

2013 MICHIGAN Corporate Income Tax Data on Unitary Business Group Members

Issued under authority of Public Act 38 of 2011.

Complete a separate copy of this schedule for each standard taxpayer member of the UBG, with or without nexus.

1. Designated Member Name				2. Designated Member FEIN	
3. Member Name				4. Member FEIN	
5. Member Street Address				6. <input type="checkbox"/> Check if a special sourcing formula for transportation services was used in the sourcing of Sales to Michigan.	
City	State	ZIP/Postal Code	Country Code		
7. Federal tax period included in return (MM-DD-YYYY).....		Beginning	Ending	9. <input type="checkbox"/> Check if nexus with Michigan.	
8. If part-year member, enter membership dates (MM-DD-YYYY).....				10. NAICS Code	

Business and Capital Loss Carryforward — Lines 11 and 12, enter as a positive number.

11. Available CIT business loss carryforward from previous period's CIT return	11.		00
12. Carryback or carryover of a capital loss	12.		00

Sales and Gross Receipts

13. Michigan sales. (If no Michigan sales, enter zero.)	13.		00
14. Proportionate Michigan sales from unitary Flow-Through Entities (FTEs)	14.		00
15. Michigan sales eliminations (see instructions)	15.		00
16. Total sales.....	16.		00
17. Proportionate total sales from unitary FTEs	17.		00
18. Total sales eliminations (see instructions)	18.		00
19. Gross Receipts (see instructions).....	19.		00
20. Apportioned gross receipts from a FTE.....	20.		00

Member Business Income

21. Federal taxable income from U.S. Form 1120.....	21.		00
22. Domestic production activities deduction based on IRC § 199 (see instructions).....	22.		00
23. Miscellaneous (see instructions)	23.		00
24. Adjustments due to decoupling of Michigan depreciation from IRC § 168(k). If negative, enter as negative:			
a. Net bonus depreciation adjustment..... 24a.			00
b. Gain/loss adjustment on sale of an eligible depreciable asset..... 24b.			00
c. Add lines 24a and 24b. If negative, enter as negative.....	24c.		00
25. Group eliminations from business income for this member (see instructions).....	25.		00
26. Business Income. Add lines 21, 22, 23 and 24c, and subtract line 25. If negative, enter as negative.....	26.		00

Additions to Business Income

27. Interest income and dividends derived from obligations or securities of states other than Michigan.....	27.		00
28. Taxes on or measured by net income	28.		00
29. Any carryback or carryover of a federal net operating loss (enter as a positive number).....	29.		00
30. Royalty, interest, and other expenses paid to a related person that is not a UBG member of this taxpayer	30.		00
31. Miscellaneous (see instructions)	31.		00

Subtractions from Business Income

32. Income from non-unitary FTEs (Enter loss as a negative; include Form 4898; see instructions)	32.		00
33. Dividends and royalties received from persons other than U.S. persons and foreign operating entities	33.		00
34. Interest income derived from United States obligations	34.		00
35. Miscellaneous (see instructions)	35.		00

Payments

36. Overpayment credited from prior period return (MBT or CIT)	36.		00
37. Estimated tax payments	37.		00
38. Flow-Through Withholding payments.....	38.		00
39. Tax paid with request for extension	39.		00

Instructions for Form 4897

Corporate Income Tax (CIT) Data on Unitary Business Group Members

Purpose

The purpose of this form is to gather tax return data on a separate basis for each standard member included in the combined return.

Refund Only: If combined apportioned or allocated gross receipts of all members (before eliminations) is less than \$350,000, or if total annual liability of all members is less than or equal to \$100, and the taxpayer is filing the *CIT Annual Return* (Form 4891) solely to claim a refund of payments made, the *CIT Unitary Business Group Affiliates Excluded from the Return of Standard Taxpayers* (Form 4896), if applicable, and Form 4897 also must be included. The designated member must complete a separate copy of Form 4897 for each member of the Unitary Business Group (UBG), and one copy of Form 4896 if applicable. See Form 4891 for instructions on completing that form.

