Michigan Department of Treasury
4904 (Rev. 11-13)

# 2013 Michigan Corporate Income Tax for Insurance Companies

This booklet contains forms and instructions to complete a Corporate Income Tax return for calendar year 2013.

## Inside this booklet:


- **Page 1:** Important Information for 2013
- **Page 2:** General Information for Insurance Companies
- **Page 7:** *Insurance Company Annual Return for Corporate Income and Retaliatory Taxes* (Form 4905)
- **Page 9:** Instructions for Form 4905


## E-file your CIT return:

- See page 3 for more information, or visit the E-file Web site.

**www.MIfastfile.org**

- Find Michigan tax forms online at **www.michigan.gov/taxes**.

## Due Date:

- All Filers: On or before March 1, 2014.

This booklet is intended as a guide to help complete a Flow-Through Withholding Reconciliation Return. It does not take the place of law.

# Important Information for 2013 — Corporate Income Tax, Insurance Companies

## Corporate Income Tax (CIT) Overview

The CIT took effect January 1, 2012, and replaces the Michigan Business Tax (MBT), except for certain businesses that wish to retain certain certificated credits.

**NOTE:** Per Public Act 38 of 2011, the Corporate Income Tax (CIT) replaces the MBT for most taxpayers effective January 1, 2012. After that the MBT continues for those that made the election to continue to file MBT. This election is irrevocable. See the MBT booklet for more details. For information on the MBT election, see the 2012 *MBT Forms and Instructions for Standard Taxpayers* (Form 4600), *MBT Forms and Instructions for Insurance Companies* (Form 4592), or *MBT Forms and Instructions for Financial Institutions* (Form 4599).

## Estimates

If making estimated payments by Electronic Funds Transfer (EFT), the associated vouchers are not required to be submitted.

## Amended Returns

To amend a current or prior year annual return, complete the *Insurance Company Amended Return for Corporate Income and Retaliatory Taxes* (Form 4906) that is applicable for that year, explaining the reason for the changes. Include an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document. Include all schedules filed with the original return, even if not amending that schedule. Enter the figures on the amended return as they should be. Do not include a copy of the original return with your amended return.

## Accelerated Credits in 2013

A taxpayer with a certificated credit under section 435 (Historic) or 437 (Brownfield) of the Michigan Business Tax Act (MBTA), in which a certificated credit or any unused carryforward may be claimed in a tax year ending after December 31, 2011, may elect to pay the tax imposed by the MBTA in the tax year in which that certificated credit may be claimed in lieu of the CIT. If a person with a certificated credit under section 435 or 437 elects to pay the MBT and is a member of a Unitary Business Group (UBG), the Designated Member of the UBG, and not the member, shall file a UBG return and pay the tax, if any, under the MBTA and claim that certificated credit.

For a tax year beginning after December 31, 2011, if a certificate of completion, assignment certificate, or component completion certificate is issued under section 437 to a taxpayer, or if a certificate of completed rehabilitation, assignment certificate, or reassignment certificate is issued under section 435 to a taxpayer, beginning on and after January 1, 2012, the taxpayer may elect to claim an accelerated refund for 90 percent of the amount of that certificate.

If section 437 or 435 provides that payment of a credit will be made over a period of years or limits the annual amount of a payment, an accelerated refund may only be claimed for the amount payable in the year claimed.

However, a taxpayer claiming the Special Consideration Historic Preservation Credit under section 435(20) may elect to claim an accelerated refund for the balance of the credit, but the amount of that refund shall be equal to 86 percent of the amount of the credit.

For more details, see the 2013 Request for Reduced Refundable Credit Payout for the Brownfield Redevelopment Credit and Historic Preservation Credit (Form 4889). Michigan Tax Forms are online at **www.michigan.gov/taxes**. An accelerated credit refund will be paid within 60 days after Form 4889 is filed.

# 2013 General Information for Insurance Companies

**Standard Taxpayers and Financial Institutions:** See the *Michigan Business Tax (MBT) Instruction Booklet for Standard Taxpayers* (Form 4600) or the *MBT Instruction Booklet for Financial Institutions* (Form 4599) at **www.michigan.gov/taxes.**

*This booklet is intended as a guide to help complete the CIT return. It does not take the place of the law.*

## Who Files an Insurance Return?

All insurance companies, except those authorized under chapter 46 or 47 of the insurance code of 1956, that are engaged in the business of writing, or that are authorized to write, insurance or surety contracts within the State of Michigan file the *Insurance Company Annual Return for Corporate Income and Retaliatory Taxes* (Form 4905).

All insurers, domestic and foreign, must submit copies of the Michigan Business Page of Schedule T when filing this return.

## Using This Booklet

This CIT booklet includes forms and instructions for all insurance filers. Read the General Information first. It is recommended that taxpayers and tax preparers also review the instructions for all forms.

There are both nonrefundable and refundable credits available for insurance companies to help reduce the initial calculation of tax.

The Michigan Association and Facilities Credit and the Michigan Examination Fees Credit are claimed on Form 4905. In addition, the Workers' Disability Supplemental Benefit (WDSB) Credit is a refundable credit that is also claimed on Form 4905. When claiming the WDSB Credit the taxpayer will need to attach the document provided by the Department of Licensing and Regulatory Affairs (LARA) to the return to substantiate the claim of this credit.

