

PART 2B: MEMBER DATA FOR COMBINED RETURN

Complete a separate copy of Part 2B for each UBG member listed in Part 1. After completing Part 2A and 2B, if all group members reporting on a combined financial institution return have the same year end, and have four or more years of operating history prior to the current filing period, enter the combined group data on Form 4590. Otherwise, enter the combined totals of line 25 of this form on Form 4590, line 20, and skip lines 11 through 19 on Form 4590.

4. Member Name			7. Organization Type	
5. Member FEIN or TR Number			<input type="checkbox"/> Fiduciary	<input type="checkbox"/> S Corporation / LLC S Corporation
6. Member Address (Street)			<input type="checkbox"/> C Corporation / LLC C Corporation	<input type="checkbox"/> Partnership / LLC Partnership
City	State	ZIP/Postal Code		
8. Federal Tax Period Included in Return (MM-DD-YYYY)		Beginning	Ending	12. <input type="checkbox"/> Check if Nexus with Michigan
9. If part year member, enter membership dates (MM-DD-YYYY)				13. <input type="checkbox"/> Check if Registered for MBT
10. NAICS Code	11. If discontinued, effective date		14. <input type="checkbox"/> Check if New Member	
15. Nature of business activities or operations resulting in a flow of value between members, or integration, dependence or contribution to other members				

		A 2005	B 2006	C 2007	D 2008	E 2009
16. Equity Capital	16.					
17. Goodwill.....	17.					
18. Average daily book value of Michigan obligations.....	18.					
19. Average daily book value of U.S. obligations	19.					
20. Subtotal. Add lines 17 through 19	20.					
21. Net Capital. Subtract line 20 from line 16.....	21.					
22. a. Authorized insurance co. subsidiary: enter actual capital fund amount.....	22a.					
b. Minimum regulatory amount required	22b.					
c. Multiply line 22b by 125% (1.25).....	22c.					
d. Subtract line 22c from 22a. If less than zero, enter zero	22d.					
23. Add lines 21 and 22d.....	23.					
24. Add lines 23A, 23B, 23C, 23D and 23E. If less than zero, enter zero.....	24.					00
25. Net Capital for Current Taxable Year. Divide line 24 by number of years reported above.....	25.					00

Designated Member FEIN or TR Number	
Member FEIN or TR Number	

CREDIT CARRYFORWARDS AND PAYMENTS. See instructions

26. Unused SBT Investment Tax Credit carryforward.....	26.		00
27. Unused SBT Historic Preservation Credit carryforward.....	27.		00
28. Unused SBT Created Jobs Credit carryforward	28.		00
29. Unused SBT "Old" Brownfield Credit carryforward.....	29.		00
30. Unused SBT "New" Brownfield Credit carryforward	30.		00
31. Unused SBT MEGA Business Activity Credit carryforward	31.		00
32. Unused MBT Basic/Enhanced Historic Preservation Credit carryforward.....	32.		00
33. Unused MBT Special Consideration Historic Preservation Credit carryforward.....	33.		00
34. Unused MBT Individual or Family Development Credit carryforward.....	34.		00
35. Unused MBT Brownfield Redevelopment Credit carryforward	35.		00
36. Unused MBT Film Infrastructure Credit carryforward	36.		00
37. Overpayment credited from prior MBT return.....	37.		00
38. Estimated tax payments	38.		00
39. Tax paid with request for extension	39.		00

Instructions for Form 4752

Michigan Business Tax (MBT) Unitary Business Group Combined Filing Schedule for Financial Institutions

Purpose

The purpose of this form is to:

- Identify all members of a Unitary Business Group (UBG)
- Gather tax return data for each member included in the financial institution's combined return on a separate basis, make appropriate eliminations, and determine combined UBG data for the tax return.

NOTE: This is not the primary return. It is designed to support the *MBT Annual Return for Financial Institutions* (Form 4590) submitted on behalf of the UBG by the Designated Member (DM). Even if there is only one financial institution member in a UBG, that member must file this form in support of its Form 4590.

