

**2006 MICHIGAN  
SBT Miscellaneous Credits**

Issued under authority of P.A. 228 of 1975. See instruction booklet for filing guidelines.

1. Name	2. Federal Employer ID Number (FEIN) or TR Number
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Read the instructions to determine eligibility before claiming any of these credits.

**PART 1: REFUNDABLE CREDITS**

- 3. Enter the **MEGA Employment Tax Credit** from the *Annual Tax Credit Certificate* ..... 3. \_\_\_\_\_ .00
- 4. Enter the amount of **WDSB Credit** allowed by the Bureau of Worker's Disability Compensation ..... 4. \_\_\_\_\_ .00

**APPRENTICESHIP CREDIT. ENTER NAICS CODE \_\_\_\_\_**

		A	B	C
5. Enter all payroll and wages paid to each apprentice or special apprentice. Include the value of fringes and other payroll expenses	5.			
6. Multiply line 5 by 50% .....	6.			
7. Enter all educational costs paid for each apprentice or special apprentice during the tax year .....	7.			
8. Add lines 6 and 7 .....	8.			
9. Enter the amount on line 8 - limited to \$1,000, \$2,000 or \$4,000 (see instructions) .....	9.			
10. <b>Apprenticeship Credit.</b> Add line 9 across .....	10.			.00

**HYBRID TECHNOLOGY RESEARCH AND DEVELOPMENT CREDIT**

- 11. Enter amount from the Annual Tax Credit Certificate received from MEGA ..... 11. \_\_\_\_\_ .00

**INDUSTRIAL PERSONAL PROPERTY TAX CREDIT**

- 12. Enter taxes paid in the tax year on Industrial Personal Property ..... 12. \_\_\_\_\_ .00
- 13. **Industrial Personal Property Tax Credit.** Multiply line 12 by 15%. ..... 13. \_\_\_\_\_ .00

**NEXT ENERGY PAYROLL CREDIT.** Available only to businesses located within an alternative energy renaissance zone.

Enter the street address of property or parcel number: \_\_\_\_\_

- 14. Enter the total payroll of research, development or manufacturing employees who work primarily within the zone ..... 14. \_\_\_\_\_ .00
- 15. **Payroll Credit.** Multiply line 14 by the income tax rate for the tax year ..... 15. \_\_\_\_\_ .00
- 16. **Subtotal** for Apprenticeship, Hybrid Technology R&D, Industrial Personal Property and Next Energy Payroll Credits. Add lines 10, 11, 13 and 15 ..... 16. \_\_\_\_\_ .00
- 17. **TOTAL REFUNDABLE CREDITS.** Add lines 3, 4 and 16. Enter here and on Form C-8000, line 53 or C-8044, line 19 and C-8020, line 8, column A ..... 17. \_\_\_\_\_ .00

**PART 2: NONREFUNDABLE CREDITS**

- 18. Enter the amount from Form C-8000, line 45 ..... 18. \_\_\_\_\_ .00
- 19. Amount of the Unincorporated Credit from Form C-8000, line 46 ..... 19. \_\_\_\_\_ .00
- 20. **Tax after Unincorporated Credit.** Subtract line 19 from line 18 ..... 20. \_\_\_\_\_ .00

**ENTERPRISE ZONE CREDIT.** This credit is available only to certified firms located in Benton Harbor.

If this credit is not being claimed, carry the amount from line 20 to line 34.

Enter the street address of the property or parcel number: \_\_\_\_\_

- 21. Enter the average value of property located within the zone. 21. \_\_\_\_\_ .00
- 22. Multiply rentals within the zone by 8 and enter the result ..... 22. \_\_\_\_\_ .00
- 23. Total property value within the zone. Add lines 21 and 22 ..... 23. \_\_\_\_\_ .00
- 24. Enter the average value of all Michigan property ..... 24. \_\_\_\_\_ .00
- 25. Multiply Michigan rentals by 8 and enter the result ..... 25. \_\_\_\_\_ .00
- 26. Add lines 24 and 25 ..... 26. \_\_\_\_\_ .00
- 27. Divide line 23 by line 26 ..... 27. \_\_\_\_\_ .00
- 28. Enter the total payroll within the zone ..... 28. \_\_\_\_\_ .00
- 29. Enter total Michigan payroll ..... 29. \_\_\_\_\_ .00
- 30. Divide line 28 by line 29 ..... 30. \_\_\_\_\_ .00
- 31. Add lines 27 and 30 ..... 31. \_\_\_\_\_ .00
- 32. Divide line 31 by 2. If there is only one factor, enter the amount from line 31 ..... 32. \_\_\_\_\_ .00
- 33. **Enterprise Zone Credit.** Multiply line 20 by line 32 ..... 33. \_\_\_\_\_ .00
- 34. **Tax After Enterprise Zone Credit.** Subtract line 33 from line 20. If less than zero, enter zero ..... 34. \_\_\_\_\_ .00

