

2008 MICHIGAN Business Tax Miscellaneous Credits for Insurance Companies

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
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PART 1: REFUNDABLE CREDITS

Workers' Disability Supplemental Benefit (WDSB) Credit. If not claiming, skip to line 2.

1. WDSB Credit allowed by the Workers' Compensation Agency 1.

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MEGA Employment Tax Credit. If not claiming, skip to line 3.

2. Credit amount from *MEDC Annual Tax Credit Certificate* (attach) 2.

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Brownfield Redevelopment Credit. If not claiming, skip to line 4.

3. Credit amount from Form 4584, line 40a (see instructions) 3.

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Film Production Credit. If not claiming, skip to line 5.

4. Assigned credit amount (see instructions)..... 4.

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5. **TOTAL REFUNDABLE CREDITS.** Add lines 1, 2, 3 and 4. Enter total here and carry to Form 4588, line 48.... 5.

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PART 2: NONREFUNDABLE CREDITS

6. Single Business Tax credit carryforward from Form 4569, line 35. If not claiming, enter zero 6.

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Compensation Credit. If not claiming, subtract line 6 from Form 4588, line 23 and enter on line 14. If less than zero, enter zero.

7. Michigan Compensation 7.

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8. Compensation Credit. Multiply line 7 by 0.296% (0.00296) (For tax years ending in 2009, see instructions.) 8.

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Reduced Compensation Credit

9. Tax before credits from Form 4569, line 34, or if line 6 above is zero, enter amount from Form 4588, line 23 9.

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10. WDSB Credit from line 1 above..... 10.

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11. Subtract line 10 from line 9. If less than zero, enter zero 11.

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12. Multiply line 11 by 65% (0.65)..... 12.

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13. **Allowable Compensation Credit.** Enter lesser of line 8 or line 12..... 13.

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14. Tax after Compensation Credit. Subtract line 13 from line 9. If less than zero, enter zero..... 14.

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Renaissance Zone Credit. If not claiming, carry amount from line 14 to line 16.
If claiming, complete and attach the Renaissance Zone Schedule Form 4595.

15. **Renaissance Zone Credit.** Amount from Form 4595, line 25b 15.

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16. Tax After Renaissance Zone Credit. Subtract line 15 from line 14. If less than zero, enter zero 16.

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FEIN or TR Number

Historic Preservation Credit. If not claiming, carry amount from line 16 to line 23.

17. Current Year Credit. Enter amount from Form 3581, line 9.....	17.		00
18. Unused credit from previous period MBT return.....	18.		00
19. Total Available Credit. Add lines 17 and 18	19.		00
20. Recapture of SBT and/or MBT Historic Preservation Credits.....	20.		00
21. Subtract line 20 from line 19. If less than zero, enter as a negative number.....	21.		00
22. Historic Preservation Credit. Enter the lesser of line 21 or line 16	22.		00
23. Tax after Historic Preservation Credit. Subtract line 22 from line 16. If line 22 is negative, add its positive value to line 16.....	23.		00
24. Credit carryforward. If line 21 is greater than line 16, enter the difference.....	24.	<input style="width: 100%; height: 20px;" type="text"/>	00

Brownfield Redevelopment Credit. If not claiming, carry amount from line 23 to line 26.

25. Brownfield Redevelopment Credit from Form 4584, line 42.....	25.		00
26. Tax After Brownfield Redevelopment Credit. Subtract line 25 from line 23. If less than zero, enter zero	26.		00

Film Infrastructure Credit. If not claiming, carry amount from line 26 to line 31.

27. Assigned credit amount.....	27.		00
28. Unused credit from previous period MBT return.....	28.		00
29. Total Available Credit. Add lines 27 and 28	29.		00
30. Film Infrastructure Credit. Enter the lesser of line 26 or 29	30.		00
31. Tax After Film Infrastructure Credit. Subtract line 30 from line 26. If less than zero, enter zero.....	31.		00
32. Credit carryforward. If line 29 is greater than line 26, enter the difference.....	32.	<input style="width: 100%; height: 20px;" type="text"/>	00
33. TOTAL NONREFUNDABLE CREDITS. Add lines 6, 13, 15, 22, 25, and 30. Enter total here and carry amount to Form 4588, line 24	33.	<input style="width: 100%; height: 20px;" type="text"/>	00

Instructions for Form 4596

Michigan Business Tax (MBT) Miscellaneous Credits for Insurance Companies

Purpose

To allow insurance companies to calculate certain miscellaneous credits. There are strict eligibility requirements, so review the descriptions carefully before claiming a credit. Follow the instructions on the form for each credit.

