# Amended Instructions for Form 4700
# Michigan Business Tax (MBT) Gross Receipts Worksheet
# Changes for tax years beginning on or after January 1, 2010
# As amended under Public Act 282 of 2014

## Public Act 282 of 2014

**Public Act (PA) 282 of 2014** resulted in the following changes to the Michigan Business Tax (MBT), **retroactive to 2010**:

1) Exclusion of Cancelation of Debt Income (CODI) from gross receipts.

2) A change to the Investment Tax Credit (ITC) Recapture. For assets purchased, acquired, or transferred into Michigan in a tax year beginning after December 31, 2007, that were sold or otherwise disposed of, or transferred outside Michigan during the tax year, recapture is now required to the extent and at the rate the credit was used under the MBT.

3) A change to the calculation of the Renaissance Zone Credit for taxpayers located in a Renaissance Zone before December 1, 2002.

### Amended Returns

An amended return for changes due to PA 282 of 2014 must be filed no sooner than January 1, 2015, and no later than December 31, 2015, and must contain amendments for only the three items above. Refund claims must be made within the statute of limitations. If amendments for other than the three items above are required, a separate amended return must be filed.

PA 282 of 2014 requires that any refund as a result of an amended return based on these changes will be paid out over a six-year period beginning in 2016. An overpayment on an amended return for claims due to PA 282 of 2014 must be refunded and may not be credited forward.

### Original Returns

If a taxpayer has not yet filed an original return for a tax year beginning on or after January 1, 2010, the taxpayer should implement the three changes listed above in the original return. An original return is not necessarily bound by the 2015 calendar year filing requirement. Traditional due date and statute of limitations restrictions still apply. An overpayment on an original return will not be subject to the six-year payout provision and may be credited forward, if available and if desired.

## Gross Receipts Worksheet

The MBT forms and instructions include the *Gross Receipts Worksheet* (Form 4700) to assist taxpayers in calculating Gross Receipts as reported on the *MBT Annual Return* (Form 4567).

The following instructions will allow taxpayers to account for the PA 282 change to gross receipts while using the Form 4700 previously released for tax years 2010-2013.

## 2012 and 2013 Forms

Taxpayers calculating gross receipts as amended by PA 282 should use Form 4700, for the corresponding year, as instructed through line 64.

Taxpayers will then calculate the exclusion of amounts attributed to the taxpayer pursuant to a discharge of indebtedness as described under IRC 61(a)(12), including forgiveness of a nonrecourse debt. That amount will be added to the subtotal generated at line 65.

Continue with the remainder of the form as instructed.

## 2010 and 2011 Forms

Taxpayers calculating gross receipts as amended by PA 282 should use Form 4700, for the corresponding year, as instructed through line 71.

Taxpayers will then calculate the exclusion of amounts attributed to the taxpayer pursuant to a discharge of indebtedness as described under IRC 61(a)(12), including forgiveness of a nonrecourse debt. That amount will be added to the subtotal generated at line 72.

Continue with the remainder of the form as instructed.

## End of Amended Instructions

FEIN or TR Number

UBG Member FEIN or TR Number

# Gross Receipts Worksheet

Complete the appropriate parts below based on the person's organization type. Part 1 is for an Individual or Fiduciary; Part 2 is for a C Corporation (or a person filing federal returns as a C Corporation); and Part 3 is for a Partnership or S Corporation (or a person filing a federal return as a Partnership or an S Corporation). Parts 4 and 5 apply to all filers, independent of their organization type.

Gross receipts is not necessarily derived entirely from the federal return, however, this worksheet will calculate gross receipts as defined by law in most circumstances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce gross receipts not identified by specific lines on this worksheet, and report that amount on the most appropriate line. The Michigan Department of Treasury may adjust the figure resulting from this worksheet to account properly for such uncommon situations. Complete and attach this worksheet to your return. Unitary Business Groups (UBGs) must complete and attach a worksheet for each member.

Gross receipts, before applying the statutory exceptions, consists solely of positive amounts derived from transactions or events. Therefore, if any of the federal return items utilized in Part 1, Part 2 or Part 3 is a net result of both negative and positive transactions, it must be recalculated for use here by counting only the positive elements represented in that net figure.