General Information About UBGs in MBT

Unitary Business Group means a group of United States persons, other than a foreign operating entity, that satisfies the following criteria:

- **Control Test.** One of the persons owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting rights or ownership interests that confer comparable rights to voting rights of the other persons.
- **Relationship Test.** The UBG has business activities or operations which result in a flow of value between or among persons included in the UBG or has business activities or operations that are integrated with, are dependent upon, or contribute to each other. *Flow of value* is determined by reviewing the totality of facts and circumstances of business activities and operations.

United States person, as defined in Internal Revenue Code (IRC) § 7701(a)(30), means:

- A citizen or resident of the United States,
- A domestic Partnership,
- A domestic Corporation,
- Any estate (other than a foreign estate, within the meaning of IRC § 7701(a)(31)), and
- Any Trust if:
 - A court within the United States is able to exercise primary supervision over the administration of the Trust; AND
 - One or more United States persons have the authority to control all substantial decisions of the Trust.

NOTE: The IRC defines Partnership and Corporation to include a Limited Liability Company (LLC) taxed federally as such.

A *foreign operating entity* is a United States person that satisfies each of the following:

- Would otherwise be a part of a UBG that has at least one person included in the UBG who is taxable in Michigan.

- Has substantial operations outside the United States, the District of Columbia, any territory or possession of the United States except for the commonwealth of Puerto Rico, or a political subdivision of any of the foregoing.

- At least 80 percent of its income is active foreign business income as defined in IRC § 861(c)(1)(B).

Control Test. The control test is satisfied when one person owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting or comparable rights of the other person or persons. A person owns or controls more than 50 percent of the ownership interest with voting rights or ownership interest that confer comparable rights to voting rights of another person if that person owns or controls:

- More than 50 percent of the total combined voting power of all ownership interests with voting (or comparable) rights, or
- More than 50 percent of the total value of all ownership interests with voting (or comparable) rights.

Parent-Subsidiary Controlled Group of Entities. A parent-subsidiary controlled group of entities satisfies the control test. A *parent-subsidiary controlled group of entities* means any group of one or more chains of entities connected through ownership with a common parent if:

- The common parent directly owns more than 50 percent of the ownership interest with voting or comparable rights of at least one entity, and
- More than 50 percent of the ownership interest with voting or comparable rights of each entity other than the common parent is owned directly by one or more of the other entities.

Brother-Sister Controlled Group of Entities. A brother-sister group of entities may also satisfy the control test. An individual that is not a sole proprietor or owner of a disregarded entity or otherwise engaged in a trade or business resulting in business income or gross receipts under the MBT is not unitary with the entities in which that individual has a controlling interest. However, a brother-sister group of entities may satisfy the control test through indirect ownership rules. This is referred to as a brother-sister controlled group of entities.

Combined Controlled Group of Entities. A combined controlled group of entities satisfies the control test. A *combined controlled group of entities* means three or more entities, each of which is a member of a parent-subsidiary controlled group of entities or brother-sister controlled group of entities and one of which is a common parent entity of a parent-subsidiary controlled group of entities and also is included in a brother-sister controlled group of entities.

Excluded Ownership Interests. For purposes of determining ownership or control under the control test, the Department will apply IRC § 1563 to exclude certain ownership interests from determination of ownership and control, except that the

Department will apply IRC § 1563 to all forms of ownership interests and not just corporate stock.

Relationship Tests. *Flow of value* is established when members of the group demonstrate one or more of functional integration, centralized management, and economies of scale. Examples of functional integration include common programs or systems and shared information or property. Examples of centralized management include common management or directors, shared staff functions, and business decisions made for the UBG rather than separately by each member. Examples of economies of scale include centralized business functions and pooled benefits or insurance. Groups that commonly exhibit a flow of value include vertically or horizontally integrated businesses, conglomerates, parent companies with their wholly owned subsidiaries, and entities in the same general line of business. Flow of value must be more than the mere flow of funds arising out of passive investment.

Businesses are integrated with, are dependent upon, or contribute to each other under many of the same circumstances that establish flow of value. However, this alternate relationship test is also commonly satisfied when one entity finances the operations of another or when there exist intercompany transactions, including financing.