Member information from Form 4897 will be totaled and carried to Form 4891 of the UBG's return. (See the "Totaling Member Information" chart at the end of these form instructions.)

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

General Information About UBGs in CIT

For information on determining the existence of a UBG, see the General Instructions in the *CIT Forms and Instructions for a Standard Taxpayer* (Form 4890), in the section titled "Determining the Existence and Membership of a UBG"

Line-by-Line Instructions

NOTE: The Designated Member (DM) also must complete a copy of Form 4897 using its own data.

NOTE: Any member that does not file a separate federal return (e.g., a member that also is a member of a federal consolidated group) must prepare a pro forma federal return or equivalent schedule and use it as the basis for preparing its portion of the CIT return.

NOTE: If any member of the group is reporting a period of less than 12 months with this group return, annualize gross receipts for that member and combine those annualized gross receipts with the gross receipts of the UBG to determine if a filing requirement exists for the group. **Do not** enter annualized figures on this form. Annualized figures will be entered on Form 4891 for the group.

Part 1: Member Identification

Include a separate copy of Form 4897 for each member, including the DM, whose business activity is required to be

reported on the combined return supported by this form. If a member (other than the DM) has two or more tax periods ending with or within the filing period of the return, use a separate copy of Form 4897 for each of that member's periods.

Line 6: Check this box if the taxpayer has receipts from transportation services. To calculate Michigan Sales from Transportation Services, see the instructions in the *CIT Annual Return*, Form 4891, line 9 and the table in the "Sourcing of Sales to Michigan" section of those instructions.

Line 7: List the member's tax year, for federal income tax purposes, from which business activity is being reported on this copy of Form 4897.

Line 8: If the control test and relationship test were not both satisfied for this member's entire federal tax year, enter the beginning and ending dates of the period within this member's federal tax year during which both tests were satisfied. These dates constitute a short tax period for CIT purposes, even if there is no corresponding short federal tax period. This member must prepare a pro forma federal return for the portion of its federal year during which it was a UBG member, and use that pro forma return as the basis for reporting the tax data.

Line 9: If this member has nexus with Michigan, check this box.

Line 10: Enter the member'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/. Enter the same NAICS code used when filing Schedule K of U.S. Form 1120.

Line 11: Enter any unused CIT business loss carryforward from the CIT return for the preceding period. **The only amount that may be entered on this line is a CIT business loss that was incurred after December 31, 2011, and claimed or created on the prior period's CIT return.** *Business loss* means a negative business income tax base after allocation or apportionment. The business loss will be carried forward to the year immediately succeeding the loss year as an offset to the allocated or apportioned Business Income Tax base, then successively to the next nine taxable years following the loss year or until the loss is used up, whichever occurs first, but for not more than ten taxable years after the loss year.

NOTE: CIT business loss carryforward is not the same as the federal net operating loss carryforward or carryback, or the Michigan Business Tax (MBT) business loss carryforward, neither of which can be claimed on the CIT return.

This line is used only by the DM and by any member that had its own CIT business loss carryforward (hereafter, loss carryforward) when it joined this group. That latter category includes a member that generated loss carryforward on a separately filed CIT return, and a member that left another UBG and took its share of that group's loss carryforward.

On the DM's copy of this form, enter loss carryforward from the group's immediately preceding *CIT Annual Return* (Form 4891),

less any part of that loss carryforward attributable to members that had their own loss carryforward when they joined the group, and less any part of that carryforward subsequently taken by departing members (see below). In calculating this division of the loss carryforward from the prior return, keep in mind that loss carryforward consumed on a return always is the oldest available on that return, regardless of whether the oldest loss was generated by the group or brought by an incoming member. Loss carryforward of a UBG, including loss carryforward brought by an incoming member, ages according to the tax years of the group, rather than tax years of any particular member.

