

Michigan Tax Preparer Handbook for Electronic Filing Programs

2010

Michigan Business Tax E-file



www.MIfastfile.org
www.michigan.gov/mbt

**MICHIGAN BUSINESS TAX
E-FILE**

TABLE OF CONTENTS



CHAPTER 1 – GENERAL INFORMATION.....	4
Important Addresses and Telephone Numbers	4
Contact Information for Tax Preparers and Software	
Developers Only	4
E-mail LISTSERV for Tax Preparers	5
Self Service Options	5
Customer Contact Center.....	6
State of Michigan Holiday Schedule	6
2010 - 2011 Holiday Schedule.....	6
IRS Publications and Questions.....	6
 CHAPTER 2 – MICHIGAN BUSINESS TAX FED/ STATE E-FILE.....	 7
Benefits of MBT E-file	7
Introduction.....	7
Highlights and Important Information for Tax Year 2010	8
MBT E-file Mandate.....	8
General Program Information	8
Due Dates of Annual Returns	9
MBT Fed/State E-file Program Payment Options	9
MBT Fed/State E-file Program Key Dates and Reference Information	10
Michigan MBT Fed/State E-file Calendar	10
State Program Description	10
Publications.....	10
MBT Fed/State MeF Program	11
How Fed/State E-file Works.....	11
How State Stand Alone E-file Works	11
Electronic Michigan Data	12
Attachments	13
Federal Forms	17
Non-electronic Portion.....	18
Exclusions From E-file	18
Signing an Electronic Return	19

Application and Acceptance Process	20
Transmitting the MBT Fed/State Return Electronically	20
Where to Transmit Fed/State and State Stand Alone Returns	20
MBT Acknowledgments and Business Rules (Rejection Codes).....	20
Acknowledgment of Michigan Electronic Returns.....	20
Responsibilities of Transmitters and EROs	21
ERO or Tax Preparer	21
Transmitter	22
Program Compliance	22
Safeguarding the E-file Program From Abuse and Fraud	22
Changes on the Return	22
APPENDIX	23
MBT-V Instructions.....	23
2010 MBT Forms and Instruction Booklets	23
MBT Business Rules (Rejection Codes)	23

CHAPTER **1**

GENERAL INFORMATION

IMPORTANT ADDRESSES AND TELEPHONE NUMBERS

Michigan electronic filing (e-file) publications and forms are available on the Michigan Department of Treasury (Treasury) Web site at *www.MIfastfile.org*. For questions about the e-file program, contact the Michigan Electronic Filing Programs staff at:

Contact Information for Tax Preparers and Software Developers Only

E-file Coordinator and Michigan Electronic Filing Programs Manager	Annette L. Olivier-Wolfe
Program Area, Testing, File Specifications, and Record Layouts	Scott Bunnell, Mark Jenkins
E-mail	<i>Miefile2D@michigan.gov</i>
Telephone	(517) 636-4450
Teletypewriter (TTY) Assistance	1-800-649-3777 (TTY only)
Fax	(517) 636-4378
IRS MeF State Acknowledgment Service	(866) 255-0654
Michigan E-file Web Site	<i>www.MIfastfile.org</i>
Michigan Treasury Web Sites	<i>www.michigan.gov/taxes</i> <i>www.michigan.gov/mbt</i> <i>www.michigan.gov/treasury</i>
Mailing Address	Michigan Electronic Filing Programs Office Michigan Department of Treasury 430 W. Allegan Street Lansing, Michigan 48922

This contact information is for **tax preparers and software developers only** and enables Treasury to provide better service to authorized e-file providers. The Electronic Filing staff is unable to provide return status information or address specific taxpayer account issues. Should an error occur on the Michigan return during mainframe processing, Treasury will communicate directly with the taxpayer through the regular error resolution process. Treasury will, however, discuss return situations with the tax preparer if the appropriate authorization box has been completed on the return.

Electronic Filing staff is available Monday through Friday, 8 a.m. to 5 p.m. EST, except State holidays. When leaving a phone message, give as much detail as possible so that Electronic Filing staff can research the question(s) and have the answer(s) ready when calling back. Speak clearly and spell any difficult names.