Filing Procedures for UBGs

By definition, a UBG can include standard taxpayers, insurance companies, and financial institutions. (Note that an entity that is standard but is owned by and unitary with a financial institution is defined by statute to be a financial institution.) In some cases, however, not all members of the UBG will be included on the same return. Financial institution members file a combined return on Form 4590, with Form 4752 filed in support.

Form 4752 is used to gather and combine data from each financial institution member of the UBG to support the group's Form 4590 and related forms. This form must be completed before the group's Form 4590 and related forms are completed. If this UBG also includes standard and/or insurance company members, those members will not report tax data on this form, but will be listed as excluded affiliates in Part 3.

Standard members will combine and report their data using *MBT Unitary Business Group Combined Filing Schedule for Standard Members* (Form 4580) and *MBT Annual Return* (Form 4567).

Financial institutions include any of the following:

- A bank holding company, a national bank, a state chartered bank, an office of thrift supervision chartered bank or thrift institution, or a savings and loan holding company other than a diversified savings and loan holding company as defined in 12 USC 1467a(a)(1)(F).
- Any person, other than a person subject to the tax imposed under Chapter 2A of the MBT Act (Insurance Companies), that is directly or indirectly owned by an entity described above and is a member of the UBG.
- A UBG of entities described in either or both of the preceding two bullets.

Each insurance company member will file separately, using *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588). Because insurance companies always file separately, rather than on a combined return, there is no MBT insurance form that serves a function similar to that of Forms 4580 and 4752.

Example A: UBG A is composed of the following:

- Four standard members
- Three financial institutions
- Two insurance companies.

All members of UBG A are owned by and unitary with one of the standard members of the UBG. UBG A will need to file Form 4580 and Form 4567 containing the four standard members and Form 4752 and Form 4590 containing the three financial institutions. In Part 1 of each form, only the members that are included on that form (either the four standard members, or the three financial institutions) will be listed. Form 4580 with standard members will be filed under the name and Federal Employer Identification Number (FEIN) of the group's standard DM. One of the financial institutions will serve as DM for those three members and file Form 4752 and Form 4590. On Part 3 of Form 4580, list all financial and insurance members. On Part 3 of Form 4752, list all standard and insurance members. The two insurance companies each will file a stand-alone Form 4588.

Example B: UBG B is composed of the following:

- Four members that are superficially "standard" (see below)
- Three financial institutions
- Two insurance companies.

All members of UBG B are owned by and unitary with one of the financial institutions in the UBG. Due to this ownership by a financial institution, the four members that otherwise would be standard are defined by statute to be financial institutions. (See definition of financial institution earlier in these instructions.) Therefore, this UBG will not file a Form 4580 or 4567. Seven members will file a combined return on Form 4590 and 4752, listing the two insurance members as excluded affiliates on Part 3 of Form 4752. The two insurance companies each will file a stand-alone Form 4588.

To complete this form and prepare a combined return, the UBG must select a DM. For purposes of a combined return filed by financial institution members of a UBG, *Designated Member* means a financial institution member that has nexus with Michigan and that will file the combined MBT return on behalf of all financial institution members of the UBG. If the financial institution member that owns or controls the other financial institution members has nexus with Michigan, that controlling member must serve as DM.

If that controlling member does not have nexus with Michigan, it may appoint any financial institution member of the UBG with nexus to serve as DM. That DM must continue to serve

as such every year, unless it ceases to be a UBG member or the controlling member attains Michigan nexus.

If a UBG is comprised of both standard taxpayers (not owned by and unitary with a financial institution in the UBG) and financial institutions, the UBG will have two DMs (one for the standard taxpayer members completing Form 4567 and related forms, and one for the financial institution members completing Form 4590 and related forms).

Role of the Designated Member: The DM speaks, acts, and files the MBT return on behalf of the UBG for MBT purposes. Only the DM may file a valid extension request for the UBG. The Department maintains the UBG's MBT tax data (e.g., prior MBT returns, business loss carryforward, tax credit carryforward, overpayment credit forward) under the DM's name and account number.

Line-by-Line Instructions

Lines not listed are explained on the form.

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

For additional guidance, see the "Supplemental Instructions for Standard Members in UBGs" on page 31.