## Overview of CIT for Insurance Companies

The CIT imposes a tax on insurance companies equal to 1.25 percent of gross direct premiums written on property or risk located in Michigan. There is no filing threshold for insurance companies.

Direct premiums do not include:

- Premiums on policies not taken
- Returned premiums on canceled policies
- Receipts from the sale of annuities
- Receipts on reinsurance premiums if the tax had been paid on the original premiums
- The first $190,000,000 of disability insurance premiums written in Michigan. This exemption is reduced by two dollars for every dollar that an insurance company's gross direct premiums everywhere (both within and outside of Michigan) exceed $280,000,000.

An insurance company is subject to tax as calculated under the CIT or the retaliatory tax under Michigan Compiled Law (MCL) 500.476a, whichever is greater. The tax imposed under the CIT Act is in lieu of all other privilege and franchise fees or taxes, except for real and personal property taxes and sales and use taxes.

## Filing CIT Quarterly Tax Estimates for 2013

If the estimated combined liability for the year is reasonably expected to exceed $800, a taxpayer must file estimated returns either monthly or quarterly. Payments can be made with either of the following returns:

- *Michigan Corporate Income Tax Quarterly Return* (Form 4913), or
- *Combined Return for Michigan Taxes* (Form 160) (if registered for Sales, Use, and Withholding Taxes).

If paying quarterly with Form 160 or Form 4913, estimates are due by the 15th of the month following the end of the quarter. If paying monthly using Form 160, monthly payments are due by the 20th day of the month. For example, a taxpayer may file monthly estimated tax payments using Form 160 on February 20, March 20, and April 20 rather than a single quarterly payment on April 15 provided the combined estimated tax payments for those months are calculated using the instructions provided with the form. For taxpayers electing to make monthly remittances by Electronic Funds Transfer (EFT) where the requirement to file a paper Form 160 has been waived, estimates are due by the 20th day of the month following the month's end. The estimates for the quarter must also reasonably approximate the liability for the quarter.

**NOTE:** Your debit transaction will be ineligible for EFT if the bank account used for the electronic debit is funded or otherwise associated with a foreign account to the extent that the payment transaction would qualify as an International ACH Transaction (IAT) under NACHA Rules. Contact your financial institution for questions about the status of your account. Contact the Michigan Department of Treasury's (Treasury) EFT Unit at (517) 636-6925 for alternate payment methods.

To avoid interest and penalty charges, estimated payments must equal at least 85 percent of the total liability for the tax year and the amount of each estimated payment must reasonably approximate the tax liability for that quarter. If the year's tax liability is $800 or less, estimates are not required. An insurance company must calculate estimated payments on the higher of CIT or retaliatory tax liability.

**NOTE:** There is no prior-year safe harbor for a taxpayer's first CIT tax period. For a taxpayer's first CIT tax period the estimates must equal at least 85 percent of the total CIT liability, as explained above. If the prior year's tax under the CIT Act is $20,000 or less, estimated tax may be based on the prior year's total tax liability paid in four equal installments. ("Four equal installments" describes the minimum pace of payments that will satisfy this safe harbor.) If the prior year's tax liability was reported for a period less than 12 months, this amount must be annualized for purposes of both the $20,000 ceiling and calculating the quarterly payments due under this method. Payments at a more accelerated pace also will qualify. If the year's tax liability is $800 or less, estimates are not required.

### Amending Estimates

If, after making payments, the estimated tax is substantially different than originally estimated, recompute the tax and adjust the payment in the next quarter.

## Electronic Filing CIT Returns

Michigan has an enforced CIT e-file mandate. Software developers producing CIT tax preparation software and computer-generated forms must support e-file for all eligible Michigan forms that are included in their software package. All eligible CIT returns prepared using tax preparation software or computer-generated forms must be e-filed.

Treasury will be enforcing the CIT e-file mandate. The enforcement includes not processing computer-generated paper returns that are eligible to be e-filed. A notice will be mailed to the taxpayer, indicating that the taxpayer's return was not filed in the proper form and content and must be e-filed. Payment received with a paper return will be processed and credited to the taxpayer's account even when the return is not processed.

Treasury will continue to accept certain Portable Document Format (PDF) attachments with CIT e-filed returns. A current list of defined attachments is available in the CIT "Electronic Filing Tax Preparer Handbook," which is available on Treasury's Web site at **www.MIfastfile.org** by selecting "Business Taxpayer," then "Michigan Business Tax and Corporate Income Tax E-file," and looking under "Tax Preparer Resources." Follow your software instructions for submitting attachments with an e-filed return.

If the CIT return includes supporting documentation or attachments that are not on the predefined list of attachments, the return can still be e-filed. Follow your software instructions for including additional attachments. The tax preparer or taxpayer should retain file copies of all documentation or attachments.

For more information and program updates, including exclusions from e-file, visit the e-file Web site at **www.MIfastfile.org**.

The taxpayer may be required to e-file its federal return. Visit the Internal Revenue Service (IRS) Web site at **www.irs.gov** for more information on federal e-file requirements and the IRS Federal/State Modernized e-File (MeF) program.

## Completing Michigan Forms

Treasury captures the information from paper CIT returns using an Intelligent Character Recognition process. If completing a paper return, avoid unnecessary delays caused by manual processing by following the guidelines below so the return is processed quickly and accurately.