Treasury does not recommend sending account-specific information over the Internet. Federal and State disclosure laws require that taxpayer privacy and the confidential records that are filed with Treasury are protected. Therefore, Treasury will not send account-specific information over the Internet in response to an e-mail inquiry.

E-mail LISTSERV for Tax Preparers

The Treasury Tax Professionals LISTSERV is a free service that disseminates mass e-mail messages within seconds to all subscribers. Sign up to receive electronic communications on Treasury's e-file programs and other information of interest. To subscribe to this service or for additional information, visit *www.MIfastfile.org* and select Tax Preparer.

Self Service Options

Treasury offers a variety of services designed to assist taxpayers, and most are available 24 hours a day, seven days a week.

Self Service – Business Tax (*www.michigan.gov/taxes*)

Click on Check My Business Tax Info under the “Business” heading.

To obtain information about an account using the Internet services and to ensure privacy and security, the following information for a return is needed:

- Filer's Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) number
- Gross receipts or Business Income, Gross Direct Premiums Written in Michigan, or Net Capital for current year
- Return type filed
- Organization type
- Tax year and month.

Access Treasury's Web site to:

- Check if return has been received
- Ask Treasury a question.

Michigan Business One Stop (www.Michigan.gov/business)

Visit Michigan Business One Stop for a fast, easy, and secure way to register a business for taxes in the State of Michigan. It also allows taxpayers to perform a variety of tasks to start and operate a business, including applying for permits and licenses.

Customer Contact Center

Michigan Business Tax (MBT) taxpayers who do not have Internet service should call the Customer Contact staff at (517) 636-4657.

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

STATE OF MICHIGAN HOLIDAY SCHEDULE

2010 - 2011 Holiday Schedule

September 6, 2010	Labor Day
November 2, 2010	Election Day
November 11, 2010	Veterans' Day
November 25 and 26, 2010	Thanksgiving
December 23 and 24, 2010	Christmas
December 30 and 31, 2010	New Year's Eve/New Year's Day
January 17, 2011	Martin Luther King Jr's Birthday Observed
February 21, 2011	Presidents' Day
May 30, 2011	Memorial Day
July 4, 2011	Independence Day
September 5, 2011	Labor Day
November 11, 2011	Veterans' Day
November 24 and 25, 2011	Thanksgiving
December 23 and 26, 2011	Christmas
December 30, 2011	New Year's Eve
January 2, 2012	New Year's Day

IRS Publications and Questions

For more information or to request copies of Internal Revenue Service (IRS) publications, visit www.irs.gov/formspubs to download forms and publications, or contact the IRS e-help desk at 1-800-829-3676. Written requests for publications may be sent to:

Internal Revenue Service
1201 N. Mitsubishi Motorway
Bloomington, IL 61704-6613

CHAPTER 2

MICHIGAN BUSINESS TAX FED/STATE E-FILE

BENEFITS OF MBT E-FILE

- **Convenient.** No more paper returns to mail. Prepare and transmit MBT returns using software that has been approved by Treasury.
- **Accurate.** Treasury processes the same data that is entered into the computer. The computer program checks for math errors before the return is accepted. E-file returns have significantly less chance of error compared to paper returns.
- **Secure.** Only the tax preparers and their clients see the returns. Confidential information is protected by Secure Socket Layer (SSL) 128-bit encryption.
- **Customer Service.** Receive electronic proof from both the IRS and Michigan that returns were received.
- **More detailed error conditions.** New explanations pinpoint the location of the error in the return and provide complete information in the Acknowledgment File in plain English.
- **PDF Attachments. Modernized e-File (MeF)** accepts Portable Document Format (PDF) attachments with MBT e-filed returns. See pages 13 through 17 for more information.
- **Amended returns.** MBT can process amended returns.

INTRODUCTION

Treasury has joined with the IRS to provide for electronic filing of MBT returns. The Fed/State e-file program continues to work together to provide tax preparers with an efficient method of filing their clients' MBT returns electronically.

Filing of tax returns electronically is accurate, convenient, and secure. The MBT e-file program provides Michigan taxpayers the opportunity to e-file MBT returns that were prepared using a computer software program. If an error occurs on a return, the e-file software sends an error message and allows the tax preparer to immediately correct the mistake before the return is transmitted.