Part 1: Unitary Business Group Members

In Part 1, list only those members of the UBG that are included on the annual return that is supported by this copy of this form. If more than 16 members, attach additional 4752 forms as needed, repeating the DM's name and FEIN or Michigan Treasury (TR) assigned number in the field at the top of each page. All excluded UBG members will be identified in Part 3.

Lines 1A and 1B: Beginning with the DM, list the UBG financial institution members and their corresponding FEIN or TR Number.

NOTE: A taxpayer that is a UBG must file a combined return using the tax year of the DM. The combined return of the UBG must include each tax year of each member whose tax year ends with or within the tax year of the DM. For example, Taxpayer ABC is a UBG comprised of three financial institutions: Member A, the DM with a calendar tax year, and Members B and C with fiscal years ending March 31, 2009, and September 30, 2009, respectively. Taxpayer ABC's tax year is that of its DM. Thus, Taxpayer ABC's tax year ends December 31, 2009, and its annual return is due April 30, 2010. That annual return must include the tax years of Members B and C ending March 31, 2009, and September 30, 2009.

If, in the previous example, Member A, the DM, instead had a fiscal year ending July 31, 2010, the UBG's tax year would end July 31, 2010, and its annual return would be due November 30, 2010. The 2010 combined return for the UBG would include Member A's fiscal year ending July 31, 2010, Member B's fiscal year ending March 31, 2009, and Member C's fiscal year ending September 30, 2009.

Part 2A: Apportionment Data for Combined Return

When completing Part 1, if multiple copies of this page are required, provide the same answers to Part 2A, lines 2 and 3, on each copy of this page that is submitted.

Line 2: Gross business is defined in the instructions to Form 4590, line 10a. On a combined return, gross business is calculated after eliminating transactions between financial institution members of the UBG. Enter combined gross business in Michigan of all financial institution members on line 2A, show eliminations on line 2B, and show net after eliminations on line 2C.

Carry amount from line 2C to line 10a on Form 4590.

Line 3: Enter all gross business everywhere on line 3A, show eliminations on line 3B, and show net after eliminations on line 3C.

Carry amount from line 3C to line 10b on Form 4590.

Part 2B: Member Data for Combined Return

In all cases with one or more financial institutions in a UBG, complete one copy of Part 2B for each financial institution in the UBG whose net capital is reported on this return. Note that an entity that is superficially a standard member but is owned by and unitary with a financial institution is defined by statute to be a financial institution. If a financial institution member (other than the DM) has two or more federal tax periods ending with or within the filing period of this return, use a separate copy of Part 2B for each of that member's federal periods.

Line 7: Identify the organization type of this member:

- Fiduciary (a decedent's estate, and a Trust taxed federally as a Trust under Subchapter J of the IRC. A grantor Trust or "revocable living Trust" established by an Individual is not taxed as a separate entity, and is not within this Fiduciary category.);
- C Corporation (including an LLC, Trust, or other entity taxed federally as a Corporation under Subchapter C of the IRC);
- S Corporation (including an LLC, Trust, or other entity taxed federally as a Corporation under Subchapter S of the IRC).
- Partnership (including an LP, LLP, LLC, Trust, or any other entity taxed federally as a Partnership).

Line 8: List the member's tax year, for federal income tax purposes, from which business activity is being reported on this copy of Part 2B.

Line 9: If ownership of this member did not satisfy the ownership test in the UBG definition above for this member's entire tax year, enter the beginning and ending dates within this member's tax year during which that ownership test was satisfied. These dates constitute a short tax period for MBT purposes, even if there is no corresponding short federal tax period. This member must prepare a pro forma federal return calculation for the portion of its federal year during which it was a member of this UBG, and use that pro forma calculation as the basis for reporting the tax data required by Part 2B.

This question of partial year membership **does not** arise with respect to the flow of value, integration, dependence, or contribution tests that make up the second part of the UBG definition. If the flow of value, etc., test is satisfied at any time during this member's tax year, it is satisfied for the entire tax year.

Line 10: Enter the taxpayer's six-digit North American Industry Classification System (NAICS) code. For a complete list of six-digit NAICS codes, see the U.S. Census Bureau Web site at www.census.gov/eos/www/naics/, or enter the same NAICS code used when filing U.S. Form 1120S, U.S. Form 1065, Schedule C of U.S. Form 1040, or Schedule K of U.S. Form 1120.