**MICHIGAN HISTORIC PRESERVATION CREDIT.** If this credit will not be claimed, carry the amount from line 34 to line 39.

35. Total available credit. Enter the amount from Form 3581, line 11 .....	35.	_____	.00
36. <b>Recapture of Michigan Historic Preservation Credit.</b> .....	36.	_____	.00
37. Subtotal. Subtract line 36 from line 35 .....	37.	_____	.00
38. <b>Michigan Historic Preservation Credit.</b> Enter amount from line 34 or 37, whichever is smaller .....	38.	_____	.00
39. <b>Tax After Michigan Historic Preservation Credit.</b> Subtract line 38 from line 34. (If line 38 is negative, add its positive value to line 34.) .....	39.	_____	.00
40. Credit forward. If line 37 is greater than line 34, enter the difference .....	40.	_____	.00

**LOW-GRADE HEMATITE PELLETT CREDIT.** If this credit will not be claimed, carry the amount from line 39 to line 45.

41. Current year credit. Enter the number of long tons _____ x \$1.00 .....	41.	_____	.00
42. Enter any unused credit from the previous year .....	42.	_____	.00
43. Total available credit. Add lines 41 and 42 .....	43.	_____	.00
44. <b>Low-grade Hematite Pellet Credit.</b> Enter the amount from line 39 or line 43, whichever is smaller .....	44.	_____	.00
45. <b>Tax After Low-grade Hematite Pellet Credit.</b> Subtract line 44 from line 39. If less than zero, enter zero .....	45.	_____	.00
46. Credit forward. If line 43 is greater than line 39, enter the difference .....	46.	_____	.00

**NEXT ENERGY BUSINESS ACTIVITY CREDIT.** If this credit will not be claimed, carry the amount from line 45 to line 49.

47. Available Credit. Enter the Next Energy Business Activity Credit from the Certificate issued by the MEDC .....	47.	_____	.00
48. <b>Next Energy Credit.</b> Enter amount from line 45 or line 47, whichever is smaller .....	48.	_____	.00
49. <b>Tax After Next Energy Credit.</b> Subtract line 48 from line 45. If less than zero, enter zero .....	49.	_____	.00

**PHARMACEUTICAL CREDIT.** If this credit will not be claimed, carry the amount from line 49 to line 64.

50. Qualified Research Expenses (QRE) for pharmaceutical business activity in Michigan for 2006 .....	50.	_____	.00
51. QRE for pharmaceutical business activity in Michigan (2005) .....	51.	_____	.00
52. QRE for pharmaceutical business activity in Michigan (2004) .....	52.	_____	.00
53. QRE for pharmaceutical business activity in Michigan (2003) .....	53.	_____	.00
54. Add lines 51, 52 and 53 .....	54.	_____	.00
55. Average QRE for 3 preceding years. Divide line 54 by 3 .....	55.	_____	.00
56. Increased QRE. Subtract line 55 from line 50 .....	56.	_____	.00
57. Multiply line 56 by 6.5% (0.065) .....	57.	_____	.00
58. Multiply line 55 by 200% (2.00) .....	58.	_____	.00
59. Available Credit. Enter the lesser of lines 57 or 58 .....	59.	_____	.00
60. Enter any unused credit from the previous year .....	60.	_____	.00
61. Enter amount of credit assigned to taxpayer from another taxpayer .....	61.	_____	.00
62. Total available credit. Add lines 59, 60 and 61 .....	62.	_____	.00
63. <b>Pharmaceutical Credit:</b> Enter the amount from line 49 or line 62, whichever is smaller .....	63.	_____	.00
64. <b>Tax After Pharmaceutical Credit.</b> Subtract line 63 from line 49. If less than zero, enter zero .....	64.	_____	.00
65. Credit Forward. If line 62 is greater than line 49, enter the difference .....	65.	_____	.00

**QUALIFIED START-UP BUSINESS CREDIT.** To claim this credit you must attach a certification letter from MEDC.

If this credit will not be claimed, carry the amount from line 64 to line 69.

