Michigan Department of Treasury
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MBT

Michigan Business Tax

www.michigan.gov/taxes

2008 Forms and Instructions

What's Inside

This MBT booklet includes forms and instructions for all "standard taxpayers" (all filers except insurance companies and financial institutions). These forms are designed for calendar year 2008 and for fiscal years ending in 2008 or 2009.

e-file

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See pages 8 and 140 for more information.

This booklet is intended as a guide to help complete the Michigan Business Tax (MBT) return. It does not take the place of the law.

Michigan Department of Treasury
Customer Contact Division, MBT Unit
P.O. Box 30059 * Lansing, MI 48909 * (517) 636-4657

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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January 2009

Dear Taxpayer:

Enclosed are forms and instructions needed to file your 2008 Michigan Business Tax (MBT) annual return.

The Michigan Business Tax replaced the Single Business Tax, effective January 1, 2008. The MBT includes new and/or revised credits for Michigan compensation, Michigan investment, and research and development expenses. The MBT also retains and expands numerous credits, including the small business alternate tax credit and significant personal property tax credits.

If you have questions about your MBT obligations, please call the Michigan Department of Treasury's Customer Contact Division at (517) 636-4657, or visit **www.michigan.gov/mbt**.

Sincerely,

Robert J. Kleine

Robert J. Kleine
State Treasurer

P.O. BOX 15128 ● LANSING, MICHIGAN 48901
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* Form does not appear in this book but can be found on the Michigan Department of Treasury Web site **www.michigan.gov/taxes**.

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2008 General Information for Standard Taxpayers

Fiscal Year Filers: See “Supplemental Instructions for Initial Fiscal Michigan Business Tax (MBT) Filers” on page 133.

Insurance Companies and Financial Institutions: See the *MBT Instruction Booklet for Insurance Companies* (Form 4592) 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 Michigan Business Tax (MBT) return. It does not take the place of the law.

End of Single Business Tax (SBT) – Beginning of Michigan Business Tax (MBT)

SBT was repealed on business activity after December 31, 2007 (Public Act (PA) 325 of 2006). MBT became effective January 1, 2008 (PA 36 of 2007).

Who Files a Standard Return?

All taxpayers other than financial institutions and insurance companies (described here as standard taxpayers) with apportioned or allocated gross receipts equal to $350,000 or more must file an *MBT Annual Return* (Form 4567) or an *MBT Simplified Return* (Form 4583).

EXCEPTION: Standard taxpayers that are owned by and unitary with financial institutions should file the *MBT Annual Return for Financial Institutions* (Form 4590).

Insurance companies and financial institutions will calculate tax liability using specialized tax bases and rules, which are covered in separate booklets (see the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588) and Form 4590, respectively).

Using This Booklet

This MBT booklet includes forms and instructions for all “standard taxpayers” (all filers except insurance companies and financial institutions). These forms are designed for calendar year 2008 and for fiscal years ending in 2008 or 2009.

Read the General Information first. Because MBT is a new tax, we recommend taxpayers and tax preparers also briefly review the instructions for all forms. A taxpayer might qualify for a credit and yet be unaware of it.

Fiscal year taxpayers should also review the “Supplemental Instructions for Initial Fiscal MBT Filers” on page 133.

Overview of MBT for Standard Taxpayers

MBT imposes both a Modified Gross Receipts Tax and a Business Income Tax on all standard taxpayers with apportioned or allocated gross receipts equal to $350,000 or more, where:

- The Modified Gross Receipts Tax rate is 0.8 percent, and
- The Business Income Tax rate is 4.95 percent.

An annual surcharge of 21.99 percent is applied to the sum of both tax liabilities, where the surcharge amount levied against the taxpayer is capped at $6,000,000 in any single tax year.

The statute then offers more than 35 credits that reduce the initial calculation of tax and surcharge. This includes a limited allowance of SBT credit carryforwards.

The Modified Gross Receipts Tax base consists of gross receipts less purchases from other firms and other subtractions. *Gross receipts* are defined as the entire amount received by a taxpayer from any activity carried on for direct or indirect gain, benefit, or advantage to the taxpayer or to others, with certain specific exceptions. (See pages 26 through 28.)

For most taxpayers, the Business Income Tax base is essentially that part of federal taxable income (as defined for MBT purposes) derived from business activity, with certain additions and subtractions.

For more comprehensive information regarding MBT, visit the MBT Web site at **www.michigan.gov/mbt**. The Web site contains information taxpayers may find helpful in determining their estimated tax liabilities. Note that reliance on information found on the Web site does not protect a taxpayer from imposition of interest and penalties should the sum of the taxpayer’s estimated payments not equal 85 percent of the taxpayer’s MBT liability for the current tax year.

Filing MBT Quarterly Tax Estimates for 2009

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

- *Michigan Business Tax Quarterly Return* (Form 4548), or
- *Combined Return for Michigan Taxes* (Form 160).

If paying quarterly, estimates are due on the 15th of the month following the end of the quarter. If filing monthly using Form 160, monthly payments may be filed on the 20th day of the month. For example, a taxpayer may file a monthly MBT estimate using Form 160 on April 20 rather than April 15 so long as the estimate for that month is consistent with the instructions in the paragraph below. For taxpayers electing to make monthly remittances by Electronic Funds Transfer (EFT) where the requirement to file a paper Form 160 has been waived, MBT estimates remain due on the 20th day of the month following the month’s end. The estimated MBT for the quarter must also reasonably approximate the liability for the quarter.

The estimated payment made with each quarterly return must be computed on the actual Business Income Tax base and Modified Gross Receipts Tax base for the quarter, or 25 percent of the estimated annual total liability, plus the annual surcharge imposed. 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. For tax years ending in 2009 and later, if the prior year’s tax is $20,000 or less, estimated tax may be based on the prior year’s total tax liability paid in four equal installments. If the prior year’s tax liability was reported for a period less than 12 months, this amount must be annualized. See “Filing if Tax Year Is Less

Than 12 Months" on page 13 of these instructions for more information. If the year's tax liability is $800 or less, estimated returns are not required. Estimates cannot be based on the prior year's SBT liability and can no longer be based on 1 percent of gross receipts.

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.

E-filing MBT Returns

To optimize operational efficiency and improve customer service, the Department of Treasury is supporting e-file for the first year of MBT by participating in the Internal Revenue Service (IRS) Federal/State Modernized e-File (MeF) program. Check with your software provider to see if it supports MBT e-file, or visit the e-file Web site at **www.MIfastfile.org** to view a list of approved software providers.

The e-file mandate for SBT is being continued for software developers supporting MBT, effective January 1, 2010, for the 2009 tax year. Software developers producing MBT preparation software will need to support e-file for all eligible MBT forms that are included in their tax preparation software. Therefore, all eligible 2009 MBT returns prepared using software must be e-filed.

New this year, the Department will accept certain Portable Document Format (PDF) attachments with MBT e-filed returns. For a current list of defined attachments, visit the e-file Web site at **www.MIfastfile.org**, and select "Business Taxpayer." Follow your software instructions for submitting attachments with an e-filed return.

If the MBT 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 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 IRS Web site at **www.irs.gov** for more information on federal e-file requirements and the MeF program.

Complete Federal Tax Forms First

Before preparing MBT returns, complete all federal tax forms. These forms may include:

- Individuals, Partnerships or Fiduciaries - U.S. Form *1040*, *1041*, *1065* and related Schedules *C*, *C-EZ*, *D*, *E*, *K*, *4797,* and *8825*.
- Corporations - U.S. Form *1120*, *1120-S* and Schedules *D*, *K*, *851*, *940*, *4562*, *4797,* and *8825*.
- Limited Liability Companies (LLCs) - federal forms listed above, depending on how federal returns have been filed.

Reference these federal forms to complete Form 4567 or Form 4583.

NOTE: Public Act 434 of 2008 changed the definition of federal taxable income. For MBT purposes, federal taxable income means taxable income as defined by IRC 63, except that federal taxable income shall be calculated as if section 168(k) [as applied to qualified property placed in service after December 31, 2007] and IRC 199 were not in effect.

Copies of these forms must also be attached to the annual return filed. See the instructions for the annual return for further details.

Completing Michigan Forms

The Department captures the information from paper MBT returns using an Intelligent Character Recognition (ICR) 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 (Ø) 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% becomes 24.1542%. When converting a percentage to a decimal number, carry numbers out six digits to the right of the decimal point. For example, 24.154266% 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.

Suggested Order of Analysis and Preparation of an MBT Annual Return

First, determine whether the taxpayer has nexus with Michigan. *Nexus* is derived from the Latin word meaning connection. It is a legal term that expresses the issue of whether a taxpayer has sufficient connection to Michigan to justify subjecting the taxpayer to Michigan tax. If there is any question about the existence of nexus, see Revenue Administrative Bulletins (RABs) 2007-6 and RAB 2008-4 for further guidance.

Next, determine whether taxpayer has $350,000 or more of gross receipts, that are apportioned or allocated to Michigan.

• The statutory definition of gross receipts is found in Michigan Compiled Law (MCL) 208.1111(1): *"Gross receipts* means the entire amount received by the taxpayer from any activity whether in intrastate, interstate, or foreign commerce carried on for direct or indirect gain, benefit, or advantage to the taxpayer or to others except …"

Exceptions to the foregoing definition are discussed on page 26 of this booklet.

• Gross receipts, as defined above, is a world-wide figure. For a taxpayer that has nexus only with Michigan, all gross receipts are allocated to Michigan. A taxpayer that has nexus with Michigan and at least one other state or foreign country must calculate its apportionment percentage and multiply its total gross receipts by that apportionment percentage. See Form 4567, lines 10b through 10d, and accompanying instructions for this calculation. The resulting figure is the taxpayer's gross receipts apportioned to Michigan.

If all of the foregoing considerations determine that a taxpayer must file an MBT return, the next question is which primary form to use. For a standard taxpayer, there are two. Form 4583 is an optional simplified form for small businesses that allows taxpayers to calculate the Small Business Alternative Credit and the Gross Receipts Filing Threshold Credit. Most other credits are not available with Form 4583. Eligibility to use Form 4583 is described at the top of that form and in its instructions.

Most standard taxpayers will use Form 4567. It is available to all standard taxpayers, and allows the calculation of all credits, including credits that can be claimed only by using this form. To calculate gross receipts (Part 1 of the form) and business income (Part 2), use the appropriate worksheets on page 136, based on organization type of the taxpayer.

For a taxpayer using Form 4567, first complete lines 1 through 34, which is sufficient to calculate total liability before all credits. At that point, if any nonrefundable credits will be claimed, begin the *MBT Nonrefundable Credits Summary* (Form 4568), which serves several important functions:

• Acts as a checklist of nonrefundable credits

• Identifies the order in which nonrefundable credits must be claimed

• Identifies the form on which each nonrefundable credit is calculated

• Tracks tax liability as it is reduced by each credit in proper order

• Identifies (where applicable) the point at which tax liability reaches zero and no further nonrefundable credits may be claimed in the current filing period.

Complete Form 4568 from top to bottom. For each credit the taxpayer qualifies for, calculate the credit as identified on the appropriate form and bring the result back to the appropriate line on Form 4568.

After total nonrefundable credits is determined on Form 4568, line 36, carry the figure to Form 4567. The remainder of Form 4567 is straightforward, but take care to consider any available refundable credits on Form 4567, Part 4.

Further General Guidance

For purposes of MBT, *person* means an individual, firm, bank, financial institution, insurance company, limited partnership, limited liability partnership, copartnership, partnership, joint venture, association, corporation, S corporation, LLC, receiver, estate, trust, or any other group or combination of groups acting as a unit.

A *taxpayer* includes a single person or a Unitary Business Group (UBG) (see definition on page 10) liable for tax, interest, or penalty. A UBG must file a combined MBT return (addressed in further detail on page 10).

Businesses reporting less than 12 months must annualize gross receipts to determine whether they are required to file. See page 13 for more guidance on annualization.

If apportioned or allocated gross receipts are below the filing requirement, there is no legal obligation to file a return or pay a tax.

Individual. If a person owns more than one business that is registered as Individual (e.g., a convenience store and rental property), file one MBT return and use the combined apportioned or allocated gross receipts to determine filing requirements.

LLC. An LLC is classified for MBT purposes according to its federal tax classification. The following terms, whenever used in MBT forms, instructions, and statute, include LLCs as indicated:

• *Partnership* includes an LLC federally taxed as a Partnership, and a member of this LLC is a partner.

• *S Corporation* includes an LLC federally taxed as an S Corporation, and a member of this LLC is a shareholder.

• *C Corporation*, which is occasionally referred to simply as a Corporation, includes an LLC federally taxed as a C Corporation, and a member of this LLC is a shareholder. A member or other person performing duties similar to those of an officer in a true Corporation is an "officer" in this LLC.

• An LLC with a single owner that is disregarded for federal tax purposes will also be disregarded for MBT purposes. The consequence of being disregarded is that tax classifications are based on the organizational type of the member. Activity of the LLC will be combined with activity of the member on a single return.

EXCEPTION: A foreign Corporation that is a disregarded subsidiary of a U.S. parent cannot be a member of a UBG, even one that includes its U.S. parent. In this case, the foreign entity must file a separate return.

Fiduciaries filing for estates or Trusts engaged in business activity must file an MBT return and report the total business activity. Beneficiaries are not required to file an MBT return or pay the tax on their distributive shares. If a grantor Trust is engaged in business, the grantor or owner must file. To determine credits, follow the guidelines for Individuals. A Trust is classified for MBT purposes according to its federal tax classification.

REMINDER: Partners and S Corporation shareholders (including LLC members treated as such) may have to pay tax on their share of income from a Partnership or S Corporation. For a partner or S Corporation shareholder who is an Individual, this share of business income is taxed under the Michigan Individual Income Tax Act. For a partner or S Corporation shareholder that is subject to MBT (Individual or entity), this income must be included in the Business Income Tax base, but then is subtracted (a loss will be added) on the MBT annual return filed for the partner or shareholder to the extent that it was included in arriving at the partner's or shareholder's business income.

For a Partner or S Corporation shareholder that is subject to MBT (Individual or entity), this income must also be included in gross receipts for the Modified Gross Receipts Tax base.

EXCEPTION: If this partner or shareholder has no Michigan business activity other than its interest in the Partnership or S Corporation, the partner or shareholder is not subject to MBT and is not required to file a return. However, the partner or shareholder, if an Individual, may be subject to Michigan Income Tax.

New Requirements: Unitary Business Groups (UBGs) and Combined Filing

NOTE: UBGs are addressed below, in general, and further in the instructions for each form. "Special Instructions for Unitary Business Groups" are located directly before "Line-by-Line Instructions." The areas in the "Line-by-Line Instructions" that apply only to UBGs are labeled "**UBGs**."

General Information about UBGs

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

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

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

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

NOTE: The IRC defines Partnership and Corporation to include an LLC taxed federally as such.

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

- Would otherwise be a part of a UBG that has at least one person included in the UBG who is taxable in Michigan.
- Has substantial operations outside the United States, the District of Columbia, any territory or possession of the United States except for the commonwealth of Puerto Rico, or a political subdivision of any of the foregoing.
- At least 80 percent of its income is active foreign business income as defined in IRC 861(c)(1)(B).

The Department will follow IRC 318 or analogous authority to determine indirect, or constructive, ownership and control, except the Department will apply IRC 318 to all ownership interests.

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

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

Indirect ownership is generally determined using IRC 318 or analogous authority, except the Department will apply IRC 318 to all forms of ownership interests, such as Partnership and membership interests, and not just corporate stock. For example, attribution to and from a Partnership may be determined under IRC 318(a)(2)(A) and 318(a)(3)(A). However, the attribution will be of ownership interests, including - but not limited to - Partnership interests, stock, and membership interests; attribution will not be limited to corporate stock.

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

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

Brother-Sister Controlled Group of Entities. A brother-sister group of entities may also satisfy the control test. An

Individual that is not a sole proprietor or owner of a disregarded entity or otherwise engaged in a trade or business resulting in business income or gross receipts under the MBT is not unitary with the entities in which that Individual has a controlling interest. However, a brother-sister group of entities may satisfy the control test through the indirect ownership rules of IRC 318. This is referred to as a brother-sister controlled group of entities.

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

Excluded Ownership Interests. For purposes of determining ownership or control under the control test, the Department will apply IRC 1563 to exclude certain ownership interests from determination of ownership and control, except that the Department will apply IRC 1563 to all forms of ownership interests and not just corporate stock.

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

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

Special Instructions for the Annual Return

By definition, a UBG can include standard taxpayers, insurance companies, 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 Form 4567. 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 Form 4590. Insurance company members of a UBG each file separately on Form 4588.

Before completing a combined return, UBGs should first complete the *MBT Unitary Business Group Combined Filing Schedule* (Form 4580). Form 4580 is used to gather and combine data from each member of the UBG, and eliminate intra-group transactions where appropriate, in order to support the primary return. If the UBG is comprised of both standard taxpayers and financial institutions, two copies of Form 4580 will be completed (one form for the standard taxpayers with financial institutions listed in Form 4580, Part 4, and one form for financial institutions with the standard taxpayers listed in Form 4580, Part 4). Insurance companies that are part of a UBG will each file a separate Form 4588, but should be listed in the Form(s) 4580, Part 4, filed by the standard or financial members of the group.

The Designated Member (DM)

A UBG combined return is filed under the name and Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number of the DM of the standard taxpayer group. *Designated Member* means a UBG member that has nexus with Michigan and will file the combined MBT return on behalf of the taxpayer group. If the member that owns or controls the other group members has nexus with Michigan, that controlling member must serve as the DM. If the controlling member does not have nexus with Michigan, the controlling member may appoint any group member with nexus to serve as the DM. That DM must continue to serve as such every year, unless it ceases to be a group member or the controlling member attains Michigan nexus. The filing period of a combined return is based on the tax year of the DM.

If a UBG is comprised of both standard taxpayers and financial institutions, the UBG will have two DMs (one for the standard taxpayer members completing Form 4567 and related forms, and one for the financial institution members completing Form 4590 and related forms).

Role of the DM: The DM speaks, acts, and files the MBT return on behalf of the group for MBT purposes. Only the DM may file a valid extension request for the group. The Department maintains the group's MBT tax data (e.g., prior MBT returns, business loss carryforward, tax credit carryforward, overpayment credit forward) under the DM's name and account number. Because SBT did not include a unitary concept, SBT data of the group members is maintained in separate files of the members. Once the first return is filed identifying all members, the SBT data for the group members will be combined for purposes of this return.

Special Instructions for Supporting Forms

Most forms are completed by UBGs on a group basis. However, the following forms must be completed with entity-specific data, rather than group-wide data:

- *Michigan Historic Preservation Tax Credit* (Form 3581)
- *MBT Loss Adjustment Worksheet for the Small Business Alternative Credit* (Form 4575)
- *MBT Schedule of Shareholders and Officers* (Form 4577)
- *MBT Schedule of Partners* (Form 4578)
- *MBT Qualified Affordable Housing Seller's Deduction* (Form 4579)
- *MBT Schedule of Business Activity for Non-Designated Members of a Unitary Business Group Protected Under Public Law 86-272* (Form 4581)
- *MBT Investment Tax Credit Recapture From Sale of Assets Acquired Under Single Business Tax* (Form 4585)

- *MBT Schedule of Business Activity Protected Under Public Law 86-272* (Form 4586)
- *Michigan Farmland Preservation Tax Credit* (Form 4594)
- *MBT Renaissance Zone Credit Schedule* (Form 4595).

If more than one member completes one of these forms, multiple copies of that form must be included in the group's combined return.

In addition, many credits require an entity-specific calculation of a credit amount. The following table provides a summary of UBG credit calculations, where:

A) The test or criteria to qualify for the credit should be applied on a group basis (G) or a separate entity basis (E),

B) If the qualification test is satisfied, the calculation of the credit amount should be on a group basis (G) or a separate entity basis (E),

C) Calculation of the credit should be done after elimination of intercompany transactions (Y or N). Note: This applies only to the calculation of the credit. The tax liability of the UBG against which the credit will be applied is calculated after elimination of all intercompany transactions from the tax base and apportionment.

Credit	(A)	(B)	(C)
Anchor Company Payroll Credit	E	E	N
Anchor Company Taxable Value Credit	E	E	N
Arts and Culture Credit	G	G	N
Bottle Deposit Administration Credit	E	E	N
Brownfield Redevelopment Credit	E	E	N
Community or Education Foundation Credit	G	G	N
Compensation Credit	G	G	N
Entrepreneurial Credit	E	E	N
Farmland Preservation Credit	E	E	N
Film Infrastructure Credit	E	E	N
Film Job Training Credit	E	E	N
Film Production Credit	E	E	N
Gross Receipts Filing Threshold Credit	G	G	N
Historic Preservation Credit	E	E	N
Homeless Shelter/Food Bank Credit	G	G	N
Hybrid Technology Research and Development Credit	E	E	N
Individual or Family Development Account Credit	G	G	N
International Auto Show Credit	E	E	N
Investment Tax Credit	G	G	Y
Large Food Retailer Credit	G	G	N
Low-Grade Hematite Credit	G	G	N
MEGA Employment Tax Credit	E	E	N
MEGA Federal Contract Credit	E	E	N
MEGA Research and Development Credit	E	E	N
Mid-size Food Retailer Credit	G	G	N
NASCAR Safety Credit	E	E	N
NASCAR Speedway Credit	E	E	N
New Motor Vehicle Dealer Inventory Credit	E	E	N

Credit	(A)	(B)	(C)
Next Energy Business Activity Credit	E	E	N
Next Energy Payroll Credit	E	E	N
Personal Property Tax Credit	G	G	N
Private Equity Fund Credit	E	E	N
Public Contribution Credit	G	G	N
Renaissance Zone Credit	E	E	Y
Research and Development Credit	G	G	N
Small Business Alternative Credit	G	G	N
Stadium Credit	E	E	N
Start-up Business Credit	E	E	N
Workers' Disability Supplemental Benefit Credit	G	G	N

The above credits are taken against the standard taxpayer group's entire tax liability. Additional UBG instructions are provided on forms where these credits are calculated. A small number of credits will require a pro forma calculation of a UBG member's tax liability. Where a pro forma calculation is required, the underlying objective is to determine what the tax liability of the UBG member generating the credit would have been if that member was not included in the UBG. Therefore, the UBG member generating the credit must calculate its pro forma tax liability as if it was a singular, stand alone taxpayer in all aspects. This supporting calculation should be submitted along with Form 4580.

If the UBG is comprised of both standard taxpayers and financial institutions, two copies of supporting forms will be completed (one group of supporting forms for the standard taxpayers' annual return and one group of supporting forms for the financial institutions' annual return).

Exemption Guidelines for MBT

The following may be exempt from MBT:

- Most persons who are exempt from Federal Income Tax under the IRC
- Nonprofit cooperative housing corporations
- The agricultural activity of a person whose primary activity (i.e., more than 50 percent) is the production of agricultural goods
- Foreign persons domiciled in a subnational jurisdiction that does not impose an income or other business tax on a similarly situated person domiciled in Michigan. For purposes of this provision, foreign person is defined at MCL 208.1207(8).

If a taxpayer is exempt under either of the first two bullets, but has unrelated business taxable income as defined in the IRC, that business activity is subject to the MBT and a return will be required if the apportioned or allocated gross receipts are $350,000 or more from the unrelated business activity. Similarly, if a farmer whose primary activity is agricultural production has $350,000 or more of apportioned or allocated gross receipts from activities other than agricultural production, a return is required.

Foreign persons that are not exempt from the MBT must calculate business income, gross receipts, the Business Income and Modified Gross Receipts Tax bases, and the sales factor differently than domestic taxpayers. Refer to MCL 208.1207(4) - (8) for details.

For a complete list of exemptions, consult a copy of the MBT Act (PA 36 of 2007, as amended) at **www.legislature.mi.gov**.

If a taxpayer is exempt and has no unrelated business taxable income, filing an MBT return is not required.

Filing the Correct Form

File Form 4583 if:

- Apportioned or allocated gross receipts are $350,000 or more and the criteria on the form are met. Form 4583 cannot be used by fiscal year filers for the 2008 tax year.
- Taxpayer has apportioned or allocated gross receipts less than $350,000 and is claiming a refund of estimated payments made. Skip lines 10 through 21 and lines 28 through 31.

File Form 4567 if:

- Tax bases are apportioned
- Apportioned or allocated gross receipts are $350,000 or more
- A reduced Small Business Alternative Credit is claimed
- Apportioned or allocated gross receipts are less than $350,000, and:
  - A refund is claimed
  - A credit that may be carried forward to the next year was generated during the filing period
  - A tax credit carryforward or MBT business loss carryforward is reported (filing in this case is necessary to move the carryforward to the following year).

Form 4567 is the only form that will guarantee calculation of the lowest tax liability. This list does not cover all situations. See instructions for each form for more information.

A different primary return and instruction booklet are available for insurance companies (Form 4588) and financial institutions (Form 4590). The tax base for each of these special taxpayer categories is fundamentally different than for standard taxpayers.

Filing if Tax Year Is Less Than 12 Months

Except for the required fiscal return beginning January 1, 2008, annual returns must be filed for the same period as Federal Income Tax returns. If a business operated less than 12 months or must report an initial fiscal MBT return of less than 12 months, annualize to determine which forms to file and the eligibility for a Small Business Alternative Credit. Do not use annualized numbers on a return unless specified; use them only to determine filing requirements and qualifications for credits.

Fiscal year filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133 for filing the first MBT return.

Tax year means the calendar year, or the fiscal year ending during the calendar year, upon the basis of which the tax base of a taxpayer is computed. If a return is made for a fractional part of a year, tax year means the period for which the return is made.

A taxpayer that has a 52- or 53-week tax year beginning not more than seven days before December 31 of any year is considered to have a tax year beginning after December of that tax year.

Example 1: A taxpayer with a federal tax year beginning on Monday, December 29, 2008, will be treated as follows:

- 2008 tax year end of December 31, 2008.
- Due date of April 30, 2009.
- 2009 tax year beginning January 1, 2009.

Example 2: A taxpayer with a federal tax year ending on Sunday, January 3, 2010, will be treated as follows:

- 2009 tax year end of December 31, 2009.
- Due date of April 30, 2010.
- 2010 tax year beginning on January 1, 2010.

Example 3: A 52- or 53-week year closing near the end of January is common in the retail industry. Such a taxpayer will be treated as follows:

- 2008-09 fiscal year end will be January 31, 2009.
- Due date will be May 31, 2009.
- 2009-10 fiscal year will begin on February 1, 2009.

Annualizing

Multiply each amount, total gross receipts, business income, prior year's tax liability, and shareholder's, officer's and partner's income by 12 and divide the result by the number of months the business operated. Generally, a business is considered in business for one month if the business operated for more than half the days of the month.

- If annualized apportioned or allocated gross receipts are $350,000 or more, file an annual return. If annualized gross receipts are more than $20,000,000, or adjusted business income, after loss adjustment exceeds $1,300,000, the taxpayer is not eligible for the Small Business Alternative Credit.
- Annualize shareholders', officers', and partners' compensation and share of business income. If any shareholder or officer has annualized compensation and share of business income of more than $180,000 as determined on Form 4577, column L or N, and applying loss adjustment on Form 4575, if applicable, or any partner has a distributive share more than $180,000 on the Form 4578, column D, the taxpayer is not eligible for the Small Business Alternative Credit. If annualized allocated income or distributive share is more than $160,000 but not more than $180,000, the annualized figure will determine the reduction to the Small Business Alternative Credit.
- Annualize prior year's tax liability to determine whether estimates may be based on that liability. If the prior year's annualized liability is $20,000 or less, estimates may be based on the annualized amount if paid in four equal installments.

EXAMPLE: A fiscal year taxpayer with a tax year ending in June files a six-month return ending June 2008 reporting a tax liability of $9,000. Estimates for the tax year ending June 2009 may be based on the annualized liability of $18,000. Estimates must be paid in four equal installments of $4,500.

Individuals and Fiduciaries: A business registered as Individual or Fiduciary that is in business less than 12 months is not required to annualize.

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 2008 is due April 30, 2009. A return for a short year ending October 31, 2008, is due February 28, 2009.

For tax years ending in 2008, fiscal year taxpayers are granted an automatic extension for their 2008 fiscal year annual return, to April 30, 2009. An extension of time to file is not an extension of time to pay.

Additional Filing Time

If additional time is needed to file an annual tax return, request a Michigan extension by filing an *Application for Extension of Time to File Michigan Tax Returns* (Form 4).

Filing a federal extension request with the IRS does not automatically grant an MBT extension. The IRS does not notify state governments of extensions. A request for a Michigan extension must be received and approved to avoid penalty on the tax due.

Extension applications must be postmarked on or before the original due date of an annual return.

Although the Department will grant extensions for filing MBT returns, it will not extend the time to pay. Extension applications received without proper payment will not be processed. Penalty and interest will accrue on the unpaid tax from the original due date of the return.

Properly filed and paid estimates along with the amount included on the extension application will be accepted as payment on a tentative return, and an extension may be granted. It is important that the application is completed correctly.

Once a properly prepared and timely filed application along with appropriate estimated tax payments is received, the Department will grant an extension of eight months to file the tax return.

Fiscal year taxpayers: Fiscal year taxpayers are granted an automatic extension for their 2008 fiscal year annual return, to April 30, 2009. See "Supplemental Instructions for Initial Fiscal MBT Filers" for more information.

Any estimated tax that may be due with the request should be paid in the same manner as estimated payments were paid during the year.

A written response will be sent to the legal address on file when a valid extension application is received.

If an MBT extension is filed on time but the total payments received by the original due date are less than 90 percent of the tax liability, a 10 percent negligence penalty may apply.

IMPORTANT: If no tax is owed, there is no need to file an extension with Michigan by the due date of the return to avoid penalty. However, without an approved extension, it is necessary to file an annual return as soon as the information is available to do so.

An extension of time to file will also extend the statute of limitations.

Amending a Return

To amend a current annual return, complete either Form 4567 or Form 4583 and check the box in the upper-right corner of the return. Enter the figures on the amended return as they should be. There is no longer a separate form for amending a return.

See page 15 for how to request copies of current or past forms.

To amend a return to claim a refund, file within four years of the due date of the original return. 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 an MBT 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 *MBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4582), on page 105. If a taxpayer prefers not to file this form, the Department 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, 2008	9.2%	0.0002514
July 1, 2008	7.9%	0.0002151
January 1, 2009	6.0%	0.0001644

For a complete list of interest rates, see RAB 2008-5 on the Department's Web site at **www.michigan.gov/taxes**.

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, officer's agent, or association member.

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 taxpayer 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.)

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

Mailing Addresses

Postage Changes: Effective May 2007, the U.S. Post Office calculates postage based on the weight, size, and thickness of an envelope. Consult with the Post Office before mailing to avoid delays in delivery; items with insufficient postage will be returned by the Post Office.

Mail the annual return and all necessary schedules to:

With payment:

Michigan Department of Treasury
P.O. Box 30113
Lansing, MI 48909

Without payment:

Michigan Department of Treasury
P.O. Box 30783
Lansing, MI 48909

Mail an extension application (Form 4) to:

Michigan Department of Treasury
P.O. Box 30774
Lansing, MI 48909-8274

Mail MBT quarterly estimate payments (Form 4548) to:

Michigan Department of Treasury
P.O. 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**." Write the taxpayer's Federal Employer Identification Number (FEIN) or Treasury (TR) assigned number and "MBT" on the check.

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. Business discontinuance can also be reported on Form 4567, line 6, or on Form 4583, line 6.

Mail correspondence to:

Customer Contact Division, MBT Unit
Michigan Department of Treasury
P.O. Box 30059
Lansing, MI 48909

To Request Forms

Internet

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

Phone

Call toll-free 1-800-367-6263 to have business tax forms mailed to you.

Alternate Format

Assistance in obtaining printed material in an alternate format may be requested by calling 1-800-827-4000 and pressing options 1, 4, and 223.

TTY

Teletypewriter assistance is available by calling (517) 636-4999.

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☐ Check if this is an amended return.
Attach supporting documents.

2008 MICHIGAN Business Tax Annual Return

Issued under authority of Public Act 36 of 2007

1. Return is for calendar year 2008 or for tax year beginning: (MM-DD-YYYY) ____ and ending: (MM-DD-YYYY) ____

2. Name (print or type)				7. Federal Employer Identification Number (FEIN) or TR Number
Doing Business As (DBA)				8. Organization Type: ☐ Individual ☐ C Corporation / LLC C Corporation ☐ Fiduciary ☐ S Corporation / LLC S Corporation ☐ Partnership / LLC Partnership
Street Address				
City	State	ZIP Code	Country Code	
3. Principal Business Activity		4. Business Start Date in Michigan		
5. NAICS (North American Industry Classification System) Code		6. If Discontinued, Effective Date		9. ☐ Check if Filing Michigan Unitary Business Group Return. (Attach Form 4580.)