On any non-DM member's copy of this form, loss carryforward brought to this group by an incoming member is determined by two different methods, depending on when the member joined this group:

- To report activity of a member that joined this group in the group's tax year prior to the current filing period, or earlier, and brought loss carryforward with it, enter the portion of the loss carryforward from the group's immediately preceding Form 4891 that is attributable to this member.
- To report activity of a member that joined this group during the group's current filing period and brought loss carryforward with it, enter the entire amount of loss carryforward brought by this member.

If a member created a CIT business loss carryforward from a CIT tax period prior to joining the UBG, Treasury 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. If these instructions are not followed carefully, loss carryforward available for use by the group in the current filing period will be miscalculated.

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 carryforward 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.

Additional direction is found in the "Supplemental Instructions for Standard Members in UBGs" section in Form 4890.

Line 12: Enter, to the extent deducted in determining federal taxable income (as defined for CIT purposes), a carryback or carryover of a capital loss from Schedule D of federal Form 1120. Enter as a positive number.

Line 13: *Sale* or *Sales* means amounts received by a member as consideration from the following:

- Transfer of title to, or possession of, property that is stock in trade or other property of a kind which would properly be included in the inventory of the member if on hand at the close of the tax period, or property held by the member primarily for sale to customers in the ordinary course of its trade or business. For intangible property, the amounts received will be limited to any gain received from the disposition of that property.

- Performance of services which constitute business activities.
- Rental, leasing, licensing, or use of tangible or intangible property, including interest, that constitutes business activity.
- Any combination of business activities described above.
- For a member not engaged in any other business activities, sales include interest, dividends, and other income from investment assets and activities and from trading assets and activities.

If a member has nexus in Michigan and the member does not establish nexus in another state, all sales are allocated to Michigan. *State* is defined to include a foreign country. A member is subject to a tax in another state or foreign country if, in that state or foreign country, the member is subject to a business privilege tax, a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, a Corporation stock tax, or a tax of the type imposed under the CIT Act, or that state has jurisdiction to subject the member to one or more of such taxes regardless of whether the tax is imposed. A member will be treated as subject to a tax in another state for these purposes if the member has due process and commerce clause nexus with that state.

If this member is subject to tax in another state, as described above, use the "Sourcing of Sales to Michigan" information in the Form 4891 instructions to determine Michigan sales. If sales reported are adjusted by a deduction for qualified sales to a qualified customer, as determined by the Michigan Economic Growth Authority (MEGA), attach the Anchor District Tax Credit Certificate or Anchor Jobs Tax Credit Certificate from the Michigan Economic Development Corporation (MEDC) as support.

If this member has no Michigan sales, enter zero.

Complete this line using amounts for the member's business activity only. Do not include amounts from an interest owned by a member in a Partnership or S Corporation (or LLC taxed federally as such).

Transportation services that source sales based on revenue miles: Include on this line the taxpayer's total sales of transportation services multiplied by the ratio of Michigan revenue miles over revenue miles everywhere as provided in the "Sourcing of Sales to Michigan" chart for that type of transportation service.

NOTE: Only transportation services are sourced using revenue miles. To the extent a member has business activities or revenue streams not from transportation services, those receipts should be apportioned accordingly. Apportionment, including transportation services, is calculated on a member by member basis.

Revenue mile means the transportation for consideration of one net ton in weight or one passenger the distance of one mile.

Line 14: If the taxpayer is unitary with a flow-through entity (FTE) or FTEs, enter on this line the total proportionate amount of Michigan sales attributed to these FTEs in column J on Form 4900. For more information see the instructions for Form 4900. If an amount is entered on this line, then Form 4900 must be completed and included with the filing of this form.

Line 15: Enter on this line all Michigan sales made between the member and another member of the UBG, and sales from the member to an FTE that is unitary with the UBG and is included in Form 4900.

NOTE: Elimination, where required, applies to transactions between any members of the UBG — not just members that report on the standard taxpayer combined return supported by this form. For example, if the UBG includes standard taxpayers (not owned by and unitary with a financial institution in the UBG), an insurance company, and two financial institutions with nexus, transactions between a standard taxpayer member and an insurance or financial member are eliminated whenever elimination is required, despite the fact that the insurance and financial members are not reported on the combined return filed by standard taxpayer members.

