remaining required members must complete only Part 2 of Form 4585.

The total recapture of each member's Form 4585 forms, line 7, must be combined and reported on the UBG's *MBT Credits for Compensation, Investment and Research and Development* (Form 4570), line 27. Each Form 4585 must be filed as a supporting schedule for the total recapture amount reported on Form 4570.

Line-by-Line Instructions

Lines not listed are explained on the form.

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

Name and Account Number: Enter name and account number as reported on page 1 of Form 4567.

UBGs: Complete one form for each member for whom this schedule applies as instructed in the section above. Enter the Designated Member (DM) name in the Taxpayer Name field and the specific member of the UBG for which this form is filed on the line below.

PART 1: CALCULATION OF SBT ITC RECAPTURE BASES

In Part 1, compute the adjusted proceeds (proceeds include any benefit derived) from the disposition of depreciable real or personal property that was acquired in a tax year beginning after 1999 and prior to 2008, and the recapture for property moved out of state. The calculation of gross proceeds may be reduced by selling expenses. Lines 1, 2, and 3 represent three different categories of SBT ITC assets, categorized by type of asset or nature of disposition.

NOTE: A sale of qualifying property reported on the installment method for Federal Income Tax purposes causes a recapture of the entire gross proceeds in the year of the sale. The recapture is reduced by any gain reported in federal taxable income (as defined for MBT purposes) in the year of the sale. The gain attributable to the installment sale that is reported in subsequent years increases the credit base (or reduces other sources of recapture) for those years, and must be reported either on line 1, column C, or line 2, column C, based on the type of asset.

Line 1: For depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after 1999 and prior to 2008, and were sold or otherwise disposed of during the tax year, enter the following:

- **Column A:** Separate the depreciable tangible assets that were disposed of during the filing period by the tax year in which they were acquired. Use a separate row for each

acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no dispositions of depreciable tangible assets during the filing period may be omitted. However, do not omit acquisition year of depreciable tangible assets that have been disposed on an installment method if gains attributable to installment payments received during the current filing period must be reported.

- **Column B:** Total gross proceeds from all depreciable tangible assets that were acquired in the same taxable year and disposed of during the filing period.

- **Column C:** Net total gains/losses reflected in federal taxable income (as defined for MBT purposes) from all depreciable tangible assets that were acquired in the same taxable year and disposed of during the filing period. Report also in column C any federally recognized gain attributed to an installment payment received during the current MBT filing period as a negative number.

Keep a separate worksheet with the appropriate information regarding each depreciable tangible asset located in Michigan that was acquired or moved into Michigan after acquisition in a tax year beginning after 1999 and prior to 2008, and was sold or otherwise disposed of during the tax year. Sum the total gross proceeds and gain or loss for all disposed assets acquired in the same taxable year. Enter in this form only the total sum of gross proceeds and gain/loss grouped by taxable year the assets were acquired. Use one line per group of disposed assets acquired in the same taxable year. Start from the earliest taxable year.

- **Column D:** Enter the apportionment percentage from line 10d of the *MBT Annual Return* (Form 4567). If not apportioning, enter 100 percent. Enter the same apportionment percentage for each line completed.

- **Column F:** Subtract column E from column B for each line. If column E is a loss, add column E to column B for each appropriate line. A loss in column E will increase the recapture base.

Line 2: For depreciable mobile tangible assets that were acquired in a tax year beginning after 1999 and prior to 2008, and were sold or otherwise disposed of during the tax year, enter the following:

- **Column A:** Separate the depreciable mobile tangible assets that were disposed of during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no dispositions of depreciable tangible assets during the filing period may be omitted. However, do not omit acquisition year of depreciable tangible assets that have been disposed on an installment method if gains attributable to installment payments received during the current filing period must be reported.

- **Column B:** Total gross proceeds from all depreciable mobile tangible assets that were acquired in the same taxable year and disposed of during the filing period.

- **Column C:** Net total gains/losses reflected in federal taxable income (as defined for MBT purposes) from all depreciable mobile tangible assets that were acquired in the same taxable year and disposed of during the filing period. Report also in column C any federally recognized gain attributed to an installment payment received during the current MBT filing period as a negative number.

Keep a separate worksheet with the appropriate information regarding each depreciable mobile tangible asset acquired in a tax year beginning after 1999 and prior to 2008, and sold or otherwise disposed of during the tax year. Sum the total gross proceeds and gain or loss for all disposed assets acquired in the same taxable year. Enter in this form only the total sum of gross proceeds and gain or loss grouped by taxable year the assets were acquired. Use one line per group of disposed assets acquired in the same taxable year. Start from the earliest taxable year.

- **Column D:** Subtract figures in column C from figures in column B for each line. If figure in column C is a loss, add it to figure in column B for each appropriate line. A loss in column C will increase the recapture.

- **Column E:** Enter the apportionment percentage from Form 4567, line 10d. Enter the same apportionment percentage for each line you have filled columns A through D.

- **Column F:** Multiply figures in column D by column E for each line.