10. Special Computations

a. ☐ Check If you have sales receipts from transportation services

e. ☐ Check if Fiscal Filer using the **Annual** Method (Tax Year 2008 only) and complete 10f and 10h.

Apportionment Calculation

b. Michigan Sales	00
c. Total Sales	00
d. Apportionment %. Divide line (b) by line (c)	%
f. Number of months in MBT tax period	
g. Total months	12
h. Proration %. Divide line (f) by line (g)	%

PART 1: MODIFIED GROSS RECEIPTS TAX

11. Gross Receipts (see instructions)		11.	00
12. Subtractions (see instructions)			
a. Inventory acquired during tax year	12a. 00		
b. Depreciable assets acquired during tax year	12b. 00		
c. Materials and supplies not included in inventory or depreciable property	12c. 00		
d. Staffing Company: Compensation of personnel supplied to customers	12d. 00		
e. Deduction for contractors in SIC Codes 15, 16 and 17 (see instructions)	12e. 00		
f. Miscellaneous (see instructions)	12f. 00		
13. Total Subtractions. Add lines 12a through 12f		13.	00
14. a. Modified Gross Receipts. Subtract line 13 from line 11. If less than zero, enter zero	14a. 00		
b. If box 10e checked, multiply line 14a by percentage on line 10h. All others, enter amount from line 14a		14b.	00
15. Apportioned Modified Gross Receipts Tax Base. Multiply line 14b by percentage on line 10d		15.	00
16. a. Single Business Tax business loss carryforward	16a. 00		
b. Multiply line 16a by 65% (0.65)		16b.	00
17. Subtract line 16b from line 15. If less than zero, enter zero		17.	00
18. Multiply line 17 by .8% (0.008)		18.	00
19. Enrichment Prohibition for dealer of new motor vehicles or personal watercraft. Enter amount collected during tax year		19.	00
20. **Modified Gross Receipts Tax Before All Credits.** Enter the greater of line 18 or line 19		20.	00

PART 2: BUSINESS INCOME TAX

21. Business Income. (If business activity protected under PL 86-272, complete and attach Form 4586. See instr.)		21.	00
22. Additions to Income. (See instructions.)			
a. Interest income and dividends derived from obligations or securities of states other than Michigan	22a. 00		
b. Taxes on or measured by net income	22b. 00		
c. Tax imposed under MBT	22c. 00		
d. Any carryback or carryover of a federal net operating loss	22d. 00		
e. Losses attributable to other taxable flow-through entities (Account No. ____)	22e. 00		
f. Royalty, interest and other expenses paid to a related person	22f. 00		
23. Total Additions to Income. Add lines 22a through 22f		23.	00
24. Business Income Tax Base After Additions. Add lines 21 and 23		24.	00

Continue and sign on Page 2

FEIN or TR Number

PART 2: BUSINESS INCOME TAX (Cont.)

25. Subtractions From Income. (See instructions.)
   a. Dividends and royalties received from persons other than United States persons and foreign operating entities ... 25a. 00
   b. Income attributable to other taxable flow-through entities ... 25b. 00
   Account No.
   c. Interest income derived from United States obligations ... 25c. 00
   d. Net earnings from self-employment. If less than zero, enter zero ... 25d. 00
26. Total subtractions from income. Add lines 25a through 25d ... 26. 00
27. a. Business Income Tax Base. Subtract line 26 from line 24 ... 27a. 00
   b. If box 10e checked, multiply line 27a by percentage on line 10h. All others, enter amount from line 27a ... 27b. 00
28. Apportioned Business Income Tax Base. Multiply line 27b by percentage on line 10d ... 28. 00
29. Available MBT business loss carryforward from previous MBT return. Enter as a positive number ... 29. 00
30. a. Subtract line 29 from line 28. If negative, enter here as a negative number and skip to line 31. This is the available business loss carryforward to the next filing period (see instructions). Otherwise, go to line 30b ... 30a. 00
   b. If line 30a is positive, enter the qualified affordable housing deduction (see instructions) ... 30b. 00
   c. Subtract line 30b from line 30a. If less than zero, enter zero. ... 30c. 00
31. **Business Income Tax Before All Credits.** Multiply line 30a or 30c, whichever applies, by 4.95% (0.0495). If less than zero, enter zero ... 31. 00

PART 3: TOTAL MICHIGAN BUSINESS TAX

32. **Total Michigan Business Tax Before Surcharge and Credits**. Add lines 20 and 31 ... 32. 00
33. Annual Surcharge. Enter the lesser of $6,000,000 or line 32 multiplied by 21.99% (0.2199) ... 33. 00
34. **Total Liability Before All Credits.** Add lines 32 and 33 ... 34. 00
35. Nonrefundable credits from Form 4568, line 37 ... 35. 00
36. **Total Tax After Nonrefundable Credits.** Subtract line 35 from line 34. If less than zero, enter zero ... 36. 00
37. Recapture of Certain Business Tax Credits and Deductions from Form 4587, line 10 ... 37. 00
38. **Total Tax Liability.** Add lines 36 and 37 ... 38. 00

PART 4: PAYMENTS, REFUNDABLE CREDITS AND TAX DUE

39. Overpayment credited from prior return (SBT or MBT) ... 39. 00
40. Estimated tax payments ... 40. 00
41. Tax paid with request for extension ... 41. 00
42. Refundable credits from Form 4574, line 23 ... 42. 00
43. Total. Add lines 39 through 42. (Then, if not amending, skip to line 45.) ... 43. 00
44. **AMENDED RETURN ONLY**
   a. Payment made with the original return ... 44a. 00
   b. Overpayment received on the original return ... 44b. 00
   c. Add lines 43 and 44a and subtract line 44b from the sum ... 44c. 00
45. **TAX DUE.** Subtract line 43 (or line 44c, if amending) from line 38. If zero or less than zero, leave blank ... 45. 00
46. Underpaid estimate penalty and interest from Form 4582, line 38 ... 46. 00
47. Annual return penalty ____ % = ____ 00 plus interest of ____ 00. Enter total ... 47. 00
48. **PAYMENT DUE.** If line 45 is blank, go to line 49. Otherwise, add lines 45 through 47 ... 48. 00

PART 5: REFUND OR CREDIT FORWARD

49. Overpayment. Subtract lines 38, 46 and 47 from line 43 (or line 44c, if amending). If less than zero, leave blank. (See instructions.) ... 49. 00
50. **CREDIT FORWARD**. Amount of overpayment on line 49 to be credited forward ... 50. 00
51. **REFUND.** Amount of overpayment on line 49 to be refunded ... 51. 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.*

☐ By checking this box, I authorize Treasury to discuss my return with my preparer.

Taxpayer Signature

Taxpayer Name (print or type)

Date

Title

Telephone Number

Preparer Certification. *I declare under penalty of perjury that this return is based on all information of which I have any knowledge.*

Preparer's PTIN, FEIN or SSN

Preparer's Business Name (print or type)

Preparer's Business Address and Telephone Number (print or type)

Return is due April 30 or on or before the last day of the 4th month after the close of the tax year.

WITHOUT PAYMENT. Mail return to:
Michigan Department of Treasury, P.O. Box 30783, Lansing, MI 48909

WITH PAYMENT. Pay amount on line 48. Mail check and return to:
Michigan Department of Treasury, P.O. Box 30113, Lansing, MI 48909

Make check payable to "State of Michigan." Print the FEIN or TR Number and "MBT" on the front of the check. Do not staple the check to the return.

Instructions for Form 4567
Michigan Business Tax (MBT) Annual Return

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

To calculate the Business Income Tax and Modified Gross Receipts Tax as well as surcharge for standard taxpayers. Insurance companies should file the *MBT Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588) and Financial Institutions should file the *MBT Annual Return for Financial Institutions* (Form 4590).

Special Instructions for Unitary Business Groups

A *Unitary Business Group (UBG)* is a group of United States persons, other than a foreign operating entity, that satisfies the following criteria:

- One of the persons owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting rights (or rights comparable to voting rights) of the other United States persons; AND
- The UBG has operations which result in a flow of value between persons in the UBG or has operations that are integrated with, are dependent upon, or contribute to each other. Flow of value is determined by reviewing the totality of facts and circumstances of business activities and operations.
- A *foreign operating entity* means a United States person that would otherwise be a part of a UBG that is taxable in Michigan; has substantial operations outside the United States, the District of Columbia, any territory or possession of the United States except for the commonwealth of Puerto Rico, or a political subdivision of the foregoing; and at least 80 percent of its income is active foreign business income as defined in Internal Revenue Code (IRC) 861(c)(1)(B).

In Michigan, a UBG with standard taxpayer members must file Form 4567 for the group with a Designated Member (DM) who must be the controlling member of the group, unless the controlling member does not have nexus with Michigan. If that is the case, the controlling member may appoint a group member with nexus to Michigan to serve as the DM.

For MBT, *taxpayer* means a person or a UBG liable for tax, interest, or penalty.

For more information on UBGs, see the instructions for the *MBT Unitary Business Group Combined Filing Schedule* (Form 4580) found on page 87 of this booklet.

Under Michigan Compiled Law (MCL) 208.1511, all standard taxpayers that are members of a UBG must file a combined return on Form 4567, using the tax year of the DM as the filing period. On a Form 4567 combined return, business income of each member should reflect the accounting method that member used to compute its federal taxable income.

A combined return must include each tax year of each member that ends with or within the tax year of the DM.

The business income of a UBG is the sum of the business income of each person included in the UBG, other than a foreign operating entity or a person subject to the tax on insurance companies or financial institutions, less any items of income and related deductions arising from transactions, including dividends, between persons included in the UBG.

In general, phase-ins, thresholds, credit limits, and other components used to determine tax liability relate to the group as a single taxpayer, not to individual persons that comprise the group. Exceptions to this general rule are noted in instructions of the applicable forms. The group of persons on the combined return is treated as the taxpayer (a distinct entity) for purposes of tax liability under the MBT Act.

Line-by-Line Instructions

Lines not listed are explained on the form.

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

See page 13 for periods less than 12 months.

Every standard taxpayer deemed to have nexus in Michigan with apportioned or allocated gross receipts of $350,000 or more must file an annual return. (The filing threshold does not apply to insurance companies or financial institutions.) Businesses who operate less than 12 months must annualize their gross receipts to determine if a filing requirement exists.

UBGs: Complete Form 4580 before beginning Form 4567.

Amended Returns: Check the box (upper-right corner, page 1) if this is an amended return, and attach a separate sheet explaining the reason for the changes. Include any supporting documents including an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document.

Line 1: If not a calendar year taxpayer, enter the beginning and ending dates (MM-DD-YYYY) that correspond to the taxable period as reported to the IRS.

Tax year means the calendar year, or the fiscal year ending during the calendar year, upon the basis of which the tax base of a taxpayer is computed. If a return is made for a fractional part of a year, tax year means the period for which the return is made. Except for the first MBT return required, a taxpayer's tax year is for the same period as is covered by its Federal Income Tax return. A taxpayer that has a 52- or 53-week tax year beginning not more than seven days before December 31 of any year is considered to have a tax year beginning after December of that year.

Example 1: A taxpayer with a federal tax year beginning on Monday, December 29, 2008, will be treated as follows:

- 2008 tax year end of December 31, 2008.
- Due date of April 30, 2009.
- 2009 tax year beginning January 1, 2009.

Example 2: A taxpayer with a federal tax year ending on Sunday, January 3, 2010, will be treated as follows:

- 2009 tax year end of December 31, 2009.
- Due date of April 30, 2010.
- 2010 tax year beginning on January 1, 2010.

Example 3: A 52- or 53-week year closing near the end of January is common in the retail industry. Such a taxpayer will be treated as follows:

- 2008-09 fiscal year end will be January 31, 2009.
- Due date will be May 31, 2009.
- 2009-10 fiscal year will begin on February 1, 2009.

Line 2: Country Code. If other than the United States, enter the country code. See the list of country codes on page 139.

UBGs: In the Name field, enter the name of the DM for the standard taxpayers.

Line 3: Enter a brief description of business activity (e.g., forestry, fisheries, mining, construction, manufacturing, transportation, communication, electric, gas, sanitary services, wholesale trade, retail trade, finance, or services).

Line 4: Enter the start date of first business activity in Michigan.

Line 5: Enter the entity's six-digit North American Industry Classification System (NAICS) code. For a complete list of six-digit NAICS codes, see the U.S. Census Bureau Web site at **www.census.gov/eos/www/naics/**, or enter the same NAICS code used when filing the entity's U.S. Form *1120,* Schedule *K*, U.S. Form *1120S*, U.S. Form *1065* or U.S. Form *1040,* Schedule *C*.

Line 6: Enter the date, if applicable, on which taxpayer went out of existence. To complete the discontinuance for Michigan taxes, file a *Notice of Change or Discontinuance* (Form 163), which is available on the Department of Treasury Web site at **www.michigan.gov/treasuryforms**. If the taxpayer is still subject to another tax administered by the Department, do not use this line. Also, do not use this line if the taxpayer is a UBG and one member has stopped doing business.

Line 7: Use the taxpayer's Federal Employer Identification Number (FEIN) or the Michigan Treasury (TR) assigned number. Be sure to use the same account number on all forms. If the taxpayer does not have an FEIN or TR number, the taxpayer is encouraged to register online at **www.michigan.gov/businesstaxes** before filing this form. By registering online, an account number is usually assigned within seven days. If paper filing, attach a page with the Social Security number (SSN) of the taxpayer. Do NOT enter the SSN on line 7. The Department will notify the taxpayer when a TR number is assigned. Use that number on all future MBT filings and correspondence until the entity obtains its FEIN.

UBGs: Enter the FEIN or TR Number of the DM for standard taxpayers.

Line 8: Check the box that describes the organization type. A Trust or a Limited Liability Company (LLC) should check the appropriate box based on its federal return.

Line 9: Check this box if filing a Michigan UBG return and attach Form 4580.

UBGs: A UBG member may need to calculate a pro forma tax liability to claim an entity-specific credit. Where a pro forma calculation is required, the underlying objective is to determine what the tax liability of the UBG member generating the credit would have been if that member was not included in the UBG. Therefore, the UBG member generating the credit must calculate its pro forma tax liability as if it was a singular, stand alone taxpayer in all aspects. This supporting pro forma calculation should be provided in a statement attached to this form. However, this calculation should never be transferred to a Form 4567 or displayed as such.

Line 10: If taxable in another state, complete lines 10a through 10d. A taxpayer is subject to tax in another state if, in that state, the taxpayer is subject to a business privilege tax, a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, a Corporation stock tax, a tax of the type imposed under the MBT Act, or that state has jurisdiction to subject the taxpayer to one or more of such taxes regardless of whether or not the tax is imposed. A taxpayer will be subject to a tax in another state if the taxpayer has due process and commerce clause nexus with that state.

Michigan tax is based only on the business activity conducted in Michigan. This activity is measured by sales.

Sale or *Sales* means the amounts received by the taxpayer as consideration from the following:

- The transfer of title to, or possession of, property that is stock in trade or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the tax period, or property held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business. For intangible property, the amounts received will be limited to any gain received from the disposition of that property.
- Performance of services which constitute business activities.
- The rental, leasing, licensing, or use of tangible or intangible property, including interest, that constitutes business activity.
- Any combination of business activities described above.
- For taxpayers not engaged in any other business activities, sales include interest, dividends, and other income from investment assets and activities and from trading assets and activities.

Complete the Apportionment Calculation using amounts for the taxpayer's business activity only. Do not include amounts from an interest in a Partnership, S Corporation or LLC (unless the LLC is wholly owned by the taxpayer and disregarded for federal tax purposes).

Line 10b: Use the "Sourcing of Sales to Michigan" chart on page 29 to determine Michigan sales. If Michigan sales reported are adjusted by a deduction for qualified sales to a qualified supplier, as determined by the Michigan Economic Growth Authority (MEGA), attach the MBT Anchor Company Payroll Credit Certificate from MEGA as support.

Line 10e: Fiscal year filer calculation method. See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133. The method chosen must be consistent with how final SBT return was filed.

UBGs: Do not check the box and do not complete lines 10f and 10h. Proration is calculated for each member separately on Form 4580, Part 2A.

Line 10h: Divide line 10f by line 10g to arrive at proration percentage. This percentage will be applied at various points on this and other return forms.

Line 11: Gross receipts means the entire amount received by the taxpayer from any activity, whether in intrastate, interstate, or foreign commerce, carried out for direct or indirect gain, benefit or advantage to the taxpayer or to others, with certain exceptions. Use the "Gross Receipts Checklist" on page 26 as a guide to be sure receipts have been totaled correctly. Use the appropriate worksheet on page 136 to calculate gross receipts.

A taxpayer should compute its gross receipts using the same accounting method used in the computation of its net income for Federal Income Tax purposes. Under the *accrual method*, income is "received" and recorded on the books when all the events that establish the "right to receive" the income have occurred. Under the *cash method*, income is not recorded until payment is actually received, and expenses are not counted until they are actually paid. A taxpayer that computes its federal taxable income using the accrual method should consistently compute both its Business Income Tax base and Modified Gross Receipts Tax base using the accrual method. A federal cash basis taxpayer would compute both the MBT Business Income Tax and Modified Gross Receipts Tax bases using the cash basis method.

Line 12: *Subtractions* are deductions from a taxpayer's gross receipts to arrive at the Modified Gross Receipts Tax base.

Line 12a: Enter inventory acquired during the tax year, including freight, shipping, delivery, or engineering charges included in the original contract price for that inventory.

Inventory means the stock of goods, including electricity and natural gas, held for resale in the ordinary course of a retail or wholesale business, and finished goods and goods in process of a manufacturer, including raw materials purchased from another person. Inventory also includes floor plan interest for licensed new car dealers and shipping and engineering charges so long as such charges are included in the original contract price for the associated inventory.

For purposes of this deduction, *floor plan interest* means interest paid that finances any part of the person's purchase of new motor vehicle inventory from a manufacturer, distributor, or supplier. However, amounts attributable to any invoiced items used to provide more favorable floor plan assistance to a person subject to the tax imposed under this act than to a person not subject to this tax is considered interest paid by a manufacturer, distributor, or supplier.

For a person that is a securities trader, broker, or dealer or a person included in the UBG of that securities trader, broker, or dealer that buys and sells for its own account, inventory includes contracts that are subject to the Commodity Exchange Act, 7 USC 1 to 27f, the cost of securities as defined under IRC 475(c)(2) and for a securities trader the cost of commodities as defined under IRC 475(e)(2) and for a broker or dealer the cost of commodities as defined under IRC 475(e)(2)(b), (c), and (d), excluding interest expense other than interest expense related to repurchase agreements. As used in this provision:

- *Broker* and *dealer* mean those terms as defined under section 78c(a)(4) and (a)(5) of the Securities Exchange Act of 1934, 15 USC 78c.
- *Securities trader* means a person that engages in the trade or business of purchasing and selling investments and trading assets.

Inventory does not include either of the following:

- Personal property under lease or principally intended for lease rather than sale.
- Property allowed a deduction or allowance for depreciation or depletion under the IRC.

Line 12b: Enter assets, including the costs of fabrication and installation, acquired during the tax year of a type that are, or under the IRC will become, eligible for depreciation, amortization, or accelerated capital cost recovery for Federal Income Tax purposes.

Line 12c: To the extent not included in inventory or depreciable property, enter materials and supplies, including repair parts and fuel.

Materials and supplies means tangible personal property acquired during the tax year to be used or consumed in, and directly connected to, the production or management of inventory or the operation or maintenance of depreciable assets as described previously. Materials and supplies include repair parts and fuel.

For example, a physician's or dentist's purchase of sterilizing solution during the tax year that is used to sterilize examination equipment, such as an X-ray machine, may be considered materials and supplies under MCL 208.1113(6)(c).

Line 12d: A staffing company may deduct compensation of personnel supplied to its clients, including wages, benefits, and certain payroll taxes paid for personnel provided to the clients of staffing companies as defined under MBT. *Staffing company* means a taxpayer whose business activities are included in Industry Group 736 under the Standard Industrial Classification (SIC) Code as compiled by the United States Department of Labor.

Payments to a staffing company by a client do not constitute purchases from other firms.

Line 12e: For taxpayers that fall under SIC major groups 15 (Building Construction General Contractors and Operative Builders), 16 (Heavy Construction Other Than Building Construction Contractors), and 17 (Construction Special Trade Contractors) who do not qualify for the Small Business Alternative Credit under MCL 208.417, the following payments are considered purchases from other firms:

- Payments to subcontractors for a construction project under a contract specific to that project, and

• To the extent not deducted as inventory and materials and supplies, payments for materials deducted as purchases in determining the cost of goods sold for the purpose of calculating total income on the taxpayer's Federal Income Tax return.

Persons included in SIC codes 15, 16, and 17 include general contractors (of residential buildings including single-family homes; industrial, commercial, and institutional buildings; bridges, roads, and infrastructure, etc.); operative builders; and trade contractors (such as electricians, plumbers, painters, masons, etc.). See **http://www.osha.gov/pls/imis/sic_manual.html** for a more complete list.

A *subcontractor* is an Individual or entity that enters into a contract and assumes some or all of the obligations of a person included in SIC codes 15, 16, and 17 as set forth in the primary contract specific to a project. Thus, payments made to an independent contractor to provide general labor services to the contractor not specific to a particular contract do not constitute purchases from other firms. However, payments made to a subcontractor for services and materials provided under a contract specific to a particular construction project (such as the construction of commercial property at Main Street) do constitute purchases from other firms. There is no limitation or condition that the subcontractors to whom such payments are made be licensed.

The taxpayer bears the burden to prove it is entitled to a deduction in computing its tax liability. It is contemplated that good business practice would include documentation such as a written contract that would support a deduction from gross receipts for payments to subcontractors as purchases from other firms. The supporting information for payments to a subcontractor could be incorporated into the contract for the specific project or memorialized in a separate contract with a subcontractor specifying the project to which the costs pertain.

Line 12f: Enter the following:

• Film rental or royalty payments paid by a theater owner to a film distributor, a film producer, or a film distributor and producer.

• Payments made by taxpayers licensed under Article 25 (Real Estate Brokers and Salespersons) or Article 26 (Real Estate Appraisers) of the Occupational Code [MCL 339.2501 to 339.2601 and 339.2601 to 339.2637] to independent contractors licensed under Articles 25 or 26.

• Any deduction available to a qualified affordable housing project. Attach a statement detailing the calculation of this deduction.

Public Act (PA) 168 of 2008 provides for a deduction from the modified gross receipts for the buyer of affordable rental units so long as certain criteria are met. Specifically, the buyer of affordable rental units must enter into an operation agreement with the seller in which the buyer agrees to operate a specific number of the residential rental units sold as rent restricted units for a minimum of 15 years. The buyer must be a qualified affordable housing project.

Qualified affordable housing project means a person that is organized, qualified, and operated as a limited dividend housing association that has a limitation on the amount of dividends or other distributions that may be distributed to its owners in any given year and has received funding, subsidies, grants, operating support, or construction or permanent funding through one or more sources.

A *limited dividend housing association* is organized and qualified pursuant to Chapter 7 of the State Housing Development Authority Act (MCL 125.1491 et seq).

If these criteria are satisfied, the buyer may deduct from its modified gross receipts the buyer's gross receipts attributable to residential rental units in Michigan owned by the qualified affordable housing project multiplied by a fraction, which is the number of rent restricted units in Michigan owned by the qualified affordable housing project over the number of all rental units in Michigan owned by the project. This deduction is reduced by the amount of limited dividends or other distributions made to the owners of the project. Amounts received by the management, construction, or development company for completion and operation of the project and rental units do not constitute gross receipts for purposes of the deduction.

The buyer is entitled to the deduction so long as the qualified affordable housing project continues to offer any of the residential rental units purchased as rent restricted units in accordance with the operation agreement.

Line 15: If taxable in another state, multiply line 14b by percentage on line 10d. Otherwise, enter the amount from line 14b.

Line 16a: For the tax year ending in 2008 only, a taxpayer may deduct 65 percent of any remaining Single Business Tax (SBT) business loss carryforward that was actually incurred in the 2006 or 2007 SBT tax years and that was not previously deducted in tax years beginning before January 1, 2008, against the Modified Gross Receipts Tax base. Any business loss carryforward incurred before January 1, 2006, is not eligible for the deduction. An SBT business loss carryforward cannot be used to create a negative Modified Gross Receipts Tax base, and cannot be used for any filing period ending after 2008.

Enter any unused business loss carryover from the December 31, 2007, SBT return that was actually incurred in the 2006 or 2007 SBT tax years and that was not previously deducted in tax years beginning before January 1, 2008.

NOTE: SBT Business loss carryforward is not the same as the federal net operating loss carryforward or carryback.

UBGs: The business loss carryforward may only be deducted against the Modified Gross Receipts Tax base of the UBG member that generated the loss. There are special rules for UBGs to claim a business loss carryforward. See Form 4580 instructions.

Line 19: Enter amount of MBT gross receipts tax collected in the tax year.

Section 203(5) of the MBT Act permits new motor vehicle dealers licensed under the Michigan Vehicle Code, PA 300 of 1949, MCL 257.1 to 257.923, and dealers of new or used personal watercraft to collect the Modified Gross Receipts Tax in addition to the sales price. The act states the "amount remitted to the Department for the [Modified Gross Receipts

Tax] ... shall not be less than the stated and collected amount." Therefore, the entire amount of Modified Gross Receipts Taxes stated and collected by new motor vehicle dealers and new and used watercraft dealers must be remitted to the Department. There should be no instance where a dealer would be collecting amounts of Modified Gross Receipts Tax from customers in excess of the amount of taxes remitted to the Department. Taxpayers who elect to separately collect the Modified Gross Receipts Tax, in addition to sales price, under MCL 208.1203(5) may file and remit the tax as estimated payments with their quarterly or monthly *Combined Return for Michigan Taxes* (Form 160).

NOTE: Only new motor vehicle dealers and dealers of new or used personal watercraft are permitted to separately itemize and collect a tax imposed under the MBT Act from customers in addition to sales price, and that authority is limited to only the Modified Gross Receipts Tax imposed and levied under Section 203 of the MBT Act. The statute does not authorize separate itemizing and collection of the Business Income Tax or surcharge by any taxpayer.

PART 2: BUSINESS INCOME TAX

If business activity is protected under Public Law (PL) 86-272, complete and attach the *MBT Schedule of Business Activity Protected Under Public Law 86-272* (Form 4586). Leave lines 21 through 31 blank.

UBGs: A DM claiming PL 86-272 protection should complete and attach Form 4586. A non-DM should complete and attach the *MBT Schedule of Business Activity for Non-Designated Members of a Unitary Business Group Protected Under Public Law 86-272* (Form 4581).

Line 21: *Business income* means that part of federal taxable income derived from business activity. For MBT purposes, *federal taxable income* means taxable income as defined by IRC 63, except that federal taxable income shall be calculated as if section 168(k) [as applied to qualified property placed in service after December 31, 2007] and IRC 199 were not in effect. For a Partnership or S Corporation (or LLC federally taxed as such), business income includes payments and items of income and expense that are attributable to business activity of the Partnership or S Corporation and separately reported to the partners or shareholders. Use the appropriate worksheet on page 136 to calculate business income.

For an organization that is a mutual or cooperative electric company exempt under IRC 501(c)(12), business income equals the organization's excess or deficiency of revenues over expenses as reported to the federal government by those organizations exempt from the Federal Income Tax under the IRC, less capital credits paid to members of that organization, less income attributed to equity in another organization's net income, and less income resulting from a charge approved by a state or federal regulatory agency that is restricted for a specified purpose and refundable if it is not used for the specified purpose.

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

For an Individual or an estate, or for a Partnership or Trust organized exclusively for estate or gift planning purposes, business income is that part of federal taxable income (as defined for MBT purposes) derived from transactions, activities, and sources in the regular course of the taxpayer's trade or business, including the following:

- All income from tangible and intangible property if the acquisition, rental, management, or disposition of the property constitutes integral parts of the taxpayer's regular trade or business operations.
- Gains or losses incurred in the taxpayer's trade or business from stock and securities of any foreign or domestic Corporation and dividend and interest income.
- Income derived from isolated sales, leases, assignment, licenses, divisions, or other infrequently occurring dispositions, transfers, or transactions involving property if the property is or was used in the taxpayer's trade or business operation.
- Income derived from the sale of a business.

NOTE: Personal investment income, gains from the sale of property held for personal use and enjoyment, or other assets not used in a trade or business, and any other income not specifically derived from a trade or business that is earned, received, or otherwise acquired by an Individual, an estate, or a Trust or Partnership organized or established exclusively for estate or gift planning purposes, are not included in the Business Income Tax base. This exclusion only applies to the specific types of taxpayers identified above. Investment income and any other types of income earned or received by all other types of persons or taxpayers not specifically referenced must be included in the business income of the taxpayer.

Line 22: Additions are generally required to the extent deducted in arriving at federal taxable income (business income, line 21).

Line 22a: Enter any interest income and dividends from bonds and similar obligations or securities of states other than Michigan and their political subdivisions in the same amount that was excluded from federal taxable income (as defined for MBT purposes). Reduce this addition by any expenses related to the foregoing income that were disallowed on the federal return by IRC 265 or 291.

Line 22b: Enter all taxes on, or measured by, net income including city and state taxes, Foreign Income Tax, and Federal Environmental Tax claimed as a deduction on the federal return.

Line 22c: Enter the Michigan Business Tax, including surcharge, claimed as a deduction on the federal return.

Line 22d: Enter any net operating loss carryover or carryback that was deducted in arriving at federal taxable income (as defined for MBT purposes) reported on line 21. Enter this amount as a positive number.

Line 22e: Enter any losses included in federal taxable income (as defined for MBT purposes) that are attributable to other entities whose business activities are taxable or would be subject to the tax if the business activities were in Michigan. Enter the FEIN(s) or TR numbers of the Partnerships, S Corporations, or LLCs. Attach a list of account numbers of other taxable flow-through entities.

Line 22f: Enter any royalty, interest, or other expense paid to a person related to the taxpayer by ownership or control for the use of an intangible asset if the person is not included in the taxpayer's UBG. Royalty, interest, or other expense described here is not required to be included if the taxpayer can demonstrate that the transaction has a nontax business purpose other than avoidance of this tax, is conducted with arm's-length pricing and rates and terms as applied in accordance with IRC 482 and 1274(d), and satisfies one of the following:

- Is a pass-through of another transaction between a third party and the related person with comparable rates and terms.
- Results in double taxation. For purposes of this subparagraph, double taxation exists if the transaction is subject to tax in another jurisdiction.
- Is unreasonable as determined by the Department, and the taxpayer agrees that the addition would be unreasonable based on the taxpayer's facts and circumstances.

Line 25: Subtractions are generally available to the extent included in arriving at federal taxable income. (Business Income, line 21.)

Line 25a: Enter any dividends and royalties received from persons other than United States persons and foreign operating entities, including, but not limited to, amounts determined under IRC 78 or IRC 951 to 964.

Line 25b: Enter any income attributed to another taxable entity included in the federal taxable income (as defined for MBT purposes) reported on line 21. (Income from the Business Income Tax base that is attributable to another entity whose business activities are taxable or would be subject to the tax if the business activities were in Michigan.) Enter the FEIN(s) or TR numbers of the Partnerships, S Corporations, or LLCs. Attach a list of the account numbers of other taxable flow-through entities.

Line 25c: To the extent included in federal taxable income (as defined for MBT purposes), deduct interest income derived from United States obligations.

Line 25d: To the extent included in federal taxable income (as defined for MBT purposes), deduct any earnings that are net earnings from self-employment as defined under IRC 1402 of the taxpayer, or a partner or LLC member of the taxpayer, except to the extent that those net earnings represent a reasonable return on capital. If less than zero, enter zero.

Under IRC 1402, the business income of an Individual or sole proprietor, and a partner's distributive share of Partnership income, whether distributed or not, from any trade or business carried on by the Partnership, may be considered self-employment income (with certain statutory exceptions), and subject to the Federal Self-Employment Tax. Therefore, a sole proprietorship or Partnership may deduct any income subject to the Federal Self-Employment Tax when computing the Michigan Income Tax base. Shareholders of Corporations, including S Corporations, are not subject to the Federal Self-Employment Tax, and, as a result, no deduction is allowed for earnings from self-employment income for corporate entities. There is no deduction allowed for S Corporation distributions that is equivalent to the self-employment deduction allowed for Partnerships and sole proprietorships under MBT.