For more information and program updates, visit Treasury's Web site at www.Mifastfile.org.

HIGHLIGHTS AND IMPORTANT INFORMATION FOR TAX YEAR 2010

New

MBT E-file Mandate

New Mandate

Beginning with the 2010 tax year, Michigan will have an enforced MBT e-file mandate. Developers producing MBT 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 MBT returns prepared using tax preparation software or computer-generated forms must be e-filed.

Mandate Enforcement

Treasury will not process computer-generated paper returns that are eligible to be e-filed. A notice will be mailed to the taxpayer indicating the 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.

Mandate Exceptions

Treasury recognizes that there are conditions which make a return ineligible for e-file. When the computer-generated MBT return meets one or more of the recognized e-file exceptions, the taxpayer may have to complete and attach *Michigan Business Tax E-file Exceptions* (Form 4833) to the front of the return; otherwise, the paper filing will not be processed. Form 4833 is generated by the software.

General Program Information

Accounts with a Michigan-issued TR number must use an FEIN for Fed/State e-filing. Information and forms to apply for an FEIN may be obtained at www.irs.ustreas.gov/businesses or by calling the IRS at 1-800-829-4933 and registering over the phone.

Registration changes (name, address, phone number, filing date, etc.) must be made by submitting *Notice of Change or Discontinuance* (Form 163) which can be found online at www.michigan.gov/taxes.

Once the return has been accepted and acknowledged, the taxpayer must e-file an amended MBT return if changes to the original accepted return are necessary.

Due Dates of Annual Returns

Annual returns are due on or before the last day of the fourth month after the end of the tax year. For example, a return for calendar year 2010 is due April 30, 2011. A return for a fiscal year ending October 31, 2010, is due February 28, 2011.

For additional information regarding due dates, see the “Due Dates of Annual Returns” section in the corresponding MBT instruction booklet.

MBT FED/STATE E-FILE PROGRAM PAYMENT OPTIONS

Michigan will accept MBT e-file returns with a balance due at any time during the e-file processing season.

The payment options available are:

Electronic Funds Transfer (EFT). Online payments are now available for Automated Clearing House (ACH) debit filers. Information on the EFT process as well as the *Electronic Funds Transfer (EFT) Debit Application* (Form 2248) and *Electronic Funds Transfer (EFT) Credit Application* (Form 2328) are available on Treasury’s Web site at www.michigan.gov/biztaxpayments. Fax the completed application to (517) 636-4378. Allow four weeks for processing.

Paper Payment Voucher. Taxpayers who choose to mail their payment must include *MBT-V MBT e-file Annual Return Payment Voucher* (Form 4576) with the payment. Copies of federal and Michigan returns or schedules should not be mailed with MBT-V forms.

To ensure payments are correctly applied to the account, only the nine-digit FEIN should appear in the Federal Employer Identification Number box on the MBT-V form. This information must be correct to ensure correct posting of the annual payment.

E-filers must furnish MBT-V forms to taxpayers choosing to mail their payment on a balance due return. Instructions for completing and mailing MBT-V forms are located on the form. See Appendix for a sample of the MBT-V form.

Important! To ensure timely posting of payments, use MBT-V form only for MBT e-file Annual Return payments. Do not use MBT-V form to make other payments to the State of Michigan. Do not include MBT-V form when mailing a paper return and payment.

**MBT FED/STATE E-FILE PROGRAM
KEY DATES AND REFERENCE INFORMATION**

Michigan MBT Fed/State E-file Calendar

For Tax Period January 1, 2010 to December 31, 2010:

Electronic Return Acceptance Period	Current tax year and two previous years' returns
Begin Federal and State Software Testing*	November 2, 2010
Begin Transmitting Returns to the IRS and Michigan Department of Treasury	January 2011

* State testing for software developers will begin after developers have received acceptance acknowledgments in accordance with IRS guidelines.