66. If a certification letter is attached, enter the amount from line 64 .....	66.	_____	.00
67. <b>Recapture of Qualified Start-Up Business Credit</b> .....	67.	_____	.00
68. Subtotal. Subtract line 67 from line 66 .....	68.	_____	.00
69. <b>Tax After Qualified Start-Up Business Credit.</b> Subtract line 68 from line 64 (If line 68 is negative, add its positive value to line 64.) .....	69.	_____	.00

**DONATED AUTOMOBILE CREDIT.** If this credit will not be claimed, carry the amount from line 69 to line 71.

70. Enter 50% of the Value of Donated Vehicle from attached Form 4284, <i>Donor Tax Credit Certificate for Donated Automobile</i> , or \$100, whichever is smaller .....	70.	_____	.00
71. <b>Tax After Donated Automobile Credit.</b> Subtract line 70 from line 69. If less than zero, enter zero .....	71.	_____	.00

**CREATED JOBS CREDIT.** If this credit will not be claimed, carry the amount from line 71 to line 74.

72. Enter any unused credit from prior years .....	72.	_____	.00
73. <b>Created Jobs Credit.</b> Enter the amount from line 71 or 72, whichever is smaller .....	73.	_____	.00
74. <b>Tax After Created Jobs Credit.</b> Subtract line 73 from line 71 .....	74.	_____	.00
75. Credit Forward. If line 72 is greater than line 71, enter the difference .....	75.	_____	.00
76. Enter the subtotal of the Apprenticeship, Hybrid Technology R&D, Industrial Personal Property and Next Energy Payroll Credits from line 16 .....	76.	_____	.00
77. <b>Tax After Apprenticeship and Next Energy Payroll Credit.</b> Subtract line 76 from line 74 If less than zero, enter zero .....	77.	_____	.00

**“OLD” BROWNFIELD CREDIT.** If this credit will not be claimed, carry the amount from line 77 to line 82.

Enter the street address of the property or parcel number: \_\_\_\_\_

78. Enter any unused credit from the previous years .....	78.	_____	.00
79. <b>Recapture of Old Brownfield Credit.</b> .....	79.	_____	.00
80. Subtotal. Subtract line 79 from line 78. ....	80.	_____	.00
81. <b>Old Brownfield Credit.</b> Enter the amount from line 77 or line 80, whichever is smaller .....	81.	_____	.00
82. <b>Tax After Old Brownfield Credit.</b> Subtract line 81 from line 77. (If line 81 is negative, add its positive value to line 77.) .....	82.	_____	.00
83. Credit Forward. If line 80 is greater than line 77, enter the difference .....	83.	_____	.00

**RENAISSANCE ZONE CREDIT.** If this credit will not be claimed, carry the amount from line 82 to line 85. If claiming this credit, complete the Renaissance Zone Worksheet on page 4 of this form.

84. <b>Renaissance Zone Credit.</b> Enter the amount from the Renaissance Zone Worksheet, line 24a or 24b, whichever applies .....	84.	_____	.00
85. <b>Tax After Renaissance Zone Credit.</b> Subtract line 84 from line 82. If less than zero, enter zero .....	85.	_____	.00
86. If a WDSB Credit is being claimed, enter the amount from line 4 .....	86.	_____	.00
87. <b>Tax After WDSB Credit.</b> Subtract line 86 from line 85. If less than zero, enter zero. ....	87.	_____	.00