## INFORMATION DIRECTLY FROM SPECIFIC FEDERAL RETURNS

### PART 1: INDIVIDUALS AND FIDUCIARIES

| | | | |
|---|---|---|---|
| 1. | U.S. Form *1040, Schedule C* or *C-EZ* gross receipts (net of returns) | 1. | 00 |
| 2. | U.S. Form *1040, Schedule C*, other income | 2. | 00 |
| 3. | U.S. Form *1040, Schedule D*, short- and long-term sales price* | 3. | 00 |
| 4. | U.S. Form *1040, Schedule E* | | |
| | a. Part I, total rents received | 4a. | 00 |
| | b. Total royalties received | 4b. | 00 |
| 5. | U.S. Form *4797*, gross sales price,* business assets | 5. | 00 |
| 6. | **Gross Receipts from Federal Return for Individuals and Fiduciaries.** Add lines 1 through 5. Carry amount to line 19 | 6. | 00 |

### PART 2: C CORPORATIONS

| | | | |
|---|---|---|---|
| 7. | U.S. Form *1120*, balance of gross receipts or sales less returns and allowances | 7. | 00 |
| 8. | U.S. Form *1120*, sum of dividends, interest, gross rents and gross royalties | 8. | 00 |
| 9. | U.S. Form *1120*, other income | 9. | 00 |
| 10. | U.S. Form *1120*, Schedule D, short- and long-term sales price* | 10. | 00 |
| 11. | U.S. Form *4797*, gross sales price* | 11. | 00 |
| 12. | **Gross Receipts from Federal Return for C Corporations.** Add lines 7 through 11. Carry amount to line 19 | 12. | 00 |

### PART 3: PARTNERSHIPS AND S CORPORATIONS

| | | | |
|---|---|---|---|
| 13. | U.S. Form *1065*, or U.S. Form *1120S* | | |
| | a. Gross receipts (net of returns) | 13a. | 00 |
| | b. Other income/receipts | 13b. | 00 |
| 14. | U.S. Form *8825*, gross income from real estate rentals | 14. | 00 |
| 15. | U.S. Form *1065*, or *1120S, Schedule D*, short- and long-term sales price* | 15. | 00 |
| 16. | U.S. Form *1065*, or *1120S, Schedule K* | | |
| | a. Gross other rental income | 16a. | 00 |
| | b. Interest, dividend, royalty income | 16b. | 00 |
| | c. Other income | 16c. | 00 |
| 17. | U.S. Form *4797*, gross sales price*, business assets | 17. | 00 |
| 18. | **Gross Receipts from Federal Return for Partnerships and S Corporations.** Add lines 13 through 17. Carry amount to line 19 | 18. | 00 |

* See the definition of Gross Receipts under MCL § 208.1111.

Continued on Page 2

FEIN or TR Number

UBG Member FEIN or TR Number

## ADJUSTMENTS TO FEDERAL GROSS RECEIPTS

| | | | |
|---|---|---|---|
| 19. | **Gross Receipts as recorded on line 6, 12 or 18** | 19. | 00 |

## PART 4: ADDITIONS TO GROSS RECEIPTS

**To the extent EXCLUDED or DEDUCTED in arriving at the number used in line 19, include the following:**

| | | | |
|---|---|---|---|
| 20. | Proceeds from the sale of assets used in a business activity | 20. | 00 |
| 21. | Dividend and interest income | 21. | 00 |
| 22. | Receipts from gratuities stipulated on a bill | 22. | 00 |
| 23. | Receipts from gross commissions earned | 23. | 00 |
| 24. | Receipts from client reimbursed expenses not obtained in an agency capacity | 24. | 00 |
| 25. | Gross proceeds from intercompany sales | 25. | 00 |
| 26. | Rents | 26. | 00 |
| 27. | Royalties | 27. | 00 |
| 28. | Sales of scrap and other similar items | 28. | 00 |
| 29. | Other receipts not included in previous lines | 29. | 00 |
| 30. | Add lines 20 through 29 | 30. | 00 |
| 31. | **SUBTOTAL** Add line 19 and line 30 | 31. | 00 |