- **Use black or blue ink**. Do not use pencil, red ink, or felt tip pens. Do not highlight information.
- **Print using capital letters** (UPPER CASE). Capital letters are easier to recognize.
- **Print numbers like this:** 012345678. Do not put a slash through the zero (∅) or seven (7).
- **Fill check boxes with an [X]**. Do not use a check mark [ ✔ ].
- **Leave lines/boxes blank** if they do not apply or if the amount is zero, unless otherwise instructed.
- **Do not enter data in boxes filled with Xs**.
- **Do not write extra numbers, symbols, or notes** on the return, such as cents, dashes, decimal points (excluding percentages), or dollar signs unless otherwise instructed. Enclose any explanations on a separate sheet unless instructed to write explanations on the return.
- **Date format**, unless otherwise specified, should be in the following format: MM-DD-YYYY. Use dashes (-) rather than slashes (/).
- **Enter phone numbers using dashes** (e.g., 517-555-5555); do not use parentheses.
- **Stay within the lines** when entering information in boxes.
- **Report losses and negative amounts** with a negative sign in front of the number (do not use parentheses). For example, a loss in the amount of $22,459 should be reported as -22,459.
- **Percentages should be carried out four digits** to the right of the decimal point. Do not round percentages. For example, 24.154266 percent becomes 24.1542 percent. When converting a percentage to a decimal number, carry numbers out six digits to the right of the decimal point. For example, 24.154266 percent becomes 0.241542.

**Report all amounts in whole dollars**. Round down amounts of 49 cents or less. Round up amounts of 50 cents or more. If cents are entered on the form, they will be treated as whole dollar amounts.

## Unitary Business Groups (UBGs) and Combined Filing

### Special UBG Instructions for Insurance Companies

By definition, a UBG (as defined below) can include insurance companies, standard taxpayers, and financial institutions. However, in some cases not all members of the UBG will be included on the same return. All standard taxpayer members in a UBG (except those owned by and unitary with a financial institution) file a single combined return on the *CIT Annual Return* (Form 4891). Financial institution members of a UBG (and any standard taxpayer owned by and unitary with a financial institution in the group) file a combined return on the *CIT Annual Return for Financial Institutions* (Form 4908).

Insurance companies are not specifically excluded from the statutory definition of a UBG, and thus may be members of a UBG. However, the tax on authorized insurance companies is equal to 1.25 percent of gross direct premiums written on property or risk located or residing in Michigan. There is no traditional apportionment for insurance companies. Thus, even when an authorized insurance company is unitary with another authorized insurance company, this will have no effect in calculating the tax. As a result, a combined return is not required and each insurance company member of a UBG will file separately on Form 4905.

For further information on the CIT, see the Michigan Department of Treasury (Treasury) Web site at **www.michigan.gov/treasury**. (Click on the "Corporate Income Tax" on the left side of the page.) Treasury will post updates here and via Revenue Administrative Bulletin (available on the "Reference Library" link on the left side of the page).

## Exemption Guidelines

The tax imposed and levied under the CIT Act does not apply to an insurance company authorized under Chapter 46 or 47 of the Insurance Code of 1956, PA 218 of 1956, MCL 500.4601 to 500.4673, and MCL 500.4701 to 500.4747.

## Filing the Correct Form

A different primary return and instruction booklet are available for standard taxpayers (Form 4891) and financial institutions (Form 4908).

## Due Dates of Annual Returns

The tax year of an insurance company is the calendar year. An insurance company must file the annual return before March 2 after the end of the tax year. The extension that is available to the standard taxpayer under MCL 206.685(4) is not available to insurance companies.

## Amending a Return

To amend a current or prior year annual return, complete the *Amended Return for Corporate Income and Retaliatory Taxes* (Form 4906) that is applicable for that year, explaining the reason for the changes. Include all schedules or certificates filed with the original return, even if not amending that schedule. Enter the figures on the amended return as they should be. Do not include a copy of the original return with your amended return.

Current forms are available on Treasury's Web site at **www.michigan.gov/treasuryforms**.

To amend a return to claim a refund, file within four years of the original return's due date. Interest will be paid beginning 45 days after the claim is filed or the due date, whichever is later.

If amending a return to report a deficiency, penalty and interest may apply from the due date of the original return. If any changes are made to a federal income tax return that affect the CIT tax base, filing an amended return is required. To avoid penalty, file the amended return within 120 days after the final determination by the IRS.

## Computing Penalty and Interest

Annual and estimated returns filed late or without sufficient payment of the tax due are subject to a penalty of 5 percent of the tax due, for the first two months. Penalty increases by an additional 5 percent per month, or fraction thereof, after the second month, to a maximum of 25 percent.

Compute penalty and interest for underpaid estimates using the *CIT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4899). If a taxpayer prefers not to file this form, Treasury will compute the penalty and interest and send a bill.

The following chart shows the interest rate that applies to each filing period. A new interest rate is set at 1 percent above the adjusted prime rate for each six-month period.

| Beginning Date | Rate | Daily Rate |
|---|---|---|
| January 1, 2013 | 4.25% | 0.0001164 |
| July 1, 2013 | 4.25% | 0.0001164 |
| January 1, 2014 | 4.25% | 0.0001164 |

For a list of interest rates, see the Revenue Administrative Bulletins (RABs) on the Treasury Web site at **www.michigan.gov/taxes**. (Click on the "Reference Library" link on the left side of the page.)