**“NEW” BROWNFIELD CREDIT.** If this credit will not be claimed, carry the amount from line 87 to line 94.

88. Enter the amount of available credit from the <i>SBT Brownfield Redevelopment Credit Certificate of Completion</i> , or the amount of credit from the <i>SBT Brownfield Credit Assignment</i> form .....	88.	_____	.00
89. Enter any unused credit from the previous years .....	89.	_____	.00
90. Total Available Credit. Add lines 88 and 89 .....	90.	_____	.00
91. <b>Recapture of New Brownfield Credit.</b> .....	91.	_____	.00
92. Subtotal. Subtract line 91 from line 90. ....	92.	_____	.00
93. <b>New Brownfield Credit.</b> Enter the amount from line 87 or 92, whichever is smaller .....	93.	_____	.00
94. <b>Tax After New Brownfield Credit.</b> Subtract line 93 from line 87. (If line 93 is negative, add its positive value to line 87.) .....	94.	_____	.00
95. Credit Forward. If line 92 is greater than line 87, enter the difference .....	95.	_____	.00

**MEGA BUSINESS ACTIVITY CREDIT.** If this credit will not be claimed, carry the amount from line 94 to line 100.

96. Enter the MEGA Business Activity Credit from the Annual Tax Credit Certificate .....	96.	_____	.00
97. Enter any unused credit from the previous years .....	97.	_____	.00
98. Total Available Credit. Add lines 96 and 97 .....	98.	_____	.00
99. <b>MEGA Business Activity Credit.</b> Enter the amount from line 94 or line 98, whichever is smaller .....	99.	_____	.00
100. <b>Tax After MEGA Business Activity Credit.</b> Subtract line 99 from line 94. If less than zero, enter zero .....	100.	_____	.00
101. Credit Forward. If line 98 is greater than line 94, enter the difference .....	101.	_____	.00

**TOTAL NONREFUNDABLE CREDITS**

102. Add lines 33, 38, 44, 48, 63, 68, 70, 73, 81, 84, 93 and 99. Enter here and on Form C-8000, line 47 .....	102.	_____	.00
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## RENAISSANCE ZONE CREDIT WORKSHEET

1. Tax liability before Renaissance Zone Credit. Enter the amount from C-8000MC, line 82 ..... 1. \_\_\_\_\_ .00

Enter the street address of the property or parcel number and the name of the zone or subzone that the property is included in: \_\_\_\_\_

**Business Activity Factor:**

- 2. Enter the average value of property located within the zone ..... 2. \_\_\_\_\_ .00
- 3. Multiply rentals within the zone by 8 and enter the result ..... 3. \_\_\_\_\_ .00
- 4. Total property value within the zone. Add lines 2 and 3 ..... 4. \_\_\_\_\_ .00
- 5. Enter the average value of all Michigan property ..... 5. \_\_\_\_\_ .00
- 6. Multiply Michigan rentals by 8 and enter the result ..... 6. \_\_\_\_\_ .00
- 7. Add lines 5 and 6 ..... 7. \_\_\_\_\_ .00
- 8. Divide line 4 by line 7 ..... 8. \_\_\_\_\_ %
- 9. Enter total payroll for services performed within the zone ..... 9. \_\_\_\_\_ .00
- 10. Enter total Michigan payroll ..... 10. \_\_\_\_\_ .00
- 11. Divide line 9 by line 10 ..... 11. \_\_\_\_\_ %
- 12. Add lines 8 and 11 ..... 12. \_\_\_\_\_ %
- 13. Business Activity Factor. Divide line 12 by 2. If there is only one factor, enter the amount from line 12 ..... 13. \_\_\_\_\_ %
- 14. Credit based on the Business Activity Factor. Multiply line 13 by line 1 ..... 14. \_\_\_\_\_ .00

**Adjusted services performed in the Renaissance Zone:**

- 15. Enter the amount on line 9 ..... 15. \_\_\_\_\_ .00
- 16. Enter the depreciation added to tax base for property exempt under MCL 211.7ff. Claim property exempt in the tax year; claim new property\* that will be exempt in the immediately following tax year ..... 16. \_\_\_\_\_ .00
- 17. Add lines 15 and 16 ..... 17. \_\_\_\_\_ .00

18. Partnerships, LLCs, S Corporations and individuals only:

- A. Enter business income ..... 18A. \_\_\_\_\_ .00
- B. Enter apportionment factor ..... 18B. \_\_\_\_\_ %
- C. Enter amount from line 13 ..... 18C. \_\_\_\_\_ %
- D. Multiply line 18A by line 18B by line 18C ..... 18D. \_\_\_\_\_ .00
- E. Add lines 17 and 18D ..... 18E. \_\_\_\_\_ .00