Line 11: Enter the date, if applicable, on which this member went out of existence. Examples include dissolution of an entity and a merger in which this member was not the surviving entity. Include any event in which the FEIN ceases to be used by this entity. If this member continues to exist, DO NOT use this column to report that this member has stopped doing business in Michigan.

Line 12: If this member has nexus with Michigan, check this box. Guidance in determining nexus can be found in Revenue Administrative Bulletin (RAB) 2007-6 and 2008-4, available online at www.michigan.gov/taxes (see "Reference Library" link at left edge of that Web page).

Line 14: This line does not apply to the first MBT return filed by this UBG. For subsequent tax periods, check this box if this member was not included in the UBG's preceding MBT return.

Line 15: Enter a concise description of the activities or operations of this member that result in a flow of value between this member and others in the UBG, or integration, dependence, or contribution to other members. This is not limited to transactions that are recognized for tax or accounting purposes. It may include sharing of assets, employees, data, business opportunities, or other resources.

Important for All Filers: Public Act 470 of 2008 changed the definition of net capital for financial institutions. For lines 16 through 19, enter the requested figures after elimination of any investment of the member reporting on this copy of Part 2B in another member of the UBG. Supporting documentation identifying eliminations must be attached.

Line 16: Enter equity capital as of the last day of the filing period, as computed in accordance with generally accepted accounting principles. If the member does not maintain its books and records in accordance with generally accepted accounting principles, net capital must be computed in accordance with the books and records used by the member, so long as the method fairly reflects the member's net capital for purposes of this tax.

Line 18: Under MCL 208.1261(k), *Michigan obligations* means a bond, note, or other obligation issued by a governmental unit described in Section 3 of the Shared Credit Rating Act, PA 227 of 1985, MCL 141.1053.

Line 19: Under MCL 208.1261(s), *United States obligations* means all obligations of the United States exempt from taxation under 31 USC 3124(a) or exempt under the United States constitution or any federal statute, including the obligations of any instrumentality or agency of the United States that are exempt from state or local taxation under the United States constitution or any statute of the United States.

Line 22a: If the UBG member reporting on this page owns a

subsidiary that is an authorized insurance company, enter actual amount of capital fund maintained within that subsidiary.

Line 22b: Enter the minimum capital fund amount required by regulations for that insurance subsidiary.

Line 25: Line 25 for all members must be combined and the total entered on Form 4590, line 20.

Lines 26-36: These lines are for reporting each member's tax credit carryforwards remaining from a previous year. If the group created a carryforward in a preceding tax period, the Department will have maintained that carryforward on the DM's account. Enter unused carryforwards of this type on the DM's copy of Part 2B.

If a member created a carryforward prior to joining the UBG, the Department will maintain that carryforward on that member's account, subject to use by the group, until it is fully consumed or that member leaves the group. Enter unused carryforwards of this type on the copy of Part 2B filed for the member that brought the carryforward to the group.

Available credit carryforwards, regardless of whether they arose within the group or outside of it, are applied against the UBG's tax liability on the basis of age (oldest first). If two members each created a carryforward of the same credit and the same age, and together they exceed the amount allowable in this filing period, those members' respective credit carryforwards are used in proportion to the amount they contributed to the group. If a member that generated a carryforward in a prior period leaves the group, that member will take with it an amount equal to the group's remaining carryforward from that period multiplied by the amount that member contributed relative to the total amount contributed by all group members for the same credit in that same period.

It is important to review a carryforward for the possibility that some or all of it has expired, or that some or all of it was withdrawn from the group by a departing member.

See the "Supplemental Instructions for Standard Members in UBGs" on page 31 for information on the effects of members leaving or joining a UBG on credit carryforwards.

Line 37: Enter overpayment credited from prior MBT return. When membership of a UBG changes from one filing period to the next, carryforward of an overpayment from the prior return remains with the DM's account.

Line 38: All MBT estimated payments for a UBG should be made by the DM. Enter estimates paid by the DM on this line of the DM's copy of Part 2B. If any other member paid estimates attributable to this group return, enter those estimates on that member's copy of Part 2B. Include all payments made by that member for any portion of its federal filing period that is included on this group return.