## Signing the Return

All returns must be signed and dated by the taxpayer or the taxpayer's authorized agent. This may be the owner, partner, corporate officer, or association member. The corporate officer may be the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign the corporation's tax return.

If someone other than the above prepared the return, the preparer must give his or her business address and telephone number.

Print the name of the authorized signer and preparer in the appropriate area on the return.

Assemble the returns and attachments (in sequence order) and staple in the upper-left corner. (Do not staple a check to the return.) In an e-filed return, the preparation software will assemble the forms and PDF attachments in the proper order automatically.

**IMPORTANT REMINDER:** Failure to include all the required forms and attachments will delay processing and may result in reduced or denied refund or credit forward or a bill for tax due.

**SIGNING AN E-FILED RETURN:** As with any tax return submitted to Treasury on paper, an electronic tax return must be signed by an authorized tax return signer, the Electronic Return Originator (ERO), if applicable, and the paid tax preparer, if applicable.

**NOTE:** If the return meets one of the exceptions to the e-file mandate and is being filed on paper, it must be manually signed and dated by the taxpayer or the taxpayer's authorized agent.

The CIT Fed/State e-file signature process is as follows:

**Fed/State Returns:** Michigan will accept the federal signature method. Michigan does not require any additional signature documentation.

**State Stand Alone Returns:** State Stand Alone returns must be signed using Form MI-8879 (also called the Michigan e-file Authorization for Business Taxes MI-8879, Form 4763). Returns are signed by entering the taxpayer PIN in the software after reading the perjury statement displayed in the software. The taxpayer PIN will be selected by the taxpayer, or the taxpayer may authorize his or her tax preparer to select the taxpayer PIN.

Form MI-8879 will be printed and contain the taxpayer PIN. The tax preparer will retain Form MI-8879 in his or her records as part of the taxpayer's printed return. CIT State Stand Alone e-filings submitted without a taxpayer PIN will be rejected by Treasury. Do not mail Form MI-8879 to Treasury and do not include Form MI-8879 as an attachment with the e-file return.

## Mailing Addresses

Mail the annual return and all necessary schedules to:

**With payment:**
Michigan Department of Treasury
PO Box 30804
Lansing MI 48909

**Without payment:**
Michigan Department of Treasury
PO Box 30803
Lansing MI 48909

**Mail CIT quarterly estimate payments (Form 4913) to:**
Michigan Department of Treasury
PO Box 30774
Lansing MI 48909-8274

**Courier delivery service mail should be sent to:**
Michigan Department of Treasury
7285 Parsons Dr.
Dimondale MI 48821

Make all checks payable to "State of Michigan." Print taxpayer's FEIN or TR Number, the tax year, and "CIT" on the front of the check. Do not staple the check to the return.

## Correspondence

Address changes and business discontinuance can be reported by using the *Notice of Change or Discontinuance* (Form 163), which can be found online at www.michigan.gov/treasuryforms or inside the Sales, Use, and Withholding Tax booklet.

**Mail correspondence to:**
Michigan Department of Treasury
Customer Contact Division, CIT Unit
PO Box 30059
Lansing MI 48909

## To Request Forms

### Internet

Current and past year forms are available on Treasury's Web site at **www.michigan.gov/treasuryforms**.

### Alternate Format

Printed material in an alternate format may be obtained by calling (517) 636-6925.

### TTY

Assistance is available using TTY through the Michigan Relay Center by calling 1-800-649-3777 or 711.

## Revenue Administrative Bulletins (RABs)

Treasury provides updates via RABs on the Treasury Web site at **www.michigan.gov/taxes**. (Click on the "Reference Library" link on the left side of the page.) Currently relevant RABs for the CIT are:

- 2013-15, Interest Rate
- 2013-9, CIT Definition of "Actively Solicits"
- 2013-1, CIT Unitary Business Group Control Test and Relationship Tests

This form cannot be used as an amended return; see the *Amended Insurance Company Annual Return* (Form 4906).

# 2013 Insurance Company Annual Return for Corporate Income and Retaliatory Taxes

Issued under authority of Public Act 38 of 2011.

| 1. Taxpayer Name | | | | 2. Federal Employer Identification Number (FEIN) |
|---|---|---|---|---|
| Address (Number, Street) | | | | 3. ☐ Check if Foreign Insurer |
| City | State | ZIP/Postal Code | Country Code | 4. State of Incorporation (use 2 letter abbreviation) |

## GROSS DIRECT PREMIUMS WRITTEN IN MICHIGAN

| | | | | | |
|---|---|---|---|---|---|
| 5. | Gross direct premiums written in Michigan | | | 5. | 00 |
| 6. | Premiums on policies not taken | 6. | 00 | | |
| 7. | Returned premiums on canceled policies | 7. | 00 | | |
| 8. | Receipts on sales of annuities | 8. | 00 | | |
| 9. | Receipts on reinsurance assumed (see instructions) | 9. | 00 | | |
| 10. | Add lines 6, 7, 8 and 9 | | | 10. | 00 |
| 11. | **Direct Premiums Written in Michigan.** Subtract line 10 from line 5. If less than zero, enter zero | | | 11. | 00 |