State Program Description

Type of e-file Program	Fed/State and State Stand Alone
Paper Refund Timeframe	Considerably longer
Direct Deposit	No
EFT	Yes
Balance Due Returns	Yes
Signature Process	Fed/State - Michigan accepts the federal signature method. State Stand Alone - Taxpayer personal identification number (PIN); retain Form MI-8879-MBT

Publications

The following publications describe the Fed/State e-file process:

IRS Publications and Forms – *www.irs.gov*

<i>Publication 3112</i>	<i>IRS e-file Application and Participation</i>
<i>Publication 4162</i>	<i>Modernized e-File Test Package for Forms 1120/1120S</i>
<i>Publication 4163</i>	<i>Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns</i>
<i>Publication 4164</i>	<i>Modernized e-File Guide for Software Developers and Transmitters</i>

Treasury Publications and Forms – *www.Mifastfile.org*

Publication 4674 Michigan Tax Preparer Handbook for Electronic Filing Programs - MBT

Form 4576 MBT-V MBT e-file Annual Return Payment Voucher

Form 4763 MI-8879-MBT Michigan Business Tax e-file Authorization

MBT FED/STATE MeF PROGRAM

Tax preparers and transmitters accepted in the IRS e-file MeF program may participate in the MBT Fed/State e-file program and e-file MBT returns through the MeF program.

Michigan accepts two kinds of submissions:

- (1) Fed/State (linked)
- (2) State Stand Alone (unlinked).

How Fed/State E-file Works

Tax preparers and transmitters accepted in the IRS Fed/State MeF Program may submit federal and/or State returns to the IRS. The State submission can be linked to the IRS submission by including the Submission ID of the federal return. If the State submission is linked to an IRS submission (also referred to as Fed/State return), the IRS will check to see if there is an accepted IRS submission under the Submission ID. If there is not an accepted federal return for that tax type, the IRS will deny the State submission and an acknowledgment will be sent to the transmitter. Treasury has no knowledge that the State return was denied (rejected) by the IRS. If there is an accepted federal return under that Submission ID, MeF will perform minimal validation on the State submission. MeF will then pass along to the State what the Electronic Return Originator (ERO)/taxpayer sends in the State submission. After the State data is retrieved, it will be acknowledged and, if accepted, processed by Treasury.

Note: The IRS recommends if a state submission is linked to an IRS submission, send the IRS submission first and, after it has been accepted, send in the state submission.

How State Stand Alone E-file Works

Tax preparers and transmitters accepted in the IRS e-file program may submit State Stand Alone returns if that filing option is supported by their software. If the ERO does not link the State return to a previously accepted federal return (also referred to as State Stand Alone return), the IRS will perform minimal validation on the State submission. The State data will then be made available for retrieval by Treasury. After the State data is retrieved, it will be acknowledged and, if accepted, processed by Treasury.

Treasury will acknowledge receipt of all returns retrieved from the IRS. The transmitter should receive the Michigan acknowledgment within three business days from the date the return is successfully transmitted to the IRS. The Electronic Transmitter Identification Number (ETIN) must be entered correctly in the software to receive acknowledgments.

Electronic Michigan Data

Treasury will support the following forms, schedules, and binary attachments for MBT Fed/State e-file for tax year 2010.

- 3581 Historic Preservation Tax Credit
- 4567 Annual Return
- 4568 Nonrefundable Credits Summary
- 4569 Single Business Tax (SBT) Credit Carryforwards
- 4570 Credits for Compensation, Investment, and Research and Development
- 4571 Common Credits for Small Businesses
- 4572 Charitable Contribution Credits
- 4573 Miscellaneous Nonrefundable Credits
- 4574 Refundable Credits
- 4575 Loss Adjustment for the Small Business Alternative Credit
- 4577 Schedule of Shareholders and Officers
- 4578 Schedule of Partners
- 4580 Unitary Business Group Combined Filing Schedule for Standard Members
- 4582 Penalty and Interest Computation for Underpaid Estimated Tax
- 4583 Simplified Return
- 4584 Election of Refund or Carryforward of Credits
- 4585 Investment Tax Credit Recapture From Sale of Assets Acquired Under Single Business Tax
- 4586 Schedule of Business Activity Protected Under Public Law 86-272
- 4587 Schedule of Recapture of Certain Business Tax Credits and Deductions
- 4588 Insurance Company Annual Return for Michigan Business and Retaliatory Taxes
- 4590 Annual Return for Financial Institutions
- 4594 Farmland Preservation Tax Credit
- 4595 Renaissance Zone Credit Schedule
- 4596 Miscellaneous Credits for Insurance Companies
- 4752 Unitary Business Group Combined Filing Schedule for Financial Institutions

To avoid posting of duplicate returns, copies of federal and Michigan returns and schedules should not be mailed to Treasury unless requested.