Net earnings from self-employment under IRC 1402 generally means "the gross income derived by an Individual from any trade or business carried on by such Individual, less the deductions allowed by this subtitle which are attributable to such trade or business, plus the distributive share (whether or not distributed) of income or loss described in [IRC] 702(a)(8) from any trade or business carried on by a Partnership of which he is a member," subject to certain exclusions, including rentals from real estate, dividends and interest, and certain net operating losses and personal exemptions (IRC 1402(a)).

Line 28: If taxable in another state, multiply line 27b by percentage on line 10d. Otherwise, enter the amount from line 27b.

If line 28 is negative, no Business Income Tax is due; enter "0" on line 31.

Line 29: Deduct any available MBT business loss incurred after December 31, 2007. Enter as a positive number.

Business loss means a negative business income tax base, after apportionment if applicable.

NOTE: MBT Business loss carryforward is not the same as the federal net operating loss carryforward or carryback.

Line 30a: Subtract line 29 from line 28. A loss on line 28 will increase the carryforward for the next year. Any negative amount on line 30a is a MBT business loss which may be carried forward to the year immediately succeeding the loss year as an offset to the allocated or apportioned Business Income Tax base, then successively to the next nine taxable years following the loss year or until the loss is used up, whichever occurs first, but for not more than ten taxable years after the loss year.

Line 30b: If line 30a is positive, enter the Qualified Affordable Housing Deduction, if applicable.

PA 168 of 2008 provides for a deduction from the apportioned Business Income Tax base to a buyer and seller of residential rental units associated with a qualified affordable housing project for certain amounts associated with the sale and operation of those units so long as certain criteria are met. Specifically, the buyer of affordable rental units must be a qualified affordable housing project and must enter into an operation agreement with the seller in which the buyer agrees to operate a specific number of the residential rental units sold as rent restricted units for a minimum of 15 years. Qualified affordable housing project is further defined under line 12f instructions.

The seller may take a deduction from its apportioned Business Income Tax base equal to the gain from the sale of the residential rental units to the qualified affordable housing project, as calculated on the *MBT Qualified Affordable Housing Seller's Deduction* (Form 4579). Enter the amount from Form 4579, line 5.

The buyer may deduct from its apportioned Business Income Tax base an amount equal to the product of the buyer's taxable income attributable to residential rental units in Michigan owned by the qualified affordable housing project multiplied by a fraction, which is the number of rent restricted units in Michigan owned by that qualified affordable housing project over the number of all residential rental units in Michigan owned by the project. The buyer is entitled to the deduction so long as the qualified affordable housing project continues to offer any of the residential rental units purchased as rent restricted units in accordance with the operation agreement.

In general, taxable income attributable to residential rental units is gross rental receipts attributable to residential rental units in Michigan (purchased pursuant to an operation agreement) less rental expenses attributable to residential rental units in Michigan, including, but not limited to, repairs, interest, insurance, maintenance, utilities, and depreciation.

Specifically, Partnerships may use a *Rental Real Estate Income and Expenses of a Partnership or an S Corporation* (U.S. Form *8825*). To the extent that the qualified affordable housing project is taxed as something other than a Partnership, the qualified affordable housing project may use the *Supplemental Income and Loss* (U.S. Form *1040*, Schedule *E*) or the relevant portions of the *U.S. Corporation Income Tax Return* (U.S. Form *1120*) (line 6 and related deductions), as appropriate, to determine its taxable income attributable to residential rental units in Michigan. If the qualified affordable housing project is a Corporation, the expenses permitted should be limited to those also listed on the *Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition* (U.S. Form *8823*) and U.S. Form *1040*, Schedule *E*. Rental receipts and expenses must be calculated without regard to any gain or loss resulting from the disposition of rental property. Also, since Partnerships are subject to tax as a person under MBT, flow-through amounts from other Partnerships are not considered.

Improvements that increase the value of the property or extend its life, such as replacing a roof or renovating a kitchen, are not deductible rental expenses. Any passive activity loss limitations applicable to the qualified affordable housing project's federal return also apply for purposes of MCL 208.201(7).

The buyer's deduction is reduced by the amount of limited dividends or other distributions made to the owners of the project. Income received by the management, construction, or development company for completion and operation of the project and rental units does not constitute taxable income attributable to residential rental units.

The qualified affordable housing project must attach a statement detailing the calculation of the deduction for the buyer.

If the buyer fails to qualify as a qualified affordable housing project or fails to operate any of the residential rental units as rent restricted units in accordance with the operation agreement within 15 years after the date of purchase, the lien placed on the property for the amount of the seller's deduction becomes payable to the State. The lien is payable through a "recapture" to be added to the tax liability of the buyer in the year the recapture event occurs. The recapture is calculated on *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

PART 3: TOTAL MICHIGAN BUSINESS TAX

Line 33: Enter the lesser of $6,000,000 or line 32 multiplied by 21.99 percent (0.2199).

In addition to the taxes imposed and levied under MBT, an annual surcharge is imposed and levied on each standard taxpayer equal to 21.99 percent of the taxpayer's tax liability.

The amount of the surcharge imposed and levied on any taxpayer may not exceed $6,000,000 for any single tax year.

The surcharge imposed and levied will constitute a part of the tax imposed under the MBT Act and will be administered, collected, and enforced as provided under the MBT Act.

Line 35: Nonrefundable credits from the *MBT Nonrefundable Credits Summary* (Form 4568), line 37. If claiming nonrefundable credits, see Form 4568. Note that these credits have strict eligibility requirements.

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Line 36: Subtract line 35 from line 34. If less than zero, enter zero.

IMPORTANT: If apportioned or allocated gross receipts are less than $350,000, enter a zero on this line. If a business operated less than 12 months, annualize gross receipts to determine if a filing requirement exists.

PART 4: PAYMENTS, REFUNDABLE CREDITS, AND TAX DUE

Line 39: Enter overpayment credited from 2007 SBT or overpayment from first fiscal year 2008 MBT return.

Line 40: Enter the total tax paid with the *MBT Quarterly Tax Return* (Form 4548), or the estimated MBT paid with Form 160 or the amount paid through Electronic Funds Transfer (EFT). Include all payments made on returns that apply to the current tax year. For example, calendar year filers include money paid with the combined returns for return periods January through December.

Line 42: Enter refundable credits from the *MBT Refundable Credits* (Form 4574), line 23. If claiming a Michigan refundable credit see Form 4574.

Amended Returns Only:

Line 44a: Enter Payment made with original return.

Line 44b: Enter overpayment received (refund received plus credit forward created) on the original return.

Line 44c: Add lines 43 and 44a and subtract line 44b from the sum.

Line 46: If penalty and interest are owed for not filing estimated returns or for underestimating tax, complete the *MBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4582), on page 105, to compute penalty and interest due. If a taxpayer chooses not to file this form, the Department will compute penalty and interest and bill for payment.

Line 47: See "Computing Penalty and Interest" on page 14.

PART 5: REFUND OR CREDIT FORWARD

Line 49: If the amount of the overpayment, less any penalty and interest due on lines 46 and 47 is less than zero, enter the difference (as a positive number) on line 48. If the amount is greater than zero, enter on line 49.

Reminder: Taxpayers must sign and date returns.

Attachments

Federal Forms: Attach copies of these forms to the return.

UBGs: See Form 4580 instructions for information regarding federal attachments for members of UBGs.

- **Corporations:** U.S. Form *1120* (pages 1 through 4), 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*, Form *8825*.
- **Individuals:** U.S. Form *1040* (pages 1 and 2), Schedules *C, C-EZ, D, E,* and Form *4797*.
- **Fiduciaries:** U.S. Form *1041* (pages 1 through 4), Schedule *D,* and Form *4797*.
- **Partnerships:** U.S. Form *1065*, (pages 1 through 5)*, *Schedule D*, Form *4797,* and Form *8825*.
- **Limited Liability Companies:** Attach appropriate schedules shown above based on federal return filed.

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

Gross Receipts Checklist

This checklist is not intended to be all encompassing.

Receipts include, but are not limited to:

- Receipts (sales proceeds) from the sale of assets used in a business activity
- Sale of products
- Services performed
- Gratuities stipulated on a bill
- Sales tax collected on the sale of tangible personal property, subject to the phase-out schedule referenced below
- Dividend and interest income
- Gross commissions earned
- Rents
- Royalties
- Professional services
- Sales of scrap and other similar items
- Client reimbursed expenses not obtained in an agency capacity
- Gross proceeds from intercompany sales.

Receipts exclude:

- The following exclusions from gross receipts are being phased in, with 50 percent of the following being excludable in the 2008 tax year and 60 percent excludable in the 2009 tax year:
  - ○ Any amount deducted as bad debt for Federal Income Tax purposes that corresponds to items of gross receipts included in the Modified Gross Receipts Tax base for the current tax year or a past tax year.
  - ○ Dividends and royalties received or deemed received from a foreign operating entity or a person other than a United States person, including, but not limited to, the amounts determined under IRC 78 and 951 to 964.
  - ○ To the extent not deducted as purchases from other firms, each of the following:
    - Sales or use taxes collected from or reimbursed by a consumer or other taxes the taxpayer collected directly from or was reimbursed by a purchaser and remitted to a local, state, or federal tax authority.
    - In the case of receipts from the sale of motor fuel by a person with a motor fuel tax license or a retail dealer, an amount equal to federal and state excise taxes paid by any person on such motor fuel under IRC 4081 or under other applicable state law.
    - In the case of receipts from the sale of beer, wine, or intoxicating liquor by a person holding a license to sell, distribute, or produce those products, an amount equal to federal and state excise taxes paid by any person on or for such beer, wine, or intoxicating liquor under subtitle E of the IRC or other applicable state law.
    - In the case of receipts from the sale of communication, video, internet access and related services and equipment, any government imposed tax, fee, or other imposition in the nature of a tax or fee required by law, ordinance, regulation, ruling, or other legal authority and authorized to be charged on a customer's bill or invoice. This provision does not include the recovery of net income taxes, net worth taxes, property taxes, or the MBT.
    - In the case of receipts from the sale of electricity, natural gas, or other energy source, any government imposed tax, fee, or other imposition in the nature of a tax or fee required by law, ordinance, regulation, ruling, or other legal authority and authorized to be charged on a customer's bill or invoice. This subparagraph does not include the recovery of net income taxes, net worth taxes, property taxes, or the MBT.
    - Any deposit required under MCL 445.571 to 445.576; R436.1629 of the Michigan administrative code (MAC); R436.1723a of the MAC; or any substantially similar beverage container deposit law of another state.
    - An excise tax collected pursuant to the Airport Parking Tax Act, MCL 207.371 to 207.383, collected from or reimbursed by a consumer and remitted as provided in the Airport Parking Tax Act.
- The following exclusion from gross receipts also is being phased in, but at a faster rate than those listed above, with 60 percent of the following being excludable in the 2008 tax year and 75 percent excludable in the 2009 tax year:

○ In the case of receipts from the sale of cigarettes or tobacco products by a wholesale dealer, retail dealer, distributor, manufacturer, or seller, an amount equal to the federal and state excise taxes paid by any person on or for such cigarettes or tobacco products under subtitle E of the IRC or other applicable state law to the extent that this amount was not deducted as purchases from other firms.

• Proceeds from sales by a principal that are collected in an agency capacity solely on behalf of the principal and delivered to the principal

• Amounts received as an agent solely on behalf of the principal that are expended by the taxpayer under certain circumstances:

○ The performance of a service by a third party for the benefit of the principal that is required by law to be performed by a licensed person.

○ The performance of a service by a third party for the benefit of the principal that the taxpayer has not undertaken a contractual duty to perform.

○ Principal and interest under a mortgage loan or land contract, lease or rental payments, or taxes, utilities, or insurance premiums relating to real or personal property owned or leased by the principal.

○ A capital asset of a type that is, or under the IRC will become, eligible for depreciation, amortization, or accelerated cost recovery by the principal for Federal Income Tax purposes, or for real property owned or leased by the principal.

○ Property not described above that is purchased by the taxpayer on behalf of the principal and that the taxpayer does not take title to or use in the course of performing its contractual business activities.

○ Fees, taxes, assessments, levies, fines, penalties, or other payments established by law that are paid to a governmental entity and that are the legal obligation of the principal.

• Amounts excluded from gross income of a foreign corporation engaged in the international operation of aircraft under IRC 883(a)

• Amounts received by an advertising agency used to acquire advertising media time, space, production, or talent on behalf of another person

• Amounts received by a newspaper to acquire advertising space not owned by that newspaper in another newspaper on behalf of another person. This exclusion does not apply to any consideration received by the taxpayer for acquiring that advertising space.

• Amounts received by a person that manages real property owned by a third party that are deposited into a separate account kept in the name of the client and that are not reimbursed and are not reimbursements to the taxpayer and are not indirect payments for management services that the taxpayer provides to that third party.

• Proceeds from the transfer of an account receivable if the sale that generated the account receivable was included in gross receipts for Federal Income Tax purposes. This exclusion does not apply to a taxpayer that during the tax year both buys and sells any receivables.

• Proceeds from the original issue of stock or equity instruments or equity issued by a regulated investment company as defined under IRC 851, and the original issue of debt instruments.

• Refunds from returned merchandise.

• Cash and in-kind discounts

• Trade discounts

• Federal, State, or local tax refunds

• Security deposits

• Payment of the principal portion of loans

• Value of property received in a like-kind exchange

• Proceeds from a sale, transaction, exchange, involuntary conversion, maturity, redemption, repurchase, recapitalization, or other disposition or reorganization of tangible, intangible, or real property, less any gain that is included in federal taxable income (as defined for MBT purposes), if the property consists of one or more of the following. NOTE, however, that any gain that is included in federal taxable income (as defined for MBT purposes) from the sale, transaction, exchange, involuntary conversion, maturity, redemption, repurchase, recapitalization, or other disposition or reorganization of such property is included in gross receipts:

○ A capital asset as defined in IRC 1221(a).

○ Land that qualifies as property used in the trade or business as defined in IRC 1231(b).

○ Property used in a hedging transaction entered into by the taxpayer in the normal course of the taxpayer's trade or business primarily to manage the risk of exposure to foreign currency fluctuations that affect assets, liabilities, profits, losses, equity, or investments in foreign operations; interest rate fluctuations; or commodity price fluctuations. For purposes of this provision, the actual transfer of title of real or tangible personal property to another person is not a hedging transaction. NOTE, however, that the overall net gain from the hedging transactions entered into during the tax year is included in gross receipts. As used in this provision, "hedging transaction" means that term as defined under IRC 1221 regardless of whether the transaction was identified by the taxpayer as a hedge for Federal Income Tax purposes, provided, however, that transactions excluded under this provision and not identified as a hedge for Federal Income Tax purposes shall be identifiable to the Department by the taxpayer as a hedge in its books and records.

○ Investment and trading assets managed as part of the person's treasury function. For purposes of this provision, a person principally engaged in the trade or business of purchasing and selling investment and trading assets is not performing a treasury function. NOTE, however, that the overall net gain from the treasury function incurred during the tax year is included in gross receipts. As used in this provision, "treasury function" means the pooling and management of investment and trading assets for the purpose of satisfying the cash flow or liquidity needs of the taxpayer's trade or business.

- Proceeds from an insurance policy, a settlement of a claim or a judgment in a civil action, less any proceeds that are included in federal taxable income (as defined for MBT purposes).
- For a sales finance company, as defined in Section 2 of the Motor Vehicle Sales Finance Act, MCL 492.102, and directly or indirectly owned in whole or in part by a motor vehicle manufacturer as of January 1, 2008, and for a person that is a broker or dealer as defined under Section 78c(a)(4) or (5) of the Securities Exchange Act of 1934, 15 USC 78c, or a person included in the UBG of that broker or dealer that buys and sells for its own account, inventory includes contracts that are subject to the Commodity Exchange Act, 7 USC 1 to 27f, amounts realized from the repayment, maturity, sale, or redemption of the principal of a loan, bond, or mutual fund, certificate of deposit, or similar marketable instrument provided such instruments are not held as inventory, and the principal amount received under a repurchase agreement or other transaction properly characterized as a loan.
- For a mortgage company, proceeds representing the principal balance of loans transferred or sold in the tax year. *Mortgage company* means a person that is licensed under the Mortgage Brokers, Lenders and Servicers Licensing Act, PA 173 of 1987, MCL 445.1651 to 445.1684, or the Secondary Mortgage Loan Act, PA 125 of 1981, MCL 493.51 to 493.81, and has greater than 90 percent of its revenues, in the ordinary course of business, from the origination, sale, or servicing of residential mortgage loans.
- For a professional employer organization, any amount charged by a professional employer organization that represents the actual cost of wages and salaries, benefits, worker's compensation, payroll taxes, withholding, or other assessments paid to or on behalf of a covered employee by the professional employer organization under a professional employer arrangement.
    - *Professional employer organization* means an organization that provides the management and administration of the human resources of another entity by contractually assuming substantial employer rights and responsibilities through a professional employer agreement that establishes an employer relationship with the leased officers or employees assigned to the other entity by doing all of the following:
        - Maintaining a right of direction and control of employees' work, although this responsibility may be shared with the other entity.
        - Paying wages and employment taxes of the employees out of its own accounts.
        - Reporting, collecting, and depositing state and federal employment taxes for the employees.
        - Retaining a right to hire and fire employees.

NOTE: A professional employer organization is not the same thing as a staffing company.

- Any invoiced items used to provide more favorable floor plan assistance to a person subject to the tax imposed under this act than to a person not subject to this tax and paid by a manufacturer, distributor, or supplier.
- For an individual, estate, or other person organized for estate or gift planning purposes, amounts received other than those from transactions, activities, and sources in the regular course of the taxpayer's trade or business. For purposes of this provision, receipts excluded from gross receipts include, but are not limited to:
    - Receipts from investment activity, including interest, dividends, royalties, and gains from an investment portfolio or retirement account, if the investment activity is not part of the taxpayer's trade or business.
    - Receipts from the disposition of tangible or intangible property held for personal use and enjoyment, such as a personal residence or personal assets.

NOTE: This exclusion only applies to individuals, estates and other persons organized for estate or gift planning purposes. Investment receipts and any other types of receipts earned or received by all other types of persons must be included in the gross receipts of the taxpayer, unless a different exclusion applies.

> **NOTE:** Amounts received "from transactions, activities, and sources in the regular course of the taxpayer's business," are not excluded from gross receipts. These include, but are not limited to:
>
> - Receipts from tangible and intangible property if the acquisition, rental, lease, management, or disposition of the property constitutes integral parts of the taxpayer's regular trade or business operations.
> - Receipts in the course of the taxpayer's trade or business from stock and securities of any foreign or domestic corporation and dividend and interest income.
> - Receipts from isolated sales, leases, assignments, licenses, divisions, or other infrequently occurring transactions involving tangible, intangible or real property if the property is or was used in the taxpayer's trade or business operation.
> - Receipts from the sale of an interest in a business that constitutes an integral part of the taxpayer's regular trade or business.
> - Receipts from the lease or rental of real property.

- Receipts derived from investment activity by a person organized exclusively to conduct investment activity and that does not conduct investment activity for any person other than an individual or a person related to that individual, or by a common trust fund established under the collective investment funds act, MCL 555.101 to 555.113. For purposes of this provision, a person is related to an individual if that person is a spouse, brother or sister, whether of the whole or half blood or by adoption, ancestor, lineal descendent of that individual or related person, or a trust benefiting that individual or one or more persons related to that individual.
- Interest and dividends derived from obligations or securities of the United States government, this state, or any governmental unit of this state. As used in this provision, *governmental unit* means that term as defined in section 3 of the Shared Credit Rating Act, MCL 141.1053.

- Amounts attributable to an ownership interest in a pass-through entity, regulated investment company, real estate investment trust, or cooperative corporation whose business activities are taxable under section 203 or would be subject to the tax under section 203 if the business activities were in this state. For purposes of this provision:
  - *Cooperative corporation* means those organizations described under subchapter T of the IRC.
  - *Pass-through* entity means a partnership, subchapter S corporation, or other person, other than an individual, that is not classified for Federal Income Tax purposes as an association taxed as a corporation.
  - *Real estate investment trust* means that term as defined under section 856 of the IRC.
  - *Regulated investment company* means that term as defined under IRC 851.
- For a regulated investment company as that term is defined under IRC 851, receipts derived from investment activity by that regulated investment company.

Sourcing of Sales to Michigan

TANGIBLE AND REAL PROPERTY

Sale of tangible personal property

Property is shipped or delivered, or, in the case of electricity and gas, the contract requires the property to be shipped or delivered, to any purchaser within this State based on the ultimate destination at the point that the property comes to rest regardless of the free on board point or other conditions of the sales.

NOTE: *Tangible personal property* means that term as defined in Section 2 of the Use Tax Act, Public Act (PA) 94 of 1937, MCL 205.92.

Sale, lease, rental or licensing of real property

Property is located in this State.

Lease or rental of tangible personal property

To the extent the property is used in this State. Extent of use is determined by multiplying the receipts by a fraction, the numerator of which is the number of days of physical location of the property in this State during the lease or rental period in the tax year and the denominator of which is the number of days of physical location of the property everywhere during all lease or rental periods in the tax year.

If the physical location of the property during the lease or rental period is unknown or cannot be determined, the tangible personal property is used in the state in which the property was located at the time the lease or rental payer obtained possession.

Lease or rental of mobile transportation property owned by the taxpayer

To the extent property is used in this State. For example, the extent an aircraft will be deemed to be used is determined by multiplying all the receipts from the lease or rental of the aircraft by a fraction, the numerator of the fraction is the number of landings of the aircraft in this State and the denominator of the fraction is the total number of landings of the aircraft.

If the extent of use of any transportation property within this State cannot be determined, then the receipts are in this State if the property has its principal base of operations in this State.

INTANGIBLE PROPERTY (IN GENERAL)

Royalties and other income received for use of or for the privilege of using intangible property including patents, knowhow, formulas, designs, processes, patterns, copyrights, trade names, service names, franchises, licenses, contracts, customer lists, computer software, or similar items

Property is used by the purchaser in this State. If property is used in more than one state, royalties or other income will be apportioned to this State pro rata according to the portion of use in this State.

If the portion of use in this State cannot be determined, the royalties or other income will be excluded from both the numerator and the denominator.

If the purchaser of intangible property uses it or the rights to the intangible property, in the regular course of its business operations in this State, regardless of the location of the purchaser's customers.

SALES FROM PERFORMANCE OF SERVICES (IN GENERAL)

Receipts from performance of services, in general

Recipient of services receives all of the benefit of the services in this State.

If the recipient of the services receives some of the benefit of the services in this State, receipts are included in the numerator of the apportionment factor in proportion to the extent that the recipient receives benefit of the services in this State.

FINANCIAL SERVICES

Sales derived from securities brokerage services including commissions on transactions, the spread earned on principal transactions in which broker buys or sells from its account, total margin interest paid on behalf of brokerage accounts owned by broker's customers, and fees and receipts of all kinds from underwriting of securities.

Multiply the total dollar amount of receipts from securities brokerage services by a fraction, the numerator of which is the sales of securities brokerage services to customers within this State, and the denominator of which is the sales of securities brokerage services to all customers.

If receipts from brokerage services can be associated with a particular customer, but it is impractical to associate the receipts with the address of the customer, then the address of the customer will be presumed to be the address of the branch office that generates the transactions for the customer.

Sales of services derived directly or indirectly from sale of management, distribution, administration, or securities brokerage services to, or on behalf of, a regulated investment company or its beneficial owners, including receipts derived directly or indirectly from trustees, sponsors, or participants of employee benefit plans that have accounts in a regulated investment company

To the extent the shareholders of the regulated investment company are domiciled within this State. For this purpose, *domicile* means the shareholder's mailing address on the records of the regulated investment company.

If the regulated investment company or the person providing management services to the regulated investment company has actual knowledge that the shareholder's primary residence or principal place of business is different than the shareholder's mailing address, then the shareholder's primary residence or principal place of business is the shareholder's domicile.

A separate computation must be made with respect to receipts derived from each regulated investment company. Total amount of sales attributable to this State must be equal to total receipts received by each regulated investment company multiplied by a fraction determined as follows:

- The numerator of the fraction is the average of the sum of the beginning-of-year and end-of-year number of shares owned by the regulated investment company shareholders who have their domicile in this State.
- The denominator of the fraction is the average of the sum of the beginning-of-year and end-of-year number of shares owned by all shareholders.
- For purposes of the fraction, the year will be the tax year of the regulated investment company that ends with or within the tax year of the taxpayer.

Receipts from the origination of a loan or gains from sale of a loan secured by residential real property

Only if one or more of the following apply:

- Real property is located in this State.
- Real property is located both within this State and one or more other states and more than 50 percent of the fair market value of the real property is located within this State.
- More than 50 percent of the real property is not located in any one state and the borrower* is located in this State.

Interest from loans secured by real property

Property is located in this State.

If property is located both in this State and one or more other states, if more than 50 percent of the fair market value of the real property is located within this State.

If more than 50 percent of the fair market value of the real property is not located within any one state, if the borrower is located in this State.

The determination of whether the real property securing a loan is located in this State will be made at the time the original agreement was made and any and all subsequent substitutions of collateral will be disregarded

Interest from a loan not secured by real property

Borrower is located in this State

Gains from sale of a loan not secured by real property, including income recorded under coupon stripping rules of IRC 1286

Borrower is located in this State

Credit card receivables, including interest, fees, and penalties from credit card receivables and receipts from fees charged to cardholders, such as annual fees

Billing address of the cardholder is located in this State

Sale of credit card or other receivables

Billing address of the customer is located in this State

Credit card issuer's reimbursements fees

Billing address of the cardholder is located in this State.

Merchant discounts, computed net of any cardholder chargebacks, but not reduced by any interchange transaction fees or by any issuer's reimbursement fees paid to another for charges made by its cardholders

Commercial domicile of the merchant is located in this State.

Loan servicing fees derived from loans of another secured by real property

Real property is located in this State.

Real property is located both in and out of this State and one or more states if more than 50 percent of the fair market value of the real property is located in this State.

More than 50 percent of the fair market value of the real property is not located in any one state, and the borrower is located in this State.

If the location of the security cannot be determined, then loan servicing fees for servicing either the secured or the unsecured loans of another are in this State if the lender to whom the loan servicing service is provided is located in this State.

Loan servicing fees derived from loans of another not secured by real property

Borrower is located in this State.

If location of the security cannot be determined, then loan servicing fees for servicing either the secured or the unsecured loans of another are in this State if the lender to whom the loan servicing service is provided is located in this State.

*A borrower is considered located in this State if the borrower's billing address is in this State.

Sale of securities and other assets from investment and trading activities, including, but not limited to, interest, dividends, and gains

Attributable to the State if the person's customer is in this State, or if the location of the person's customer cannot be determined, both of the following:

- Interest, dividends, and other income from investment assets and activities and from trading assets and activities, including, but not limited to, investment securities; trading account assets; federal funds; securities purchased and sold under agreements to resell or repurchase; options; futures contracts; forward contracts; notional principal contracts such as swaps; equities; and foreign currency transactions are in this State if the average value of the assets is assigned to a regular place of business of the taxpayer within this State.
    - Interest from federal funds sold and purchased and from securities purchased under resale agreements and securities sold under repurchase agreements are in this State if the average value of the assets is assigned to a regular place of business of the taxpayer within this State.
    - Amount of receipts and other income from investment assets and activities is in this State if assets are assigned to a regular place of business of the taxpayer within this State.
- Amount of receipts from trading assets and activities, including, but not limited to, assets and activities in the matched book, in the arbitrage book, and foreign currency transactions, but excluding amounts otherwise sourced in this section, are in this State if the assets are assigned to a regular place of business of the taxpayer within this State.

TRANSPORTATION SERVICES

Receipts from transportation services

Generally, receipts will be proportioned based on the ratio that revenue miles of the person in this State bear to the revenue miles of the person everywhere.

Receipts from maritime transportation services will be attributable to this State as follows:

- 50 percent of those receipts that either originate or terminate in this State.
- 100 percent of those receipts that both originate and terminate in this State.

Receipts attributable to this State of a person whose business activity consists of the transportation of:

- Property and of individuals – Proportioned based on the total gross receipts for passenger miles and ton mile fractions, separately computed and individually weighted by the ratio of gross receipts from passenger transportation to total gross receipts from all transportation, and by the ratio of gross receipts from freight transportation to total gross receipts from all transportation, respectively.

$$\frac{\text{Michigan Ton Miles}}{\text{Total ton miles}} \times \frac{\text{Gross Receipts for Property}}{\text{Total Gross Receipts}} + \frac{\text{Michigan Passenger Miles}}{\text{Total Passenger Miles}} \times \frac{\text{Gross Receipts for People}}{\text{Total Gross Receipts}} = \text{Apportionment Percentage}$$

- Oil by pipeline – Proportioned based on the ratio that the gross receipts for the barrel miles transported in this State bear to the gross receipts for the barrel miles transported by the person everywhere.
- Gas by pipeline – Proportioned based on the ratio that the gross receipts for the 1,000 cubic feet miles transported in this State bear to the gross receipts for the 1,000 cubic feet miles transported by the person everywhere.

NOTE: If a taxpayer can show that revenue mile information is not available or cannot be obtained without unreasonable expense to the taxpayer, receipts attributable to this State will be that portion of the revenue derived from transportation services everywhere performed that the miles of transportation services performed in this State bears to the miles of transportation services performed everywhere. If the Department determines that the information required for the calculations above are not available or cannot be obtained without unreasonable expense to the taxpayer, the Department may use other available information that in the opinion of the Department will result in an equitable allocation of the taxpayer's receipts to this State.

TELECOMMUNICATIONS SERVICES

Sale of telecommunications service or mobile telecommunications service, in general

Customer's place of primary use of the service is in this State. As used here, *place of primary use* means the customer's residential street address or primary business street address where the customer's use of the telecommunications service primarily occurs.

For mobile telecommunications service, the customer's residential street address or primary business street address is the place of primary use only if it is within the licensed service area of the customer's home service provider.

Sale of telecommunications service sold on an individual call-by-call basis

Call both originates and terminates in this State.

Call either originates or terminates in this State and the service address is located in this State.

Sale of postpaid telecommunications service

Origination point of telecommunication signal, as first identified by the service provider's telecommunication system or as identified by information received by the seller from its service provider if system used to transport telecommunication signals is not the seller's, is located in this State.

Sale of prepaid telecommunications service or prepaid mobile telecommunications service

Purchaser obtains the prepaid card or similar means of conveyance at a location in this State.

Recharging a prepaid telecommunications service or mobile telecommunications service

Purchaser's billing information indicates a location in this State.

Sale of private communication services

100 percent of the receipts from the sale of each channel termination point within this State.

100 percent of the receipts from the sale of the total channel mileage between each termination point within this State.

50 percent of the receipts from the sale of service segments for a channel between two customer channel termination points, one of which is located in this State and the other is located outside of this State, which segments are separately charged.

Receipts from the sale of service for segments with a channel termination point located in this State and in two or more other states or equivalent jurisdictions, and which segments are not separately billed, are in this State based on a percentage determined by dividing the number of customer channel termination points in this State by the total number of customer channel termination points.

Sale of billing services and ancillary services for telecommunications service

Based on the location of the purchaser's customers.

If the location of the purchaser's customers is not known or cannot be determined, the sale of billing services and ancillary services for telecommunications service are in this State based on the location of the purchaser.

To access a carrier's network or from the sale of telecommunications services for resale

100 percent of the receipts from access fees attributable to intrastate telecommunications service that both originates and terminates in this State.

50 percent of the receipts from access fees attributable to interstate telecommunications service if the interstate call either originates or terminates in this State.

100 percent of receipts from interstate end user access line charges, if customer's service address is in this State. As used here, "interstate end user access line charges" includes, but is not limited to, the surcharge approved by the federal communications commission and levied pursuant to 47 CFR 69.

Gross receipts from sales of telecommunications services to other telecommunication service providers for resale will be sourced to this State using the apportionment concepts used for non-resale receipts of telecommunications services if the information is readily available to make that determination. If the information is not readily available, then the taxpayer may use any other reasonable and consistent method.

Taxpayer whose business activities include live radio or television programming as described in Subsector Code 7922 of Industry Group 792 or are included in Industry Groups 483, 484, 781, or 782, under the SIC Code as compiled by the U.S. Department of Labor, or any combination of the business activities included in those groups

Media receipts are attributable to this State only if the commercial domicile of the customer is in this State and the customer has a direct connection or relationship with the taxpayer pursuant to a contract under which the media receipts are derived.

Media receipts from the sale of advertising are attributable to this State if the customer of that advertising is commercially domiciled in this State and receives some of the benefit of the sale of that advertising in this State in proportion to the extent that the customer receives the benefit of the advertising in this State.