19. Adjusted Services:

- A. Enter the amount from line 17, or, if taxpayer is a Partnership, LLC, S Corp or Individual, amount from line 18E ..... 19A. \_\_\_\_\_ .00
- B. Multiply line 19A by 10% (.10) ..... 19B. \_\_\_\_\_ .00

20. Credit for businesses first located within a Renaissance Zone after November 30, 2002. Enter lesser of line 14 or line 19B ..... 20. \_\_\_\_\_ .00

**Renaissance Zone Credit for Businesses first located within a Renaissance Zone before December 1, 2002 ONLY**

- 21 A. Enter Renaissance Zone Credit allowed in 2002 ..... 21A. \_\_\_\_\_ .00
- B. Total payroll for services performed within the Zone in 2002 ..... 21B. \_\_\_\_\_ .00
- C. Depreciation for property exempt under MCL 211.7ff claimed in 2002 ..... 21C. \_\_\_\_\_ .00
- D. Add lines 21B and 21C ..... 21D. \_\_\_\_\_ .00
- E. Subtract line 21D from line 17. If less than zero, enter zero ..... 21E. \_\_\_\_\_ .00
- F. Multiply line 21E by 2% (.02) ..... 21F. \_\_\_\_\_ .00
- G. Add lines 21A and 21F ..... 21G. \_\_\_\_\_ .00

22. Enter the lesser of line 14 or line 21G ..... 22. \_\_\_\_\_ .00

23. Enter the amount from line 20 ..... 23. \_\_\_\_\_ .00

24 A. **Renaissance Zone Credit.** Enter the greater of lines 22 or 23 here ..... 24A. \_\_\_\_\_ .00

B. **Reduced Renaissance Zone Credit.** Use the Reduced Credit Table below to find the reduced credit percentage. Multiply line 24A by \_\_\_\_\_%. ..... 24B. \_\_\_\_\_ .00

Enter line 24A or 24B, whichever applies, on C8000MC, line 84.

**Reduced Credit Table.** During the last three years of a zone's designation, the credit must be reduced. The reduced credit is:

- 75 percent for the tax year that is two years before the final year of designation as a renaissance zone.
- 50 percent for the tax year immediately preceding the final year of the designation as a renaissance zone.
- 25 percent for the tax year that is in the final year of designation as a renaissance zone.

\* i.e., property that has not been subject to, or exempt from the collection of taxes under the General Property Tax Act and has not been subject to, or exempt from ad valorem property taxes levied in another state, except that receiving an exemption as inventory property does not disqualify property.

## Instructions for Form C-8000MC, Miscellaneous Credits

**Purpose:** To allow eligible taxpayers to claim the Michigan Economic Growth Authority (MEGA), Workers' Disability Supplemental Benefit (WDSB), Apprenticeship, Hybrid Technology Research and Development, Industrial Personal Property Credit, Next Energy, Enterprise Zone, Michigan Historic Preservation, Low Grade Hematite Pellet, Pharmaceutical, Renaissance Zone and Brownfield credits. Review the descriptions carefully before claiming a credit as there are strict eligibility requirements. Follow the instructions on the form for each credit.

### PART 1: Refundable Credits

**The MEGA Employment Tax Credit** promotes economic growth and jobs in Michigan. Projects must be certified by MEGA. Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the *Annual Tax Credit Certificate* to the return to substantiate a claim. The credit will be disallowed if the certificate is not attached. For more information, call the Michigan Economic Development Corporation (MEDC) at (517) 373-9808 or visit the MEDC Web site at [medc.michigan.org/miadvantage/incentives](http://medc.michigan.org/miadvantage/incentives).

**The WDSB Credit** is available to self-insured employers only for the amount authorized by the Department of Labor and Economic Growth (DLEG) during the tax year. The authorization date and the amount of credit are on the credit list (LW06401-Z04) given to taxpayers by DLEG. Attach a copy of the credit list(s) to the return to substantiate claims. For more information on WDSB credit eligibility, call DLEG, Bureau of Workers' Disability Compensation, at (517) 322-1879 or (888) 396-5041 or visit the DLEG Web site at [www.michigan.gov/wca](http://www.michigan.gov/wca).