Note: Fiscal year filers are eligible to e-file MBT returns.

Attachments

Treasury will accept PDF attachments with MBT e-filed returns. Following is a list of MBT forms, line references, and filing conditions where attachments are accepted by Michigan.

<u>Form</u>	<u>Line</u>	<u>Description</u>	<u>Filename</u>	<u>Required</u>
3581	1	Additional Project Codes	HPTCProjectCode.pdf	
4573	4	Unitary business group (UBG) member State return - Pro forma**	MemberStateReturn_XXXXXxxx.pdf	
4573	7	UBG member State return - Pro forma**	MemberStateReturn_XXXXXxxx.pdf	
4573	7	Start-Up Business Credit - Michigan Economic Development Corporation (MEDC) Certification Letter*	MEDC.pdf	
4573	11	Next Energy Business Activity Credit - MEDC Certificate*	MEDC.pdf	
4573	29	UBG member State return - Pro forma**	MemberStateReturn_XXXXXxxx.pdf	
4573	52	Michigan State Housing Development Authority (MSHDA) Certificate	MSHDA.pdf	
4573	74	UBG member State return - Pro forma**	MemberStateReturn_XXXXXxxx.pdf	
4574	1	Michigan Economic Growth Authority (MEGA) Research and Development - MEDC Annual Tax Credit Certificate*	MEDC.pdf	

* All MEDC documents should be included in **one** “MEDC.pdf” attachment.

** “XXXXXXXXXX” in filename equals the member’s FEIN.

<u>Form</u>	<u>Line</u>	<u>Description</u>	<u>Filename</u>	<u>Required</u>
4574	2	Property tax bills paid on Industrial personal property	PPTC1.pdf	Yes
4574	4	Property tax bills paid on Telephone personal property	PPTC2.pdf	Yes
4574	6	Property tax bills paid on Natural Gas Pipeline personal property	PPTC3.pdf	Yes
4574	9	UBG Department of Energy, Labor, and Economic Growth (DELEG) documentation for each member	DELEG.pdf	
4574	11	Any UBG member claiming the Next Energy Payroll Credit. Statement identifying the UBG member(s) and providing information requested on the form.	NextEnergyPayroll.pdf	
4574	13	MEGA Employment Tax Credit - MEDC Annual Tax Credit Certificate*	MEDC.pdf	
4574	16	Hybrid Technology Research and Development Credit - MEDC Annual Tax Credit Certificate*	MEDC.pdf	
4574	19	MEGA Photovoltaic Technology Credit - MEDC Annual Tax Credit Certificate*	MEDC.pdf	Yes
4574	21	Film Production Credit, Post-Production Certificate, and <i>MBT Film Credit Assignment</i> (Form 4589)	FilmProductionCredit.pdf	Yes

* All MEDC documents should be included in **one** "MEDC.pdf" attachment.

** "xxxxxxxx" in filename equals the member's FEIN.

<u>Form</u>	<u>Line</u>	<u>Description</u>	<u>Filename</u>	<u>Required</u>
4581	--	MBT Schedule of Business Activity for Non-Designated Members of a UBG Protected Under Public Law 86-272	4581.pdf	
4584	10, 13	Michigan Department of Treasury approval letter received from Assignor	HistoricApprovalLetter.pdf	
4584	61	Anchor Company Payroll Credit	MEGA.pdf	Yes
4584	69	Anchor Company Taxable Value Credit	MEGA.pdf	Yes
4587		UBG member recapture statement	MBTSBTRecap.pdf	
4588	36	Fees and Assessments: Other fees paid in the state of incorporation. Detailed schedule of fees - Other Fees Schedule	OtherFeesSchedule.pdf	
4588	41	Fees and Assessments: All other assessments. Detailed schedule of assessments - Other Assessments Schedule	OtherAssessmentsSchedule.pdf	
4588	--	Schedule T from Annual Statement	ScheduleT.pdf	
4588	--	Michigan Business Page from Annual Statement	MichiganBusinessPage.pdf	
4588	--	Copy of the state of incorporation tax form on which Michigan premiums were reported	StateIncorporationReturn.pdf	
4594	Part II	Agreement Property Tax Statements (Bills)	FarmlandTaxBill.pdf	
4594	30	UBG member State return - Pro forma**	MemberStateReturn_XXXXX.pdf	
4594	--	A copy of any recorded Farmland Development Rights Agreement(s) (FDRA) not claimed on the previous year's return.	FDRANotClaimedPrev.pdf	

* All MEDC documents should be included in **one** "MEDC.pdf" attachment.