However, there is no elimination with an otherwise related entity if the related entity is excluded from the UBG. For example, consider a group with a U.S. parent, a U.S. subsidiary, and a foreign operating entity subsidiary that would otherwise be a UBG, but the foreign operating entity is excluded from the UBG by definition. The U.S. parent filing a UBG return may not eliminate intercompany transactions between itself and the foreign operating entity.

Line 16: Enter the total sales that are directly attributable to this member.

Transportation services that source sales based on revenue miles: Include on this line the total sales that are directly attributable to the taxpayer.

Line 17: If the taxpayer is unitary with an FTE or FTEs, enter on this line the total proportionate amount of total sales attributed to these FTEs in column O on Form 4900. For more information see the instructions for Form 4900. If an amount is entered on this line, then Form 4900 must be completed and included with the filing of this form.

Line 18: Enter on this line total sales made between the member and another member of the UBG, and sales from the member to an FTE that is unitary with the UBG and is included in Form 4900.

Line 19: *Gross receipts* means the entire amount received by the member from any activity, whether in intrastate, interstate, or foreign commerce, carried out for direct or indirect gain, benefit, or advantage to the member or to others, with certain exceptions. See the Gross Receipts Checklist in the instructions for Form 4891, line 10, for further guidance.

A member should compute its gross receipts using the same accounting method used in computing its taxable income for federal income tax purposes. Gross receipts of a member of a UBG is reported here before eliminations. Do not include in this figure gross receipts imputed to this member from activity of an FTE.

Lines 21 through 26: *Business income* means federal taxable income. For CIT purposes, *federal taxable income* means taxable income as defined in IRC § 63, except that federal taxable income shall be calculated as if section 168(k) (bonus depreciation for qualified property) and section 199 (qualified production activities deduction) were not in effect.

For a tax-exempt taxpayer, *business income* means only that part of federal taxable income (as defined for CIT purposes) derived from unrelated business activity.

IMPORTANT: As long as one member of a UBG has nexus with Michigan and exceeds the protections of PL 86-272, all members of the UBG, including members protected under PL 86-272, must be included when calculating the UBG's Corporate Income Tax base and apportionment formula. (In other words, PL 86-272 will only remove business income from the apportionable Corporate Income Tax base when all members of the UBG are protected under PL 86-272.) The inclusion of the business income of members that fall under PL 86-272 in the tax base of the UBG and the subsequent apportionment of such income does not constitute taxation upon those PL 86-272 members. Rather, this method is required for properly determining the Michigan income of the UBG.

Line 20: Enter on this line the amount of apportioned gross receipts from all (unitary and non-unitary) FTEs from which the member receives a distributive share of income. Use the worksheet below to calculate FTE apportioned gross receipts.

WORKSHEET ON FLOW-THROUGH GROSS RECEIPTS

A member must complete the following calculation for each flow-through entity (FTE), whether unitary or not, from which it receives a distributive share of income. The amount in line 5 of this worksheet for each flow-through entity must be added, and the sum carried to Form 4897, line 20.

1. Flow-through entity's gross receipts that fall with or within the member's tax year included in this return.....	1.		00
2. Percentage of the flow-through entity's income or loss received by the member.....	2.		%
3. Gross receipt amount before apportionment. Multiply line 1 by line 2	3.		00
4. Flow-through entity's apportionment percentage (Michigan sales divided by total sales)*	4.		%
5. Flow-through gross receipts to be imputed to the member. Multiply line 3 by line 4	5.		00

*Line 4: if the FTE is unitary with the UBG, use the group's apportionment percentage from Form 4891, line 9g. Otherwise, use the FTE's apportionment percentage.

Line 23: Include income from the production of agricultural activities if not included on line 12. Farms are not exempt under the CIT. Furthermore, the tax base attributable to the production of agricultural goods by a person whose primary activity is the production of agricultural goods is similarly not exempt.