## DISABILITY INSURANCE EXEMPTION

| | | | | | |
|---|---|---|---|---|---|
| 12. | Disability insurance premiums written in Michigan, not including credit or disability income insurance premiums, OR $190,000,000, whichever is less | | | 12. | 00 |
| 13. | Gross direct premiums from all lines of insurance carrier services received everywhere | 13. | 00 | | |
| 14. | Phase out | 14. | 280,000,000 00 | | |
| 15. | Subtract line 14 from line 13. If less than zero, enter zero | 15. | 00 | | |
| 16. | Exemption reduction. Multiply line 15 by 2 | | | 16. | 00 |
| 17. | Subtract line 16 from line 12. If less than zero, enter zero | | | 17. | 00 |
| 18. | Adjusted Tax Base. Subtract line 17 from line 11 | | | 18. | 00 |
| 19. | **Tax before credits.** Multiply line 18 by 1.25% (0.0125) | | | 19. | 00 |

## CREDITS

| | | | | | |
|---|---|---|---|---|---|
| 20. | Enter amounts paid from 1/1/2012 to 12/31/2012 to each of the following | | | | |
| | a. Michigan Workers' Compensation Placement Facility | 20a. | 00 | | |
| | b. Michigan Basic Property Insurance Association | 20b. | 00 | | |
| | c. Michigan Automobile Insurance Placement Facility | 20c. | 00 | | |
| | d. Property and Casualty Guaranty Association | 20d. | 00 | | |
| | e. Michigan Life and Health Insurance Guaranty Association | 20e. | 00 | | |
| 21. | Add lines 20a through 20e | | | 21. | 00 |
| 22. | a. Michigan Examination Fees | 22a. | 00 | | |
| | b. Credit. Multiply line 22a by 50% (0.50) | | | 22b. | 00 |
| 23. | Tax liability before recapture. Subtract lines 21 and 22b from line 19. If less than or equal to $100, enter zero | | | 23. | 00 |
| 24. | Recapture. Enter amount from Form 4902, line 20 | | | 24. | 00 |
| 25. | **Total Michigan Tax.** Add lines 23 and 24 | | | 25. | 00 |

**Return is due March 1, 2014.**

**WITHOUT PAYMENT:** Mail return to:

Michigan Department of Treasury
PO Box 30803
Lansing MI 48909

**WITH PAYMENT:** Pay amount on line 52 and mail check and return to:

Michigan Department of Treasury
PO Box 30804
Lansing MI 48909

Make check payable to "State of Michigan." Print taxpayer's FEIN, the tax year, and "CIT" on the front of the check. Do not staple the check to the return.

✚ 0000 2013 38 01 27 4

Continue and sign on Page 2

Taxpayer FEIN

Foreign and alien insurers complete lines 26 through 40. Domestic insurers, skip to line 41.

| | | A State of Incorporation | B Michigan |
|---|---|---|---|
| **TAXES** | | | |
| 26. State of incorporation tax | 26. | | X X X X X X X X |
| 27. Michigan Tax from line 25 | 27. | X X X X X X X X | |
| **FEES AND ASSESSMENTS** | | | |
| 28. Annual statement filing fee | 28. | | 25 |
| 29. Certificate of Authority renewal fee | 29. | | X X X X X X X X |
| 30. Certificate of Compliance | 30. | | X X X X X X X X |
| 31. Certificate of Deposit | 31. | | X X X X X X X X |
| 32. Certificate of Valuation | 32. | | X X X X X X X X |
| 33. Enter total of other fees paid in the state of incorporation. Attach a detailed schedule of fees | 33. | | |
| 34. Fire Marshall Tax | 34. | | X X X X X X X X |
| 35. Second Injury Fund | 35. | | |
| 36. Silicosis and Dust Disease Fund | 36. | | |
| 37. Safety Education and Training Fund | 37. | | |
| 38. Enter total of all other assessments. Attach a detailed schedule of assessments | 38. | | |
| **TOTAL** | | | |
| 39. Total Taxes, Fees and Assessments. Add lines 26 through 38 | 39. | | |

| | | | |
|---|---|---|---|
| 40. Retaliatory Amount. Subtract line 39, column B, from column A. If less than zero, enter zero | 40. | | 00 |
| 41. **Total Tax Liability.** Add lines 25 and 40. Domestic insurers, enter amount from line 25 | 41. | | 00 |

## PAYMENTS AND TAX DUE

| | | | |
|---|---|---|---|
| 42. Overpayment credited from prior return | 42. | | 00 |
| 43. Estimated tax payments | 43. | | 00 |
| 44. Flow-Through Withholding payments | 44. | | 00 |
| 45. Tax paid with request for extension | 45. | | 00 |
| 46. Workers' Disability Supplemental Benefit (WDSB) Credit (attach document) | 46. | | 00 |
| 47. Total Payments. Add lines 42, 43, 44, 45 and 46 | 47. | | 00 |
| 48. **TAX DUE**. Subtract line 47 from line 41. If less than zero, leave blank | 48. | | 00 |
| 49. Underpaid estimate penalty and interest from Form 4899, line 38 | 49. | | 00 |
| 50. Penalty (see instructions) | 50. | | 00 |
| 51. Interest (see instructions) | 51. | | 00 |
| 52. **PAYMENT DUE.** If line 48 is blank, go to line 53. Otherwise add lines 48, 49, 50 and 51 | 52. | | 00 |