## PART 5: EXCLUSIONS FROM GROSS RECEIPTS

**To the extent INCLUDED in arriving at line 31, enter the following receipts:**

| | | | |
|---|---|---|---|
| 32. | Proceeds from sales by a principal collected by the taxpayer in an agency capacity and delivered to the principal | 32. | 00 |
| 33. | Amounts received on behalf of a principal that are received and expended by the taxpayer in an agency capacity for the following: | | |
| | a. Performance of service by third party for the benefit of the principal for service required by law to be performed by a licensed person | 33a. | 00 |
| | b. Performance of service by a third party for the benefit of the principal that the taxpayer has not undertaken a contractual duty to perform | 33b. | 00 |
| | c. Payment of principal and interest under a mortgage loan or land contract, lease or rental payments, or taxes, utilities, or insurance premiums relating to real or personal property owned or leased by the principal | 33c. | 00 |
| | d. Capital asset that is or will become eligible for depreciation, amortization, or accelerated cost recovery by the principal for federal income tax purposes, or real property owned or leased by the principal | 33d. | 00 |
| | e. Property not described above that is purchased by taxpayer on behalf of the principal, where taxpayer does not take title to or use in the course of performing its contractual business activities | 33e. | 00 |
| | f. Fees, taxes, assessments, levies, fines, penalties, or other payments established by law that are paid to a governmental entity and that are the legal obligation of the principal | 33f. | 00 |
| 34. | Amounts excluded from gross income of a foreign corporation engaged in the international operation of aircraft under IRC § 883(a) | 34. | 00 |
| 35. | Amounts received by advertising agency used to acquire advertising media time, space, production, or talent on behalf of another person | 35. | 00 |
| 36. | Amounts received by a newspaper to acquire advertising space not owned by that newspaper in another newspaper on behalf of another person, excluding any consideration received by taxpayer for acquiring that advertising space | 36. | 00 |
| 37. | Amounts received by taxpayer that manages real property owned by a third party that are deposited into a separate account kept in the name of that third party and that are not reimbursements to the taxpayer and are not indirect payments for management services that the taxpayer provides to that third party | 37. | 00 |
| 38. | For taxpayers that during tax year do NOT both buy and sell any receivables, proceeds from the taxpayer's transfer of an account receivable, if the sale that generated that receivable was included in Gross Receipts for Federal Income Tax purposes | 38. | 00 |
| 39. | Proceeds from original issue of stock or equity instruments or equity issued by a regulated investment company as defined in IRC § 851 | 39. | 00 |
| 40. | Proceeds from the original issue of debt instruments | 40. | 00 |
| 41. | Refunds from returned merchandise | 41. | 00 |
| 42. | Cash and in-kind discounts | 42. | 00 |

Continued on Page 3

FEIN or TR Number

UBG Member FEIN or TR Number

## PART 5: EXCLUSIONS FROM GROSS RECEIPTS — CONTINUED

43. Trade discounts ..... 43. 00
44. Federal, state, or local tax refunds ..... 44. 00
45. Security deposits ..... 45. 00
46. Payment of the principal portion of loans ..... 46. 00
47. Value of property received in a like-kind exchange ..... 47. 00

48. Proceeds from a sale, transaction, exchange, involuntary conversion, maturity, redemption, repurchase, recapitalization, or other disposition or reorganization of tangible or intangible property that are capital assets and IRC § 1231(b) land:
    a. Amount from such dispositions of capital assets as defined in IRC § 1221(a) or land used in a trade or business as defined in IRC § 1231(b) ..... 48a. 00
    b. Combined gains from each disposition in this category that produced a gain that is included in that taxpayer's federal taxable income. (Do not net against dispositions that produced loss.) ..... 48b. 00
    c. **Amount excluded from Gross Receipts.** Subtract line 48b from line 48a ..... 48c. 00

49. Proceeds from a sale, transaction, exchange, involuntary conversion, maturity, redemption, repurchase, recapitalization, or other disposition or reorganization of tangible or intangible property that is a hedging transaction[a]:
    a. Amount from such dispositions of property used in a hedging transaction ..... 49a. 00
    b. Amount of overall net gain from hedging transactions entered into during the tax year ..... 49b. 00
    c. **Amount excluded from Gross Receipts.** Subtract line 49b from line 49a ..... 49c. 00

50. Proceeds from a sale, transaction, exchange, involuntary conversion, maturity, redemption, repurchase, recapitalization, or other disposition or reorganization of tangible or intangible property that is investment and trading assets managed as part of the person's treasury function[b]:
    a. Amount from such dispositions of property that is investment and trading assets managed as part of the person's treasury function ..... 50a. 00
    b. Amount of overall net gain from treasury function incurred during tax year.. 50b. 00
    c. **Amount excluded from Gross Receipts.** Subtract line 50b from line 50a ..... 50c. 00

51. Proceeds from an insurance policy, a settlement of a claim or a judgment in a civil action, less any proceeds that are included in federal taxable income (as defined for MBT purposes) ..... 51. 00