** "XXXXXXXX" in filename equals the member's FEIN.

<u>Form</u>	<u>Line</u>	<u>Description</u>	<u>Filename</u>	<u>Required</u>
4594	--	An official allocation of the tax statement amount between property subject to an FDRA and property not covered by an FDRA.	OfficialAllocation.pdf	
4594	--	A copy of the receipt showing payment of year 2008 or 2009 property taxes	ReceiptPropertyTaxes.pdf	
4594	--	<i>Business Income Worksheet</i>	BusinessIncomeWorksheet.pdf	
4596	2	MEGA Employment Tax Credit - MEDC Annual Tax Credit Certificate*	MEDC.pdf	
4596	4	MEGA Photovoltaic Technology Credit - MEDC Annual Tax Credit Certificate*	MEDC.pdf	Yes
4567 4583	--	<i>Gross Receipts Worksheet</i> (Form 4700)	GR-Worksheet.pdf	Yes
4567 4583		Form 4746	BI-Worksheet.pdf	Yes
4567 4590	--	UBG member federal return - Pro forma**	MemberFedReturn_xxxxxx xxx.pdf	
4567 4583 4588 4590	--	Additional return or schedule information	Addendum.pdf	
4567 4590	--	UBG member financial statements**	MemberFinancialStatement _xxxxxxxxx.pdf	
4567 4590	--	UBG - Worksheet showing removal of data for federal members that are not on the combined MBT	RemovedMemberWorksheet .pdf	
4567 4590	--	UBG - Worksheet showing intra-group eliminations	Intra-groupEliminatons.pdf	

* All MEDC documents should be included in **one** "MEDC.pdf" attachment.

** "xxxxxxxx" in filename equals the member's FEIN.

If the MBT return includes supporting documentation or attachments that are not on the approved list of attachments for e-file, the return can still be e-filed with the additional attachments. Follow software instructions for including additional attachments. The tax preparer/taxpayer should retain copies of all documentation or attachments in his or her files.

Federal Forms

A copy of the federal return or schedule should be included in the Michigan submission. The federal return or schedule information can be in “xml” or PDF format. Information from the following federal forms should be included when e-filing the MBT return.

An MBT filer that is part of a federal consolidated return but is not included on an MBT combined return (i.e., files MBT separately) should include a federal pro forma or schedule with the MBT e-filed return.

Corporations: U.S. Form *1120* (pages 1 through 4) or U.S. Form *1120-A* (pages 1 and 2), *Schedule D*, Form *851*, Form *4562*, and Form *4797*. If filing as part of a consolidated federal return, attach a pro forma or consolidated schedule.

S Corporations: U.S. Form *1120-S* (pages 1 through 4)*, *Schedule D*, Form *851*, Form *4562*, Form *4797*, and Form *8825*.

Partnerships: U.S. Form *1065* (pages 1 through 4)*, *Schedule D*, U.S. Form *4797*, and U.S. Form *8825*.

Limited Liability Companies: Attach appropriate schedules shown above based on federal return filed.

Individuals. U.S. Form *1040* (pages 1 and 2), Schedules *C*, *C-EZ*, *D*, *E*, and Form *4797* (only when a member of a UBG).

Fiduciaries. U.S. Form *1041* (pages 1 through 4), *Schedule D*, and Form *4797* (only when a member of a UBG).

Unitary Business Groups. When e-filing a combined return with MBT return membership identical to the federal consolidated return membership, the federal return should be included in the federal folder of the e-file transmission or as a PDF. If credit calculations require any member to prepare a pro forma (as if filing separately) federal return, attach a copy of that pro forma return or schedule as a PDF.