Line 3: For the disposition of depreciable tangible assets other than mobile property acquired in tax years beginning after 1996 and prior to 2008, that were eligible for the ITC in tax years beginning after 1999 and prior to 2008, and were transferred outside Michigan during the tax year, enter the following:

- **Column A:** Separate the depreciable tangible assets other than mobile property that were disposed of during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no dispositions of depreciable tangible assets during the filing period may be omitted.

- **Column B:** Total sum of adjusted federal basis from all disposed assets acquired in the same taxable year.

Keep a separate worksheet with the appropriate information regarding each depreciable tangible asset other than mobile property acquired in tax years beginning after 1999 and prior to 2008, that were eligible for the ITC in tax years beginning after 1999 and prior to 2008, and were transferred outside Michigan during the tax year. Sum the total adjusted federal basis for all disposed assets acquired in the same taxable year. Enter in this form only the total sum of adjusted federal basis grouped by taxable year the assets were acquired. Use one line per group of disposed assets acquired in the same taxable year. Start from the earliest taxable year.

PART 2: CALCULATION OF SBT ITC RECAPTURE RATES

Whereas the information required in Parts 1 and 3 of this form apply only to years when assets were acquired that have been disposed of in the current tax year, Part 2 requires entering

information from all years (see NOTE below) of the *SBT Investment Tax Credit* (Form C-8000ITC) filed in chronological order to correctly calculate the effective usage rate of SBT generated ITC, otherwise the calculation will be flawed. Enter a negative number as negative.

NOTE: For SBT tax years when the taxpayer filed a C-8000 with no C-8000ITC attachment, or a C-8030, enter on line 4A the taxable year end date, and enter zero for lines 4B, 4C, and 4D. Do not enter any information on lines 4A through 4D for SBT tax years in which the taxpayer filed nothing, or filed a C-8044.

UBGs: The calculation of the UBG's SBT ITC recapture will only be correct if information for all required members of the UBG is provided in Part 2. Required members are specified under "Special Instructions for Unitary Business Groups" on page 117.

Line 4: Gather all C-8000ITC forms filed for tax years beginning on or after January 1, 2000. Sort all the returns in chronological order of taxable year filing date, from earliest to latest date.

Starting with the earliest Form C-8000ITC filed, enter the following for each taxable year (use one line for each return):

- **Column A:** Taxable year for each Form C-8000ITC return filed.
- **Column B:** Amount from Form C-8000ITC, line 24, for each taxable year.
- **Column C:** Amount from Form C-8000ITC, line 33, for each taxable year.
- **Column D:** Amount from Form C-8000ITC, line 36, for each taxable year.
- **Column E:** If the amount of SBT ITC used is the same as the amount of SBT ITC created (see NOTE below) enter here the amount in column C divided by the amount in column B. Otherwise, go the Michigan Department of Treasury Web site (www.michigan.gov/mbt4585tool) and enter the necessary information as instructed. Part 2, line 5, must be completed before column E can be determined. Place the calculated rates for each taxable year in the appropriate line of column E. Also, see further instructions for line 5.

NOTE: The amount of SBT ITC used is the same as the amount of SBT ITC created when:

- The sum of values in column 4C equals the sum of values in column 4D plus 5B (see instructions for column 5B).
- **UBGs:** The sum of values in column 4C across all tax years for all group members equals the sum of values in column 4D for all group members plus figures in 5B, where the figures in 5B must be added ONLY once (they refer to the group totals already, and not member figures).

UBGs: Information for all required members (see "Special Instructions for Unitary Business Groups" on page 117) of the UBG must be entered, otherwise the calculation of column E figures will be flawed.

Line 5: See information found on the *MBT Single Business Tax Credit Carryforwards* (Form 4569), line 3, for tax years ending in 2008 (and 2009 for fiscal filers only). Gather all 4569 forms filed since January 1, 2008, and sort them in chronological order of taxable year filing date, from earliest to latest date. Enter information from all 4569 forms filed in chronological order to correctly calculate the effective usage rate of SBT generated ITC, otherwise the calculation will be flawed.

Starting with the earliest Form 4569, for each taxable year starting on or after January 1, 2008 that a Form 4569 was filed, enter the following (use one line for each return):

- **Column A:** Taxable year for each Form 4569 filed
- **Column B:** Enter the amount found on line 3 of Form 4569 for each taxable year entered in column A.

PART 3: CALCULATION OF SBT ITC RECAPTURE AMOUNTS

The amount of SBT generated ITC (grouped by taxable year) to be recapture under MBT is calculated.

From each category of disposed assets in Part 1, sum the total of columns 1F, 2F, and 3B if disposed asset groups were acquired in the same taxable year.

- **Column A:** Each taxable year a group of disposed assets was acquired.
- **Column B:** Add amounts from columns 1F, 2F, and 3B for all asset groups with same taxable year of acquisition as indicated in Part 3, column A.
- **Column C:** For each taxable year entered in Part 3, column A, enter the corresponding SBT ITC effective rate from Part 2, column E. Match the taxable year in Part 3, column A, with the corresponding taxable year in Part 2, column A.
- **Column D:** Multiply column B by column C for each taxable year.

Line 7: Add the figures in each line of Part 3, column D. Carry that amount to Form 4570, line 27.

Attach this schedule to the return.