52. For a sales finance company, as defined in MCL § 492.102 and directly or indirectly owned in whole or in part by a motor vehicle manufacturer as of January 1, 2008, and for a person that is a broker or dealer as defined under 15 USC § 78c(a)(4) or (5), or a member of the UBG of that broker or dealer that buys and sells contracts subject to 7 USC § 1 to 27f for its own account:
    a. Amounts realized from the repayment, maturity, sale, or redemption of the principal of a loan, bond, or mutual fund, certificate of deposit, or similar marketable instrument provided such instruments are not held as inventory ..... 52a. 00
    b. Principal amount received under a repurchase agreement or other transaction properly characterized as a loan... 52b. 00
53. For a mortgage company[c], proceeds representing the principal balance of loans transferred or sold ..... 53. 00
54. For a professional employer organization[d] (PEO), any amount charged that represents the actual cost of wages and salaries, benefits, worker's compensation, payroll taxes, withholding, or other assessments paid to or on behalf of a covered employee by the PEO under a professional employer arrangement ..... 54. 00
55. Any invoiced items used to provide more favorable floor plan assistance to a person subject to the MBT than to a person not subject to the MBT and paid by a manufacturer, distributor, or supplier ..... 55. 00
56. For an individual, estate, or other person organized for estate or gift planning purposes:
    a. Receipts from investment activity, including interest, dividends, royalties, and gains from an investment portfolio or retirement account, if the investment activity is not part of the taxpayer's trade or business ..... 56a. 00
    b. Receipts from the disposition of tangible or intangible property held for personal use and enjoyment, such as a personal residence or personal assets ..... 56b. 00
    c. Other amounts received that are NOT from transactions, activities, and sources in the regular course of the taxpayer's trade or business ..... 56c. 00
57. Receipts derived from investment activity by a person organized exclusively to conduct investment activity and that does not conduct investment activity for any person other than an individual or a person related[e] to that individual, or by a common trust fund established under MCL § 555.101 to 555.113 ..... 57. 00
58. Interest and dividends derived from obligations or securities of the United States government, this state, or any governmental unit of this state (as defined under MCL § 141.1053) ..... 58. 00

Continued on Page 4

FEIN or TR Number

UBG Member FEIN or TR Number

## PART 5: EXCLUSIONS FROM GROSS RECEIPTS (CONT.)

| | | | |
|---|---|---|---|
| 59. | Amounts attributable to an ownership interest in a pass-through entity, regulated investment company, real estate investment trust, or cooperative corporation whose business activities are taxable under the modified gross receipts tax or would be subject to the modified gross receipts tax if the business activities were in this state[f] ..... | 59. | 00 |
| 60. | For a regulated investment company as that term is defined under IRC § 851, receipts derived from investment activity by that regulated investment company ..... | 60. | 00 |
| 61. | Only Health Maintenance Organizations (HMOs) holding contract with the State for Medicaid services may complete this line: If applicable per MCL § 208.1111(1) (dd), enter amounts received during the period that is both within the tax year and within October 1, 2013, through September 30, 2014, for Medicaid premium or reimbursement of costs associated with service provided to a Medicaid recipient or beneficiary. The State Budget Director has until January 1, 2014, to certify that necessary rates provide explicit adjustment for MBT obligations, in which case NO deduction will be allowed for any HMO holding contract with the State for Medicaid services[g].. | 61. | 00 |
| 62. | For a taxpayer that provides health care management consulting services, amounts received by the taxpayer as fees from its clients that are expended by the taxpayer to reimburse those clients for labor and nonlabor services that are paid by the client and reimbursed to the client pursuant to a services agreement ..... | 62. | 00 |
| 63. | Bad Debt amounts deducted for Federal Income Tax that correspond to items included in MGR tax base for current or prior MBT return ..... | 63. | 00 |
| 64. | Dividends and royalties received or deemed received from a foreign operating entity or a person other than a U.S. person, including, but not limited to, the amounts determined under IRC § 78, or 951 through 964 ..... | 64. | 00 |
| 65. | Add lines 32 through 47, 48c, 49c, 50c, and 51 through 64 ..... | 65. | 00 |

**To the extent INCLUDED in arriving at line 31, and to the extent NOT deducted as purchases from other firms on the *MBT Annual Return*, Form 4567, lines 13, 14 or 15, (or, for UBG standard members, the *MBT UBG Combined Filing Schedule for Standard Members*, Form 4580, lines 18, 19 or 20) enter:**