If the taxpayer is a broadcaster and if the customer receives some of the benefit of the advertising in this State, the media receipts for that sale of advertising from that customer will be proportioned based on the ratio that the broadcaster's viewing or listening audience in this State bears to its total viewing or listening audience everywhere.

Media property means motion pictures, television programs, internet programs and Web sites, other audiovisual works, and any other similar property embodying words, ideas, concepts, images, or sound without regard to the means or methods of distribution or the medium in which the property is embodied.

Media receipts means receipts from the sale, license, broadcast, transmission, distribution, exhibition, or other use of media property and receipts from the sale of media services. Media receipts do not include receipts from the sale of media property that is a consumer product that is ultimately sold at retail.

Media services means services in which the use of the media property is integral to the performance of those services.

NOTE: Terms used to describe the sale of telecommunications service or mobile telecommunications service have the same meaning as those terms defined in the streamlined sales and use tax agreement administered under the Streamlined Sales and Use Tax Administration Act, PA 174 of 2004, MCL 205.801 to 205.833.

OTHER

Default for all other receipts not otherwise sourced here

Sourced based on where the benefit to the customer is received, or if where the benefit to the customer is received cannot be determined, sourced to the customer's location.

☐ **Check if this is an amended return.**
Attach supporting documents.

2008 MICHIGAN Business Tax Simplified Return

Issued under authority of Public Act 36 of 2007. You may not use this form if you have a business loss or need to carry business loss forward. You must use Form 4567.

This form cannot be used for fiscal filers with tax years ending in 2008.

This form may be used instead of the standard Form 4567, *Michigan Business Tax Annual Return*, if all of the following conditions apply:

- Gross receipts do not exceed $19,000,000.
- Adjusted business income does not exceed $1,300,000.
- Filer is not apportioning business activity.
- Filer is not a member of a Unitary Business Group filing a combined return.
- Filer is not required to recapture credits or deductions.
- No partner has distributive income of more than $160,000. Attach Form 4578.
- No individual, shareholder or officer has allocated income of more than $160,000. Attach Form 4577 *(does not apply to individuals and fiduciaries filing as individuals).*

1. Return is for calendar year 2008 or for tax year beginning: (MM-DD-YYYY) ______ and ending: (MM-DD-YYYY) ______

2. Name (print or type)				7. Federal Employer Identification Number (FEIN) or TR Number
Doing Business As (DBA)				8. Organization Type ☐ Individual ☐ C Corporation / LLC C Corporation ☐ Fiduciary ☐ S Corporation / LLC S Corporation ☐ Partnership / LLC Partnership
Street Address				
City	State	ZIP Code	Country Code	
3. Principal Business Activity		4. Business Start Date		
5. NAICS (North American Industry Classification System) Code		6. If Discontinued, Effective Date		

PART 1: CALCULATION OF TAX

9.	Gross Receipts (see instructions)	9.	00
10.	Business Income	10.	00
11.	Capital loss and/or carryover or carryback of federal net operating loss (cannot be a negative number)	11.	00
12.	Compensation and director fees of active shareholders from Form 4577, line 3	12.	00
13.	Compensation and director fees of officers from Form 4577, line 4	13.	00
14.	**Adjusted Business Income.** Add lines 10 through 13. If less than zero, enter zero on line 15	14.	00
15.	**Tax Before All Other Credits.** Multiply line 14 by 1.8% (0.018)	15.	00
16.	Threshold Ceiling	16.	700,000 00
17.	Gross Receipts from line 9 (see instructions)	17.	00
18.	Excess Gross Receipts. Subtract line 17 from line 16. If less than zero, enter zero and carry to line 20	18.	00
19.	Gross Receipts Filing Threshold Credit Percentage. Divide line 18 by 350,000	19.	%
20.	**Gross Receipts Filing Threshold Credit**. Multiply line 15 by line 19	20.	00
21.	**Tax After Gross Receipts Filing Threshold Credit.** Subtract line 20 from line 15	21.	00

Continue and sign on Page 2.

FEIN or TR Number

PART 2: PAYMENTS AND REFUNDABLE CREDITS

22.	Overpayment credited from prior return (SBT or MBT)	22.	00
23.	Estimated tax payments	23.	00
24.	Tax paid with request for extension	24.	00
25.	Refundable credits from Form 4574, line 23	25.	00
26.	Total. Add lines 22 through 25. (Then, if not amending, skip to line 28.)	26.	00
27.	**AMENDED RETURN ONLY** a. Payment made with the original return	27a.	00
	b. Overpayment received on the original return	27b.	00
	c. Add lines 26 and 27a and subtract line 27b from the sum	27c.	00

PART 3: TAX DUE/OVERPAYMENT

28.	**TAX DUE.** Subtract line 26 (or line 27c, if amending) from line 21. If less than zero, leave blank	28.	00
29.	Underpaid estimate penalty and interest from Form 4582, line 38	29.	00
30.	Annual return penalty ____ % = ____ 00 plus interest of ____ 00. Enter total	30.	00
31.	**PAYMENT DUE.** If line 28 is blank, go to line 32. Otherwise, add lines 28 through 30 and enter here	31.	00
32.	Overpayment. Subtract line 21, 29 and 30 from line 26 (or line 27c, if amending). If less than zero, leave blank. (See instructions.)	32.	00
33.	**CREDIT FORWARD.** Amount of overpayment on line 32 to be credited forward	33.	00
34.	**REFUND.** Amount of overpayment on line 32 to be refunded	34.	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
Taxpayer Signature	Preparer's Business Name (print or type)
Taxpayer Name (print or type) / Date	Preparer's Business Address and Telephone Number (print or type)
Title / Telephone Number	

Return is due April 30 or on or before the last day of the 4th month after the close of the tax year.

WITHOUT PAYMENT: Mail return to:

Michigan Department of Treasury
P.O. Box 30783
Lansing, MI 48909

WITH PAYMENT: Pay amount on line 31 and mail check and return to:

Michigan Department of Treasury
P.O. Box 30113
Lansing, MI 48909

Make check payable to "State of Michigan." Print the FEIN or TR Number and "MBT" on the front of the check. Do not staple the check to the return.

Instructions for Form 4583
Michigan Business Tax (MBT) Simplified Return

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

This form allows qualifying standard taxpayers to claim the Small Business Alternative Credit and to file and pay the MBT due without computing the Business Income Tax or Modified Gross Receipts Tax imposed under Sections 201 and 203 of the MBT Act. Qualified taxpayers may also use this form to claim the Gross Receipts Filing Threshold Credit and any refundable credits for which they are eligible.

Eligibility

Standard taxpayers (all taxpayers who are not financial institutions or insurance companies) are eligible to use this form if all of the following conditions apply:

- Gross receipts do not exceed $19,000,000.
- Adjusted business income does not exceed $1,300,000.
- Adjusted business income does not exceed $160,000 for Individuals or Fiduciaries.
- Filer is not a member of a Unitary Business Group (UBG) filing a combined return.
- Filer does not have a recapture of certain credits to report.
- Filer is not apportioning business activity.
- No partner has distributive income of more than $160,000. Attach the *MBT Schedule of Partners* (Form 4578).
- No individual, shareholder or officer has allocated income over $160,000. Attach the *MBT Schedule of Shareholders and Officers* (Form 4577). (Does not apply to Individuals and Fiduciaries filing as Individuals.)
- Filer is not a fiscal filer with tax year ending in 2008.

NOTE: A member of a Limited Liability Company (LLC) is characterized for MBT purposes as a partner, shareholder or owner based on the federal characterization of the LLC. An LLC taxed as a Partnership for federal purposes must file as a Partnership for MBT. Similarly, an LLC taxed as a Corporation for federal purposes must file as a Corporation for MBT.

Corporations: Allocated income for regular Corporations is either:

a) Shareholders or officers compensation and directors fees from Form 4577, column L, or

b) Shareholders compensation, directors' fees and share of business income or loss from Form 4577, column N.

If either (a) or (b) is greater than $160,000, the Corporation is not eligible to file this form.

Allocated income for S Corporation is shareholders compensation, directors' fees and share of business income or loss from Form 4577, column N.

Even if eligible to file this form, a taxpayer may pay a lower tax by filing the *MBT Annual Return* (Form 4567) and taking the Small Business Alternative Credit using the *MBT Common Credits for Small Businesses* (Form 4571). This is especially true if any of the following applies:

- A Single Business Tax (SBT) or MBT business loss carryforward exists, or
- A nonrefundable credit may be claimed.

Tax Period Less Than 12 Months: If a business operates less than 12 months, annualize gross receipts, business income and all shareholders, officers and partners' income to determine the eligibility for a Small Business Alternative Credit. Do not use annualized numbers on the return, unless requested; use them only to determine filing requirements and qualifications for credits.

Line-by-Line Instructions

Lines not listed are explained on the form.

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

Amended Returns: Check the box (upper-right corner, page 1) if this is an amended return, and attach a separate sheet explaining the reason for the changes. Include any supporting documents including an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document.

Refund Only: If apportioned or allocated gross receipts are less than $350,000 and the taxpayer is filing this form to claim a refund of estimates paid, skip lines 10 through 21 and lines 28 through 31.

Country Code: If other than the United States, enter the country code. See the list of country codes on page 139.

Line 1: Enter the beginning and ending dates that correspond to the taxable period reported to the IRS. This form cannot be used for fiscal filers with tax years ending in 2008.

Tax year means the calendar year, or the fiscal year ending during the calendar year, upon the basis of which the tax base of a taxpayer is computed. If a return is made for a fractional part of a year, tax year means the period for which the return is made. Except for the first MBT return required, a taxpayer's tax year is for the same period as is covered by its Federal Income Tax return. A taxpayer that has a 52- or 53-week tax year beginning not more than seven days before December 31 of any year is considered to have a tax year beginning after December of that year.

Example 1: A taxpayer with a federal tax year beginning on Monday, December 29, 2008, will be treated as follows:

- 2008 tax year end of December 31, 2008.
- Due date of April 30, 2009.
- 2009 tax year beginning January 1, 2009.

Example 2: A taxpayer with a federal tax year ending on Sunday, January 3, 2010, will be treated as follows:

- 2009 tax year end of December 31, 2009.
- Due date of April 30, 2010.
- 2010 tax year beginning on January 1, 2010.

Example 3: A 52- or 53-week year closing near the end of January is common in the retail industry. Such a taxpayer will be treated as follows:

- 2008-09 fiscal year end will be January 31, 2009.
- Due date will be May 31, 2009.
- 2009-10 fiscal year will begin on February 1, 2009.

Line 3: Enter a brief description of business activity (e.g., forestry, fisheries, mining, construction, manufacturing, transportation, communication, electric, gas, sanitary services, wholesale trade, retail trade, finance or services).

Line 5: Enter the entity's six-digit North American Industry Classification System (NAICS) code. For a complete list of six-digit NAICS codes, see the U.S. Census Bureau Web site at **www.census.gov/eos/www/naics/**, or enter the same NAICS code used when filing the entity's U.S. Form *1120,* Schedule *K*, U.S. Form *1120S*, U.S. Form *1065* or U.S. Form *1040,* Schedule *C*.

Line 6: Enter the date, if applicable, on which taxpayer went out of existence. To complete the discontinuance for Michigan taxes, file a *Notice of Change or Discontinuance* (Form 163), which is available on the Department of Treasury Web site at **www.michigan.gov/treasuryforms**. If this taxpayer continues to exist, DO NOT use this line to report that this member has stopped doing business in Michigan.

Line 7: Use the taxpayer's Federal Employer Identification Number (FEIN) or the Michigan Treasury (TR) assigned number. Be sure to use the same account number on all forms. If the taxpayer does not have an FEIN or TR number, the taxpayer is encouraged to register online at **www.michigan.gov/businesstaxes** before filing this form. By registering online, an account number is usually assigned within seven days. If paper filing, attach a page with the Social Security number (SSN) of the taxpayer. Do NOT enter the SSN on line 7. The Department will notify the taxpayer when a TR number is assigned. Use that number on all future MBT filings and correspondence until the entity obtains its FEIN.

Line 8: Check the box that describes the organization type. A Trust or LLC should check the appropriate box based on its federal return.

Part 1: Calculation of Tax

Line 9: *Gross receipts* means the entire amount received by the taxpayer from any activity, whether in intrastate, interstate or foreign commerce, carried out for direct or indirect gain, benefit or advantage to the taxpayer or to others, with certain exceptions. Use the "Gross Receipts Checklist" on page 26 as a guide to be sure receipts have been totaled correctly. Use the appropriate worksheet on page 136 to calculate gross receipts.

A taxpayer should compute its gross receipts using the same accounting method used in the computation of its net income for Federal Income Tax purposes. Under the *accrual method*, income is "received" and recorded on the books when all the events that establish the "right to receive" the income have occurred. Under the *cash method*, income is not recorded until payment is actually received, and expenses are not counted until they are actually paid. A taxpayer that computes its federal taxable income using the accrual method should consistently compute both its Business Income Tax base and Modified Gross Receipts Tax base using the accrual method.

A federal cash basis taxpayer would compute both the MBT Business Income Tax and Modified Gross Receipts Tax bases using the cash basis method.

Line 10: *Business income* means that part of federal taxable income derived from business activity. For MBT purposes, *federal taxable income* means taxable income as defined in IRC 63, except that federal taxable income shall be calculated as if section 168(k) [as applied to qualified property placed in service after December 31, 2007] and IRC 199 were not in effect. For a Partnership or S Corporation (or LLC federally taxed as such), business income includes payments and items of income and expense that are attributable to business activity of the Partnership or S Corporation and separately reported to the partners or shareholders. Use the appropriate worksheet on page 136 to calculate business income.

For an organization that is a mutual or cooperative electric company exempt under Internal Revenue Code (IRC) 501(c)(12), business income equals the organization's excess or deficiency of revenues over expenses as reported to the federal government, less capital credits paid to members of that organization, less income attributed to equity in another organization's net income, and less income resulting from a charge approved by a state or federal regulatory agency that is restricted for a specified purpose and refundable if it is not used for the specified purpose.

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

For an Individual or an estate, or for a Partnership or Trust organized exclusively for estate or gift planning purposes, business income is that part of federal taxable income (as defined for MBT purposes) derived from transactions, activities, and sources in the regular course of the taxpayer's trade or business, including the following:

- All income from tangible and intangible property if the acquisition, rental, management, or disposition of the property constitutes integral parts of the taxpayer's regular trade or business operations.
- Gains or losses incurred in the taxpayer's trade or business from stock and securities of any foreign or domestic Corporation and dividend and interest income.
- Income derived from isolated sales, leases, assignment, licenses, divisions, or other infrequently occurring dispositions, transfers, or transactions involving property if the property is or was used in the taxpayer's trade or business operation.
- Income derived from the sale of a business.

NOTE: Personal investment income, gains from the sale of property held for personal use and enjoyment, or other assets not used in a trade or business, and any other income not specifically derived from a trade or business that is earned, received, or otherwise acquired by an Individual, an estate, or a Trust or Partnership organized or established exclusively for estate or gift planning purposes, are not included in the Business Income Tax base. This exclusion only applies to the specific types of taxpayers identified above. Investment income and any other types of income earned or received by all other types of persons or taxpayers not specifically referenced must be included in the business income of the taxpayer.

Line 11: Enter all capital losses that were used federally to offset capital gain. This is not the net figure found on the Schedule D lines identified below, but rather the amount of capital losses that were used in reaching the net figure on those federal return lines. If filing U.S. Form *1040* or *1041*, include the capital loss amount that the Individual or Fiduciary was able to use against the capital gain or the capital loss amount that the Individual or Fiduciary was permitted to deduct from ordinary income ($3,000 or less). Use both long-term and short-term capital losses here.

Identify the capital losses used in calculating the net figure using "Net short-term capital gain or (loss)" and "Net long-term capital gain or (loss)" from the following federal forms:

- Form *1040*, Schedule *D*
- Form *1041*, Schedule *D*
- Form *1065*, Schedule *D*
- Form *1120*, Schedule *D*
- Form *1120S*, Schedule *D*.

Also include on this line the net operating loss carryback or carryover from the federal schedule that was included in the business income reported on line 10. Report each of these figures as a positive number.

Line 17: Enter figure from line 9. If less than 12 months, enter the annualized amount.

Part 2: Payments and Refundable Credits

Line 22: Enter overpayment credited from 2007 SBT or overpayment from first fiscal year 2008 MBT return.

Line 23: Enter the total tax paid with the *MBT Quarterly Tax Return* (Form 4548), or the estimated MBT paid with the *Combined Return for Michigan Taxes* (Form 160) or the amount paid through Electronic Funds Transfer (EFT). Include all payments made on returns that apply to the current tax year. For example, calendar-year filers include money paid with the combined returns for return periods January through December.

Line 25: Enter refundable credits from the *MBT Refundable Credits* (Form 4574), line 23. If claiming a Michigan refundable credit, see Form 4574.

Amended Returns Only:

Line 27a: Enter payment made with original return.

Line 27b: Enter refund received with original return.

Line 27c: Add lines 26 and 27a and subtract line 27b from the sum.

Part 3: Tax Due / Overpayment

Line 29: If penalty and interest are owed for not filing estimated returns or for underestimating a tax, complete the *MBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4582) on page 105 to compute penalty and interest due. If a taxpayer prefers not to file this form, the Department will compute the penalty and interest and bill for payment.

Line 30: Penalty and Interest. See "Computing Penalty and Interest" on page 14.

Line 32: If the amount of overpayment, less any penalty and interest due on lines 29 and 30, is less than zero, enter the difference (as a positive number) on line 28. If the amount is greater than zero, enter on line 31.

Attachments

Federal Forms: Attach copies of these forms to the return.

- **Corporations:** U.S. Form *1120* (pages 1 through 4), 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*, Form *8825*.
- **Individuals:** U.S. Form *1040* (pages 1 and 2), Schedules *C, C-EZ, D, E,* and Form *4797.*
- **Fiduciaries:** U.S. Form *1041* (pages 1 through 4), Schedule *D,* and Form *4797.*
- **Partnerships:** U.S. Form *1065*, (pages 1 through 5)*, Schedule *D*, Form *4797,* and Form *8825*.
- **Limited Liability Companies:** Attach appropriate schedules shown above based on federal return filed.

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

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Attachment 02

2008 MICHIGAN Business Tax Nonrefundable Credits Summary

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

1. Tax before all credits from Form 4567, line 34, or Form 4590, line 25		1.	00
2. SBT credit carryforwards from Form 4569, line 35		2.	00
3. Tax After SBT credit carryforwards. Subtract line 2 from line 1. If less than zero, enter zero	3. 00		
4. a. Compensation and Investment Tax Credit from Form 4570, line 34		4a.	00
b. If Form 4570, line 28, is negative, enter here as a negative number. Otherwise, leave blank		4b.	00
5. Research and Development Credit from Form 4570, line 41		5.	00
6. Tax After Research and Development Credit. Subtract lines 4a, 4b and 5 from line 3. Cannot be less than zero	6. 00		
7. Small Business Alternative Tax Credit from Form 4571, line 11 or 17, whichever applies		7.	00
8. Gross Receipts Filing Threshold Credit from Form 4571, line 25		8.	00
9. Tax After Gross Receipts Filing Threshold Credit. Subtract lines 7 and 8 from line 6. Cannot be less than zero	9. 00		
10. Community or Education Foundation Credit from Form 4572, line 5		10.	00
11. Homeless Shelter/Food Bank Credit from Form 4572, line 9		11.	00
12. Tax After Homeless Shelter/Food Bank Credit. Subtract lines 10 and 11 from line 9. If less than zero, enter zero	12. 00		
13. NASCAR Speedway Credit from Form 4573, line 3		13.	00
14. Stadium Credit from Form 4573, line 6		14.	00
15. Start-up Business Credit from Form 4573, line 9. If less than zero, enter as a negative number		15.	00
16. Tax After Start-up Business Credit. Subtract lines 13, 14 and 15 from line 12. If less than zero, enter zero	16. 00		
17. Public Contribution Credit from Form 4572, line 14		17.	00
18. Arts and Culture Credit from Form 4572, line 19		18.	00
19. Tax After Arts and Culture Credit. Subtract lines 17 and 18 from line 16. Cannot be less than zero	19. 00		
20. Next Energy Business Activity Credit from Form 4573, line 12		20.	00
21. Renaissance Zone Credit from Form 4573, line 14		21.	00
22. Historic Preservation Credit from Form 4573, line 21		22.	00
23. Low Grade Hematite Credit from Form 4573, line 27		23.	00
24. Entrepreneurial Credit from Form 4573, line 34		24.	00

Continue on Page 2.

FEIN or TR Number

25. New Motor Vehicle Dealer Inventory Credit from Form 4573, line 38	25.	00
26. Large Food Retailer Credit from Form 4573, line 42	26.	00
27. Mid-size Food Retailer Credit from Form 4573, line 46	27.	00
28. Bottle Deposit Administration Credit from Form 4573, line 50	28.	00
29. Anchor Company Taxable Value Credit from Form 4573, line 52	29.	00
30. Anchor Company Payroll Credit from Form 4573, line 54	30.	00
31. MEGA Federal Contract Credit from Form 4573, line 56	31.	00
32. Individual or Family Development Account Credit from Form 4573, line 58	32.	00
33. Brownfield Redevelopment Credit from Form 4573, line 60	33.	00
34. Private Equity Fund Credit from Form 4573, line 65	34.	00
35. Film Job Training Credit from Form 4573, line 70	35.	00
36. Film Infrastructure Credit from Form 4573, line 76	36.	00
37. Total Nonrefundable Credits. Add lines 2, 4a, 4b, 5, 7, 8, 10, 11, 13, 14, 15, 17, 18, and 20 through 36. Enter total here and carry total to Form 4567, line 35, or Form 4590, line 26	37.	00
38. Tax After Nonrefundable Credits. Subtract line 37 from line 1. If less than zero, enter zero. (This line must be equal to Form 4567, line 36, or Form 4590, line 27.)	38.	00

Instructions for Form 4568
Michigan Business Tax (MBT) Nonrefundable Credits Summary

Purpose

The purpose of this form is to determine a taxpayer's tax liability after application of nonrefundable tax credits.

Form 4568 is intended to summarize all applicable nonrefundable credits. Specific eligibility criteria, including varying credit life spans, apply to each of the nonrefundable credits. For more details about each of the credits, refer to the MBT Act or the instructions for the specific forms referenced on this form.

NOTE: This form may be used by both standard taxpayers and financial institutions. Insurance companies should use the *Miscellaneous Credits for Insurance Companies* (Form 4596) instead. Financial institutions may only claim the following credits:

- Single Business Tax (SBT) Credit Carryforwards
- Compensation Credit
- Renaissance Zone Credit
- Historic Preservation Credit
- Individual or Family Development Account Credit
- Brownfield Redevelopment Credit
- Film Infrastructure Credit.

The goal of arranging credits in this fashion is to minimize the need for taxpayers to go through all the available forms before deciding which ones may be applicable to them. Under the present arrangement, taxpayers are able to identify the forms pertaining to them, and efficiently prepare the tax return. Taxpayers should claim all credits for which they are eligible.

Special Instructions for Unitary Business Groups

Credits are earned and calculated on either an entity specific or group basis, as determined by the relevant statutory provisions for the respective credits. Inter-company transactions are not eliminated for the calculation of most credits. Credits earned or calculated on either an entity specific or group basis by Unitary Business Group (UBG) members are generally applied against the tax liability of the UBG, unless otherwise specified by statute.

Entity-specific provisions are applied on a member-by-member basis and are addressed in the line-by-line instructions of each form. In none of these cases does a taxpayer that is a UBG take the entity type of its parent, Designated Member (DM), or any other member of the UBG. A UBG taxpayer will not be attributed an entity type based on the composition of its members.

Further UBG instructions are provided on the forms where the credits are calculated.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

UBGs: Complete one form for the group. Enter the DM name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

Attach this schedule to the return.

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Michigan Department of Treasury
4569 (Rev. 08-08)

Attachment 03

2008 MICHIGAN Business Tax - Single Business Tax (SBT) Credit Carryforwards

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

1.	Tax before credit from Form 4567, line 34, or Form 4588, line 23, or Form 4590, line 25	1.	00
SBT INVESTMENT TAX CREDIT. If not claiming this credit, carry amount from line 1 to line 5.			
2.	Enter any unused credit carryforward from the final 2007 Form C-8000ITC, line 38	2.	00
3.	2008 SBT Investment Tax Credit Carryforward. Enter lesser of lines 1 and 2	3.	00
4.	SBT Credit Carryforward to 2009. If line 2 is greater than line 1, enter the difference	4.	00
5.	Tax After Credit Carryforward. Subtract line 3 from line 1. If less than zero, enter zero	5.	00
SBT HISTORIC PRESERVATION CREDIT. If not claiming this credit, carry amount from line 5 to line 9.			
6.	Enter any unused credit carryforward from the final 2007 Form C-8000MC, line 41	6.	00
7.	2008 SBT Historic Preservation Credit Carryforward. Enter lesser of lines 5 and 6	7.	00
8.	SBT Credit Carryforward to 2009. If line 6 is greater than line 5, enter the difference	8.	00
9.	Tax After Credit Carryforward. Subtract line 7 from line 5. If less than zero, enter zero	9.	00
SBT LOW-GRADE HEMATITE PELLET CREDIT. If not claiming this credit, carry amount from line 9 to line 13.			
10.	Enter any unused credit carryforward from the final 2007 Form C-8000MC, line 47	10.	00
11.	2008 SBT Low-Grade Hematite Pellet Credit Carryforward. Enter lesser of lines 9 and 10	11.	00
12.	SBT Credit Carryforward to 2009. If line 10 is greater than line 9, enter the difference	12.	00
13.	Tax After Credit Carryforward. Subtract line 11 from line 9. If less than zero, enter zero	13.	00
SBT PHARMACEUTICAL CREDIT. If not claiming this credit, carry amount from line 13 to line 17.			
14.	Enter any unused credit carryforward from the final 2007 Form C-8000MC, line 66	14.	00
15.	2008 SBT Pharmaceutical Credit Carryforward. Enter lesser of lines 13 and 14	15.	00
16.	SBT Credit Carryforward to 2009. If line 14 is greater than line 13, enter the difference	16.	00
17.	Tax After Credit Carryforward. Subtract line 15 from line 13. If less than zero, enter zero	17.	00
SBT CREATED JOBS CREDIT. If not claiming this credit, carry amount from line 17 to line 21.			
18.	Enter any unused credit carryforward from the final 2007 Form C-8000MC, line 76	18.	00
19.	2008 SBT Created Jobs Credit Carryforward. Enter lesser of lines 17 and 18	19.	00
20.	SBT Credit Carryforward to 2009. If line 18 is greater than line 17, enter the difference	20.	00
21.	Tax After Credit Carryforward. Subtract line 19 from line 17. If less than zero, enter zero	21.	00
SBT "OLD" BROWNFIELD CREDIT. If not claiming this credit, carry amount from line 21 to line 25.			
22.	Enter any unused credit carryforward from the final 2007 Form C-8000MC, line 84	22.	00
23.	2008 SBT Old Brownfield Credit Carryforward. Enter lesser of lines 21 and 22	23.	00
24.	SBT Credit Carryforward to 2009. If line 22 is greater than line 21, enter the difference	24.	00
25.	Tax After Credit Carryforward. Subtract line 23 from line 21. If less than zero, enter zero	25.	00
SBT "NEW" BROWNFIELD CREDIT. If not claiming this credit, carry amount from line 25 to line 30.			
26.	Enter any unused credit carryforward from the final 2007 Form C-8000MC, line 96	26.	00
27.	Recapture of MBT Brownfield Credit in the current tax year	27.	00
28.	a. 2008 SBT New Brownfield Credit Carryforward. If line 26 is greater than line 27, enter the difference. Otherwise, enter zero	28a.	00
	b. If line 27 is greater than line 26, enter the difference. Carry amount to Form 4584, line 26 .. 28b. 00		
29.	SBT Credit Carryforward to 2009. If line 28a is greater than line 25, enter the difference	29.	00
30.	Tax After Credit Carryforward. Subtract line 28a from line 25. If less than zero, enter zero	30.	00
SBT MEGA BUSINESS ACTIVITY CREDIT. If not claiming this credit, carry amount from line 30 to line 34.			
31.	Enter any unused credit carryforward from the final 2007 Form C-8000MC, line 102	31.	00
32.	2008 SBT MEGA Business Activity Credit Carryforward. Enter lesser of lines 30 and 31	32.	00
33.	SBT Credit Carryforward to 2009. If line 31 is greater than line 30, enter the difference	33.	00
34.	Tax After Credit Carryforward. Subtract line 32 from line 30. If less than zero, enter zero. (This line must be equal to Form 4568, line 3, or Form 4596, line 9.)	34.	00
35.	**TOTAL SBT CREDIT CARRYFORWARDS USED.** Add lines 3, 7, 11, 15, 19, 23, 28a and 32. Enter here and carry to Form 4568, line 2 and 4570, line 31; or carry to Form 4596, line 6	35.	00

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Instructions for Form 4569
Single Business Tax (SBT) Credit Carryforwards

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

This form is designed to calculate the amount of each SBT credit carryforward that may be claimed this year, and the amount of each one that is carried forward to the taxpayer's next Michigan Business Tax (MBT) return (subject to expiration, as described below). Credit carryforwards are totaled here and then carried to the *MBT Nonrefundable Credits Summary* (Form 4568).

General Information

With the exception of the SBT Historic Preservation Credit and the SBT "New" Brownfield Redevelopment Credit, carryforward amounts of the SBT credits listed below are allowed as credits against MBT for tax years ending in 2008 and 2009, or until the carryforwards expire based on their initial life spans under the SBT Act, whichever occurs first.

SBT Historic Preservation Credit and "New" Brownfield Redevelopment Credit carryforwards, however, may be claimed against MBT until the SBT Act lifespan of those two credits expires.

In addition to the time limitation on their use against MBT, each of these eight SBT credit carryforwards is limited to the amount of MBT liability calculated immediately prior to claiming that carryforward. If the tax liability after a credit carryforward is zero, any carryforward credit available after that point will not be allowed in the current filing period. However, the remainder of this form must be completed to calculate the amount of carryforwards that may be available for the taxpayer's next MBT return (subject to expiration rules).

This opportunity to claim SBT credit carryforwards is available to standard taxpayers, financial institutions, and insurance companies.

Special Instructions for Unitary Business Groups

All members of a Unitary Business Group (UBG) should combine their SBT credit carryforwards, by type, for each of the eight credit types. If more than one member of a UBG has the same type of SBT credit carryforward, the UBG should use the oldest one first. The combined credit carryforwards will be applied to the entire UBG's tax base. As support, credit carryforwards are reported on a separate entity basis by each standard taxpayer member of the UBG on the *Unitary Business Group Combined Filing Schedule* (Form 4580).

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

UBGs: Complete one form for the group. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

SBT INVESTMENT TAX CREDIT

Line 3: This is the amount of SBT Investment Tax Credit (ITC) carryforward that is available in this filing period.

Line 4: This is the amount of SBT ITC carryforward to be carried to the taxpayer's next MBT return (subject to expiration rules).

SBT HISTORIC PRESERVATION CREDIT

Line 7: This is the amount of SBT Historic Preservation Credit carryforward that is available in this filing period.

Line 8: This is the amount of SBT Historic Preservation Credit carryforward to be carried to the taxpayer's next MBT return (subject to expiration rules).

SBT LOW-GRADE HEMATITE PELLET CREDIT

Line 11: This is the amount of SBT Low-Grade Hematite Pellet Credit carryforward that may be used in this filing period.

Line 12: This is the amount of SBT Low-Grade Hematite Pellet Credit carryforward to be carried to the taxpayer's next MBT return (subject to expiration rules).

SBT PHARMACEUTICAL CREDIT

Line 15: This is the amount of SBT Pharmaceutical Credit carryforward that is available in this filing period.

Line 16: This is the amount of SBT Pharmaceutical Credit carryforward to be carried to the taxpayer's next MBT return (subject to expiration rules).

SBT CREATED JOBS CREDIT

Line 19: This is the amount of SBT Created Jobs Credit carryforward that is available in this filing period.

Line 20: This is the amount of SBT Created Jobs Credit carryforward to be carried to the taxpayer's next MBT return (subject to expiration rules).

SBT "OLD" BROWNFIELD CREDIT

Line 23: This is the amount of SBT Old Brownfield Credit carryforward that is available in this filing period.

Line 24: This is the amount of SBT Old Brownfield Credit carryforward to be carried to the taxpayer's next MBT return (subject to expiration rules).

SBT "NEW" BROWNFIELD CREDIT

Line 27: Recapture of MBT Brownfield Credit in the current tax year. The amount that should otherwise be added to the tax liability may instead be used to reduce the credit carryforward reported.