When e-filing a combined return with MBT return members that file more than one federal return, attach the pages and schedules of each member’s federal return (as described immediately above for different entity types) and other attachments as PDFs. The designated members’ federal data for U.S. Forms *1120* and *1065* filers can be in “xml” or PDF format.

***Do not send copies of K-1s. Treasury will request them if necessary.**

See *Unitary Business Group Combined Filing Schedule* (Form 4580) for more information on federal return attachments.

Non-electronic Portion

When the following forms are included in a filing, the MBT return can be e-filed but the forms listed below must be mailed.

- *Application for Extension of Time to File Michigan Tax Returns* (Form 4)
- *Historic Preservation Credit Assignment and Reassignment* (Form 3614)
- *Film Credit Assignment* (Form 4589).

Exclusions From E-file

Treasury recognizes that there are conditions which make a return ineligible for e-file. When the computer-generated MBT return meets one or more of the Treasury-recognized e-file exceptions, the taxpayer may have to complete and attach Form 4833 to the front of the return or the paper filing will not be processed. Form 4833 is generated by the software.

Attach Form 4833 to a computer-generated paper return that meets one or more of the Treasury-recognized e-file mandate exceptions.

Treasury-recognized exceptions at the time of this publication include, but are not limited to:

- Taxpayer is filing one or more of the following forms:
 - *Qualified Affordable Housing Seller's Deduction* (Form 4579)
 - *Tribal Agreement Apportionment* (Form 4597)
 - *Tribal Agreement Ownership Schedule* (Form 4598).
- Return was prepared by a tax preparer who has been suspended or denied acceptance to participate in IRS Fed/State MeF program or does not have an Electronic Filing Identification Number (EFIN).
- Return was rejected by Michigan or IRS and there is no way to correct and resubmit the return electronically and software does not support State Stand Alone e-file.
- Taxpayer's federal return contains a form that is not eligible for e-file and the software does not support State Stand Alone e-file.

The following are also Treasury-recognized exceptions; however, Form 4833 should not be attached to an MBT paper return that meets one or more of the following conditions:

- Taxpayer is filing a UBG return (whenever possible, the preferred method is e-file).
- Taxpayer has an organization type of “Individual” or “Fiduciary.”
- Taxpayer does not have an FEIN.
- Return is completed by hand (with pen or pencil).
- Return is completed using forms from Treasury’s online Michigan tax instruction booklets.

Additional information will be published on Treasury’s Web sites at www.michigan.gov/taxes and www.MIfastfile.org as it becomes available.

Signing an Electronic Return

A return filed through the IRS MeF program is a composite of electronically transmitted data. As with any tax return submitted to Treasury on paper, an electronic tax return must be signed by an authorized tax return signer, the ERO (if applicable), and the paid tax preparer (if applicable).

The MBT 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-MBT.

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-MBT will be printed and contain the taxpayer PIN. The tax preparer will **retain** Form MI-8879-MBT in his or her records as part of the taxpayer’s printed return.

MBT State Stand Alone e-filings submitted without a taxpayer PIN will be rejected by Treasury. Do **not** mail Form MI-8879-MBT to Treasury and do **not** include Form MI-8879-MBT as an attachment with the e-file return.

APPLICATION AND ACCEPTANCE PROCESS

E-filing of Michigan MBT returns is available to all e-filers who have been accepted into the IRS Fed/State MeF program and who transmit returns to the IRS.

To participate, applicants must first apply to the IRS and be accepted. Individuals must register with IRS e-Services and create a new (or revised) IRS e-file application. Individuals can contact e-Help toll-free at 1-866-255-0654 for assistance with the IRS e-file application or if unable to register for e-Services.

Upon receipt of completed U.S. Form 8633, the IRS Service Center assigns an EFIN and, if applicable, an ETIN to the applicant.

Failure to apply will preclude participation in the program.

Once accepted in the IRS e-file program, participation in Michigan's e-file program is automatic. Treasury will use the EFIN assigned by the IRS. Michigan does not assign any additional identification numbers.

TRANSMITTING THE MBT FED/STATE RETURN ELECTRONICALLY

The ERO, tax preparer, and/or electronic transmitter must follow all electronic transmitting procedures, communication requirements, and technical specifications required by the IRS and Treasury for participation in the MBT and IRS MeF programs.