Line-by-Line Instructions

Lines not listed are explained on the form.

PART 1: REFUNDABLE CREDITS

Workers' Disability Supplemental Benefit (WDSB) Credit

The Workers' Disability Supplemental Benefit (WDSB) Credit is available to an insurance company subject to the Workers' Disability Compensation Act of 1969. The credit is equal to the amount paid during that tax year by the insurance company pursuant to Section 352 of the act, as certified by the director of the Workers' Compensation Agency, 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 (888) 396-5041 or visit the DELEG Web site at www.michigan.gov/wca.

Line 1: Attach a copy of the document provided by DELEG to the back of the return packet to substantiate the claim for this credit.

MEGA Employment Tax Credit

The Michigan Economic Growth Authority (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 as follows:

- For an authorized business for the tax year, an amount not to exceed the payroll and health care benefits of the authorized business attributable to employees who perform qualified new jobs as determined under the MEGA Act, multiplied by the Michigan Individual Income Tax rate for that tax year. (The Michigan Individual Income Tax rate can be found at www.michigan.gov/taxes.)
- For an eligible business as determined under Section 8(5)(a) of the MEGA Act, an amount not to exceed 50 percent of the payroll of the authorized business attributable to employees who perform retained jobs as determined under the MEGA Act, multiplied by the Michigan Individual Income Tax rate for that tax year.
- For an eligible business as determined under Section 8(5)(b) of the MEGA Act, an amount not to exceed the payroll of the authorized business attributable to employees who perform retained jobs as determined under the MEGA Act, multiplied by Michigan Individual Income Tax rate for that tax year.

- For an authorized business as determined under Section 8(9) of the MEGA Act, an amount up to, but not to exceed 100 percent of, the sum of the payroll and health care benefits of the authorized business attributable to employees who perform retained jobs multiplied by a fraction, the numerator of which is the amount of new capital investment made at the facility and the denominator of which is the product of the number of retained jobs multiplied by \$100,000, and then multiplied by the Michigan Individual Income Tax rate for that tax year.

- For an authorized business as determined under Section 8(11) of the MEGA Act, an amount not to exceed 100 percent of the sum of the payroll and health care benefits of the authorized business attributable to employees who perform new full-time jobs and retained jobs as determined under the MEGA Act, multiplied by the Michigan Individual Income Tax rate for that tax year.

- For an authorized business that is a qualified high-technology business, for a period not to exceed seven years, as follows:
 - An amount not to exceed 200 percent of the sum of the payroll and health care benefits of the qualified high-technology business attributable to employees who perform qualified new jobs for the first three years of the credit, multiplied by the Michigan Individual Income Tax rate and,
 - An amount not to exceed 100 percent of the sum of the payroll and health care benefits of the qualified high-technology business attributable to employees who perform qualified new jobs for the remaining tax years, multiplied by the Michigan Individual Income Tax rate for that tax year.

Tax rate means the rate imposed under Section 51 of the Income Tax Act of 1967, Public Act (PA) 281 of 1967, MCL 206.51, for the tax year for which the credit is being computed begins.

NOTE: 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 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.

NOTE: 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 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 the *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

For more information, call the Michigan Economic Development Corporation (MEDC) at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

Line 2: 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.)

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 the *MBT Election of Refund or Carryforward of Credits* (Form 4584) to claim this credit and elect a refund or carryforward of the resulting overpayment.

The administration of the Brownfield Redevelopment Credit program is assigned to MEGA. For more information on the approval process, contact the MEDC at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

Line 3: A taxpayer claiming a refundable Brownfield Redevelopment Credit on line 3 should complete Form 4596 in the following order:

- 1) Skip lines 3 and 5. Complete lines 4 and 6 through 24.
- 2) After calculating line 24, complete Form 4584 to calculate the refundable Brownfield Redevelopment Credit amount.
- 3) On Form 4596, line 3, enter the credit amount from Form 4584, line 40a.
- 4) Complete line 5 and remaining lines 25 through 33, as applicable.

Film Production Credit

This credit is available to an insurance company as an assignee only.