## OVERPAYMENT, REFUND OR CREDIT FORWARD

| | | | |
|---|---|---|---|
| 53. Overpayment. Subtract line 41, 49, 50 and 51 from line 47. If less than zero, leave blank (see instructions) | 53. | | 00 |
| 54. **CREDIT FORWARD.** Amount on line 53 to be credited forward and used as an estimate for next tax year | 54. | | 00 |
| 55. **REFUND.** Subtract line 54 from line 53 | 55. | | 00 |

| **Taxpayer Certification.** *I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge.* | | **Preparer Certification.** *I declare under penalty of perjury that this return is based on all information of which I have any knowledge.* |
|---|---|---|
| ☐ By checking this box, I authorize Treasury to discuss my return with my preparer. | | Preparer's PTIN, FEIN or SSN |
| Authorized Signature for Tax Matters | | Preparer's Business Name (print or type) |
| Authorized Signer's Name (print or type) | Date | Preparer's Business Address and Telephone Number (print or type) |
| Title | Telephone Number | |

# Instructions for Form 4905
# Insurance Company Annual Return for Corporate Income and Retaliatory Taxes

## Purpose

To calculate the tax liability and to claim credits for insurance companies for both Corporate Income and Retaliatory Taxes.

## Line-by-Line Instructions

Lines not listed are explained on the form.

Do not enter data in boxes filled with Xs.

**Amended Returns:** To amend a current or prior year annual return, complete the *Insurance Company Amended Return for Corporate Income and Retaliatory Taxes* (Form 4906) that is applicable for that year, and attach a separate sheet explaining the reason for the changes. Complete and file all schedules, all forms and all attachments filed with the original return, even if not amending information on a particular form or schedule. Include an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document, if applicable. **Do not include a copy of the original return with your amended return.** Find detailed instructions on Form 4906.

**Line 1:** Enter the complete name and address including the two-digit abbreviation for the country code. See the list of country codes in the *Corporate Income Tax (CIT) Forms and Instructions for Insurance Companies* (Form 4904).

**NOTE:** Any refund or correspondence from this return will be sent to the address used here. The taxpayer's primary address in Department of Treasury (Treasury) files, identified as the legal address and used for all purposes other than refund and correspondence on a specific CIT return, will not change unless the taxpayer files a *Notice of Change or Discontinuance* (Form 163).

**Line 2:** Enter the taxpayer's Federal Employer Identification Number (FEIN). Be sure to use the same account number on all forms. The taxpayer FEIN from line 2 must be repeated in the proper location on page 2.

**NOTE:** The taxpayer must register before filing this form. Taxpayers are encouraged to register online at **www.michigan.gov/businesstaxes**. Taxpayers that register with the State online receive their notification of the registration within seven days.

**NOTE:** If the taxpayer does not have an FEIN, the taxpayer must obtain an FEIN before filing. The Web site **www.michigan.gov/businesstaxes** provides information on obtaining an FEIN.

**Returns received without a registered account number will not be processed until such time as a number is provided.**

**Line 3:** Check this box if the company is a foreign insurer. Alien insurers are considered foreign insurers, unless their port of entry is Michigan, in which case the company is considered domestic for the filing of this return.

**Line 4:** Alien insurers, enter the two-letter postal code for the U.S. state that is your port of entry.

**Line 5:** Enter all gross direct premiums written on property or risk located or residing in Michigan.

**Line 6:** Enter premiums on policies not taken to the extent these premiums were included in line 5.

**Line 7:** Enter returned premiums on canceled policies to the extent these premiums were included in line 5.

**Line 8:** Enter receipts on sales of annuities to the extent these receipts were included in line 5.

**Line 9:** Enter receipts on reinsurance premiums assumed to the extent these receipts were included in line 5, and only if tax was paid on the original premiums.

**Line 12:** "Disability insurance" is insurance of any person against bodily injury or death by accident, or against disability on account of sickness or accident including also the granting of specific hospital benefits and medical, surgical and sick-care benefits to any person, family, or group, subject to such limitations as may be prescribed with respect thereto.

The exclusion for disability insurance premiums does not include credit insurance or disability income insurance premiums.

### CREDITS

**Line 20:** Enter the amounts paid to the listed facilities or associations from January 1, 2012, to December 31, 2012, the year immediately preceding the 2013 tax year, including special assessments. Net the amounts paid and refunds received during the 2012 tax year for the same facility or association. If refunds received exceed the amount paid in the year for the same facility or association, enter zero.

**Line 22a:** Enter the amount of Michigan Examination Fees paid in 2013 (under Michigan Compiled Law 500.224).

### Retaliatory Instructions

**For foreign and alien insurers only; domestic insurers skip lines 26 through 40.**

Do not mail this return with the Michigan Annual Financial Statement, and do not send the annual statement filing fee with this return. The taxpayer will be billed separately for the annual statement filing fee by the Office of Financial and Insurance Regulations (OFIR).

Foreign insurers must pay to Michigan the same type of obligation a similar Michigan insurer is required to pay in the company's state of domicile. Enter all items that are required of a Michigan insurance company. Some taxes and obligations imposed in other states may have no corresponding requirement in Michigan; however, this does not relieve the foreign insurer from the obligation of computing and paying the tax.

Do not include the following Michigan assessments, or comparable assessments in the company's state of incorporation, in the retaliatory calculation:

- Michigan Workers' Compensation Placement Facility
- Michigan Basic Property Insurance Association
- Michigan Automobile Insurance Placement Facility
- Property and Casualty Guaranty Association

- Michigan Life and Health Insurance Guaranty Association
- Catastrophic Claims Association
- Assessment under Health Insurance Claims Assessment Act (HICAA).