Line 24: Adjustments are required for all assets placed into service after December 31, 2007, for which bonus depreciation was taken.

Line 25: Enter on this line this member's total eliminations to business income from intercompany transactions with another member of the UBG.

NOTE: Elimination, where required, applies to transactions between any members of the UBG — not just members that report on the standard taxpayer combined return supported by this form. For example, if the UBG includes standard taxpayers (not owned by and unitary with a financial institution in the UBG), an insurance company, and two financial institutions with nexus, transactions between a standard taxpayer member and an insurance or financial member are eliminated whenever elimination is required, despite the fact that the insurance and financial members are not reported on the combined return filed by standard taxpayer members.

However, there is no elimination with an otherwise related entity if the related entity is excluded from the UBG. For example, consider a group with a U.S. parent, a U.S. subsidiary, and a foreign operating entity subsidiary that would otherwise be a UBG, but the foreign operating entity is excluded from the UBG by definition. The U.S. parent filing a UBG return may not eliminate intercompany transactions between itself and the foreign operating entity.

Line 27: Enter any interest income and dividends from bonds and similar obligations or securities of states other than Michigan and their political subdivisions in the same amount that was excluded from federal taxable income (as defined for CIT purposes). Reduce this addition by any expenses related to the foregoing income that were disallowed on the federal return by IRC § 265 or § 291.

Line 28: To the extent deducted in arriving at federal taxable income (as defined for CIT purposes), enter all taxes on, or measured by, net income including city and state taxes, Foreign Income Tax, and Federal Environmental Tax claimed as a deduction on this member's federal return. This includes the tax imposed under the CIT to the extent claimed as a deduction on the taxpayer's federal return. This also includes the tax imposed under the Business Income Tax portion of the Michigan Business Tax.

Line 29: Enter any net operating loss (NOL) carryover or carryback that was deducted in arriving at this member's federal taxable income (as defined for CIT purposes). If the member reporting on this form is a member of a federal consolidated group, or for any other reason did not file a separate federal return for the period reported here, the federal NOL carryover or carryback entered here must be based on a pro forma federal return for the member reporting on this form. Enter this amount as a positive number.

Line 30: To the extent deducted in arriving at federal taxable income (as defined for CIT purposes), enter any royalty, interest, or other expense paid to a person related to the member by ownership or control for the use of an intangible asset if the person is not included in this UBG. Royalty, interest, or other expense described here is not required to be included if the member can demonstrate that the transaction has a nontax business purpose other than avoidance of CIT,

is conducted with arm's-length pricing and rates and terms as applied in accordance with IRC § 482 and § 1274(d), and satisfies one of the following:

- Is a pass-through of another transaction between a third party and the related person with comparable rates and terms.
- Results in double taxation. For purposes of this subparagraph, double taxation exists if the transaction is subject to tax in another jurisdiction.
- Is unreasonable as determined by the Treasurer, and the member agrees that the addition would be unreasonable based on the member's facts and circumstances.
- The related person (recipient of the transaction) is organized under the laws of a foreign nation which has in force a comprehensive income tax treaty with the United States.

Line 31: Enter on this line the expenses included on line 21 that resulted from the production of oil and gas if that production of oil and gas is subject to the Severance Tax on Oil or Gas, 1929 PA 48. If the taxpayer does not have an oil and gas expense that qualifies, leave this line blank. Also enter, expenses related to the income derived from a mineral to the extent that income is included on line 35 and that expense was deducted in arriving at federal taxable income.

Line 32: Enter the sum of all distributive shares of income and loss allocated to this member from FTEs with which this member has a non-unitary relationship. See instructions to *Non-Unitary Relationships with Flow-Through Entities* (Form 4898) for a description of unitary and non-unitary relationships with FTEs. On Form 4898, this UBG member will report the separate amounts allocated from each non-unitary FTE.