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.

The credit is equal to:

- 42 percent of direct production expenditures for a State-certified qualified production in a core community in Michigan,

- 40 percent of direct production expenditures for a State-certified qualified production in part of Michigan other than a core community, and
- 30 percent for qualified personnel expenditures.

A Post-Production Certificate will be issued verifying the amount of the credit to be claimed once the Film Office is satisfied that company expenditures and eligibility are adequately met.

The credit may be assigned in the tax year in which the Post-Production Certificate is received but such assignment is irrevocable.

For more information, contact the Michigan Film Office at (800) 477-3456 or visit the Web site at www.michigan.gov/filmoffice.

Line 4: To claim this credit, attach a copy of the *MBT Film Credit Assignment* (Form 4589) to the return.

PART 2: NONREFUNDABLE CREDITS

SBT Credit Carryforward

With the exception of the Historic Preservation Credit and the Brownfield Redevelopment Credit, any unused SBT credit carryforward can be applied to MBT tax years ending in 2008 and 2009. Any unused SBT credit carryforward remaining after 2009 is lost. This carryforward provision applies to any unused SBT credit even if the SBT credit was not retained under MBT.

The Historic Preservation Credit and Brownfield Redevelopment Credit carryforwards from SBT may be claimed against MBT tax liability for the remaining years the carryforward would have been available under the SBT Act.

Line 6: Enter SBT credit carryforward from line 35 of the *MBT Single Business Tax Credit Carryforwards* (Form 4569). If not claiming, enter zero.

Compensation Credit

An insurance company may claim a credit equal to a percentage of compensation in Michigan, not to exceed 65 percent of the insurance company's tax liability for the tax year after claiming the other credits allowed under Chapter 2A of the MBT Act.

Line 7: Compensation payments made in the tax year on behalf of or for the benefit of employees, officers, or directors is defined in Michigan Compiled Law (MCL) 208.1107(2). Generally, under this definition, *compensation* includes, but is not limited to, payments that are subject to or specifically exempt or excepted from withholding under Internal Revenue Code (IRC) 3401 through 3406.

Compensation also includes fringe benefits and any earnings that are net earnings from self-employment, as defined under IRC 402, of the taxpayer or partner or LLC member of the taxpayer. Wages, salaries, fees, bonuses, commissions, and other payments made in the tax year on behalf of or for the benefit of employees, officers, or directors as well as self-employment earnings must be reported on a cash basis.

Compensation includes expenses such as payroll taxes (exclusive of payments for state and federal unemployment compensation and federal insurance contributions) and all other fringe benefits made for the benefit of employees. Payments

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

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

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

Line 8: For tax years ending in 2009, multiply line 7 by 0.37 percent (0.0037).

Renaissance Zone Credit

The Renaissance Zone Credit encourages businesses and individuals to move into a designated Zone to help revitalize the area by providing a credit for businesses located and conducting business activity within the Zone.

Line 15: Complete and attach the *MBT Renaissance Zone Credit Schedule* (Form 4595) to claim this credit.

For more information on Renaissance Zones, contact the MEDC at (517) 373-9808 or visit their Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives. For information on the MBT credit, contact the Michigan Department of Treasury, Customer Contact Division, MBT Unit, at (517) 636-4657.

Historic Preservation Credit

The Historic Preservation Credit provides tax incentives for homeowners, commercial property owners, and businesses to rehabilitate historic resources located in Michigan. Rehabilitation projects must be certified by the State Historic Preservation Office (SHPO), Michigan Historical Center.

The credit must be claimed in the year that the certification of completed rehabilitation of the historic resource was issued. For projects for which a preapproval letter was issued prior to January 1, 2009, the certification of completed rehabilitation must have been issued within five years after the rehabilitation plan was certified by the Michigan Historical Center.

For projects for which a preapproval letter was issued after December 31, 2008, only those expenditures that are paid or incurred during the time periods prescribed for the credit under IRC 47(a)(2) and any related U.S. Treasury regulations will be considered qualified expenditures.

Preapproval letter means a letter issued by the director of the Department of History, Arts, and Libraries or his or her designee that indicates the date that the complete Historic Preservation Certification Application, Part 2, Description

of Rehabilitation, was received and the amount of the credit allocated to the project based on the estimated rehabilitation cost included in the application.