**The Apprenticeship Credit** encourages businesses to hire and provide training to qualified students. The credit equals 50 percent of the payroll expenses paid for the benefit of an apprentice in a qualified program *plus* 100 percent of the cost of classroom instruction and related expenses. Apprentices must be 16-19 years old and enrolled in either high school or a GED program. For tax years beginning after December 31, 2003, the maximum credit allowed annually per apprentice is \$4,000 for companies classified as a tool and die company under the North American Industrial Classification System (NAICS), and \$2,000 for all other companies. In addition, NAICS classified tool and die companies will be allowed a credit of up to \$1,000 annually for qualified expenses incurred in the training of each special apprentice. A special

apprentice is not an apprentice as defined above, but is a Michigan resident, 16 - 24 years of age, and is trained through a program that meets all statutory criteria.

To substantiate claims, attach a copy of an approved federal form *ETA 671* to the return for each apprentice. For more information, call the U.S. Department of Labor, Bureau of Apprenticeship and Training, at (517) 377-1746 or visit Michigan's School-to-Registered Apprenticeship Program and Tax Credit Web site at [www.michigan.gov/mdcd](http://www.michigan.gov/mdcd) and click on "Program Fact Sheets."

**The Hybrid Technology Research and Development Credit** is for tax years beginning on or after January 1, 2006. A taxpayer that is engaged in research and development of a qualified technology can claim a credit against the SBT equal to 3.9 percent of the compensation for services performed in a qualified facility and paid to employees at the facility in the tax year. The taxpayer must have entered into an agreement with the Michigan Economic Growth Authority (MEGA) before April 1, 2007. Each year, approved businesses receive a certificate from MEGA showing the total amount of tax credit allowed. Attach the *Annual Credit Certificate* to the return to substantiate a claim. The credit will be disallowed if the certificate is not attached. The maximum credit that any one taxpayer may claim in a single year is \$3.0 million. For more information, call the Michigan Economic Development Corporation (MEDC) at (517) 737-9808 or visit the MEDC Web site at [medc.michigan.org/miadvantage/incentives](http://medc.michigan.org/miadvantage/incentives).

**The Industrial Personal Property Credit** is equal to 15 percent of personal property tax paid on industrial personal property. "Industrial personal property" means property classified as industrial personal property under MCL 211.34c. This credit is limited to taxes levied after 2005 and actually paid (cash basis) in 2006. A similar credit will be available in future years. Attach a copy(s) of the Summer and/or Winter Tax Statement (bill) upon which the credit is based indicating date levied and classification of the property.

To qualify for the credit a taxpayer must file the statement of personal property described in section 19 of [Act 206] by February 20. The statement filed on or before February 20, 2006 relates to property taxes that will be levied on industrial personal property on July 1, 2006 and December 1, 2006.

**The Next Energy Payroll Credit** provides a payroll credit to qualified businesses located within an

alternative energy renaissance zone. Qualified businesses must be engaged solely in the research, development or manufacturing of an alternative energy technology. The credit is equal to the payroll amount for the tax year attributable to employees who are working on alternative energy-related research, development or manufacturing and whose regular place of employment is within the zone, multiplied by the income tax rate for that year.

## **PART 2: Nonrefundable Credits**

**The Enterprise Zone Credit** was created to encourage businesses to locate and expand in areas with high unemployment, low income, high property taxes and low property value. A certified business is eligible for a credit equal to the amount of tax liability attributable to business activity in the enterprise zone for 10 years from the date the business was certified. The only certified enterprise zone eligible for this credit is in Benton Harbor. No new applications are being accepted for this credit. Be sure to enter the street address or the parcel number of the property before beginning the calculation. For more information, see Revenue Administrative Bulletin 1993-10 or call the MEDC at (517) 373-9808.

**The Michigan Historic Preservation Credit** provides tax incentives for homeowners, commercial property owners and businesses to rehabilitate historic resources located in Michigan. The credit is based upon the qualified expenditures made for rehabilitating historic resources.