Line 28b: Carry amount to the *MBT Election of Refund or Carryforward of Credits* (Form 4584), line 26. (This is the amount of MBT recapture still remaining, and may be used to reduce the MBT credit reported on Form 4584. Any recapture amount remaining after application of the current year credit will increase the tax liability.)

Line 29: This is the amount of SBT New Brownfield Credit carryforward to be carried to the taxpayer's next MBT return (subject to expiration rules).

SBT MEGA BUSINESS ACTIVITY CREDIT

Line 32: This is the amount of SBT MEGA Business Activity Credit carryforward that is available in this filing period.

Line 33: This is the amount of SBT MEGA Business Activity Credit carryforward to be carried to the taxpayer's next MBT return (subject to expiration rules).

Line 35: Total SBT Credit Carryforwards Used. Standard taxpayers and financial institutions carry this amount to the *MBT Nonrefundable Credits Summary* (Form 4568), line 2, and, if applicable, the *MBT Credits for Compensation, Investment and Research and Development* (Form 4570), line 31. Insurance companies carry to the *MBT Miscellaneous Credits for Insurance Companies* (Form 4596), line 6.

Attach this schedule to the return.

Attachment 04

2008 MICHIGAN Business Tax Credits for Compensation, Investment, and Research and Development

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

1. Tax liability prior to this credit from Form 4568, line 3 .... 1. ______ 00

PART 1: COMPENSATION CREDIT. If not claiming this credit, go to Part 2.

2. Michigan Compensation .... 2. ______ 00
3. **Multiply line 2 by 0.296% (0.00296).** (For tax year ending in 2009, see instructions.) .... 3. ______ 00

PART 2: INVESTMENT TAX CREDIT

Read instructions to ensure eligibility before claiming this credit. If not claiming this credit, carry amount from line 3 to line 29.

Capital Investments

4. Enter all eligible depreciable tangible assets **located in Michigan** that were acquired during the tax year.

A Description	B City	C Date Acquired (MM-DD-YYYY)	D Cost Paid or Accrued During Tax Year

5. Total of column 4D .... 5. ______ 00
6. Enter all eligible depreciable tangible assets purchased or acquired for use outside of Michigan in a tax year beginning after December 31, 2007, that were **transferred into Michigan** during the tax year.

A Description	B City	C Date Physically Located in Michigan (MM-DD-YYYY)	D Federal Adjusted Basis as of Date Moved

7. Total of column 6D .... 7. ______ 00
8. Enter all eligible depreciable **mobile tangible assets** that were acquired during the tax year.

A Description	B State	C Date Acquired (MM-DD-YYYY)	D Cost Paid or Accrued During Tax Year

9. Total of column 8D .... 9. ______ 00
10. **Mobile Tangible Assets**. If subject to apportionment, multiply line 9 by the percentage from Form 4567, line 10d. If not subject to apportionment, enter amount from line 9 .... 10. ______ 00
11. **Total Capital Investments**. Add lines 5, 7 and 10........ 11. ______ 00
12. Enter total cost paid or accrued of all depreciable real and personal property located everywhere that was acquired during the tax year (authorized under MCL 208.1513(3)) .... 12. ______ 00

LINE 12 IS FOR STATISTICAL PURPOSES ONLY AND SHOULD NOT BE USED IN ANY CALCULATION ON THIS FORM.

Continue on Page 2.

FEIN or TR Number

Recapture of Capital Investments

13. Enter all eligible depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after December 31, 2007, and were sold or otherwise disposed of during the tax year.

A. Description	B. City	C. Date Acquired (MM-DD-YYYY)	D. Date Sold (MM-DD-YYYY)	E. Gross Sales Price	F. Gain/Loss

14. Total columns 13E and 13F. A loss on 14F will increase recapture .... 14.
15. Adjusted Proceeds. If line 14F is a gain, subtract it from line 14E. If line 14F is a loss, add it to 14E 15. 00

If taxable in another state, complete lines 16 and 17; otherwise, go to line 18.

16. Apportioned gains/losses. Multiply line 14F by the percentage from Form 4567, line 10d 16. 00
17. Apportioned Adjusted Proceeds. If line 16 is a gain, subtract it from line 14E. If line 16 is a loss, add it to 14E 17. 00
18. Enter all eligible depreciable mobile tangible assets acquired in a tax year beginning after December 31, 2007, that were sold or otherwise disposed of during the tax year.

A. Description	B. State	C. Date Acquired (MM-DD-YYYY)	D. Date Sold (MM-DD-YYYY)	E. Gross Sales Price	F. Gain/Loss

19. Total columns 18E and 18F. A loss on 19F will increase recapture .... 19.
20. Adjusted Proceeds. If line 19F is a gain, subtract it from 19E. If line 19F is a loss, add it to 19E...................... 20. 00

If taxable in another state, complete line 21; otherwise, go to line 22.

21. Apportioned Adjusted Proceeds. Multiply line 20 by percentage from Form 4567, line 10d 21. 00
22. Enter all eligible depreciable tangible assets other than mobile property acquired in tax years beginning after December 31, 2007, that were eligible for the Investment Tax Credit in tax years beginning after December 31, 2007, and were transferred outside Michigan during the tax year.

A. Description	B. City	C. Date Acquired (MM-DD-YYYY)	D. Date Transferred (MM-DD-YYYY)	E. Federal Adjusted Basis

23. Total of column 22E 23. 00
24. **Recapture of Capital Investments.** Add lines 15, 20, and 23. Or, if taxable in another state, add lines 17, 21, and 23 .... 24. 00

Net Capital Investments

25. **Net MBT Capital Investment.** Subtract line 24 from line 11 .... 25. 00
26. **Multiply line 25 by 2.32% (0.0232).** (For tax year ending in 2009, see instructions.)... 26. 00
27. Net Recapture Amount from Single Business Tax Assets from Form 4585, line 7 .... 27. 00
28. Subtract line 27 from line 26. If negative, carry amount to Form 4568, line 4b 28. 00

PART 3: REDUCED COMPENSATION AND INVESTMENT TAX CREDITS

29. Add lines 3 and 28. If line 28 is negative, enter amount from line 3 .... 29. 00
30. Tax Before Surcharge from Form 4567, line 32, or Form 4590, line 23 .... 30. 00
31. Total SBT credit carryforward from Form 4569, line 35 .... 31. 00
32. Subtract line 31 from line 30. If less than zero, enter zero 32. 00
33. Multiply line 32 by 50% (0.5). (For tax year ending in 2009, see instructions.) 33. 00
34. **Allowable Credit.** Enter lesser of line 29 or line 33. Carry amount to Form 4568, line 4a (see instructions)....... 34. 00
35. If line 28 is negative, enter amount from line 28 as a positive number.. 35. 00
36. Tax After Compensation and Investment Tax Credit. Subtract line 34 from line 1 and add line 35 .... 36. 00

PART 4: RESEARCH AND DEVELOPMENT CREDIT

37. Research and development expenses in Michigan 37. 00
38. Multiply line 37 by 1.52% (0.0152). (For tax year ending in 2009, see instructions.) 38. 00
39. Multiply line 32 by 65% (0.65) 39. 00
40. Ceiling for Research and Development Credit. Subtract line 34 from line 39 .... 40. 00
41. **Research and Development Credit.** Enter the lesser of line 38 or line 40. Carry amount to Form 4568, line 5 .... 41. 00
42. Tax after Research and Development Credit. Subtract line 41 from line 36. (This line must be equal to Form 4568, line 6.) 42. 00

Instructions for Form 4570, Michigan Business Tax (MBT) Credits for Compensation, Investment and Research and Development

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

The purpose of this form is to claim the Compensation Credit, Investment Tax Credit (ITC) and the Research and Development Credit. Credits are calculated here and then carried to the *MBT Nonrefundable Credits Summary* (Form 4568).

NOTE: This form may be used by standard taxpayers to claim eligible credits and by financial institutions to claim the Compensation Credit only. Insurance companies use the *Miscellaneous Credits for Insurance Companies* (Form 4596) to claim credits for which they may be eligible.

For tax years ending in 2008, the Compensation Credit and Investment Tax Credit together are limited to 50 percent of the total tax liability prior to the imposition of the surcharge (see NOTE below). For tax years ending in 2009, the percentage cap increases from 50 to 52 percent of the pre-surcharge tax liability. The Research and Development Credit, combined with the Compensation and Investment Tax Credits are limited to 65 percent of the pre-surcharge tax liability.

This form will also determine an ITC recapture that potentially will increase the tax liability.

NOTE: Eligible electric and gas utilities are also allowed an additional ITC in tax year 2008 only. See Treasury's Web site at **www.michigan.gov/taxes** and MCL 208.1403(6) for more information.

Special Instructions for Unitary Business Groups

Credits are earned and calculated on either an entity specific or group basis, as determined by the relevant statutory provisions for the respective credits. The credits on this form are calculated on a group basis. Inter-company transactions are not eliminated for the calculation of most credits, however, they are eliminated prior to calculating the Investment Tax Credit in Part 2. Credits are generally applied against the tax liability of the Unitary Business Group (UBG), unless otherwise specified by statute.

Line-by-Line Instructions

Lines not listed are explained on the form.

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

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

UBGs: Complete one form for the group. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

PART 1: COMPENSATION CREDIT

Standard taxpayers (i.e., those filing the *Michigan Business Tax Annual Return* (Form 4567)) and financial institutions claim this credit on Form 4570. Insurance companies should use Form 4596 to calculate this credit.

UBGs: If the taxpayer is a UBG, the Compensation Credit is calculated on the combined Michigan compensation of the UBG members. Intercompany transactions should not be eliminated for this purpose.

Line 2: Compensation paid in the tax year on behalf of or for the benefit of employees, officers or directors is defined at Michigan Compiled Law (MCL) 208.1107(2). Generally, under this definition, compensation includes, but is not limited to, payments that are subject to or specifically exempt or excepted from withholding under Internal Revenue Code (IRC) 3401 through 3406.

Compensation also includes fringe benefits and any earnings that are net earnings from self-employment, as defined under IRC 1402, of the taxpayer or partner or Limited Liability Company (LLC) member of the taxpayer. Wages, salaries, fees, bonuses, commissions, and other payments made in the tax year on behalf of or for the benefit of employees, officers or directors as well as net earnings from self-employment must be reported on a cash basis.

Compensation includes expenses such as payroll taxes (exclusive of payments for state and federal unemployment compensation and federal insurance contributions) and all other fringe benefits made for the benefit of employees. Payments made to a pension plan, retirement or profit sharing plan, employee insurance plans and payments under health and welfare benefit plans as well as the administration fees paid for the administration of the health and welfare benefit plan are compensation. Compensation also includes certain payments made by licensed taxpayers that are statutorily identified. These compensation payments are calculated on a cash or accrual basis consistent with the taxpayer's method of accounting for Federal Income Taxes. The statute provides for certain exclusions from compensation including employee discounts on merchandise and services purchased as well as payments made to independent contractors.

Expense incurred for the benefit of the taxpayer rather than for the benefit of employees of the taxpayer is not compensation. Noncompensation expenses might include payments reported on a Form 1099 to an employee for the rental of a building or for interest income.

This credit is calculated against the taxpayer's Michigan compensation.

Line 3: For tax year ending in 2009, multiply line 2 by 0.37 percent (0.0037).

PART 2: INVESTMENT TAX CREDIT

Use Part 2 to determine the total eligible acquisitions and dispositions for the filing period. If more space is needed for any assets acquired, sold or disposed of in this tax year, attach additional pages of the form identifying the name and account number at the top with only the additional applicable fields completed. Financial institutions and insurance companies do not qualify for this credit.

For tax years beginning after 2007, taxpayers may claim an ITC for a percentage of the net costs paid or accrued in the filing period for qualifying tangible assets physically located in Michigan. The assets must be of a type that are or will become eligible for depreciation or amortization for Federal Income Tax. Mobile tangible assets (see definition on this page), wherever located, are subject to apportionment in the same manner as the tax base. Assets purchased or acquired after 2007 for use outside of Michigan and moved into Michigan during the filing period, also qualify for ITC. Disposition of an asset, or moving an asset out of Michigan, creates recapture that reduces the credit. If recapture exceeds the positive credit earned by acquisitions, the tax liability is increased.

NOTE: Recapture from dispositions during the filing period of assets acquired (or moved into Michigan) after 1999 and before 2008 is calculated on the *MBT Investment Tax Credit Recapture from Sale of Assets Acquired Under Single Business Tax* (Form 4585).

If, during the filing period, a taxpayer acquired depreciable real or personal property or disposed of depreciable real or personal property that was acquired in a tax year beginning after 2007, complete this form and attach it to the annual return. If property disposed of during the filing period was acquired in a tax year beginning after 1999 and before 2008, also complete and attach Form 4585.

UBGs: If the taxpayer is a UBG, the ITC is calculated on combined assets of the UBG members. Intercompany transactions must be eliminated prior to calculating this credit.

Capital Investments (Acquisitions)

Cost includes costs of fabrication and installation.

Line 4: Enter a short description (e.g., equipment, building, etc.), city or township in which the asset is located, date acquired and cost paid or accrued of all eligible depreciable tangible assets located in Michigan that were acquired during the filing period.

Line 5: If multiple pages of Form 4570, line 4, are included, bring the total of all line entries to the main Form 4570.

Line 6: Enter a short description (e.g., equipment, building, etc.), city or township in which the asset is located, date physically located in Michigan and federal adjusted basis [as calculated for federal purposes] as of the date moved of all eligible depreciable tangible assets purchased or acquired for use outside of Michigan after 2007 that were moved into Michigan during the filing period for a business use. Do not include mobile tangible assets (see below).

Line 7: If multiple pages of Form 4570, line 6, are included, bring the total of all line entries to the main Form 4570.

Line 8: Enter a short description (e.g., equipment, building, etc.), the state in which the asset is located, date acquired and cost paid or accrued during the filing period for all depreciable mobile tangible assets that were acquired during the filing period, whether located in Michigan or outside Michigan.

Mobile tangible assets are all of the following:

- Motor vehicles that have a gross vehicle weight rating of 10,000 pounds or more and are used to transport property or persons for compensation;
- Rolling stock (railroad freight or passenger cars, locomotives or other railcars), aircraft and watercraft used by the owner to transport property or persons for compensation or used by the owner to transport the owner's property for sale, rental or further processing;
- Equipment used directly in completion of, or in construction contracts for, the construction, alteration, repair or improvement of property.

Line 9: If multiple pages of Form 4570, line 8, are included, bring the total of all line entries to the main Form 4570.

Recapture of Capital Investments (Dispositions)

Calculation of gross sales price may be reduced by selling expenses. Sales price includes any benefit derived from the sale.

Use this section to compute credit recapture from disposition (or moving out of Michigan) of depreciable real or personal property that was acquired in a tax year beginning after 2007.

NOTE: A sale of qualifying property reported on the installment method for Federal Income Tax purposes causes a recapture of the entire gross proceeds in the year of the sale. The recapture is reduced by any gain reported in federal taxable income (as defined for MBT purposes) in the year of the sale. The gain attributable to the installment sale that is reported in subsequent years increases the credit base (or reduces other sources of recapture) for those years.

UBGs: If the taxpayer is a UBG, the recapture of capital investments is calculated on combined assets of the UBG members. Intercompany transactions must be eliminated prior to calculating this recapture. However, moving an asset outside of Michigan creates recapture, even if the transfer is to a member of the UBG.

Line 13: Enter all dispositions of depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after 2007 and were sold or otherwise disposed of during the filing period. Give all information required for each disposition in columns A through F. * In column A, enter a short description (e.g., equipment, building, etc.). Enter gross sales price (net of costs of sale) in column E, and in column F, enter total gain or loss included in calculating federal taxable income (as defined for MBT purposes).

Line 14: If multiple pages of Form 4570, lines 13E and 13F, are included, bring the total of all line entries to the main Form 4570.

Line 18: Enter all dispositions of depreciable mobile tangible assets that were acquired after 2007 and were sold or otherwise disposed of during the filing period. Give all information required for each disposition in columns A through F. * In column A, enter a short description (e.g., equipment, building, etc.). Enter gross sales price (net of costs of sale) in column E, and in column F, enter total gain or loss included in calculating federal taxable income (as defined for MBT purposes).

Line 19: If multiple pages of Form 4570, lines 18E and 18F, are included, bring the total of all line entries to the main Form 4570.

Line 22: Enter all depreciable tangible assets other than mobile tangible assets acquired after 2007 that were eligible for ITC and were transferred outside Michigan during the filing period. Give all information required for each disposition in columns A through E.* In column A, enter a short description (e.g., equipment, building, etc.) and in column B, enter the city or township in which the asset is located. In column E, enter federal adjusted basis as used for federal purposes. Do not recompute.

* Required information when including multiple dispositions as one entry: For all dispositions, “Date Acquired” must be the same and “Date Sold” or “Date Transferred” must be the same. All dispositions that have variable dates must be listed separately.

Line 23: If multiple pages of Form 4570, line 22, are included, bring the total of all line entries to the main Form 4570.

Net Capital Investments

Line 26: For tax year ending in 2009, multiply line 25 by 2.9 percent (0.029).

PART 3: REDUCED COMPENSATION AND INVESTMENT TAX CREDITS

Line 33: For tax year ending in 2009, multiply line 32 by 52 percent (0.52).

Line 34: Taxpayers who meet all of the following requirements may be entitled to an additional ITC:

- Taxpayer is a gas or electric utility and made capital investment in gas and electric distribution assets in the 2008 tax year.
- Taxpayer is filing a return for a period ending in 2008.
- Form 4570, line 28 is positive.
- Form 4570, line 29 is greater than line 33.

If a taxpayer meets all the requirements above, complete *MBT Additional Tax Credit for Certain Utilities Worksheet* (Worksheet 4698) to determine the amount of additional allowed ITC. Worksheet 4698 can be found on Treasury’s Web site at **www.michigan.gov/taxes**.

Line 35: If line 28 is positive, leave line 35 blank.

PART 4: RESEARCH AND DEVELOPMENT CREDIT

Financial institutions and insurance companies do not qualify for this credit.

Line 37: As used in this section, *research and development expenses* means that term as defined in IRC 41(b).

UBGs: If this taxpayer is a UBG, the Research and Development Credit is calculated on the combined research and development expenses of the UBG members. Intercompany transactions should not be eliminated for this purpose. Qualified expenses incurred by members of a UBG that are paid to fellow members should be included in calculating the group’s credit.

Line 38: For tax year ending in 2009, multiply line 37 by 1.9 percent (0.019).

Attach this schedule to the return.

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Attachment 06

2008 MICHIGAN Business Tax Common Credits for Small Businesses

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

The Small Business Alternative Credit is NOT available if any of the following conditions exist:

- Gross receipts exceed $20,000,000; or
- Adjusted business income after loss adjustment exceeds $1,300,000; or
- Any individual, shareholder or officer has allocated income after loss adjustment of over $180,000, or any partner has distributive share of income after loss adjustment of over $180,000, as determined on Form 4577 or 4578. Form 4577 or 4578 must be attached.**
- Compensation and directors' fees of a shareholder or officer of a regular corporation exceed $180,000.

The Small Business Alternative Credit must be reduced if any of the following conditions exist:

- Any individual, shareholder or officer has allocated income after loss adjustment of over $160,000 but not over $180,000, or any partner has distributive share of income after loss adjustment of over $160,000 but not over $180,000, as determined on Forms 4577 or 4578. Form 4577 or 4578 must be attached.**
- Gross receipts exceed $19,000,000 but are less than $20,000,000.

** *Does not apply to individuals and fiduciaries filing as individuals.*

1.	Tax liability prior to this credit from Form 4568, line 6	1.	00

PART 1: SMALL BUSINESS ALTERNATIVE CREDIT

If not claiming a Small Business Alternative Credit, skip to Part 2.

Adjusted Business Income

2.	Business Income from Form 4567, line 21 (see instructions)	2.	00
3.	Capital loss from federal return	3.	00
4.	Federal net operating loss carryover or carryback from Form 4567, line 22d	4.	00
5.	a. Subtotal. Add lines 2, 3 and 4 ... 5a. 00		
	b. Fiscal Filers: If box 10e checked on Form 4567, multiply line 5a by percentage on Form 4567, line 10h ... 5b. 00		
	c. If box 10e on Form 4567 checked, enter amount from line 5b. All others, enter amount from line 5a	5c.	00
6.	Compensation and director fees of active shareholders from Form 4577, line 3	6.	00
7.	Compensation and director fees of officers from Form 4577, line 4	7.	00
8.	Adjusted Business Income. Add lines 5c, 6 and 7	8.	00

Small Business Alternative Credit Calculation

9.	Small Business Alternative Tax. Multiply line 8 by 1.8% (0.018). If less than zero, enter zero	9.	00
10.	**Small Business Alternative Credit**. Subtract line 9 from line 1. If less than zero, enter zero	10.	00
11.	**Reduced Credit.** Multiply line 10 by the reduced credit percentage from the Table below. If gross receipts from Form 4567, line 11, are less than $19,000,000, carry amount to Form 4568, line 7	11.	00
12.	Tax After Small Business Alternative Credit. Subtract line 11 from line 1	12.	00

Reduction Based on Gross Receipts

Complete this section if gross receipts are more than $19,000,000 but not more than $20,000,000.

13.	Gross receipts from Form 4567, line 11 (see instructions for tax years less than 12 months)	13.	00
14.	Excess gross receipts. Subtract $19,000,000 from line 13	14.	00
15.	Excess percentage. Divide line 14 by $1,000,000	15.	%
16.	Allowable percentage. Subtract line 15 from 100%	16.	%
17.	**Small Business Alternative Credit.** Multiply percentage on line 16 by the credit on line 11. Carry amount to Form 4568, line 7	17.	00
18.	Tax After Small Business Alternative Credit. Subtract line 17 from line 1	18.	00

REDUCED CREDIT TABLE

If allocated* income is:	The reduced credit is:
$0 - $160,000	100% of the Small Business Alternative Credit
$160,001 - $164,999	80% of the Small Business Alternative Credit
$165,000 - $169,999	60% of the Small Business Alternative Credit
$170,000 - $174,999	40% of the Small Business Alternative Credit
$175,000 - $180,000	20% of the Small Business Alternative Credit

* See instructions for tax years less than 12 months.

Continue on Page 2

FEIN or TR Number

PART 2: GROSS RECEIPTS FILING THRESHOLD CREDIT

Complete this section if apportioned gross receipts are greater than $350,000 but less than $700,000.
See instructions for tax years less than 12 months.

19.	Tax before credit from line 1, 12 or 18, whichever applies	19.		00
20.	Threshold Ceiling	20.	700,000	00
21.	Gross Receipts from Form 4567, line 11 (Unitary Business Groups: See instructions)	21.		00
22.	Apportioned Gross Receipts. Multiply line 21 by percentage from Form 4567, line 10d	22.		00
23.	Excess Gross Receipts. Subtract line 22 from line 20. If negative, enter zero on line 25 (no credit allowed)	23.		00
24.	Gross Receipts Filing Threshold Credit Percentage. Divide line 23 by $350,000	24.		%
25.	**Gross Receipts Filing Threshold Credit**. Multiply line 24 by line 19. Carry amount to Form 4568, line 8	25.		00
26.	Tax After Gross Receipts Filing Threshold Credit. Subtract line 25 from line 19. (This line must be equal to Form 4568, line 9.)	26.		00

Instructions for Form 4571
2008 Michigan Business Tax (MBT) Common Credits for Small Businesses

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

To allow taxpayers to calculate the Small Business Alternative Credit and the Gross Receipts Filing Threshold Credit. Credits are calculated here and then carried to the *MBT Nonrefundable Credits Summary* (Form 4568).

A taxpayer is disqualified for the Small Business Alternative Credit under certain circumstances, which are detailed below. In addition, the Small Business Alternative Credit is reduced if an Individual, a partner in a Partnership, or shareholder or officer of a Corporation has allocated income (or distributive share of income, for a partner) after loss adjustment of more than $160,000. This reduction is based on the individual/partner/officer/shareholder with the largest allocated or distributive share of income.

A taxpayer must file a return if allocated or apportioned gross receipts to Michigan are $350,000 or more. However, a taxpayer with allocated or apportioned gross receipts to Michigan of more than $350,000, but less than $700,000, may claim a Gross Receipts Filing Threshold Credit.

NOTE: A member of a Limited Liability Company (LLC) is characterized for MBT purposes as a partner, shareholder or owner, based on the federal characterization of the LLC. An LLC taxed as a Partnership for federal purposes is required to file as a Partnership for MBT. Similarly, an LLC taxed as a Corporation for federal purposes must file as a Corporation for MBT.

Eligibility

Tax Years less than 12 months

If the reported tax year is less than 12 months, gross receipts, adjusted business income, and partners' and shareholders' or officers' share of business income must be annualized to determine eligibility and to compute the Small Business Alternative Credit. If annualized gross receipts exceed $19,000,000 but do not exceed $20,000,000, annualize figures to compute the Reduction Based on Gross Receipts, lines 13 through 18. Part-year partners or shareholders must annualize their share of business income to determine their eligibility.

NOTE: Taxpayers leasing employees from professional employer organizations must include the compensation of officers (of the operating company) in determining the eligibility for Small Business Alternative Credit even though their compensation is paid by the professional employer organization.

Taxpayers are not eligible for the Small Business Alternative Credit if any of the following conditions exist:

- Gross receipts exceed $20,000,000.
- Adjusted business income after loss adjustment exceeds:
  - ○ $1,300,000 for Corporations or Partnerships (and LLCs federally taxed as such).
  - ○ $180,000 for Individuals (including a single member, disregarded LLC owned by an Individual) or Fiduciaries.
- Any shareholder or officer has allocated income after loss adjustment of over $180,000 or any partner has distributive share of income after loss adjustment of over $180,000, as determined on the *MBT Schedule of Shareholders and Officers* (Form 4577), or the *MBT Schedule of Partners* (Form 4578).

Corporations

Allocated income for regular Corporations is either:

(a) Shareholders' or officers' compensation and director fees from Form 4577, column L, or

(b) Shareholders' compensation, director fees and share of business income (or loss), after loss adjustment, from Form 4577, column N.

If either (a) or (b) is greater than $180,000, the Corporation is not eligible for the Small Business Alternative Credit. In addition, if either (a) or (b) is more than $160,000 but not more than $180,000, the Corporation must reduce the Small Business Alternative Credit based on the officer or shareholder with the largest allocated income.

S Corporation

Allocated income for S Corporations is shareholders' compensation, director fees and share of business income (or loss), after loss adjustment, from Form 4577, column N.

NOTE: Individuals and Fiduciaries filing as Individuals do not need to file Forms 4577 and 4578.

Loss Adjustment

If taxpayers are not eligible for the full Small Business Alternative Credit due to an adjusted business income or allocated income disqualifier, they may benefit from the *MBT Loss Adjustment Worksheet for the Small Business Alternative Credit* (Form 4575). If the adjusted business income was less than zero in any of the five years immediately preceding the tax year for which a taxpayer is claiming a credit and a Small Business Credit or Small Business Alternative Credit was received for that same year, the taxpayer may be able to adjust the current year's adjusted business income or allocated income amounts by the loss. See Form 4575 for more details.

A loss adjustment will not affect a reduction to the Small Business Alternative Credit based on gross receipts that exceed $19,000,000. It will also not change the amount of compensation on Form 4577, column L, for a C Corporation.

Special Instructions for Unitary Business Groups

Unitary Business Groups (UBGs) calculate the gross receipts and adjusted business income disqualifiers at the UBG level. Intercompany eliminations are not authorized. Each member of the UBG must file Form 4577 or Form 4578, whichever is applicable. The disqualifier that is based on compensation and/or share of business income attributable to an owner or officer is applied on a separate entity basis and is not a combined amount received from all members of a UBG.

A disqualifier applies to a UBG if such disqualifier applies to any member of that UBG. For example, a UBG is disqualified from taking the Small Business Alternative Credit if that UBG includes a member that is a Partnership and any one partner of that Partnership receives more than $180,000 as a distributive share of the adjusted business income minus loss adjustment of the Partnership.

Similarly, the reduction percentages apply to a taxpayer that is a UBG if such reduction percentages apply to any member of that UBG. For example, the Small Business Alternative Credit of a taxpayer is reduced by 20 percent if the taxpayer is a UBG that includes a member that is a Corporation, and the compensation and directors' fees of an officer of that member Corporation exceed $160,000, but are less than $165,000.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

UBGs: Complete one form for the group. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

PART 1: SMALL BUSINESS ALTERNATIVE CREDIT

Skip to Part 2 of this form if not claiming a Small Business Alternative Credit.

Business income is adjusted by federal net operating loss carryforwards and carrybacks from the *MBT Annual Return* (Form 4567), line 22d. It is also adjusted by compensation and director fees of active shareholders and officers from Form 4577 and by capital losses.

Adjusted Business Income

Line 2: Enter business income from Form 4567, line 21. If not subject to Business Income Tax, enter business income from appropriate worksheet on page 136.

Line 3: Enter all capital losses that were used federally to offset capital gain. This is not the net figure found on the Schedule D lines identified below. It is the amount of capital losses that were used in reaching the net figure on the federal return lines. If filing a U.S. Form *1040* or *1041*, include the capital loss amount that the Individual or Fiduciary was able to use against the capital gain or the capital loss amount that the Individual or Fiduciary was permitted to deduct from ordinary income ($3,000 or less). Use both long-term and short-term capital losses here.

Identify the capital losses used in calculating the net figure using "Net short-term capital gain or (loss)" and "Net long-term capital gain or (loss)" from the following federal forms:

- Form *1040*, Schedule *D*
- Form *1041*, Schedule *D*
- Form *1065*, Schedule *D*
- Form *1120*, Schedule *D*
- Form *1120S*, Schedule *D*.

Line 5b: Fiscal year filers using annual method, multiply line 5a by percentage from Form 4567, line 10h. (If using the actual method, do not complete this line.)

Line 5c: If Fiscal Year Filer using annual method, enter amount from 5b. All others enter amount from line 5a.

Lines 6 and 7: Fiscal Year Filers, see "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Small Business Alternative Credit Calculation

Line 11: All taxpayers must complete this line. Note that a taxpayer whose owners or officers all have allocated or distributive income $160,000 or below will receive a "reduced credit percentage" of 100 percent from the table on the form.

Reduction Based on Gross Receipts

If filing for less than 12 months, taxpayers must annualize their gross receipts to see if annualized gross receipts are between $19,000,000 and $20,000,000.

Line 13: For tax periods less than 12 months, enter annualized gross receipts.

UBGs: For the purpose of calculating this credit reduction, the UBG combined gross receipts amount reported on line 13 of this form must reflect the sum of every member's gross receipts on a 12-month basis. Therefore, if no members of the UBG are short year filers, enter the amount from the *MBT Unitary Business Group Combined Filing Schedule* (Form 4580), Part 2B, line 10A. Otherwise, for all short year members of the group, annualize their gross receipts amount from Form 4580, Part 2A, line 10, and then combine the annualized amounts with the gross receipts (From 4580, Part 2A, line 10) for the remaining group members. Enter the sum of all members' 12-month basis gross receipts on line 13 of this form.

PART 2: GROSS RECEIPTS FILING THRESHOLD CREDIT

Complete Part 2 if apportioned gross receipts are greater than $350,000 but less than $700,000.

Gross receipts must be annualized for tax periods less than 12 months.

Line 21: For tax periods less than 12 months, enter annualized gross receipts.

UBGs: For the purpose of calculating this credit only, the UBG combined gross receipts amount reported on line 21 of this form must reflect the sum of every group member's gross receipts on a 12-month basis. Therefore, if no members of the UBG are short year filers, enter the amount from Form 4580, Part 2B, line 10A. Otherwise, for all short year members of the group, annualize their gross receipts amount from Form 4580, Part 2A, line 10, and then combine the annualized amounts with the gross receipts (Form 4580, Part 2A, line 10) for the remaining group members. Enter the sum of all members' 12-month basis gross receipts on line 21 of this form.

Attach this schedule to the return.

2008 MICHIGAN Business Tax Charitable Contribution Credits

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

1. Tax liability prior to this credit from Form 4568, line 9 .... 1. ______ 00

COMMUNITY AND EDUCATION FOUNDATIONS CREDIT

If not claiming the Community or Education Foundations Credit, carry amount from line 1 to line 6.

2. Enter Community and/or Education Foundation Code(s) from pages 137 and 138 2. Code 1 ______ Code 2 ______
3. Community and Education Foundations donation amount .... 3. ______ 00
4. Multiply line 3 by 50% (0.50) .... 4. ______ 00
5. **Community and Education Foundations Credit.** Enter the lesser of line 4, $5,000, or 5% (0.05) of the tax on Form 4567, line 34. Carry amount to Form 4568, line 10 .... 5. ______ 00
6. Tax After Community and Education Foundations Credit. Subtract line 5 from line 1. If less than zero, enter zero .... 6. ______ 00

HOMELESS SHELTER/FOOD BANK CREDIT

If not claiming the Homeless Shelter/Food Bank Credit, carry amount from line 6 to line 10.