A qualified taxpayer that has a rehabilitation plan certified before January 1, 2008, under SBT for the rehabilitation of an historic resource for which a certification of completed rehabilitation has been issued after the end of the taxpayer's last tax year under SBT may also claim a credit.

The credit is equal to 25 percent of qualified expenditures. For taxpayers eligible for the federal credit under IRC 47(a)(2), the Michigan credit is 25 percent of the qualified expenditures less the amount of the federal credit claimed.

Qualified expenditures are capital expenditures that would qualify under IRC 47(a)(2) except that the expenditures were made for a nonqualifying historic resource under the IRC. A taxpayer with qualified expenditures eligible for the federal credit must claim and receive the federal credit to qualify for the Michigan credit.

If a qualified taxpayer is a Partnership, LLC, or S Corporation, the qualified taxpayer may assign all or any portion of a credit to its partners, members, or shareholders, based on the partner's, member's, or shareholder's proportionate share of ownership or based on an alternative method approved by the Department. A credit assignment is irrevocable and must be made in the tax year in which a Certificate of Completed Rehabilitation is issued. A credit amount assigned may be claimed against the partner's, member's, or shareholder's tax liability under the MBT Act or under the Income Tax Act of 1967.

If the credit exceeds the taxpayer's tax liability, the balance of the credit may be carried forward up to ten years. An unused carryforward of a credit generated under SBT may be claimed against the tax imposed by MBT for the years the carryforward would have been available under SBT (maximum ten years). This carryforward is claimed on Form 4569.

Michigan Historic Preservation Tax Credit (Form 3581) must be attached as well as all attachments to Form 3581. Complete and attach the *Michigan Historic Preservation Tax Credit Assignment* (Form 3614) if the credit is being assigned.

Questions regarding federal and state certification may be directed to the SHPO at (517) 373-1630. For additional information, visit the SHPO Web site at www.michigan.gov/shpo. Information about Federal Historic Preservation Tax Incentives is available at www2.cr.nps.gov.

Line 20: RECAPTURE. If the resource is sold or the certification of completed rehabilitation is revoked less than five years after the credit is claimed under either SBT or MBT, a percentage of the credit will be subject to recapture. If the credit has been assigned, the recapture is the responsibility of the assignor. The following percentages apply to the years subsequent to the year in which the credit was claimed.

100 percent	If less than 1 year
80 percent	If at least 1 year, but less than 2 years
60 percent	If at least 2 years, but less than 3 years
40 percent	If at least 3 years, but less than 4 years
20 percent	If at least 4 years, but less than 5 years

Line 24: If line 21 is greater than line 16, enter the difference. This is a credit carryforward to be used on the taxpayer's next MBT return.

Brownfield Redevelopment Credit

The Brownfield Redevelopment Credit encourages businesses to make investment on eligible Michigan property that was used or is currently used for commercial, industrial, public, or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete, or blighted.

Line 25: Complete the *MBT Election of Refund or Carryforward of Credits* (Form 4584) to claim this credit and elect a refund or carryforward of the resulting overpayment.

The administration of the Brownfield Redevelopment Credit program is assigned to MEGA. For more information on the approval process, contact the MEDC at (517) 373-9808.

Film Infrastructure Credit

This credit is available to an insurance company as an assignee only.

An eligible taxpayer may claim a credit for investment in a qualified film and digital media infrastructure project equal to 25 percent of the base investment expenditures for the project, provided the taxpayer enters into an agreement with the Michigan Film Office by September 30, 2015. If the credit exceeds the taxpayer's tax liability for the tax year, the excess may be carried forward to offset tax liability in subsequent years for a maximum of ten years.

No claim for a credit may be filed until at least 25 percent of the base investment in the project has been expended. Once the Film Office finds the taxpayer has complied with the agreement terms and is satisfied that investment expenditures and eligibility are adequately met, the Film Office will issue a Investment Expenditure Certificate stating the amount of the credit.

The credit may be assigned in the tax year in which the Investment Expenditure Certificate is received but such assignment is irrevocable. To claim this credit, attach a copy of Form 4589 to the return.

For more information, contact the Michigan Film Office at (800) 477-3456 or visit the Web site at www.michigan.gov/filmoffice.

Line 32: If line 29 is greater than line 26, enter the difference. This is a credit carryforward to be used on the taxpayer's next MBT return.

Attach this schedule to the return.