Where to Transmit Fed/State and State Stand Alone Returns

Participants must confirm with their software developers that the software has been accepted for transmitting returns through the IRS Fed/State MeF program. Participants should also confirm that the Michigan e-file portion of the software program is operational before transmitting returns.

The IRS and Michigan electronically acknowledge receipt of all return submissions.

MBT ACKNOWLEDGMENTS AND BUSINESS RULES (REJECTION CODES)

Acknowledgment of Michigan Electronic Returns

The Michigan acknowledgment informs transmitters that the Michigan return data has been received. The Michigan acknowledgment is separate from the federal acknowledgment.

Do not assume that an acknowledgment from the IRS is a guarantee of receipt by Michigan.

Treasury will generate an acknowledgment for all returns received. The acknowledgment for the Michigan return will be available to the transmitter **within three business days** of successful transmission to the IRS. Transmitters who transmit for EROs and tax preparers must notify taxpayers of the Michigan acknowledgment at the time of receipt.

Treasury will perform certain checks on the return during the acceptance process. **All returns, whether e-filed or paper-filed, are subject to Michigan audit, and can be delayed regardless of the acknowledgment code given.**

Acceptance Status:

Accepted - Electronic return was **accepted** and will be reviewed and processed.

Rejected - Electronic return was **rejected**. Rejections other than duplicates can be corrected and retransmitted.

The **MBT e-file Business Rules (rejection codes) document** is posted on the Michigan Business Tax Electronic Filing Programs Web page under Other Helpful Information.

Treasury offers tax preparers the following option when Michigan returns are rejected, or if the preparer or transmitter encountered problems during transmission and the Michigan return or portion of the return was not transmitted with the federal return.

- Michigan return can be retransmitted as a State Stand Alone return if the software supports State Stand Alone filing.

RESPONSIBILITIES OF TRANSMITTERS AND EROs

Electronic filers, transmitters, and EROs must abide by the terms set forth in the Michigan and IRS guidelines and must maintain a high degree of integrity, compliance, and accuracy to continue to participate in the MBT and IRS MeF programs.

ERO or Tax Preparer

An ERO is the person or firm who constructs the return information for the taxpayer for the purpose of electronically filing a tax return. Michigan requires that participants first be accepted into the IRS MeF program to participate in the Michigan program.

Preparers have been entrusted with the task of filing a client's tax return and must assume the responsibility of ensuring the return arrives at Treasury. In the event the e-filed State return fails to arrive or is rejected and cannot be retransmitted, tax preparers must notify their clients to file a paper return.

Transmitter

A transmitter is the business or individual who electronically sends the file of return data to Treasury. In most cases, the software developer will be the transmitter.

The date the electronic return is posted and acknowledged by Treasury constitutes the receipt date of the return. Any return **not** acknowledged by Treasury as “accepted” is considered not filed.

Program Compliance

All electronic filers must comply with IRS requirements and specifications, and Michigan requirements as set forth in Michigan *Publications 4674* and *4672*.

If, after acceptance, a transmitter/software developer has production problems, Treasury reserves the right to suspend that transmitter/software developer until the problems are resolved to Treasury’s satisfaction.

Safeguarding the E-file Program From Abuse and Fraud

All authorized e-file providers must be diligent in recognizing and preventing fraud and abuse in the e-file program. The IRS, Michigan, and program participants do not benefit when fraud or allegations of abuse tarnish the integrity and reputation of the program. Providers with problems involving fraud and abuse may be suspended or expelled from participation in Michigan’s e-file program, be assessed civil and preparer penalties, or be subject to legal action. Refer to IRS *Publication 4557 Safeguarding Taxpayer Data, A Guide for Your Business*, and *Publication 4600 Safeguarding Taxpayer Information*.

Changes on the Return

After an electronic return is acknowledged as accepted, it cannot be recalled, intercepted, or changed in any manner. If either the ERO or taxpayer wishes to change any entries on an accepted electronic return, an amended return must be filed.

APPENDIX

MBT-V	Instructions
	2010 MBT Forms and Instruction Booklets
	MBT Business Rules (Rejection Codes)