7. Homeless Shelter/Food Bank cash donation amount .... 7. ______ 00
8. Multiply line 7 by 50% (0.50) .... 8. ______ 00
9. **Homeless Shelter/Food Bank Credit.** Enter the lesser of line 8, $5,000, or 5% (0.05) of the tax on Form 4567, line 34. Carry amount to Form 4568, line 11 .... 9. ______ 00
10. Tax After Homeless Shelter/Food Bank Credit. Subtract line 9 from line 6. If less than zero, enter zero. (This line must be equal to Form 4568, line 12.) .... 10. ______ 00

PUBLIC CONTRIBUTION CREDIT

If not claiming the Public Contribution Credit, complete line 11 and carry amount to line 15.

11. Enter tax amount from Form 4568, line 16 .... 11. ______ 00
12. Public Contribution donation amount .... 12. ______ 00
13. Multiply line 12 by 50% (0.50) .... 13. ______ 00
14. **Public Contribution Credit**. Enter the lesser of line 13, or $5,000, or 5% (0.05) of line 11. Carry amount to Form 4568, line 17 .... 14. ______ 00
15. Tax After Public Contribution Credit. Subtract line 14 from line 11. If less than zero, enter zero .... 15. ______ 00

ARTS AND CULTURE CREDIT

If not claiming the Arts and Culture Credit, carry amount from line 15 to line 20.

16. Arts and Culture donation amount .... 16. ______ 00
17. Qualified donation amount. Subtract $50,000 from line 16. If less than zero, enter zero .... 17. ______ 00
18. Multiply line 17 by 50% (0.50) .... 18. ______ 00
19. **Arts and Culture Credit.** Enter the lesser of line 18, $100,000, or the tax from line 15. Carry amount to Form 4568, line 18 .... 19. ______ 00
20. Tax After Arts and Culture Credit. Subtract line 19 from line 15. If less than zero, enter zero. (This line must be equal to Form 4568, line 19.) .... 20. ______ 00

Instructions for Form 4572
Michigan Business Tax (MBT) Charitable Contributions Credits

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

To allow standard taxpayers to claim the charitable contribution credits. Credits are calculated here and then carried to the *MBT Nonrefundable Credits Summary* (Form 4568).

NOTE: Financial institutions and insurance companies are not eligible for these credits.

Special Instructions for Unitary Business Groups

Credits are generally earned and calculated on a group basis, unless the relevant statute contains entity-specific provisions. These available credits are calculated on a group basis. Intercompany transactions are generally not eliminated for the purpose of credit calculations.

To the extent that a qualified taxpayer earning the Community and Education Foundations Credit, Homeless Shelter/Food Bank Credit, or Public Contribution Credit is included within a Unitary Business Group (UBG) for the relevant tax years, the eligible credit amount is limited to the lesser of $5,000, 50 percent of contribution, or 5 percent of the tax liability of the UBG.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567).

UBGs: Complete one form for the group. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

Fiscal Year Filers: All credits against the tax must be earned and calculated based on actual payments made and actions performed after 2007, regardless of the method selected for the tax calculation.

See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Credits

COMMUNITY AND EDUCATION FOUNDATIONS CREDIT

A partial credit is allowed when donating to the endowment fund of a certified community foundation or education foundation. A complete list is on pages 137 and 138. If a valid code is not entered, a credit will not be allowed. If donations were made to more than two foundations, attach a list referencing the additional foundations. For a contribution to a community foundation endowment, a taxpayer that also is subject to the Michigan Income Tax Act (Public Act (PA) 281 of 1967) may choose to claim a credit on the Individual Income Tax return or the MBT return, but not both. A contribution to an education foundation endowment, however, is available only under MBT.

HOMELESS SHELTER/FOOD BANK CREDIT

A partial credit is allowed when making a cash donation to a qualifying shelter for homeless persons, food kitchen, food bank or other entity whose primary purpose is to provide overnight accommodations, food or meals to indigent persons. For more information, see Michigan Compiled Law (MCL) 208.1427. For a cash donation that qualifies for this credit, a taxpayer that also is subject to the Michigan Income Tax Act (PA 281 of 1967) may choose to claim a credit on the Individual Income Tax return or the MBT return, but not both.

PUBLIC CONTRIBUTION CREDIT

A partial credit is allowed for Corporations, S Corporations, and Partnerships (and Limited Liability Companies (LLC) federally taxed as such) when donations are made during the taxable year to public broadcast stations located in Michigan, Michigan public libraries, institutions of higher learning located in Michigan or a nonprofit corporation, fund, foundation, trust, or association organized and operated exclusively for the benefit of an institution of higher learning, the Michigan Colleges Foundation and the Michigan Housing and Community Development Fund. A taxpayer that also is subject to the Michigan Income Tax Act (PA 281 of 1967) may not claim this credit under MBT.

ARTS AND CULTURE CREDIT

A partial credit is allowed when donations are made to either of the following:

- **Category A:** A municipality or a nonprofit corporation affiliated with a municipality and an art, historical, or zoological institute for the purpose of benefiting the art, historical, or zoological institute, OR
- **Category B:** An institute devoted to the procurement, care, study, and display of objects of lasting interest or value.

To calculate the Arts and Culture Credit, a taxpayer may count aggregate contributions to the charities described in Category A above if those exceed $50,000, as well as aggregate contributions to charities described in Category B if those exceed $50,000. A taxpayer is not precluded from taking the credit for donations made to both categories as long as the taxpayer meets the minimum donation separately for each category and does not exceed the overall credit limitation of $100,000.

Contributions within a category may be aggregated to reach the $50,000 minimum. However, contributions made to one category may not be aggregated with contributions to the other to reach the $50,000 minimum.

Line 16: Use the worksheet below to calculate donation amount.

If aggregate contributions to Category A institutions exceed $50,000, enter that aggregate amount here	
	+
If aggregate contributions to Category B institutions exceed $50,000, enter that aggregate amount here	
	=
TOTAL Arts and Culture donation amount	

Attach this schedule to the return.

Attachment 11

2008 MICHIGAN Business Tax Miscellaneous Nonrefundable Credits

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

PART 1 - If not taking any credits in Part 1, skip to Part 2.

NASCAR SPEEDWAY CREDIT

1.	Tax from Form 4568, line 12	1.	00
2.	Eligible capital expenditures	2.	00
3.	**NASCAR Speedway Credit.** Enter the lesser of line 1, line 2, or $2,100,000. Carry amount to Form 4568, line 13	3.	00

STADIUM CREDIT

4.	Tax from Form 4568, line 12	4.	00
5.	Multiply line 4 by 65% (0.65)	5.	00
6.	**Stadium Credit.** Enter the lesser of line 5 or $1,700,000. Carry amount to Form 4568, line 14	6.	00

START-UP BUSINESS CREDIT

7.	Start-Up Business Credit. Attach MEDC Certification Letter	7.	00
8.	Recapture of Start-Up Business Credit	8.	00
9.	**Start-Up Business Credit**. Subtract line 8 from line 7. Carry to Form 4568, line 15. If less than zero, enter as a negative number	9.	00

PART 2

10.	Tax from Form 4568, line 19	10.	00

NEXT ENERGY BUSINESS ACTIVITY CREDIT. If not claiming, carry amount from line 10 to line 13.

11.	Next Energy Business Activity Credit. Attach MEDC Certificate	11.	00
12.	**Next Energy Business Activity Credit.** Enter the lesser of line 10 or 11. Carry amount to Form 4568, line 20	12.	00
13.	Tax After Next Energy Business Activity Credit. Subtract line 12 from line 10	13.	00

RENAISSANCE ZONE CREDIT. If not claiming, carry amount from line 13 to line 15.
If claiming, complete and attach the Renaissance Zone Schedule Form 4595.

14.	**Renaissance Zone Credit.** Amount from Form 4595, line 25b. Carry amount to Form 4568, line 21	14.	00
15.	Tax After Renaissance Zone Credit. Subtract line 14 from line 13. If less than zero, enter zero	15.	00

HISTORIC PRESERVATION CREDIT. If not claiming, carry amount from line 15 to line 22.

16.	Current Year Credit. Enter amount from Form 3581, line 9	16.	00
17.	Unused credit from previous period MBT return	17.	00
18.	Total Available Credit. Add lines 16 and 17	18.	00
19.	Recapture of SBT and/or MBT Historic Preservation Credits	19.	00
20.	Subtract line 19 from line 18. If less than zero, enter as a negative number	20.	00
21.	**Historic Preservation Credit.** Enter the lesser of line 20 or 15. Carry to Form 4568, line 22	21.	00
22.	Tax after Historic Preservation Credit. Subtract line 21 from line 15. If line 21 is negative, add its positive value to line 15	22.	00
23.	Credit Carryforward. If line 20 is greater than line 15, enter the difference 23. 00		

LOW GRADE HEMATITE CREDIT. If not claiming, carry amount from line 22 to line 28.

24.	Current Year Credit. Multiply $1.00 by number of long tons of qualified low grade hematite used	24.	00
25.	Unused credit from previous period MBT return	25.	00
26.	Total Available Credit. Add lines 24 and 25	26.	00
27.	**Low Grade Hematite Credit.** Enter the lesser of line 22 or line 26. Carry amount to Form 4568, line 23	27.	00
28.	Tax After Low Grade Hematite Credit. Subtract line 27 from line 22	28.	00
29.	Credit Carryforward. If line 26 is greater than line 22, enter the difference 29. 00		

ENTREPRENEURIAL CREDIT. If not claiming, carry amount from line 28 to line 35.

30.	Payroll of increased new jobs	30.	00
31.	Total Michigan payroll	31.	00
32.	Credit percentage. Divide line 30 by line 31	32.	%
33.	Multiply line 28 by line 32	33.	00
34.	**Entrepreneurial Credit.** Enter the lesser of line 28 or 33. Carry amount to Form 4568, line 24	34.	00
35.	Tax After Entrepreneurial Credit. Subtract line 34 from line 28. If less than zero, enter zero	35.	00

Continue on Page 2.

FEIN or TR Number:

NEW MOTOR VEHICLE DEALER INVENTORY CREDIT. If not claiming, carry amount from line 35 to line 39.

36.	Amount paid to acquire new motor vehicle inventory in the tax year	36.	00
37.	Multiply line 36 by 0.25% (0.0025)	37.	00
38.	**New Motor Vehicle Dealer Inventory Credit.** Enter lesser of line 35 or line 37. Carry amount to Form 4568, line 25.	38.	00
39.	Tax After New Motor Vehicle Dealer Inventory Credit. Subtract line 38 from line 35. If less than zero, enter zero.	39.	00

LARGE FOOD RETAILER CREDIT. If not claiming, carry amount from line 39 to line 43.

40.	Michigan compensation	40.	00
41.	Multiply line 40 by 1% (0.01)	41.	00
42.	**Large Food Retailer Credit.** Enter lesser of line 39, line 41, or $8,500,000. Carry amount to Form 4568, line 26.	42.	00
43.	Tax After Large Food Retailer Credit. Subtract line 42 from line 39. If less than zero, enter zero	43.	00

MID-SIZE FOOD RETAILER CREDIT. If not claiming, carry amount from line 43 to line 47.

44.	Michigan compensation	44.	00
45.	Multiply line 44 by 0.125% (0.00125)	45.	00
46.	**Mid-size Food Retailer Credit.** Enter lesser of line 43, line 45, or $300,000. Carry amount to Form 4568, line 27.	46.	00
47.	Tax After Mid-size Food Retailer Credit. Subtract line 46 from line 43. If less than zero, enter zero.	47.	00

BOTTLE DEPOSIT ADMINISTRATION CREDIT. If not claiming, carry amount from line 47 to line 51.

48.	Enter expenses incurred in compliance with MCL 445.571 - 445.576	48.	00
49.	Multiply line 48 by 30.5% (0.305)	49.	00
50.	**Bottle Deposit Administration Credit**. Enter the lesser of line 47 or 49. Carry amount to Form 4568, line 28.	50.	00
51.	Tax After Bottle Deposit Administration Credit. Subtract line 50 from line 47. If less than zero, enter zero	51.	00

ANCHOR COMPANY TAXABLE VALUE CREDIT. If not claiming, carry amount from line 51 to line 53.

52.	**Anchor Company Taxable Value Credit** from Form 4584, line 9. Carry amount to Form 4568, line 29	52.	00
53.	Tax After Anchor Company Taxable Value Credit. Subtract line 52 from line 51. If less than zero, enter zero	53.	00

ANCHOR COMPANY PAYROLL CREDIT. If not claiming, carry amount from line 53 to line 55.

54.	**Anchor Company Payroll Credit** from Form 4584, line 17. Carry amount to Form 4568, line 30	54.	00
55.	Tax After Anchor Company Payroll Credit. Subtract line 54 from line 53. If less than zero, enter zero	55.	00

MEGA FEDERAL CONTRACT CREDIT. If not claiming, carry amount from line 55 to line 57.

56.	**MEGA Federal Contract Credit** from Form 4584, line 25. Carry amount to Form 4568, line 31	56.	00
57.	Tax After MEGA Federal Contract Credit. Subtract line 56 from line 55. If less than zero, enter zero	57.	00

INDIVIDUAL OR FAMILY DEVELOPMENT ACCOUNT CREDIT. If not claiming, carry amount from line 57 to line 59.

58.	**Individual or Family Development Account Credit** from Worksheet 4699. Carry amount to Form 4568, line 32.	58.	00
59.	Tax After Individual or Family Development Account Credit. Subtract line 58 from line 57. If less than zero, enter zero.	59.	00

BROWNFIELD REDEVELOPMENT CREDIT. If not claiming, carry amount from line 59 to line 61.

60.	**Brownfield Redevelopment Credit** from Form 4584, line 42. Carry amount to Form 4568, line 33	60.	00
61.	Tax After Brownfield Redevelopment Credit. Subtract line 60 from line 59. If less than zero, enter zero	61.	00

PRIVATE EQUITY FUND CREDIT. If not claiming, carry amount from line 61 to line 66.

62.	Total activity of fund manager conducted in Michigan in the tax year	62.	00
63.	Total activity of fund manager conducted everywhere in the tax year	63.	00
64.	Credit percentage. Divide line 62 by line 63	64.	%
65.	**Private Equity Fund Credit.** Multiply line 61 by line 64. Carry amount to Form 4568, line 34	65.	00
66.	Tax After Private Equity Fund Credit. Subtract line 65 from line 61. If less than zero, enter zero	66.	00

FILM JOB TRAINING CREDIT. If not claiming, carry amount from line 66 to line 71.

67.	Enter amount from *Qualified Job Training Expenditure Certificate* provided by Michigan Film Office	67.	00
68.	Unused credit from previous period MBT return	68.	00
69.	Total Available Credit. Add lines 67 and 68	69.	00
70.	**Film Job Training Credit**. Enter the lesser of line 66 or 69. Carry amount to Form 4568, line 35.	70.	00
71.	Tax After Film Job Training Credit. Subtract line 70 from line 66. If less than zero, enter zero	71.	00
72.	Credit Carryforward. If line 69 is greater than line 66, enter the difference — 72. 00		

FILM INFRASTRUCTURE CREDIT. If not claiming, carry amount from line 71 to line 77.

73.	Enter amount from *Investment Expenditure Certificate* provided by Michigan Film Office	73.	00
74.	Unused credit from previous period MBT return	74.	00
75.	Total Available Credit. Add lines 73 and 74	75.	00
76.	**Film Infrastructure Credit.** Enter the lesser of line 71 or 75. Carry amount to Form 4568, line 36.	76.	00
77.	Tax After Film Infrastructure Credit. Subtract line 76 from line 71. If less than zero, enter zero	77.	00
78.	Credit Carryforward. If line 75 is greater than line 71, enter the difference — 78. 00		

Instructions for Form 4573
Michigan Business Tax (MBT) Miscellaneous Nonrefundable Credits

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

To allow standard taxpayers to claim certain miscellaneous nonrefundable credits. Credits and any carryforwards allowed are calculated here and then carried to the *MBT Nonrefundable Credits Summary* (Form 4568). Review the descriptions carefully before claiming a credit as there are strict eligibility requirements. Follow the instructions on the form for each credit.

NOTE: This form may also be used by financial institutions to claim a limited number of credits:

- Renaissance Zone Credit
- Historic Preservation Credit
- Individual or Family Development Account Credit
- Brownfield Redevelopment Credit
- Assigned Film Infrastructure Credit.

Insurance companies use the *Miscellaneous Credits for Insurance Companies* (Form 4596) to claim credits they may be eligible for.

Fiscal Year Filers: Fiscal year returns ending in 2008 must be adjusted to capture only activity occurring in 2008. See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Special Instructions for Unitary Business Groups

Credits are earned and calculated on either an entity specific or group basis, as determined by the relevant statutory provisions for the respective credits. Inter-company transactions are not eliminated for the calculation of most credits. Credits earned or calculated on either an entity specific or group basis by Unitary Business Group (UBG) members are generally applied against the tax liability of the UBG, unless otherwise specified by statute or these instructions.

Entity-specific provisions are applied on a member-by-member basis and are addressed in the "Line-by-Line Instructions." In none of these cases does a taxpayer that is a UBG take the entity type of its parent, Designated Member (DM), or any other member of the UBG. A UBG taxpayer will not be attributed an entity type based on the composition of its members.

If any member of the UBG is eligible for an entity-specific credit, a statement must be attached to the form identifying the eligible member and any information requested for the credit. If more than one member is eligible, requested information should be provided in the statement on a per member basis. The total amount from all eligible members will be entered on each corresponding line on the form.

To the extent that a qualified taxpayer earning the Brownfield Redevelopment Credit or Historic Preservation Credit is included within a UBG taxpayer for relevant tax years, the qualified taxpayer's unused pre-2008 Brownfield Redevelopment Credit and/or Historic Preservation Credit (i.e. such credits earned under the Single Business Tax (SBT)) may be applied against the tax liability imposed on the entire UBG taxpayer (of which the qualified taxpayer is a member) for the tax years the carryforward would have been available under SBT. These carryforwards are claimed on the *MBT Single Business Tax Credit Carryforwards* (Form 4569).

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

UBGs: Complete one form for the group. Enter the DM name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

PART 1

If not taking any credits in Part 1, skip to Part 2.

NASCAR Speedway Credit

For tax years that begin on or after January 1, 2008, and end before January 1, 2013, an eligible taxpayer may claim a credit against the tax imposed by the MBT Act equal to the amount of capital expenditures in this state on infield renovation, grandstand and infrastructure upgrades, and any other construction and upgrades subject to the following:

- For the 2008 through 2010 tax years, the credit is limited to the lesser of the taxpayer's tax liability or $2,100,000.
- For the 2011 tax year, the credit is limited to the lesser of the taxpayer's tax liability or $1,580,000.
- For the 2012 tax year, the credit is limited to the lesser of the taxpayer's tax liability or $1,050,000.

UBGs: If the eligible taxpayer is a member of a UBG, this credit is calculated against the eligible member's capital expenditures. This credit amount is limited to the lesser of the applicable dollar amount specified above or the pro forma tax liability calculated for the eligible taxpayer for that tax year. The resulting credit amount is then applied towards the UBG's tax liability for that tax year.

An eligible taxpayer must expend at least $30,000,000 on capital expenditures before January 1, 2011. An *eligible taxpayer* is any of the following:

- A person who owns and operates a motorsports entertainment complex and has at least two days of sanctioned motor sports events each calendar year which are comparable to NASCAR Nextel Cup events held in 2007 or their successor events.
- A person who is the lessee and operator of a motorsports entertainment complex or the lessee of the land on which a motorsports entertainment complex is located and operates that motorsports entertainment complex.

• A person who operates and maintains a motorsports entertainment complex under an operation and management agreement.

Motorsports entertainment complex means a closed-course motorsports facility, and its ancillary grounds and facilities, that satisfies all of the following:

• Has at least 70,000 fixed seats for race patrons.

• Has at least six scheduled days of motorsports events each calendar year.

• Serves food and beverages at the motorsports entertainment complex during motorsports events each calendar year through concession outlets, which are staffed by individuals who represent or are members of one or more nonprofit civic or charitable organizations that directly benefit from the concession outlets' sales.

• Engages in tourism promotion.

• Has permanent exhibitions of motorsports history, events, or vehicles within the motorsports entertainment complex.

Motorsports event means a motorsports race and its ancillary activities that have been sanctioned by a sanctioning body.

Sanctioning body means the American Motorcycle Association (AMA); Auto Racing Club of America (ARCA); Championship Auto Racing Teams (CART); Grand American Road Racing Association (GRAND AM); Indy Racing League (IRL); National Association for Stock Car Auto Racing (NASCAR); National Hot Rod Association (NHRA); Professional Sports Car Racing (PSR); Sports Car Club of America (SCCA); United States Auto Club (USAC); Michigan State Promoters Association; or any successor organization or any other nationally or internationally recognized governing body of motorsports that establishes an annual schedule of motorsports events and grants rights to conduct the events, that has established and administers rules and regulations governing all participants involved in the events and all persons conducting the events, and that requires certain liability assurances, including insurance.

Line 2: Enter eligible capital expenditures on infield renovation, grandstand, and infrastructure upgrades, and any other construction and upgrades. If eligible capital expenditures were made by a member of a UBG, enter the lesser of the eligible capital expenditures or the eligible member's pro forma liability.

UBGs: If the eligible taxpayer is a member of a UBG, a pro forma calculation must be performed to determine the tax liability of the eligible taxpayer prior to this credit. Where a pro forma calculation is required, the underlying objective is to determine what the tax liability of the UBG member generating the credit would have been if that member was not included in the UBG. Therefore, the UBG member generating the credit must calculate its pro forma tax liability as if it was a singular, stand alone taxpayer in all aspects. This supporting calculation should be provided in a statement attached to this form. However, this calculation should never be transferred to an *MBT Annual Return* (Form 4567) or displayed as such.

Stadium Credit

For tax years that begin on or after January 1, 2008, and end before January 1, 2013, an eligible taxpayer may claim a credit against the tax imposed by the MBT Act equal to the following:

• For the 2008 through 2010 tax years, 65 percent of the eligible taxpayer's total tax liability not to exceed $1,700,000.

• For the 2011 tax year, 45 percent of the eligible taxpayer's total tax liability not to exceed $1,180,000.

• For the 2012 tax year, 25 percent of the eligible taxpayer's total tax liability not to exceed $650,000.

An eligible taxpayer who is collectively or individually (including through affiliated companies) an owner, operator, manager, licensee, lessee, or tenant of more than one facility or stadium in Michigan (including grounds and ancillary facilities) that has a capacity of at least 14,000 patrons per facility and is primarily used for professional sporting events or other entertainment may earn a credit in one of two ways:

• The owner, operator, manager, licensee, lessee, or tenant as described above may make a capital investment of not less than $125,000,000, collectively or individually (including through affiliated companies), into the construction cost of a facility or stadium for which the taxpayer qualifies for this credit and must not have received proceeds from a state appropriation or a public bond issue from a local unit of government or public authority to assist in the construction or debt retirement of the facility, excluding a tax abatement, other waiver of a state or local tax or fee, or a state or local tax or fee from a public entity for road or infrastructure assistance, or

• The owner, operator, manager, licensee, lessee, or tenant as described above may make a capital investment of not less than $250,000,000, collectively or individually (including through affiliated companies), into the construction cost of a facility or stadium for which the taxpayer qualifies for this credit.

Line 4: Enter the amount from Form 4568, line 12. If the eligible taxpayer is a member of a UBG, enter instead the taxpayer's pro forma tax liability. (See information for UBGs below.)

UBGs: If the eligible taxpayer is a member of a UBG, a pro forma calculation must be performed to determine the tax liability of the eligible taxpayer prior to this credit. Where a pro forma calculation is required, the underlying objective is to determine what the tax liability of the UBG member generating the credit would have been if that member was not included in the UBG. Therefore, the UBG member generating the credit must calculate its pro forma tax liability as if it was a singular, stand alone taxpayer in all aspects. This supporting calculation should be provided in a statement attached to this form. However, this calculation should never be transferred to a Form 4567 or displayed as such.

Start-Up Business Credit

The 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 MBT liability for the year. To qualify, a taxpayer must apply to and obtain certification from the Michigan Economic Development Corporation (MEDC), and attach that certificate to its MBT return. (If the certificate is not attached, the credit will be disallowed.) For an application form or additional information, call the MEDC at (517) 373-9808.

A business must satisfy all of the following criteria to be eligible for the credit:

- Fewer than 25 full-time equivalent employees.
- Sales of less than $1,000,000 in the tax year for which the credit is claimed.
- Not publicly traded.
- Research and development make up at least 15 percent of its expenses in the tax 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 (MESA), would have been in one of the first two years of contribution liability under MESA if the business had employees and was liable under MESA, or would have been in one of the first two years of contribution liability under MESA if the business had not assumed successor liability under MESA.
- For the tax year for which a Start-Up Credit is claimed, compensation, directors' fees, or distributive shares paid by the taxpayer to any one of the following cannot exceed $135,000:
    - A shareholder of a C Corporation or S Corporation.
    - An officer of a C Corporation.
    - A partner of a Partnership or Limited Liability Partnership.
    - A member of a Limited Liability Company (LLC).
    - An Individual who is an owner.

Corporations (and LLCs federally taxed as such) must report compensation and director's fees of shareholders and officers on the *MBT Schedule of Shareholders and Officers* (Form 4577) and attach to this form. Partnerships (and LLCs federally taxed as such) must report distributive shares to partners on the *MBT Schedule of Partners* (Form 4578) and attach to this form.

A taxpayer that meets the criteria and that is a qualified start-up business that does not have business income for two consecutive tax years may claim a credit against the tax imposed for the second of those two consecutive tax years and each immediately following consecutive tax year in which the taxpayer does not have business income. For the purposes of this credit, business income excludes funds received from small business innovation research grants and small business technology transfer programs established under the Small Business Innovation Development Act of 1982, Public Law 97-219, reauthorized under the Small Business Research and Development Enhancement Act, Public Law 102-564, and subsequently reauthorized under the Small Business Reauthorization Act of 2000, Public Law 106-554.

A Start-Up Business Credit cannot be claimed for more than a total of five tax years including the number of years the taxpayer was eligible to claim the credit under SBT.

UBGs: If the eligible taxpayer is a member of a UBG, this credit is based on the eligible member's business activity only. This credit amount is limited to the pro forma tax liability calculated for the eligible taxpayer for that tax year. The resulting credit amount is then applied towards the UBG's tax liability for that tax year.

Line 7: Enter the tax liability from Form 4568, line 12, or the eligible member's pro forma liability if part of a UBG (see below). Attach supporting MEDC Certification Letter.

UBGs: If the eligible taxpayer is a member of a UBG, a pro forma calculation must be performed to determine the tax liability of the eligible taxpayer prior to this credit. Where a pro forma calculation is required, the underlying objective is to determine what the tax liability of the UBG member generating the credit would have been if that member was not included in the UBG. Therefore, the UBG member generating the credit must calculate its pro forma tax liability was if it was a singular, stand alone taxpayer in all aspects. This supporting calculation should be provided in a statement attached to this form. However, this calculation should never be transferred to a Form 4567 or displayed as such.

Line 8: Enter any recapture of Start-Up Business Credit.

NOTE: A company claiming the Start-Up Business Credit under either MBT or SBT must pay back a portion of the credit if they have no business activity in Michigan and have business activity outside of Michigan 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.

PART 2

Next Energy Business Activity Credit

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, alternative energy technology or renewable fuel (as defined in the Michigan Next Energy Authority Act).

Line 11: The credit for the tax year is equal to the lesser of:

- The amount by which the eligible taxpayer's tax liability attributable to qualified business activity for the tax year exceeds the eligible taxpayer's baseline tax liability attributable to qualified business activity.

NOTE: Baseline tax liability attributable to qualified business activity is the eligible taxpayer's 2001 tax year tax liability under the SBT Act multiplied by its alternative energy business activity factor for its 2001 tax year under the SBT Act.

- 10 percent of the amount by which the eligible taxpayer's adjusted qualified business activity performed in Michigan outside of a Renaissance Zone for the tax year exceeds the eligible taxpayer's adjusted qualified business activity performed in Michigan outside of a Renaissance Zone for the 2001 tax year under the SBT Act.

UBGs: If the eligible taxpayer is a member of a UBG, the eligible member's calculated pro forma liability (not the group's liability) must be used to determine the credit amount certified by the MEDC. This supporting pro forma calculation should be provided in a statement attached to this form. However, this calculation should never be transferred to a Form 4567 or displayed as such.

Attach the certificate issued by MEDC for this credit to the return to substantiate a claim. (If the certificate is not attached, the credit will be disallowed.)

For more information, call the MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives**.

Renaissance Zone Credit

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 to locate and conduct business activity within the Zone.

Line 14: Complete the *MBT Renaissance Zone Credit Schedule* (Form 4595) to claim this credit.

UBGs: If completing more than one Form 4595, add line 25b from each member's Form 4595 and enter the sum on line 14 of Form 4573.

For more information on Renaissance Zones, contact the MEDC at (517) 373-9808 or visit their Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives**. For information on the MBT credit, contact the Michigan Department of Treasury, Customer Contact Division, MBT Unit, at (517) 636-4657.

Historic Preservation Credit

The Historic Preservation Credit provides tax incentives for homeowners, commercial property owners and businesses to rehabilitate historic resources located in Michigan. Rehabilitation projects must be certified by the State Historic Preservation Office (SHPO), Michigan Historical Center.

The credit must be claimed in the year that the certification of completed rehabilitation of the historic resource was issued. For projects for which a preapproval letter was issued prior to January 1, 2009, the certification of completed rehabilitation must have been issued within five years after the rehabilitation plan was certified by the Michigan Historical Center.

For projects for which a preapproval letter was issued after December 31, 2008, only those expenditures that are paid or incurred during the time periods prescribed for the credit under Internal Revenue Code (IRC) 47(a)(2) and any related U.S. Treasury regulations will be considered qualified expenditures.

Preapproval letter means a letter issued by the director of the Department of History, Arts, and Libraries or his or her designee that indicates the date that the complete Historic Preservation Certification Application, Part 2, Description of Rehabilitation, was received and the amount of the credit allocated to the project based on the estimated rehabilitation cost included in the application.

A qualified taxpayer that has a rehabilitation plan certified before January 1, 2008, under SBT for the rehabilitation of an historic resource for which a certification of completed rehabilitation has been issued after the end of the taxpayer's last tax year under SBT may also claim a credit.

The credit is equal to 25 percent of qualified expenditures. For taxpayers eligible for the federal credit under IRC 47(a)(2), the Michigan credit is 25 percent of the qualified expenditures less the amount of the federal credit claimed.

Qualified expenditures are capital expenditures that would qualify under IRC 47(a)(2) except that the expenditures were made for a nonqualifying historic resource under the IRC. A taxpayer with qualified expenditures eligible for the federal credit must claim and receive the federal credit to qualify for the Michigan credit.

If a qualified taxpayer is a Partnership, LLC, or S Corporation, the qualified taxpayer may assign all or any portion of a credit to its partners, members, or shareholders, based on the partner's, member's, or shareholder's proportionate share of ownership or based on an alternative method approved by the Department. A credit assignment is irrevocable and must be made in the tax year in which a Certificate of Completed Rehabilitation is issued. A credit amount assigned may be claimed against the partner's, member's, or shareholder's tax liability under the MBT Act or under the Income Tax Act of 1967.

If the credit exceeds the taxpayer's tax liability, the balance of the credit may be carried forward up to ten years. For an eligible taxpayer that is a member of a UBG, the credit is applied against the UBG's tax liability. An unused carryforward of a credit generated under SBT may be claimed against the tax imposed by MBT for the years the carryforward would have been available under SBT (maximum ten years). This carryforward is claimed on the *MBT Single Business Tax Credit Carryforwards* (Form 4569).

Line 16: *Michigan Historic Preservation Tax Credit* (Form 3581), must be attached as well as all attachments to Form 3581. Complete and attach *Michigan Historic Preservation Tax Credit Assignment* (Form 3614), if the credit is being assigned.

UBGs: If completing more than one Form 3581, add line 9 from each member's Form 3581 and enter the sum on line 16 of Form 4573.

Line 19: Recapture. If the resource is sold or the certification of completed rehabilitation is revoked less than five years after the credit is claimed under either SBT or MBT, a percentage of the credit will be subject to recapture. If the credit has been assigned, the recapture is the responsibility of the assignor. 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**. Information about Federal Historic Preservation Tax Incentives is available at **www2.cr.nps.gov.**

Line 21: Enter the lesser of line 20 or line 15. If line 20 is a negative number, enter the negative number.