| | | | |
|---|---|---|---|
| 66. | Sales or use taxes collected from or reimbursed by a consumer or other taxes collected from or reimbursed by a purchaser and remitted to a local, state, or federal tax authority ..... | 66. | 00 |
| 67. | In the case of receipts from the sale of motor fuel by a person with a motor fuel tax license or a retail dealer, the amount equal to federal and state excise taxes paid by any person on such motor fuel under IRC § 4081 or applicable state law ... | 67. | 00 |
| 68. | In the case of receipts from the sale of beer, wine, or intoxicating liquor by a person holding a license to sell, distribute, or produce those products, the amount equal to federal and state excise taxes paid by any person on or for such products under IRC Subtitle E or applicable state law ..... | 68. | 00 |
| 69. | In the case of receipts from the sale of communication, video, internet access and related services and equipment, any government imposed tax, fee, or other imposition in the nature of a tax or fee required by law, and authorized to be charged on a customer's bill or invoice, but not including net income taxes, net worth taxes, property taxes, or the MBT ..... | 69. | 00 |
| 70. | In the case of receipts from the sale of electricity, natural gas, or other energy source, any government imposed tax, fee, or other imposition in the nature of a tax or fee required by law, and authorized to be charged on a customer's bill or invoice, but not including net income taxes, net worth taxes, property taxes, or the MBT..... | 70. | 00 |
| 71. | Any deposit required under the following: | | |
| | a. 1976 IL 1, MCL § 445.571 to 445.576 ..... | 71a. | 00 |
| | b. R 436.1629 of the Michigan administrative code..... | 71b. | 00 |
| | c. R 436.1723a of the Michigan administrative code..... | 71c. | 00 |
| | d. Any substantially similar beverage container deposit law of another state ..... | 71d. | 00 |
| 72. | Excise tax collected from or reimbursed by a consumer and remitted pursuant to MCL § 207.371 to 207.383 ... | 72. | 00 |
| 73. | In the case of receipts from the sale of cigarettes or tobacco products by a wholesale dealer, retail dealer, distributor, manufacturer, or seller, the amount equal to the federal and state excise taxes paid by any person on or for such products under IRC Subtitle E or applicable state law ..... | 73. | 00 |
| 74. | **SUBTOTAL** Add lines 66 through 73..... | 74. | 00 |

## GROSS RECEIPTS FOR MBT PURPOSES

| | | | |
|---|---|---|---|
| 75. | Subtract lines 65 and 74, from line 31. Carry this amount to Form 4567, line 12. Standard members of a UBG will carry this amount to Form 4580, Part 2A, line 17 ..... | 75. | 00 |

Superscript Explanations on Page 5

## Additional instructions

a) For purposes of this provision, a hedging transaction is one entered into by the taxpayer in the normal course of the taxpayer's trade or business primarily to manage (i) risk of exposure to foreign currency fluctuations that affect assets, liabilities, profits, losses, equity, or investments in foreign operations; (ii) interest rate fluctuations; or (iii) commodity price fluctuations. Transfer of title of real or tangible personal property is not a hedging transaction. "Hedging transaction" means that term as defined under IRC § 1221 regardless of whether the transaction was identified by the taxpayer as a hedge for federal income tax purposes, provided, however, that transactions not identified as a hedge for federal income tax purposes shall be identifiable to the department by the taxpayer as a hedge in its books and records.

b) For purposes of this provision, a person principally engaged in the trade or business of purchasing and selling investment and trading assets is not performing a treasury function. "Treasury function" means the pooling and management of investment and trading assets for the purpose of satisfying cash flow or liquidity needs of the taxpayer's trade or business.

c) "Mortgage company" means a person that is licensed under MCL § 445.1651 to 445.1684, or MCL § 493.51 to 493.81, and has greater than 90 percent of its revenues, in the ordinary course of business, from the origination, sale, or servicing of residential mortgage loans.

d) Professional employer organization is not the same thing as a staffing company, and it means an organization that provides the management and administration of the human resources of another entity by contractually assuming substantial employer rights and responsibilities through a professional employer agreement that establishes an employer relationship with the leased officers or employees assigned to the other entity by doing all of the following:

- Maintaining a right of direction and control of employees' work, although this responsibility may be shared with the other entity.
- Paying wages and employment taxes of the employees out of its own accounts.
- Reporting, collecting, and depositing state and federal employment taxes for the employees.
- Retaining a right to hire and fire employees.

e) For purposes of this provision, a person is related to an individual if that person is a spouse, brother or sister, whether of the whole or half blood or by adoption, ancestor, lineal descendent of that individual or related person, or a trust benefiting that individual or one or more persons related to that individual.

f) For this provision, the following definitions apply: Cooperative Corporation means those organizations described under subchapter T of the IRC; Pass-through entity means a partnership, subchapter S Corporation, or other person, other than an individual, that is not classified for Federal Income Tax purposes as an association taxed as a corporation; Real estate investment trust means the term defined under IRC § 856; and Regulated investment company means the term defined under IRC § 851.