Form 3581, *Michigan Historic Preservation Tax Credit*, must be attached as well as all attachments requested on that form. Complete and attach Form 3614, *Michigan Historic Preservation Tax Credit Assignment*, if the credit is being assigned.

① **Note:** If the resource is sold or the Certification of Completed rehabilitation is revoked less than five years after the credit is claimed, a percentage of the credit will be subject to recapture. If the credit has been assigned, the recapture is the responsibility of the assignee. The percentages below apply to the years subsequent to the year in which the credit was claimed.

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

Questions regarding federal and state certification may be directed to the State Historic Preservation Office (SHPO) at (517) 373-1630. For additional information, visit the SHPO Web site at

[www.michigan.gov/shpo](http://www.michigan.gov/shpo). Information about Federal Historic Preservation Tax Incentives is available at [www2.cr.nps.gov](http://www2.cr.nps.gov).

**The Low-Grade Hematite Pellet Credit** provides a credit equal to \$1 per long ton of qualified low-grade hematite pellets consumed in an industrial or manufacturing process that is the business activity of the taxpayer. This credit shall be based on low-grade hematite pellets consumed on or after January 1, 2000. If the credit exceeds the tax liability, the difference may be carried forward for the next five tax years.

**The Next Energy Business Activity Credit** allows an eligible taxpayer to claim a credit for certain qualified business activity if certified under the Michigan Next Energy Authority Act.

“Qualified business activity” is research, development or manufacturing of an alternative energy marine propulsion system, an alternative energy system, an alternative energy vehicle or alternative energy technology (as defined in the Act) or renewable fuel. The credit for a tax year is equal to the amount by which the taxpayer’s SBT liability attributable to qualified business activity for the tax year exceeds the taxpayer’s baseline tax liability attributable to qualified business activity. Attach the certificate issued by MEDC for this credit to the return to substantiate a claim.

For more information, call the MEDC at (517) 373-9808 or visit their Web site at [medc.michigan.org/miadvantage/incentives](http://medc.michigan.org/miadvantage/incentives).

**The Pharmaceutical Credit** provides a credit for qualified research expenses (as defined in section 41 of the IRC) related to the taxpayer’s pharmaceutical-based business activity in Michigan. Eligible taxpayers must be primarily engaged in manufacturing, research, development and sale of pharmaceuticals; have at least 8,500 employees in Michigan whose primary place of employment is within a 100-mile radius of each other, where at least 5,000 of these Michigan employees must be engaged primarily in research and development of pharmaceuticals. If the credit exceeds the tax liability for the year, the difference may be carried forward for the next seven tax years. Complete and attach Form 4079, *Michigan Pharmaceutical Credit Assignment*, if the credit is being assigned.

**The Qualified Start-Up Business Credit** provides a credit for small, relatively new taxpayers with substantial research and development activity. For a qualified taxpayer, the credit is equal to the taxpayer’s SBT liability for the year. To qualify, a taxpayer must apply to and obtain certification from MEDC, and attach that certificate to its SBT return.

The application form is on the MEDC Web site ([medc.michigan.org/miadvantage/incentives](http://medc.michigan.org/miadvantage/incentives)); call (517) 373-9808 for more information. Criteria generally are as follows:

- Fewer than 25 full-time equivalent employees
- Sales of less than \$1,000,000 in the year for which the credit is claimed
- Not publicly traded
- Research and development make up at least 15 percent of its expenses in the year of the credit
- During the immediately preceding seven years was in one of the first two years of contribution liability under the Michigan Employment Security Act.

① **Note:** A company claiming the Qualified Start-Up Business Credit must pay back a portion of the credit if they move out of the state within three years after the last tax year in which the credit was taken. The following amounts must be added to the tax liability:

- 100 percent of the total of all credits claimed if the move is within the first tax year after the last tax year for which a credit is claimed.
- 67 percent of the total of all credits claimed if the move is within the second tax year after the last tax year for which a credit is claimed.
- 33 percent of the total of all credits claimed if the move is within the third tax year after the last tax year for which a credit is claimed.