Line 23: If line 20 is greater than line 15, enter the difference. This is a credit carryforward to be used on the taxpayer's next MBT return.

Low-Grade Hematite Credit

The Low-Grade Hematite Pellet Credit provides a credit equal to one dollar per long ton of qualified low-grade hematite pellets consumed in an industrial or manufacturing process, a process in which low-grade hematite is used as a raw material in the production of pig iron or steel, that is the business activity of the taxpayer. This credit must be based on low-grade hematite pellets consumed on or after January 1, 2000. If the credit exceeds the tax liability, the excess may be carried forward for five years.

UBGs: The credit is calculated from the aggregate tonnage of qualified low-grade hematite pellets consumed by all UBG members in an industrial or manufacturing process.

Line 24: *Low-grade hematite* means any hematitic iron formation that is not of sufficient quality in its original mineral state to be mined and shipped for the production of pig iron or steel without first being drilled, blasted, crushed, and ground very fine to liberate the iron minerals and for which additional beneficiation and agglomeration are required to produce a product of sufficient quality to be used in the production of pig iron or steel. Qualified low-grade hematite must be produced from low-grade hematitic iron ore mined in the United States.

Line 29: If line 26 is greater than line 22, enter the difference. This is a credit carryforward to be used on the taxpayer's next MBT return.

Entrepreneurial Credit

For tax years ending in 2008 through 2010, a taxpayer may claim the Michigan entrepreneurial credit equal to 100 percent of the eligible taxpayer's tax liability attributable to increased employment for three years. The taxpayer must meet all of the following criteria:

- Has less than $25,000,000 in gross receipts in the immediately preceding tax year. The $25,000,000 amount will be annually adjusted for inflation using the Detroit consumer price index.
- Created or transferred into Michigan at least 20 new jobs in the immediately preceding tax year.
- Made a capital investment in Michigan of at least $1,250,000 in the immediately preceding tax year. (Cannot include the purchase of an existing plant or the purchase of existing equipment.)
- Is not a retail establishment as described in major groups 52 through 59 and 70 under the Standard Industrial Classification (SIC) Code as compiled by the United States Department of Labor. (However, a restaurant that did not exist, as determined by the State Treasurer, in Michigan in the immediately preceding year before which the credit is claimed and that is not a franchise or a part of a UBG may qualify for the credit.)

Alternatively, a taxpayer that is an eligible business engaged in research and development as defined in Section 407 of the MBT Act and that received an eligible contribution as defined in Section 407 for which a Michigan Economic Growth Authority (MEGA) Research and Development Credit was claimed by another taxpayer may claim the Michigan Entrepreneurial Credit equal to 100 percent of the taxpayer's MBT tax liability attributable to the increased employment for three years if the taxpayer meets all of the following conditions:

- Had less than $25,000,000 in gross receipts in the immediately preceding tax year.
- Has increased the number of new jobs in Michigan by at least 20 percent from the immediately preceding tax year.

Recapture Note: If the new jobs for which the taxpayer qualifies for this credit are relocated outside of Michigan within five years after claiming the credit or if the taxpayer reduces the employment levels by more than 10 percent of the jobs for which the taxpayer qualifies for the credit, that taxpayer is liable in an amount equal to the total of all credits received. Recapture is reported on the *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

UBGs: If the eligible taxpayer is a member of a UBG, this credit is calculated against the eligible member's business activity only. The resulting credit amount is then applied towards the UBG's tax liability for that tax year.

Line 30: Enter the payroll of increased new jobs in Michigan.

UBGs: If the eligible taxpayer is a member of a UBG, enter only the eligible member's payroll of the increased jobs attributable to Michigan.

New jobs must meet all of the following criteria:

- Did not exist in Michigan in the immediately preceding tax year.
- Represent an overall increase in full-time equivalent jobs of the taxpayer in Michigan in the immediately preceding tax year.
- Are not jobs into which employees transfer if the employees worked in Michigan for the taxpayer in other jobs prior to beginning the new jobs.

Payroll means total salaries and wages before deducting any personal or dependency exemptions.

Line 31: Enter only the payroll attributable to Michigan.

UBGs: If the eligible taxpayer is a member of a UBG, enter only the eligible member's payroll attributable to Michigan.

Line 32: A taxpayer's liability attributable to the increased employment at the facility is calculated as follows:

$$\text{Taxpayer's Total Liability} \times \frac{\text{Payroll of the Increased Jobs of the Facility}}{\text{Taxpayer's Total Payroll in Michigan}}$$

UBGs: If the eligible taxpayer is a member of a UBG, a pro forma calculation must be performed to determine the tax liability of the eligible taxpayer prior to this credit. Where a pro forma calculation is required, the underlying objective is to determine what the tax liability of the UBG member generating the credit would have been if that member was not included in the UBG. Therefore, the UBG member generating the credit must calculate its pro forma tax liability as if it was a singular, stand alone taxpayer in all aspects. This supporting calculation should be provided in a statement attached to this form. However, this calculation should never be transferred to a Form 4567 or displayed as such.

New Motor Vehicle Dealer Inventory Credit

A taxpayer that is a new motor vehicle dealer licensed under the Michigan vehicle code, Public Act (PA) 300 of 1949, Michigan Compiled Law (MCL) 257.1 to 257.923, may claim a credit against the tax equal to 0.25 percent of the amount paid by the taxpayer to acquire new motor vehicle inventory in Michigan during the tax year.

Line 36: *New motor vehicle inventory* means new motor vehicles or motor vehicle parts.

Large Food Retailer Credit

An eligible taxpayer may claim a Large Food Retailer Credit equal to 1 percent of the taxpayer's compensation in Michigan, not to exceed $8,500,000. A taxpayer that claims a Large Food Retailer Credit cannot also claim a Mid-Size Food Retailer Credit.

The taxpayer must meet all of the following criteria:

- Operates at least 17,000,000 square feet of enclosed retail space and 2,000,000 square feet of enclosed warehouse space in Michigan.
- Sells all of the following at retail:
  - Fresh, frozen, or processed food, food products, or consumable necessities.
  - Prescriptions and over-the-counter medications.
  - Health and beauty care products.
  - Cosmetics.
  - Pet products.
  - Carbonated beverages.
  - Beer, wine, or liquor.
- Sales of the items listed above represent more than 35 percent of the taxpayer's total sales in the tax year.
- Maintains its headquarters operation in Michigan.

Line 40: Enter compensation attributable to Michigan.

UBGs: If the eligible taxpayer is a UBG, enter the compensation attributable to Michigan for the entire UBG.

Mid-Size Food Retailer Credit

An eligible taxpayer may claim a Mid-Size Food Retailer Credit equal to 0.125 percent of the taxpayer's compensation in Michigan, not to exceed $300,000.

The taxpayer must meet all of the following criteria:

- Operates at least 2,500,000 square feet of enclosed retail space and 1,400,000 square feet of enclosed warehouse, headquarters, and transportation services in Michigan.
- Sells all of the following at retail:
  - Fresh, frozen, or processed food, food products, or consumable necessities.
  - Prescriptions and over-the-counter medications.
  - Health and beauty care products.
  - Cosmetics.
  - Pet products.
  - Carbonated beverages.
  - Beer, wine, or liquor.
- Sales of the items listed above represent more than 35 percent of the taxpayer's total sales in the tax year.
- Maintains its headquarters operation in Michigan.

Line 44: Enter compensation attributable to Michigan.

UBGs: If the eligible taxpayer is a UBG, enter the compensation attributable to Michigan for the entire UBG.

Bottle Deposit Administration Credit

An eligible taxpayer may claim a Bottle Deposit Administration Credit equal to 30.5 percent of the taxpayer's expenses incurred during the tax year to comply with 1976 IL 1, MCL 445.571 to 445.576. *Eligible taxpayer* means a distributor or manufacturer who originates a deposit on a beverage container in accordance with 1976 IL 1, MCL 445.571 to 445.576. *Beverage container* and *distributor* mean those terms as defined under 1976 IL 1, MCL 445.571 to 445.576.

UBGs: If the eligible taxpayer is a member of a UBG, enter expenses incurred only by that eligible member.

Anchor Company Taxable Value Credit

This credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

Line 52: Complete the *MBT Election of Refund or Carryforward of Credits* (Form 4584) to claim this credit and elect a refund or carryforward of the resulting overpayment.

For more information, contact the MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Anchor Company Payroll Credit

This credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

Line 54: Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment.

For more information, contact the MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

MEGA Federal Contract Credit

This credit is available for a qualified taxpayer or collective group of taxpayers that have been awarded a federal procurement contract from the U.S. Department of Defense, Department of Energy or Homeland Security, resulting in a minimum of 25 new full-time jobs.

A qualified taxpayer may claim a credit under this section as determined by the MEDC in an amount up to 100 percent of the qualified taxpayer's payroll attributable to employees who perform qualified new jobs created as a result of the individual or collective activities for procuring the awarded federal procurement contract.

Line 56: Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Individual or Family Development Account Credit

For tax years ending in 2009, a taxpayer or *qualified financial institution* may claim a credit for 75 percent of certified contributions made to a reserve fund of a fiduciary organization in accordance with the Individual or Family Development Account Program Act, PA 513 of 2006. A *fiduciary organization* is a 501(c)(3) exempt, charitable organization approved by the Michigan State Housing Development Authority (MSHDA) to manage a reserve fund. A *reserve fund* is a fund established and managed by a fiduciary organization housed at a financial institution.

This credit is nonrefundable but may be carried forward up to ten years. The credits, combined with the equivalent credits found in the Individual Income Tax Act at MCL 206.276, may not exceed $1 million annually for all taxpayers. The determination of whether the annual limit is reached will be made by MSHDA, which must certify contributions eligible for a credit, in accordance with the Individual or Family Development Account Program Act.

Attach the certificate issued by MSHDA for this credit to the return to substantiate a claim. (If the certificate is not attached, the credit will be disallowed.)

NOTE: For purposes of this credit *qualified financial institution* is defined by reference to the definition of *financial institution* in the Individual or Family Development Account Program Act, rather than the MBT Act. *Financial institution* for this credit is defined as "a state chartered bank, state chartered savings bank, savings and loan association, credit union, or trust company; or a national banking association or federal savings and loan association or credit union."

Line 58: If claiming either an Individual or Family Development Account Credit, or an International Auto Show Credit, complete Worksheet 4699 on page 142. Enter the amount from Worksheet 4699, line 4 or 10 (as applicable) on this line.

Brownfield Redevelopment Credit

The Brownfield Redevelopment Credit encourages businesses to make investment on eligible Michigan property that was used or is currently used for commercial, industrial, public or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete or blighted.

Line 60: Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment.

The administration of the Brownfield Redevelopment Credit program is assigned to MEGA. For more information on the approval process, contact the MEDC at (517) 373-9808.

Private Equity Fund Credit

An eligible taxpayer may claim a Private Equity Fund Credit equal to the eligible taxpayer's tax liability attributable to the activities as an eligible taxpayer for the tax year after claiming any other credits allowed under the MBT Act multiplied by a fraction, the numerator of which is the total activity of the private equity fund manager conducted in Michigan during the tax year and the denominator of which is the total activity of the private equity fund manager conducted everywhere during the tax year.

Eligible taxpayer means a taxpayer that is a private equity fund which serves as a conduit for the investment of private securities not listed on a public exchange by accredited investors or qualified purchasers at any time during which the investment is acquired or subsequently used to claim the credit under this section.

Accredited investor means that term as defined under Section 2 of the Securities Act of 1933, 15 USC 77b.

Qualified purchaser means that term as defined under Section 2 of the Investment Company Act of 1940, 15USC80a-2.

Line 62: *Private equity fund manager* means the person or persons responsible for the management of the investments of the eligible taxpayer.

For purposes of this credit, the location of the activity of the private equity fund manager is based on the location of the office from which the fund manager conducts management activity for the eligible taxpayer.

UBGs: If the eligible taxpayer is a member of a UBG, enter only the activity of the eligible fund manager conducted in Michigan.

Line 63: If the eligible taxpayer is a member of a UBG, enter only the activity of the eligible fund manager conducted everywhere.

Line 65: If the taxpayer engages in both private equity fund activities as well as other activities, the amount on line 61 cannot be used. Instead, the taxpayer must do a pro forma calculation of the tax before this credit based solely on the private equity fund activities.

To the extent that a private equity fund is part of a UBG, the Private Equity Fund Credit is equal to the tax liability of the eligible member prior to this credit, multiplied by a fraction which is the Michigan activities of the manager over the activities of the manager everywhere. A pro forma calculation must be performed to determine the tax liability of the eligible UBG member prior to this credit.

Where a pro forma calculation is required, the underlying objective is to determine what the tax liability of the UBG member generating the credit would have been if that member was not included in the UBG. Therefore, the UBG member generating the credit must calculate its pro forma tax liability as if it was a singular, stand alone taxpayer in all aspects. This supporting calculation should be provided in a statement attached to this form. However, this calculation should never be transferred to a Form 4567 or displayed as such.

Film Job Training Credit

An eligible production company may claim a credit equal to 50 percent of qualified job training expenditures in film and digital media for qualified personnel, provided the taxpayer enters into an agreement with the Michigan Film Office by September 30, 2015. This agreement requires the concurrence of the State Treasurer. If the credit exceeds the taxpayer's tax liability for the tax year, the excess may be carried forward to offset tax liability in subsequent years for a maximum of ten years.

Qualified personnel means a Michigan resident of not less than 12 months who has legal status for employment and who shows sufficient prior experience or training in the film or digital media industry as determined by the Film Office.

Line 67: After production, a taxpayer with an agreement must submit a request for a Qualified Job Training Expenditure Certificate to the Film Office, providing information on qualified job training expenditures, including employment, salary and related information. Once the Film Office finds the taxpayer has complied with the agreement terms and is satisfied that the qualified job training expenditures and eligibility are adequately met, the Film Office will issue a Qualified Job Training Expenditure Certificate verifying the amount of the credit to be claimed. The Qualified Job Training Expenditure Certificate must be attached to the return to receive the credit.

NOTE: To qualify for the credit, a taxpayer must not be delinquent in a tax or other obligation owed to Michigan nor be owned or under common control of an entity that is delinquent. A credit cannot be claimed for any direct expenditure for which a Film Production Credit was claimed for either an MBT or withholding tax liability.

Line 72: If line 69 is greater than line 66, enter the difference. This is a credit carryforward to be used on the taxpayer's next MBT return.

For more information, contact the Michigan Film Office at (800) 477-3456 or visit the Web site at **www.michigan.gov/filmoffice.**

Film Infrastructure Credit

An eligible taxpayer may claim a credit for investment in a qualified film and digital media infrastructure project equal to 25 percent of the base investment expenditures for the project, provided the taxpayer enters into an agreement with the Michigan Film Office by September 30, 2015. This agreement requires the concurrence of the State Treasurer. The credit is reduced by the amount of any Brownfield Redevelopment Credit claimed under Section 437 of the MBT Act for the same base investment. If the credit exceeds the taxpayer's tax liability for the tax year, the excess may be carried forward to offset tax liability in subsequent years for a maximum of ten years. The Film Office may not authorize total credits greater than $20,000,000 in any tax year.

To qualify, a taxpayer must invest and expend at least $100,000 for a qualified film and digital media infrastructure project in Michigan before January 1, 2009, or at least $250,000 after December 31, 2008. The agreement with the Film Office will expire if construction does not begin within 180 days after the date of the agreement.

No claim for a credit may be filed until at least 25 percent of the base investment in the project has been expended. Once the Film Office finds the taxpayer has complied with the agreement terms and is satisfied that investment expenditures and eligibility are adequately met, the Film Office will issue an Investment Expenditure Certificate stating the amount of the credit. The certificate received must be attached to the return.

The credit may be assigned in the tax year in which the Investment Expenditure Certificate is received but any such assignment is irrevocable. The assignment form must be attached to the return on which the credit is claimed.

NOTE: To qualify for the credit, a taxpayer must not be delinquent in a tax or other obligation owed to Michigan nor be owned or under common control of an entity that is delinquent. A credit cannot be claimed for any direct expenditure for which a Film Production Credit was claimed against either an MBT or withholding tax liability.

If the taxpayer originally awarded this credit sells or otherwise disposes of any tangible assets, the cost of which were included in the base investment, that taxpayer must recapture part of the credit in the year of disposition. Even if the credit has been assigned, the original taxpayer must report the recapture. This is true even if the credit was assigned to another taxpayer. The recapture amount is equal to 25 percent of the gross proceeds or benefit derived from the sale or disposition of tangible assets, the cost of which were paid for or accrued after 2007, adjusted by the amount of the apportioned gain or loss.

Line 78: If line 75 is greater than line 71, enter the difference. This is a credit carryforward to be used on the taxpayer's next MBT return.

For more information, contact the Michigan Film Office at (800) 477-3456 or visit the Web site at **www.michigan.gov/filmoffice.**

Attach this schedule to the return.

Michigan Department of Treasury
4574 (Rev. 11-08)

Attachment 14

2008 MICHIGAN Business Tax Refundable Credits

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

MEGA RESEARCH AND DEVELOPMENT CREDIT. If not claiming this credit, skip to line 2.

1. Credit amount from *MEDC Annual Tax Credit Certificate* (cannot exceed $300,000; UBG-see instr.) (attach) .... 1. ______ 00

PERSONAL PROPERTY TAX CREDIT. If not claiming this credit, skip to line 9.

2. Property taxes paid on eligible industrial personal property in the current MBT tax year (see instructions) .... 2. ______ 00
3. Multiply line 2 by 35% (0.35) .... 3. ______ 00
4. Property taxes paid on eligible telephone personal property in the current MBT tax year (see instructions) .... 4. ______ 00
5. Multiply line 4 by 23% (0.23) (For tax year ending in 2009, see instructions.) .... 5. ______ 00
6. Property taxes paid on eligible natural gas pipeline property in the current MBT tax year (see instructions) .... 6. ______ 00
7. Multiply line 6 by 10% (0.10) .... 7. ______ 00
8. **Personal Property Tax Credit**. Add lines 3, 5 and 7........ 8. ______ 00

WORKERS' DISABILITY SUPPLEMENTAL BENEFIT (WDSB) CREDIT. If not claiming this credit, skip to line 10.

9. **WDSB Credit** allowed by the Workers' Compensation Agency .... 9. ______ 00

NEXT ENERGY PAYROLL CREDIT. Available only to businesses located within an alternative energy renaissance zone. If not claiming this credit, skip to line 13.

10. Enter alternative energy renaissance zone property information below:

Street Address	
City	Parcel Number

11. Total payroll of research, development or manufacturing employees who work primarily within the zone .... 11. ______ 00
12. **Next Energy Payroll Credit**. Multiply line 11 by the Michigan individual income tax rate for the tax year.......... 12. ______ 00

MEGA EMPLOYMENT TAX CREDIT. If not claiming this credit, skip to line 14.

13. Credit amount from *MEDC Annual Tax Credit Certificate* (attach) .... 13. ______ 00

NASCAR SAFETY CREDIT. This credit is for tax year ending in 2009 only. If not claiming this credit, skip to line 16.

14. Expenses incurred to ensure traffic and pedestrian safety at motorsports events........ 14. ______ 00
15. **NASCAR Safety Credit.** Multiply line 14 by 50% (0.50)........ 15. ______ 00

HYBRID TECHNOLOGY RESEARCH AND DEVELOPMENT CREDIT. If not claiming this credit, skip to line 17.

16. Credit amount from *MEDC Annual Tax Credit Certificate* (attach). Cannot exceed $2,000,000 .... 16. ______ 00

FARMLAND PRESERVATION CREDIT. If not claiming this credit, skip to line 18.

17. Credit amount from Form 4594, line 30........ 17. ______ 00

ANCHOR COMPANY TAXABLE VALUE CREDIT. If not claiming this credit, skip to line 19.

18. Credit amount from Form 4584, line 7a........ 18. ______ 00

ANCHOR COMPANY PAYROLL CREDIT. If not claiming this credit, skip to line 20.

19. Credit amount from Form 4584, line 15a........ 19. ______ 00

MEGA FEDERAL CONTRACT CREDIT. If not claiming this credit, skip to line 21.

20. Credit amount from Form 4584, line 23a........ 20. ______ 00

BROWNFIELD REDEVELOPMENT CREDIT. If not claiming this credit, skip to line 22.

21. Credit amount from Form 4584, line 40a........ 21. ______ 00

FILM PRODUCTION CREDIT. If not claiming this credit, skip to line 23.

22. Credit amount from *Post-Production Certificate of Completion* provided by Michigan Film Office or assigned credit amount (see instructions) .... 22. ______ 00

TOTAL REFUNDABLE CREDITS

23. Add lines 1, 8, 9, 12, 13, 15, 16, 17, 18, 19, 20, 21 and 22. Enter total here and carry to Form 4567, line 42, Form 4583, line 25, or Form 4590, line 33 .... 23. ______ 00

+ 0000 2008 39 01 27 3

Instructions for Form 4574
Michigan Business Tax (MBT) Refundable Credits

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

To allow standard taxpayers to claim credits that decrease their tax liability and/or increase their tax refund.

NOTE: This form may also be used by financial institutions to claim the Michigan Economic Growth Authority (MEGA) Employment Tax Credit or an assigned Film Production Credit. Insurance companies use the *Miscellaneous Credits for Insurance Companies* (Form 4596) to claim credits they may be eligible for.

Special Instructions for Unitary Business Groups

Credits are earned and calculated on either an entity-specific or a group basis, as determined by relevant statutory provisions for the respective credits. Inter-company transactions are not eliminated for the calculation of most credits. Credits earned or calculated on either an entity-specific or group basis by Unitary Business Group (UBG) members are generally applied against the tax liability of the UBG, unless otherwise specified by statute or these instructions.

Entity-specific provisions are applied on a member-by-member basis. In none of these cases does a taxpayer that is a UBG take the entity type of its parent, Designated Member (DM), or any member of the UBG. A UBG taxpayer will not be attributed an entity type based on the composition of its members.

If any member of the UBG is eligible for an entity-specific credit, a statement must be attached to the form identifying the eligible member and any information requested for the credit. If more than one member is eligible, requested information should be provided in the statement on a per member basis. The total amount from all eligible members will be entered on each corresponding line on this form. Line-by-line instructions indicate credits requiring entity-specific information.

Line-by-Line Instructions

Lines not listed here are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

UBGs: Complete one form for the group. Enter the DM name the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

MEGA Research and Development Credit

The MEGA Research and Development Credit encourages innovation and job creation in Michigan. For the 2008, 2009, and 2010 tax years, a qualified taxpayer that makes an eligible contribution in an eligible business may claim a credit against its MBT tax liability equal to 30 percent of the contribution, not to exceed $300,000. If the amount of the credit exceeds the tax liability of the taxpayer for the tax year, that excess is refunded.

If within five years MEGA determines that there has not been compliance with the terms of the agreement, the taxpayer must report a recapture equal to 125 percent of the total of all MEGA Research and Development Credits for all tax years. Recapture of this credit is reported on the *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

For more information on this credit, contact the Michigan Economic Development Corporation (MEDC) at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Line 1: MEGA must certify the taxpayer's eligibility for the credit and the taxpayer must attach that certification to its MBT return filed with the Department of Treasury. (If the certificate is not attached, the credit will be disallowed.)

UBGs: Enter the total amount of MEGA Research and Development Credits claimed by all eligible members (limited to $300,000 for each certificate). If any member is claiming this credit, attach a statement identifying the member and providing requested information, including the certificate issued by MEGA.

Personal Property Tax Credit

The Personal Property Tax Credit is available against personal property taxes paid in the tax year on eligible personal property, eligible telephone personal property, and eligible natural gas pipeline property. The Personal Property Tax Credit is available only to the taxpayer who timely files the required statements or reports, to whom an assessment or bill is issued, and who pays the taxes in the tax year. The excess of this credit over the taxpayer's tax liability is refunded. A taxpayer that disagrees with the assessor's classification of property must pursue a change of classification through the property tax appeals system. The Department will not revise a property classification for purposes of these credits.

Line 2: *Eligible personal property* is property classified as industrial personal property under Section 34c of the General Property Tax Act (Michigan Compiled Law (MCL) 211.34c). Under MCL 211.34c, the assessor is charged with the responsibility of classifying property. The taxes must have been levied after December 31, 2007.

Line 4: *Eligible telephone personal property* means personal property of a telephone company subject to the tax levied under MCL 207.1 to 207.21.

Line 5: The credit rate for the Personal Property Tax Credit paid on eligible telephone property changes from 23 percent in tax years ending in 2008 to 13.5 percent in tax years ending in 2009 and thereafter.

Line 6: *Eligible natural gas pipeline property* means natural gas pipelines that are classified as utility personal property under Section 34c of the General Property Tax Act and are subject to regulation under the Natural Gas Act. The taxes must have been levied after December 31, 2007.

Line 8: The taxpayer claiming a Personal Property Tax Credit must attach to the MBT return copies of property tax bills that properly identify “eligible” property and provide proof of payment of the tax.

UBGs: Total property tax bills for all members and enter the total amount on the corresponding line. The requested tax bills and proof of payment for each member claiming the Personal Property Tax Credit should be attached to the group’s annual return.

Workers’ Disability Supplemental Benefit (WDSB) Credit

Workers’ Disability Supplemental Benefit (WDSB) Credit is available to self-insured taxpayers for the amount authorized by the Department of Energy, Labor and Economic Growth (DELEG) during the tax year. The amount of the credit is provided to taxpayers by DELEG.

For more information on WDSB credit eligibility, contact DELEG, Workers’ Compensation Agency at (517) 322-1879 or (888) 396-5041 or visit the DELEG Web site at **www.michigan.gov/wca.**

Line 9: Attach a copy of the document provided by DELEG to the back of the return packet to substantiate the claim for this credit.

UBGs: Enter total amount authorized of all members on line 9 and attach DELEG documentation for each member.

Next Energy Payroll Credit

Next Energy Payroll Credit provides a payroll-based credit to a taxpayer located within an alternative energy Renaissance Zone. 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 Michigan Individual Income Tax rate for that year. (The Michigan Individual Income Tax rate can be found at **www.michigan.gov/taxes**.)

UBGs: If any member of a UBG is claiming the Next Energy Payroll Credit, attach a statement identifying the member(s) and providing information requested on the form. Enter the total payroll amount for all eligible members on line 11.

MEGA Employment Tax Credit

The MEGA Employment Tax Credit promotes economic growth and jobs in Michigan. For a period of time not to exceed 20 years, a taxpayer that is an authorized business or an eligible taxpayer may claim a credit equal to the amount certified each year by MEGA as follows:

- For an authorized business for the tax year, an amount not to exceed the payroll and health care benefits of the authorized business attributable to employees who perform qualified new jobs as determined under the MEGA Act, multiplied by the Michigan Individual Income Tax rate for that tax year.

- For an eligible business as determined under Section 8(5)(a) of the MEGA Act, an amount not to exceed 50 percent of the payroll of the authorized business attributable to employees who perform retained jobs as determined under the MEGA Act, multiplied by the Michigan Individual Income Tax rate for that tax year.

- For an eligible business as determined under Section 8(5)(b) of the MEGA Act, an amount not to exceed the payroll of the authorized business attributable to employees who perform retained jobs as determined under the MEGA Act, multiplied by Michigan Individual Income Tax rate for that tax year.

- For an authorized business as determined under Section 8(9) of the MEGA Act, an amount up to, but not to exceed 100 percent of, the sum of the payroll and health care benefits of the authorized business attributable to employees who perform retained jobs multiplied by a fraction, the numerator of which is the amount of new capital investment made at the facility and the denominator of which is the product of the number of retained jobs multiplied by $100,000, and then multiplied by the Michigan Individual Income Tax rate for that tax year.

- For an authorized business as determined under Section 8(11) of the MEGA Act, an amount not to exceed 100 percent of the sum of the payroll and health care benefits of the authorized business attributable to employees who perform new full-time jobs and retained jobs as determined under the MEGA Act, multiplied by the Michigan Individual Income Tax rate for that tax year.

- For an authorized business that is a qualified high-technology business, for a period not to exceed seven years, as follows:
  - An amount not to exceed 200 percent of the sum of the payroll and health care benefits of the qualified high-technology business attributable to employees who perform qualified new jobs for the first three years of the credit, multiplied by the Michigan Individual Income Tax rate and,
  - An amount not to exceed 100 percent of the sum of the payroll and health care benefits of the qualified high-technology business attributable to employees who perform qualified new jobs for the remaining tax years, multiplied by the Michigan Individual Income Tax rate for that tax year.

Tax rate means the rate imposed under Section 51 of the Income Tax Act of 1967, 1967 Public Act (PA) 281, MCL 206.51, for the tax year for which the credit is being computed begins.

NOTE: MEGA may certify a credit based on an agreement entered into prior to January 1, 2008, under the Single Business Tax (SBT). The number of years for which the credit may be claimed will be equal to the maximum number of years designated in the resolution reduced by the number of years for which a credit has been claimed or could have been claimed under SBT.

NOTE: A taxpayer that claimed a credit under either SBT or MBT that had an agreement with MEGA based on qualified new jobs as defined in the MEGA Act, and that removes 51 percent or more of those qualified new jobs from Michigan within three years after the first year in which the taxpayer claimed a credit must pay an amount equal to the total of all credits claimed no later than 12 months after those qualified new jobs are removed from Michigan. Recapture is reported on Form 4587.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Line 13: 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. (If the certificate is not attached, the credit will be disallowed.)

UBGs: Enter the total amount of MEGA Employment Tax Credits claimed by eligible members and provide the requested MEGA certification for each eligible member.

NASCAR Safety Credit

NASCAR Safety Credit is not available for tax years ending in 2008. For the 2009 tax year, the credit is equal to 50 percent of the amount of necessary expenditures incurred in this state by an eligible taxpayer including any professional fees, additional police officers, and any traffic management devices, to ensure traffic and pedestrian safety while hosting the requisite motorsports events each calendar year. For the 2010 and subsequent tax years, the credit is equal to 100 percent of the necessary expenditures. If the amount of the credit allowed exceeds the tax liability of the taxpayer for the tax year, that excess is refunded.

UBGs: An eligible taxpayer that is a member of a UBG should enter the eligible expenditures of that member.

Hybrid Technology Research and Development Credit

Hybrid Technology Research and Development Credit is available for taxpayers whose tax years begin on or after January 1, 2008, and end before January 1, 2016, and who are engaged in research and development of a qualified technology. The credit is equal to 3.9 percent of the compensation as defined in the MBT Act for services performed in a qualified facility and paid to employees at the qualified facility in the tax year. The maximum credit allowed is $2,000,000, and the excess credit over the tax liability is refunded. In order to be eligible for this credit, the taxpayer must have entered into an agreement with MEGA before April 1, 2007, agreeing to meet certain statutory conditions.

A taxpayer claiming this credit may also claim the Research and Development Credit on the *MBT Credits for Compensation, Investment and Research and Development* (Form 4570). However, a taxpayer may not claim both credits for the same expenditures.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Line 16: Eligible taxpayers receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Annual Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.) The credit amount cannot exceed $2,000,000.

UBGs: Enter the total amount for this credit claimed by eligible members or $2,000,000, whichever is less, and provide the requested MEGA certification for each eligible member.

Farmland Preservation Credit

Farmland Preservation Credit gives back to farmland owners a portion of the property taxes paid on farmland. Farmland owners qualify for the credit by agreeing to preserve the land as farmland and not develop for another use.

To qualify for the credit, the taxpayer must meet the following requirements:

- Taxpayer must own farmland,
- Taxpayer must have entered into a Farmland Development Rights Agreement (FDRA) with the Michigan Department of Agriculture (MDA), and
- Taxpayer must complete the *Michigan Farmland Preservation Tax Credit* (Form 4594).

If agreements with MDA were entered into on or after January 1, 1978, the gross receipts qualifications in Part 1 of Form 4594 must be satisfied.

UBGs: UBG members claiming this credit should total all amounts from Form 4594, line 30, and enter on line 17. Each eligible member should submit a pro forma Form 4594, which would be calculated based upon the individual property owner's respective property tax obligation and its respective MBT Business Income Tax base.

Anchor Company Taxable Value Credit

This credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

Complete the *MBT Election of Refund or Carryforward of Credits* (Form 4584) to claim this credit and elect a refund or carryforward of the resulting overpayment.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Anchor Company Payroll Credit

This credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

MEGA Federal Contract Credit

This credit is available for a qualified taxpayer or collective group of taxpayers that have been awarded a federal procurement contract from the United States Department of Defense, Department of Energy or Department of Homeland Security, resulting in a minimum of 25 new full-time jobs.