Line 33: To the extent included in federal taxable income (as defined for CIT purposes), enter any dividends and royalties received from persons other than United States persons and foreign operating entities, including, but not limited to, amounts determined under IRC § 78 or IRC § 951 to § 964.

Line 34: To the extent included in federal taxable income (as defined for CIT purposes), deduct interest income derived from United States obligations.

Line 35: Enter on this line income from the production of oil and gas if that production of oil and gas is subject to the severance tax on oil and gas, 1929 PA 48, to the extent that income was included in federal taxable income. Also enter, income derived from a mineral to the extent included in federal taxable income.

Line 36: Enter overpayment credited from the prior period return (MBT or CIT, as applicable). 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. In general this line should be used only on the DM's copy of Form 4897 (credit forward from the group's prior return) or that of a new member (credit forward from the new member's final return as a separate filer).

Line 37: All CIT 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 Form 4897. If any other member

paid estimates attributable to the group return supported by this form, enter those estimates on that member's copy of Form 4897. Include all payments made by that member for any portion of its federal filing period that is included on the group return. For example, if a non-DM member has a 12-month fiscal year beginning April 1, 2013, and is a member of a calendar year UBG throughout that period, its business activity from April 1, 2013, through March 31, 2014, will be reported on the group's December 31, 2014, return. If that member pays CIT quarterly estimates, it will make two estimates during 2013, before the DM's filing period begins. Because those estimates are attributable to activity that will be reported on the group's December 31, 2014, return, they should be included on the paying member's copy of Form 4897 for the December 31, 2014, group return.

Line 38: Enter the total withholding payments made on this member's behalf by Flow-Through Withholding (FTW) entities. Include all withholding payments made on returns that apply to this member's tax year included in this UBG return. Included on this line would be FTW payments made by FTEs whose tax years ended within the member's tax year that is included in this UBG return. For example, consider a partnership with a June 30 year end, a UBG with a September 30 year end, and a UBG member that has a March 31 year end and is a partner in the partnership. The partnership will make quarterly FTW payments in April 2014 (for its quarter ending March 31) and July 2014 (for its quarter ending June 30), and will file an annual FTW reconciliation return (Form 4918) for its year ending June 30, 2014. Because the partnership's year ends within the partner's 2014-15 fiscal year, all the FTW payments for that partner are attributable to the partner's 2014-15 fiscal year, regardless of the dates of the quarterly payments. Because the partner's (the UBG member's) 2014-15 fiscal year ends within the DM's (and UBG's) October 2014-September 2015 fiscal year, these FTW payments will be reported on this UBG member's Form 4897 for the UBG's October 2014-September 2015 CIT return.

NOTE: The amount reported on this line for each member equals the total amount submitted by the same member on Form 4911, column E. Also, the sum of all member's Form 4897, line 38, equals the amount reported on the group's Form 4891, line 46.

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 included with such a request can be credited to the UBG by entering that payment on this line in that member's copy of Form 4897.

Include completed Form 4897 as part of the tax return filing.

TOTALING MEMBER INFORMATION

Some member information from Form 4897 will be totaled and carried to Form 4891 of the UBG's return. The table below matches the lines of Form 4897 on the left with the corresponding lines reflecting the group totals on Form 4891 on the right.

Lines from Form 4897	Carried to Form 4891
Subtract line 15 from line 13 for each member, and combine the result for all members	9a
14	9b
Subtract line 18 from line 16 for each member, and combine the result for all members	9d
17	9e
19*	10a
20*	10b
21	12
22	13
23	14
24	15
25	17
27	19
28	20
29	21
30	22
31	23
32	27
33	28
34	29
35	30
36	44
37	45
38	46
39	47

* For Lines 19 and 20: UBG members reporting a period of less than 12 months with this group return must annualize their gross receipts figure on a member by member basis. Use each member's number of months reported in the group's tax year. Once all applicable members' gross receipts and FTE gross receipts figures are annualized: for line 19 add all members' figures and carry to line 10a of the Form 4891; for line 20 add all members' figures and carry to line 10b of Form 4891.