**Line 24:** Enter the amount of recapture from line 20 of Form 4902. Include a copy of Form 4902.

**Line 26:** Enter the tax a Michigan company would pay in the state of incorporation for the company's Michigan business. Attach a copy of the state's tax form on which Michigan premiums were reported.

**Lines 28 through 38:** In column A, "State of Incorporation," enter the payments that would have been payable by a similar Michigan company doing business in the company's home state. In column B, "Michigan," enter actual payments made to Michigan.

**Line 40:** Subtract line 39, column B, from line 39, column A. If less than zero, enter zero.

### PAYMENTS, REFUNDABLE CREDITS, AND TAX DUE

**Line 43:** Enter the total tax paid with the quarterly estimated tax returns.

**Line 44:** Enter the total withholding payments made on your behalf by Flow-Through Withholding (FTW) entities. Include all withholding payments made on returns that apply to the tax year included in this return. Included on this line would be FTW payments made by flow-through entities (FTEs) whose tax years ended with or within the tax year included in this return. For example, a calendar year filer would include FTW payments made by an FTE whose tax year ended on or after January 1, 2013, and on or before December 31, 2013. Any FTE that has withheld on behalf of the taxpayer should have provided the taxpayer with the amount for its records.

If an amount is entered on this line, complete the *CIT Schedule of Flow-Through Withholding* (Form 4911) to account for the FTW payments received. The amount entered on this line must equal the sum of the combined amount from Form 4911, column E.

**Line 46:** 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 Licensing and Regulatory Affairs (LARA), during the tax year. The amount of the credit is provided to taxpayers by LARA. For more information on WDSB credit eligibility, contact LARA, Workers' Compensation Agency, by phone at 1-888-396-5041, by e-mail at **wcinfo@michigan.gov**, or visit the LARA Web site at **www.michigan.gov/wca**.

**Line 49:** If penalty and interest are owed for not filing estimated returns or for underestimating tax, complete the *CIT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4899), to compute penalty and interest due. If a taxpayer chooses not to file Form 4899, Treasury will compute penalty and interest and bill for payment. (Form 4899 is available on the Web at **www.michigan.gov/treasuryforms**.)

**Line 50:** Refer to the "Computing Penalty and Interest" section in Form 4904 to determine the annual return penalty rate and use the following Overdue Tax Penalty worksheets.

**WORKSHEET – OVERDUE TAX PENALTY**

| | | | |
|---|---|---|---|
| **A.** | Tax due from Form 4905, line 48 ..... | | **00** |
| **B.** | Late or insufficient payment penalty percentage ..... | | **%** |
| **C.** | Multiply line A by line B ..... | | **00** |

Carry amount from line C to Form 4905, line 50.

**Line 51:** Use the following worksheet to calculate Overdue Tax Interest.

**WORKSHEET – OVERDUE TAX INTEREST**

| | | | |
|---|---|---|---|
| **A.** | Tax due from Form 4905, line 48 ..... | | **00** |
| **B.** | Applicable daily interest percentage .. | | **%** |
| **C.** | Number of days return was past due ... | | |
| **D.** | Multiply line B by line C ..... | | |
| **E.** | Multiply line A by line D ..... | | **00** |

Carry amount from line E to Form 4905, line 51.

**NOTE:** If the late period spans more than one interest rate period, divide the late period into the number of days in each of the interest rate periods identified under the "Computing Penalty and Interest" section in Form 4904 and apply the calculations in the Overdue Tax Interest worksheet separately to each portion of the late period. Combine these interest subtotals and carry the total to Form 4905, line 51.

**Line 53:** If the amount of the tax overpayment, less any penalty and interest due on lines 49, 50 and 51, is less than zero, enter the difference (as a positive number) on line 52.

**NOTE:** If an overpayment exists, a taxpayer must elect a refund of all or a portion of the amount and/or designate all or a portion of the overpayment to be used as an estimate for the next CIT tax year. Complete lines 54 and 55 as applicable.

**Line 54:** If the taxpayer anticipates a CIT or Retaliatory Tax liability in the filing period subsequent to this return, some or all of any overpayment from line 53 may be credited forward to the next tax year as an estimated payment. Enter the desired amount to use as an estimate for the next CIT tax year.

**Reminder:** Taxpayers must sign and date returns. Tax preparers must provide a Preparer Taxpayer Identification Number (PTIN), FEIN or Social Security number (SSN), a business name, and a business address and phone number.

## Other Supporting Forms and Schedules

The following forms and their requested attachments should be included as part of this return, as applicable:

- Proof of payment for any items listed in the "Michigan" column for lines 35 through 38.
- Workers' Disability Supplemental Benefit (WDSB) Certificate.

- **California insurers** must include Bureau of Fraudulent Claims assessments.
- **New York domiciled companies** must file and pay a tentative retaliatory tax to Michigan by the annual due date, March 1, 2013. Form 4905 must be filed after the actual CT33 is filed with New York. Transfer the CT33 numbers onto the Form 4905 and attach a copy of the CT33 to substantiate the taxpayer's claim.