For example, if a non-DM member has a 12-month fiscal year beginning April 1, 2008, and is a member of a calendar year UBG throughout that period, its business activity from April 1, 2008, through March 31, 2009, will be reported on the group's December 31, 2009, return. If that member pays MBT quarterly estimates based on its federal tax year, it will make two estimates during 2008, before the DM's (and group's) filing period begins.

Because those estimates are attributable to activity that will be reported on the group's December 31, 2009, return, they should be included on the paying member's copy of Part 2B for the December 31, 2009, group return.

Line 39: Only the DM may request a filing extension for a UBG. If any other member submits an extension request, it will not create a valid extension for the UBG, but any payment attached to such a request can be credited to the UBG by entering that payment on this line in that member's copy of Part 2B.

Part 3: Affiliates Excluded From This Combined Return

The statutory test for membership in a UBG is a group of U.S. persons (other than a foreign operating entity):

- One of which owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting rights or ownership interests that confer comparable rights to voting rights of the other U.S. persons; and
- That has business activities or operations which result in a flow of value between or among persons included in the UBG or has business activities or operations that are integrated with, are dependent upon, or contribute to each other. Flow of value is determined by reviewing the totality of facts and circumstances of business activities and operations.

A person that would be a standard taxpayer if viewed separately is defined as a financial institution if it is owned, directly or indirectly, by a financial institution and is in a UBG with its owner.

The purpose of Part 3 is to identify entities for which the ownership test described above is satisfied but which are not included on this combined return, either because the flow of value/integration/dependence/contribution test is not satisfied or because the member is excluded by statute. A new member whose net capital is not included in this return because its tax year ends after the filing period of the UBG also should be listed here.

Line 40A: If a person being listed here is listed on U.S. Form 851, enter the identifying number for that person that is called "Corp. No." at the left edge of pages 1, 2, and 3 of U.S. Form 851.

Line 40D: If you have questions, call the Michigan Department of Treasury, Technical Services Division, at (517) 636-4230, to discuss an appropriate entry.

Line 40E: If this person has nexus with Michigan, check this box.

Line 40F: Enter this person's six-digit NAICS code. For a complete list of six-digit NAICS codes, see the U.S. Census Bureau Web site at www.census.gov/eos/www/naics/, or enter the same NAICS code used when filing U.S. Form 1120S, U.S. Form 1065, Schedule C of U.S. Form 1040, or Schedule K of U.S. Form 1120.

Part 4: Affiliates Included in the Prior Combined Return, but Excluded From This Return

The purpose of Part 4 is to assist the Department in tracking membership changes of a UBG from year to year. If the reason the person is not on this return is because it did not satisfy the flow of value, etc., test at any time during the filing period, list

the person on line 40, and do not enter it here.

Line 41C: Reason codes for a person being included in last year's return but not on this return:

10	The member no longer meets the control test, but the ownership interest is still greater than zero.
12	The member no longer meets the control test and the ownership interest is zero.
14	Before the beginning of the filing period for this return, the person ceased to exist due to dissolution.
16	Before the beginning of the filing period for this return, the person ceased to exist due to a merger or similar combination.

If the reason is not listed among these reason codes, describe the reason in 21 characters or less in the space provided.

Attachments

If the membership of this MBT combined return is identical to the federal consolidated return membership, provide the same federal return attachments required for a taxpayer that files separately. See the "Attachments" section at the end of the Form 4590 instructions.

If members reporting on this combined MBT return file more than one federal return:

1. For each member that files a separate federal return, attach standard required pages of that members's federal return, and any other items (for example, financial statements) required for a separate filer in similar circumstances. See the "Attachments" section of Form 4590 instructions for guidance on standard required pages of federal returns.
2. If some or all of the members reporting on this combined MBT return also are members of a federal consolidated group (but membership is not identical), attach standard required pages of federal consolidated return, and any other items required for a separate filer in similar circumstances, PLUS a worksheet showing removal of data for federal members that are not on the combined MBT return.
3. In all cases in which members reporting on this combined MBT return file more than one federal return, attach worksheet showing intra-group eliminations.

Include completed Form 4752 as part of the tax return filing.