**The Donated Automobile Credit** is a nonrefundable credit equal to 50 percent of the fair market value of an automobile donated to a qualified organization that intends to provide the auto to a qualified recipient for transportation to work. A qualified organization is one certified by the Department of Treasury for this credit. The maximum credit for a year is \$100. Attach Form 4284, *Donor Tax Credit Certificate*, to substantiate this credit.

**The Created Jobs Credit** was available for years beginning in 2005. The credit carryforwards from credits that were previously approved may still be applied against the current tax liability until the credit is used up or the 10-year limitation has been reached.

**The Old Brownfield Credit** was available for tax years that began after December 31, 1996 and before January 1, 2001. The credit carryforwards from credits that were previously approved may still be applied against the current tax liability until the credit is used up or the 10-year limitation has been reached.

① **Note:** A partial recapture of the credit is required if tangible assets used in the calculation of the credit are sold, disposed of, or transferred from

the property. The recapture is equal to 10 percent of the federal basis used for determining gain or loss as of the date of the sale, disposition or transfer.

**The Renaissance Zone Credit** encourages businesses and individuals to move into a designated zone to help revitalize the area by providing a credit for businesses located and doing business activity within the Zone. The method of calculating the credit is different for businesses first locating and conducting business activity within a Renaissance Zone before December 1, 2002, and those businesses first locating and conducting business activity within a Renaissance Zone after November 30, 2002. Be sure to enter the street address or the parcel number of the property before beginning the calculation.

Business activities relating to a casino, including operating a parking lot, hotel, motel or retail store, cannot be used to calculate this credit. Businesses delinquent in filing or paying property tax, single business tax or city income tax as of December 31 of the prior tax year are not eligible for this credit. Taxpayers will be notified if a claimed credit is disallowed. Complete the Renaissance Zone Credit Worksheet to claim this credit.

During the last three years of a zone's designation, the credit must be reduced as follows:

- 25 percent for the tax year that is two years before the final year of designation as a renaissance zone.
- 50 percent for the tax year immediately preceding the final year of designation as a renaissance zone.
- 75 percent for the tax year that is the final year of designation as a renaissance zone.

For more information on Renaissance Zones, contact the MEDC at (517) 373-9808 or visit their Web site at [medc.michigan.org/miadvantage/incentives](http://medc.michigan.org/miadvantage/incentives).

For information on the SBT credit, contact the Michigan Department of Treasury, Customer Contact Division, SBT Unit, at (517) 636-4700.

**The New Brownfield Credit**, extended through 2007, encourages businesses to make investment on eligible Michigan property that was used or is currently used for commercial, industrial or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete or blighted. Functionally obsolete or blighted property must be located in a qualified local governmental unit. For the purpose of this credit, the local Brownfield Redevelopment Financing Authority designates eligible property in an approved Brownfield plan.

For the credit to be valid, attach the *Certificate of*

*Completion*, issued after the completion of the approval process, to the return. If the credit is being assigned, attach documentation verifying that the credit is valid. If the credit exceeds the tax liability for the year, the difference may be carried forward for the next 10 tax years.

① **Note:** The sale, disposal, or transfer to another location of **personal** property used to calculate this credit will result in an addition to the tax liability of the qualified taxpayer who was originally awarded the credit in the year in which the sale, disposal or transfer occurs. This is true even if the credit was assigned to someone else. This additional liability will be calculated by multiplying the same percentage as is used to calculate the credit (e.g., 10 percent) times the federal basis of the property used to calculate gain or loss as of the date of the sale, disposition or transfer.

PA 249 of 2003 transferred the administration of the SBT Brownfield credit program from the Department of Treasury to MEGA. For more information on the approval process, contact the MEDC at (517) 373-9808.

**The MEGA Business Activity Tax Credit** promotes economic growth and jobs in Michigan and includes the MEGA credit for distressed businesses. Projects must be certified by MEGA. Each year, approved businesses receive a certificate from MEGA showing the total amount of tax credit allowed. Attach the *Annual Tax Credit Certificate* to the return to substantiate a claim. The credit will be disallowed if the certificate is not attached. If the credit exceeds the tax liability for the year, the difference may be carried forward for the next 10 tax years. For more information, contact MEDC at (517) 373-9808 or visit [medc.michigan.org/miadvantage/incentives](http://medc.michigan.org/miadvantage/incentives).

*Attach this schedule to the return.*