# Country Codes

Countries are identified by two-letter codes – Country Codes – which are required on some Michigan Business Tax (MBT) forms, including the annual returns. The following is a list of countries and their codes.

| | | | | |
|---|---|---|---|---|
| AF Afghanistan | CK Cook Islands | IN India | NR Nauru | SB Solomon Islands |
| AX Åland Islands | CR Costa Rica | ID Indonesia | NP Nepal | SO Somalia |
| AL Albania | CI Côte D'ivoire | IR Iran | NL Netherlands | ZA South Africa |
| DZ Algeria | HR Croatia | IQ Iraq | AN Netherlands Antilles | GS S. Georgia, Sandwich |
| AS American Samoa | CU Cuba | IE Ireland | NC New Caledonia | KR South Korea |
| AD Andorra | CY Cyprus | IM Isle Of Man | NZ New Zealand | ES Spain |
| AO Angola | CZ Czech Republic | IL Israel | NI Nicaragua | LK Sri Lanka |
| AI Anguilla | CD Dem. Rep. of Congo | IT Italy | NE Niger | SD Sudan |
| AQ Antarctica | DK Denmark | JM Jamaica | NG Nigeria | SR Suriname |
| AG Antigua & Barbuda | DJ Djibouti | JP Japan | NU Niue | SJ Svalbard, Jan Mayen |
| AR Argentina | DM Dominica | JE Jersey | NF Norfolk Island | SZ Swaziland |
| AM Armenia | DO Dominican Republic | JO Jordan | KP North Korea | SE Sweden |
| AW Aruba | EC Ecuador | KZ Kazakhstan | MP N. Mariana Islands | CH Switzerland |
| AU Australia | EG Egypt | KE Kenya | NO Norway | SY Syrian Arab Republic |
| AT Austria | SV El Salvador | KI Kiribati | OM Oman | TW Taiwan |
| AZ Azerbaijan | GQ Equatorial Guinea | KW Kuwait | PK Pakistan | TJ Tajikistan |
| BS Bahamas | ER Eritrea | KG Kyrgyzstan | PW Palau | TZ Tanzania |
| BH Bahrain | EE Estonia | LA Laos | PS Palestinian Occ. Terr. | TH Thailand |
| BD Bangladesh | ET Ethiopia | LV Latvia | PA Panama | TL Timor-Leste |
| BB Barbados | FK Falkland Islands | LB Lebanon | PG Papua New Guinea | TG Togo |
| BY Belarus | FO Faroe Islands | LS Lesotho | PY Paraguay | TK Tokelau |
| BE Belgium | FJ Fiji | LR Liberia | PE Peru | TO Tonga |
| BZ Belize | FI Finland | LY Libya | PH Philippines | TT Trinidad & Tobago |
| BJ Benin | FR France | LI Liechtenstein | PN Pitcairn | TN Tunisia |
| BM Bermuda | GF French Guiana | LT Lithuania | PL Poland | TR Turkey |
| BT Bhutan | PF French Polynesia | LU Luxembourg | PT Portugal | TM Turkmenistan |
| BO Bolivia | TF Fr. Southern Terr. | MO Macao | PR Puerto Rico | TC Turks & Caicos |
| BA Bosnia, Herzegovina | GA Gabon | MK Macedonia | QA Qatar | TV Tuvalu |
| BW Botswana | GM Gambia | MG Madagascar | RE Réunion | UG Uganda |
| BV Bouvet Island | GE Georgia | MW Malawi | RO Romania | UA Ukraine |
| BR Brazil | DE Germany | MY Malaysia | RU Russian Federation | AE United Arab Emir. |
| IO Brit. Ind. Ocean Terr. | GH Ghana | MV Maldives | RW Rwanda | GB United Kingdom |
| BN Brunei Darussalam | GI Gibraltar | ML Mali | BL St. Barthélemy | US United States |
| BG Bulgaria | GR Greece | MT Malta | SH St. Helena | UM U.S. Minor Out. Isl. |
| BF Burkina Faso | GL Greenland | MH Marshall Islands | KN St. Kitts & Nevis | UY Uruguay |
| BI Burundi | GD Grenada | MQ Martinique | LC St. Lucia | UZ Uzbekistan |
| KH Cambodia | GP Guadeloupe | MR Mauritania | MF St. Martin | VU Vanuatu |
| CM Cameroon | GU Guam | MU Mauritius | PM St. Pierre & Miquelon | VE Venezuela |
| CA Canada | GT Guatemala | YT Mayotte | VC St. Vincent, Grenad. | VN Vietnam |
| CV Cape Verde | GG Guernsey | MX Mexico | WS Samoa | VG Virgin Islands, British |
| KY Cayman Islands | GN Guinea | FM Micronesia | SM San Marino | VI Virgin Islands, U.S. |
| CF Cent. African Repub. | GW Guinea-Bissau | MD Moldova | ST Sao Tome & Principe | WF Wallis & Futuna |
| TD Chad | GY Guyana | MC Monaco | SA Saudi Arabia | EH Western Sahara |
| CL Chile | HT Haiti | MN Mongolia | SN Senegal | YE Yemen |
| CN China | HM Heard, McDonald Isl. | ME Montenegro | RS Serbia | ZM Zambia |
| CX Christmas Island | VA Holy See (Vatican) | MS Montserrat | SC Seychelles | ZW Zimbabwe |
| CC Cocos Islands | HN Honduras | MA Morocco | SL Sierra Leone | |
| CO Colombia | HK Hong Kong | MZ Mozambique | SG Singapore | XX Countries-Other |
| KM Comoros | HU Hungary | MM Myanmar | SK Slovakia | |
| CG Congo | IS Iceland | NA Namibia | SI Slovenia | |