The amount of the credit is the amount up to 100 percent of the qualified taxpayer's payroll attributable to employees who perform qualified new jobs created as a result of the person or the group being awarded the contract from such agencies, as determined by MEGA, multiplied by the Michigan Individual Income Tax rate for that tax year. The credit will be for a period of up to seven years or the term of the contract with such agency, as determined by MEGA. MEGA will not execute more than ten new written contracts each year.

Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Brownfield Redevelopment Credit

The Brownfield Redevelopment Credit encourages businesses to make investment on eligible Michigan property that was used or is currently used for commercial, industrial, public, or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete or blighted.

Prior to April 8, 2008, the credit amount and any unused carryforward of the credit that exceeded the tax liability for the tax year was not refunded, but could be carried forward to offset tax liability in subsequent tax years for ten years or until used up, whichever occurs first. Beginning on and after April 8, 2008, if this credit for the tax year exceeds the qualified taxpayer's tax liability for that tax year, the qualified taxpayer can elect to have the excess refunded at the rate of 85 percent of the excess for the tax year and forgo the remaining 15 percent of the credit and any carryforward.

Complete Form 4584 to claim this credit and elect a refund or carryforward of the resulting overpayment.

The administration of the Brownfield Redevelopment Credit program is assigned to MEGA. For more information on the approval process, contact MEDC at (517) 373-9808.

Film Production Credit

The Michigan Film Office, with the concurrence of the State Treasurer may enter into an agreement with an eligible production company providing the company with a refundable credit against MBT tax liability or against taxes withheld under Chapter 7 of the Michigan Individual Income Tax Act.

To qualify for the credit, an eligible production company must spend at least $50,000 in Michigan for the development, preproduction, production, or postproduction costs of a State-certified qualified production and must not be delinquent in a tax or other obligation owed to Michigan nor be owned or under common control of an entity that is delinquent.

The credit is equal to:

- 42 percent of direct production expenditures for a State-certified qualified production in a core community in Michigan,
- 40 percent of direct production expenditures for a State-certified qualified production in part of Michigan other than a core community, and
- 30 percent for qualified personnel expenditures.

Work on the qualified production must commence in Michigan within 90 days of agreement date. Direct production expenditures and qualified personnel expenditures incurred prior to approval of an agreement are not eligible for the credit.

For purposes of this credit, a taxpayer may not include any expenditure claimed as a Film Job Training Credit or for which a credit under Section 367 of the Michigan Individual Income Tax Act was claimed by it or another taxpayer.

Upon completion, a taxpayer with an agreement must submit to the Film Office a request for a post-production certification, including a report of direct production expenditures and qualified personnel expenditures for the qualified production audited and certified by an independent certified public accountant. A Post-Production Certificate will be issued verifying the amount of the credit to be claimed once the Film Office is satisfied that company expenditures and eligibility are adequately met.

The credit may be assigned in the tax year in which the post production certificate is received but such assignment is irrevocable.

For more information, contact the Michigan Film Office at (800) 477-3456 or visit the Web site at **www.michigan.gov/filmoffice.**

Line 22: A taxpayer claiming a Film Production Credit must attach the post-production certification to the return. A taxpayer claiming an assigned Film Production Credit must attach the *MBT Film Credit Assignment* (Form 4589) to the return. (If the certificate or assignment is not attached, the credit will be disallowed.)

UBGs: Enter the total amount for this credit claimed by all eligible members and provide the requested post-production certification or Form 4589 for each eligible member.

Attach this schedule to the return.

Michigan Department of Treasury
4575 (Rev. 12-08)

Attachment 09

2008 MICHIGAN Business Tax Loss Adjustment Worksheet for the Small Business Alternative Credit

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

INSTRUCTIONS: Use this worksheet to qualify for an otherwise disallowed Small Business Alternative Credit by adjusting current year adjusted business income. This is available only if a taxpayer had a negative adjusted business income in any of the five tax years immediately preceding this tax year and received a Small Business Credit or Small Business Alternative Credit in the loss year. Partnerships and members of unitary groups, see instructions. Each Unitary Business Group member with a disqualifier must complete this form.

* **Note:** If compensation exceeds $180,000 for any C corporation shareholder or officer, a Small Business Alternative Credit cannot be claimed nor can a loss adjustment be used to reduce compensation from Form 4577, column L.

PART 1: CURRENT YEAR AMOUNTS

Use this section to determine amount of loss adjustment to business income needed to qualify for the Small Business Alternative Credit.

Business Income Disqualifier: $1,300,000 ($180,000 for individuals)

1. Adjusted Business Income from Form 4571, line 8	1.		00
2. Business Income Disqualifier	2.		00
3. Loss Adjustment. Subtract line 2 from line 1. If less than zero, enter zero	3.		00

Shareholder Compensation Disqualifier: $180,000

4. Enter the amount from Form 4571, line 5c	4.		00
5. Shareholder Compensation Disqualifier	5.		00
6. Enter compensation and director fees from Form 4577, column L, of the shareholder creating the disqualifier or reduction*	6.		00
7. Subtract line 6 from line 5. If less than zero, enter as a negative number	7.		00
8. Divide line 7 by the percent of ownership from Form 4577, column G, for the shareholder on line 6	8.		00
9. Loss adjustment. Subtract line 8 from line 4	9.		00

PART 2: AVAILABLE LOSS

Read instructions before completing Part 2. Use Part 2 to determine the loss available from the five preceding periods. Do not enter a negative sign in front of the loss amount.

Complete lines 10 through 16 one column at a time. Complete only columns for periods that reported a loss AND received a Small Business Credit or Small Business Alternative Credit.

10. Tax year end date (MM-DD-YYYY)					
11. Adjusted business income					
12. Loss used					
13. Loss available					
14. Loss adjustment					
15. Remaining loss adjustment					
16. Loss carryforward					

Instructions for Form 4575, Michigan Business Tax (MBT) Loss Adjustment Worksheet for the Small Business Alternative Credit

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

To reduce the adjusted business income to qualify for the Small Business Alternative Credit or minimize the reduction percentage required.

If the adjusted business income was less than zero in any of the five years immediately preceding the tax year for which a credit is being claimed, and the taxpayer received an Alternate Small Business Credit under the Single Business Tax (SBT) or Small Business Alternative Credit under MBT for that same year, the taxpayer may adjust for the loss before figuring eligibility for the Small Business Alternative Credit. A loss adjustment will not affect a reduction to the Small Business Alternative Credit based on gross receipts that exceed $19,000,000. Also, it will not change the amount of compensation in column L for a C Corporation on the *MBT Schedule of Shareholders and Officers* (Form 4577).

Tax Year Less Than 12 Months: Business income and shareholder disqualifiers must be calculated on an annualized basis. Enter annualized numbers on lines 1, 4, and 6.

Special Instructions for Unitary Business Groups

Gross receipts and adjusted business income thresholds must be calculated by the Unitary Business Group (UBG) by combining the gross receipts and adjusted business incomes of its members. Disqualifiers based on shareholder or partner allocated income must be determined on a separate entity basis. If any shareholder or partner has allocated income in excess of $180,000, the loss adjustment must be calculated on a separate entity basis for any and all entities for which it may apply.

If the UBG's adjusted business income is below the threshold but one or more members exceed the shareholder compensation threshold, only those members with shareholder compensation disqualifiers must file a Form 4575, using member-only figures in lines 4 through 16 on each member form.

If the UBG's adjusted business income exceeds the threshold, one Form 4575 must be filed to determine the UBG's business income loss adjustment (the "GROUP COPY FOR ABI" form, see below), and supporting 4575 forms must be filed by each member who has a loss adjustment available from previous years (member forms). For members who do not exceed the credit's shareholder compensation threshold, only Part 2 of Form 4575 needs to be completed on the member form. For members who exceed the credit's shareholder compensation threshold, lines 4 through 16 of the member form must be completed. Member forms must be completed using member-only figures.

Shareholder Compensation Disqualifier

Any member whose shareholder compensation creates a partial or complete disqualification, and that has loss adjustment available to resolve that disqualification in whole or in part, must file Form 4575. Leave lines 1 through 3 blank. Complete line 4 (using a pro forma figure) and lines 5 through 13, all with data for the reporting member only. If no group adjusted business income disqualifier exists, apply line 14 instructions as if they made no reference to line 3.

NOTE: Line 14 of Form 4575 will contain the amount of available loss from each member that must be used from each tax year end to satisfy the member's shareholder compensation disqualifier and/or the group's adjusted business income disqualifier.

If the UBG does not exceed the adjusted business income threshold, follow the line-by-line instructions to determine how much of each member's loss adjustment must be used in line 14, and then complete lines 15 and 16 of each member form. If the UBG exceeds the adjusted business income threshold, follow line-by-line instructions for line 14 and enter the amount of the member's loss adjustment used to offset the shareholder compensation disqualifier on the member form. This is a preliminary number only. Before completing the remainder of the member form, first fill out the "GROUP COPY FOR ABI" form (see below).

NOTE: If any member still has a total disqualification on this basis (greater than $180,000) after completing its own Form 4575 as described above, the UBG is disqualified from the Small Business Alternative Credit. Do not proceed with these instructions. However, if each member's disqualification is fully resolved or reduced to a partial disqualification by this method, continue below to compute the adjusted business income loss adjustment required.

Adjusted Business Income Disqualifier

This disqualifier is calculated at the group level. If the UBG has adjusted business income in excess of $1,300,000, every member that has available loss adjustment must file Form 4575. Any member that did not have a shareholder compensation disqualifier needs to complete Part 2 of Form 4575 only.

In addition, file a group-wide Form 4575 to organize the group's data for this disqualifier. Enter the DM's name and Federal Employer Identification Number (FEIN) or Treasury (TR) assigned number on the first line and "GROUP COPY FOR ABI" for the name on the second line, and leave FEIN or TR Number blank. On this group copy of Form 4575, enter group-wide data for lines 1 through 3. Leave lines 4 through 8 blank and enter on line 9 the combined amount of loss adjustment from all members who calculated an offset to their shareholder compensation disqualifier. If the combined figure on line 9 is bigger than the figure on line 3, leave Part 2 of the group form blank. The loss adjustment already calculated on a member basis is sufficient to offset the group's adjusted business income disqualifier also. No further adjustment is necessary. Otherwise, combine the loss adjustments of all members (by filing period) in lines 10 through 13. If no shareholder disqualifiers existed for any member, apply line 14 instructions as if they made no reference to line 9. Otherwise, on line 14 of the group form, first enter the total amount of loss from each previous tax year end needed by each member who had a shareholder compensation disqualifier in the current year. This is a preliminary number only. Continue by adding to the amounts already on line 14 of the group form the remaining amount of loss to be used from each tax year that is necessary to match the UBG's total on line 3, beginning with the oldest tax year first.

If the UBG members do not share common year ends, create and attach a table comparable to that found in lines 10 through 16 (this table will have more than five tax year end columns). Include a column for every member's year ends, and arrange all the columns in chronological order. Apply to that custom table the calculations described in the form text and instructions for lines 10 through 16.

Once the group's Form 4575 is completed, complete each member's Form 4575, lines 14 through 16. If the UBG's Form 4575, line 3 is smaller than line 9, then proceed to complete lines 15 and 16 of the member form(s) according to the line-by-line instructions. Otherwise, to the preliminary amounts already on line 14 of the member form, add the proportional member's loss adjustment* used in each tax year end needed to offset the UBG's adjusted business income disqualifier. Complete lines 15 and 16 of the member form according to the line-by-line instructions.

NOTE: If the UBG still has a total disqualification on this basis (greater than $1,300,000) after completing the group's Form 4575 as described above, the UBG is disqualified from the Small Business Alternative Credit. Do not proceed with these instructions.

Aging Issues for the ABI Disqualifier

For the ABI disqualifier, typically the oldest loss adjustment available from any member is used first. However, if a member used its loss adjustment to resolve its shareholder compensation disqualification, that member's used loss adjustment must be treated as used against the UBG's ABI disqualifier, even though another member without a shareholder compensation disqualification has older loss adjustment available.

*Proportional member's loss adjustments:

When the total amount of member loss adjustment for a single tax year exceeds the amount needed to offset the UBG's adjusted business income disqualifier, the portion of loss adjustment for that tax year used by each member to offset the group's disqualifier must reflect the proportion of each member's total loss adjustment for that tax year with respect to the total loss adjustment available to the UBG for the same tax year.

Line-by-Line Instructions

Lines not listed are explained on the form.

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

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567).

UBGs: Complete one form for each member for whom this schedule applies. Enter the Designated Member (DM) name in the Taxpayer Name field and the member to whom the schedule applies on the line below. For the form that determines the UBG's business income loss adjustment, enter the DM's name and FEIN in the first identification line, and "GROUP COPY FOR ABI" and no FEIN in the second identification line.

PART 1: CURRENT YEAR AMOUNTS

Use Part 1 to determine the amount of loss adjustment necessary to qualify for the Small Business Alternative Credit.

If a taxpayer is not eligible for the credit because the adjusted business income exceeds $1,300,000 ($180,000 for individuals), complete lines 1 through 3.

If a taxpayer is not eligible because a shareholder's allocated income exceeds $180,000, or a partner's distributive income exceeds $180,000, complete lines 4 through 9 for the shareholder(s) or partner(s) creating the disqualifier.

A taxpayer may need to calculate both if there is more than one disqualifier. Complete lines 4 through 9 for each shareholder or partner who creates a disqualifier. The loss adjustment required is the largest amount needed to eliminate all disqualifiers.

NOTE: A member of a Limited Liability Company (LLC) is characterized for MBT purposes as a partner, shareholder or owner, based on the federal characterization of the LLC. An LLC taxed as a Partnership for federal purposes must file as a Partnership for MBT. Similarly, an LLC taxed as a Corporation for federal purposes must file as a Corporation for MBT.

Reduced Small Business Alternative Credit. A reduction of the Small Business Alternative Credit is required if an Individual, a partner in a Partnership or shareholder or officer of a Corporation has allocated income after loss adjustment of more than $160,000. This reduction is based on the Individual/partner/officer/shareholder with the largest allocated income.

Complete lines 4 through 9 for the shareholder or partner creating the need to reduce the Small Business Alternative Credit.

Form 4575 should always be calculated initially using $160,000 on line 5. This calculation will establish taxpayer eligibility without the need to reduce the Small Business Alternative Credit. However, if the total loss available for the current year on line 13 does not equal or exceed the loss adjustment required on line 9, the taxpayer may still calculate a lesser loss adjustment to claim a reduced credit.

Try the calculation more than once. Substitute the numbers shown on the chart below on line 5, in order to maximize the claimed Small Business Alternative Credit:

Line 5	Eligible % of Credit
$ 160,000	100% - no reduction
$ 160,001 - $164,999	80%
$165,000 - $169,999	60%
$170,000 - $174,999	40%
$175,000 - $180,000	20%

Form 4575 is formatted for Corporations. To use it for a Partnership, make these changes:

- Enter on line 6 any guaranteed payments made to the partner creating a $180,000 disqualifier.

• On line 8, divide by the percentage of ownership from column C of the *MBT Schedule of Partners* (Form 4578).

PART 2: AVAILABLE LOSS

Use Part 2 to determine the loss available from the five preceding periods. Do not enter a negative sign in front of the loss amount.

Complete lines 10 through 16 one column at a time. Complete only columns for periods that reported a loss AND received a Small Business Credit or Small Business Alternative Credit.

Line 10: Enter each tax year end date for periods where loss occurred. Begin with the earliest year in the left column.

Line 11: Enter the adjusted business income from the *SBT Credit for Small Businesses and Contribution Credits (*Form C-8000C), line 9, for each SBT tax year that reported a loss AND received a Small Business Credit in that tax year. For MBT tax periods, enter the negative adjusted business income from the *MBT Common Credits for Small Businesses* (Form 4571), line 8, for tax years where a Small Business Alternative Credit was received.

Line 12: Enter the amount of loss entered on line 11 that was used as an adjustment in a prior period (including loss adjustment used in SBT periods).

Line 13: Subtract line 12 from line 11 to arrive at loss available on the current return. If less than zero, enter zero; no loss is available.

Line 14: Enter the amount from line 3 or line 9, whichever is larger, in the first column where a loss is available on line 13. In subsequent columns, enter amount from line 15 of the previous applicable column.

Line 15: If line 14 is larger than line 13, subtract line 13 from line 14. Enter here and on line 14 of the next column where a loss is available on line 13.

Line 16: If line 13 is larger than line 14, subtract line 14 from line 13. This amount is available to use in subsequent periods.

NOTE: To benefit from a loss adjustment, the total loss available for the current year, line 13, must equal or exceed the loss adjustment required on line 14.

Attach this schedule to the return.

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Attachment 07

2008 MICHIGAN Business Tax Schedule of Shareholders and Officers

For all corporations claiming the Small Business Alternative Credit

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

PART 1: SHAREHOLDERS AND OFFICERS. See instructions.

1. A Member Number	B Name of shareholder (including corporation, trust, or partnership) officer, or family member receiving compensation from the business (Last, First, Middle)	C FEIN or Social Security Number of Shareholder or Officer	D Check (X) if an officer	E % Stock directly owned	F % Stock with attribution (See instructions.)	G % Stock from Col. F less any attribution between two active shareholders
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
				%	%	%
Percent of stock (not listed above) owned by shareholders who own less than 10% and receive no compensation:				%		
			Total:	100 %		

Continue below using the same Member Number references from column A.

H Member Number	I Dividends (used to determine active shareholders)	J Salaries, wages and/or director fees	K Employee insurance plans, pensions, etc.	L Total compensation and director fees for officers and/or share-holders. Add columns J and K.	M Share of business income/loss (See instructions.)	N Total shareholder/officer income. Add columns L and M.

If more space is needed, attach additional 4577 forms. Identify taxpayer and complete Part 1 and Part 2 on each additional form. (See instructions.)

+ 0000 2008 47 01 27 6

Continue on Page 2.

FEIN or TR Number	
UBG Member FEIN or TR Number	

PART 2: LIST OF FAMILY MEMBERS AND THEIR CORRESPONDING RELATIONSHIP TYPE

Using the same Member Number references from Part 1, indicate your attributable family relationship (if any) to each shareholder. (An attributable family relationship is defined as either a spouse, parent, child or grandchild.)

- If an attributable family relationship exists, designate in columns P through S
- If no attributable family relationship exists, check box in column T.

2. O Member Number	P Spouse	Q Parent	R Child	S Grandchild	T Check (X) if No Attributable Relationship

PART 3: SMALL BUSINESS ALTERNATIVE CREDIT - See definition of active shareholder in the instruction booklet.

3. Compensation and director fees of active shareholders. Add amounts in column L for each active shareholder. Enter here and on Form 4571, line 6, or 4583, line 12	3.		00
4. Compensation and director fees of officers. Add amounts in column L for each officer who is not an active shareholder. Enter here and on Form 4571, line 7, or 4583, line 13	4.		00

Instructions for Form 4577
Michigan Business Tax (MBT) Schedule of Shareholders and Officers
For all Corporations claiming the Small Business Alternative Credit

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

To determine eligibility for all Corporations to qualify for the Small Business Alternative Credit. *Corporation* means a taxpayer that is required or has elected to file as a Corporation under the Internal Revenue Code (IRC).

If filing as a Corporation (including Limited Liability Companies (LLCs) federally taxed as such) and claiming a Small Business Alternative Credit, complete this form and attach it to the annual return to report:

- Shareholders and officers qualifications for the Small Business Alternative Credit
- Compensation and director fees of active shareholders and all officers for the computation of the Small Business Alternative Credit.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567).

Unitary Business Groups (UBGs): Complete one form for each member for whom this schedule applies. Enter the Designated Member (DM) name in the Taxpayer Name field and the member to whom the schedule applies on the line below.

PART 1: SHAREHOLDERS AND OFFICERS

Line 1 (Columns A through N): In column 1A, assign numbers (beginning with 1) to all shareholders and officers in order of percentage of stock ownership (percentage in column G), highest percentage first. (It is essential that this numbering system is followed through Part 2.) List and describe all shareholders and officers who:

- Are employees of the Corporation;
- Are directors of the Corporation; or
- Own 10 percent or more of the stock of the Corporation, including those by attribution.

Shareholder means a person who owns outstanding stock in the Corporation. An Individual is considered as owning the stock, directly or indirectly, by or for family members as defined by IRC 318(a)(1). An officer of any Corporation, other than an S Corporation, includes the chairperson of the board, president, vice-president, secretary, and treasurer, or persons performing similar duties.

NOTE: All family members receiving compensation must be listed in Part 1. If more lines are needed for listing the shareholders and officers, attach additional forms and complete the name and account number for each form and lines 1 and 2 as necessary.

Columns B and C: Identify each shareholder (including Corporations, Trusts or Partnerships), officer, or family member receiving compensation from the business by name and Social Security number (SSN). Corporations, Trusts, and Partnerships should be identified using the Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number.

NOTE: Rules of attribution do not differentiate between an adult and a minor child [IRC 318(a)(1)].

Column E: Enter the percentage of outstanding stock each officer or shareholder actually owns. If a shareholder owned stock for a period less than the Corporation's tax year, multiply that shareholder's percentage of ownership by the number of months owned and divide the result by the number of months in the Corporation's tax year.

Taxpayers must account for 100 percent of the stock. If it is not accounted for, processing of the return may be delayed.

Column F: Enter the percentage of outstanding stock each shareholder owns, including attribution of ownership from family members under IRC 318(a)(1). If no attribution exists, enter the percentage from column E in column G and leave column F blank.

Column G: Enter the percentage of outstanding stock each shareholder owns, including attribution of ownership only from, or to, family members who are not active shareholders. See definition of active shareholders on this page. For the purposes of determining disqualification, an active shareholder's share of business income is not attributed to another active shareholder.

EXAMPLE: In this case, the husband and daughter are active shareholders because compensation, directors fees or dividends from the business are greater than $10,000. The wife and son are not active because compensation, directors fees or dividends from the business are less than $10,000.

Stock Percentage			
	Column E	Column F	Column G
Husband *(active)*	40%	100% *(all shareholders)*	70% *(husband/wife/son)*
Wife *(inactive)*	10%	100% *(all shareholders)*	100% *(all shareholders)*
Son *(inactive)*	20%	70% *(husband/ wife/son)*	70% *(husband/wife/son)*
Daughter *(active)*	30%	80% *(husband/ wife/daughter)*	40% *(wife/daughter)*

Columns I through K: Fiscal year filers, see "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Column I: Enter total dividends received by each shareholder during the tax year from this business (used to determine active shareholders). This includes regular distributions for an S Corporation.

Column J: Enter salaries, wages and director fees that are attributable to each shareholder or officer. Compensation paid by a professional employer organization to the officers of a client and to employees of the professional employer organization who are assigned or leased to and perform services for a client must be included in determining the eligibility of the client for this credit.

NOTE: All compensation must be included, whether the shareholder or officer worked in Michigan or not.

Column K: Enter employee insurance payments and pensions that are attributable to each shareholder or officer.

Column M: Multiply the amount in column G by line 5c on the *MBT Common Credits for Small Businesses* (Form 4571) OR the sum of lines 10 and 11 on the *MBT Simplified Return* (Form 4583).

UBGs: Multiply the amount in column G by the sum of the *MBT Unitary Business Group Combined Filing Schedule* (Form 4580), Part 2A, lines 21 and 25, plus capital loss from the federal return.

PART 2: LIST OF FAMILY MEMBERS AND THEIR CORRESPONDING RELATIONSHIP TYPE

Columns P through S represent relationships affected by attribution.

For each shareholder listed in Part 1, column A, enter the corresponding number of the shareholder's spouse, parent, child or grandchild, if any, listed in Part 1, column A.

If more than one number is entered in boxes P through S, separate numbers with a dash.

EXAMPLE: Kathy Rock's (6) parents (4 and 5) work for the company. Kathy will list "4-5" in column Q.

Column T: Check column T only if P through S are blank, and list each shareholder listed in Part 1, column A, with no attributable relationship.

ATTRIBUTION EXAMPLE:

Larry David Stone	Husband of Betty Stone, Father of Mary Stone, Stepfather of Tammie Rock, Step Grandfather of Kathy Rock
Betty Ann Stone	Daughter of Bob Pebble, Wife of Larry Stone, Mother of Tammie Rock, Stepmother of Mary Stone, Grandmother of Kathy Rock
Mary Elizabeth Stone	Daughter of Larry Stone, Stepdaughter of Betty Stone
Tammie Marie Rock	Daughter of Betty Stone, Stepdaughter of Larry Stone, Spouse of Steve Rock, Mother of Kathy Rock, Granddaughter of Bob Pebble
Steve Carl Rock	Spouse of Tammie Rock, Father of Kathy Rock, Brother of Mike Rock
Kathy Evelyn Rock	Daughter of Tammie and Steve Rock, Granddaughter of Betty Stone, Step Granddaughter of Larry Stone
Mike Joseph Rock	Brother of Steve Rock
Bob Kenneth Pebble	Father of Betty Stone, Grandfather of Tammie Rock
Terry Robert Marble	Friend

Part 1: Shareholders and officers - See instructions

1. A Member Number	B Name of shareholder (including Corporation and Trust) officer, or family member receiving compensation from the business (Last, First, Middle)
1	Stone, Larry David
2	Stone, Betty Ann
3	Stone, Mary Elizabeth
4	Rock, Tammie Marie
5	Rock, Steve Carl
6	Rock, Kathy Evelyn
7	Rock, Mike Joseph
8	Pebble, Bob Kenneth
9	Marble, Terry Robert

Part 2: list of family members and their corresponding re

2. O Member Number	P Spouse	Q Parent	R Child	S Grandchild	T Check (X) if No Attributable Relationship
1	2		3		
2	1	8	4	6	
3		1			
4	5	2	6		
5	4		6		
6		4-5			
7					X
8			2	4	
9					X

PART 3: Small Business Alternative Credit

Line 3: Add compensation and director fees in column L for each active shareholder and enter the result on line 3 and on Form 4571, line 6, or Form 4583, line 12.

An active shareholder:

- Is a shareholder of the Corporation, including through attribution, AND
- Owns at least 5 percent of outstanding stock, including through attribution (column E or F = 5 percent or more), AND
- Receives at least $10,000 in compensation, director fees or dividends from the business (sum of columns I and L = $10,000 or more). **Important:** For short-period returns or a part-year shareholder, the shareholder's compensation, director fees and dividends must be annualized to meet this requirement.

Line 4: Add the compensation and director fees in column L for each officer who is not an active shareholder and enter the result on line 4 and on Form 4571, line 7, or Form 4583, line 13.

REMINDER: Officers of an S Corporation are not included in this calculation.

Attach this schedule to the return.

2008 MICHIGAN Business Tax Schedule of Partners

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

PARTNER IDENTIFICATION

1.	A Name (Last, First, Initial)	B FEIN, TR Number or Social Security Number of Partner	C % Owned	D Share of Business Income*
a			%	00
b			%	00
c			%	00
d			%	00
e			%	00
f			%	00
g			%	00
h			%	00
i			%	00
j			%	00
k			%	00
l			%	00
m			%	00
n			%	00
o			%	00
p			%	00
q			%	00

2. **Total of Column C** (% Owned). Cannot exceed 100%.	2.	%
3. **Total of Column D** (Share of Business Income). Cannot exceed the partnership's business income.	3.	00

*If any partner has a share of business income in column D of over $180,000 after loss adjustment, the partnership is not eligible for the Small Business Alternative Credit.

If more space is needed, submit additional forms 4578. Identify taxpayer and complete Partner Identification on each additional form. (See instructions.)

+ 0000 2008 51 01 27 7

Instructions for Form 4578
Michigan Business Tax (MBT) Schedule of Partners

For all Partnerships claiming the Small Business Alternative Credit

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

For all Partnerships to determine eligibility for the Partnership's Small Business Alternative Credit.

Partnership means a taxpayer that is required to, or has elected to, file as a Partnership for Federal Income Tax purposes.

NOTE: A member of a Limited Liability Company (LLC) is characterized for MBT purposes as a partner if the LLC is taxed as a Partnership for federal purposes.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567).

Unitary Business Groups (UBGs): Complete one form for each member for whom this schedule applies. If more lines are needed for listing the partners, attach additional forms and complete the name, account number and line 1 for each form. Enter the Designated Member (DM) name in the Taxpayer Name field and the member to whom the schedule applies on the line below.

Line 1: Partner Identification

- **Columns A and B:** Identify each partner (including Corporation and Trust) by name and Social Security number (SSN). Corporations or Trusts should be identified using a Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number.
- **Column C:** Enter the percentage of profits or capital interest of this Partnership owned by each partner. If a partner owned this interest for a period less than the Partnership's tax year, multiply that partner's percentage of ownership by the number of months owned and divide the result by the number of months in this Partnership's tax year.
- **Column D:** Enter each partner's distributive share of income, losses and deductions from U.S. Form *1065*, Schedule *K-1.* See Partnership Business Income on Worksheet 4700, page 136. Each partner's distributed share includes guaranteed payments to partners. If any partner has a share of business income in column D of over $180,000 after loss adjustment, the Partnership is not eligible for the Small Business Alternative Credit.

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

IMPORTANT: For short-period returns or part-year partners, the partner's share of business income must be annualized to meet this requirement.

Line 2: If multiple pages of Form 4578 are included for one taxpayer, bring the total of all line 1C entries to the main Form 4578.

Line 3: If multiple pages of Form 4578 are included for one taxpayer, bring the total of all line 1D entries to the main Form 4578.

Attach this schedule to the return.

Attachment 15

2008 MICHIGAN Business Tax Unitary Business Group Combined Filing Schedule

Issued under authority of Public Act 36 of 2007.

IMPORTANT: Read the instructions before completing this form

Designated Member Name	Federal Employer Identification Number (FEIN) or TR Number

PART 1: MEMBER IDENTIFICATION

Identify Unitary Business Group members included on this return. Member Number assigned in Part 1 must correspond to Member Number used in Parts 2 and 3. On line 1, column A, enter a number for each member beginning with 1 and then enter the next sequential number for each additional member. Enter Designated Member information first. If more than 11 members, attach additional copies.

1. A Member Number	B Name and Address of Member	C FEIN or TR Number	D NAICS Code	E Org Type Code

Continue below using the same Member Number references from line 1, column A. Enter Member Numbers in column F.

2. F Member Number	G Check (X) if Nexus with Michigan	H Check (X) if Registered for SBT or MBT	I Part-Year Member: Enter Membership Dates (MM-DD-YYYY)		J Tax Years Ending After 2008: Check (X) if New Member	K Federal Tax Period Included in Return (MM-DD-YYYY)		L If Discontinued, Effective Date (MM-DD-YYYY)
			Beginning	Ending		Beginning	Ending	

Continue on Page 2.

Designated Member FEIN or TR Number

PART 1 (CONT.)

Continue below using the same Member Number references from line 1, column A. Enter Member Numbers in column M.

3. M Member Number	N Nature of business activities or operations that result in a flow of value between the members, or integration, dependence, or contribution to other members.

Check all that apply to the Unitary Business Group.

4. ☐ Group identified consists of a group of U.S. persons, one of which owns or controls, directly or indirectly, more than 50% of the ownership interests with voting or comparable rights of the others.

5. ☐ Some or all members are included on a consolidated federal income tax return. If checked, attach a copy of U.S. *Form 851.*

6. ☐ Each member of the group has business activities or operations resulting in a flow of value between the members or has business activities or operations that are integrated with, dependent upon, or contribute to each other.

7. ☐ All members of the Unitary Business Group are included in this combined unitary filing.

Continue on Page 3.

Designated Member FEIN or TR Number

PART 2A: MEMBER DATA FOR COMBINED RETURN OF STANDARD TAXPAYERS

Enter Member Number below corresponding to the Member Number designated in Part 1. Include all Unitary Business Group members (with or without nexus), except those excluded in Part 4. Use as many copies of this page as necessary to report data of all members. Enter whole dollars only.

Corresponding Member Number from Part 1			
FEIN or TR Number			
Proration Percentage (For fiscal filers only. See instructions.)	%	%	%
8. Michigan sales			
9. Total sales			
10. Gross receipts			
11. Inventory acquired during tax year			
12. Depreciable assets acquired during tax year			
13. Materials and supplies not included in inventory or depreciable property			
14. Staffing company: Compensation of personnel supplied to customers			
15. Deduction for contractors in SIC Codes 15, 16 and 17 (see instructions)			
16. Miscellaneous subtractions (see instructions)			
17. Modified gross receipts (MGR) (Gross receipts line minus all subtraction lines)			
18. Prior year SBT loss carryforward (full available amount)			
19. Usable amount of prior year SBT loss carryover: (a) Full amount multiplied by 65% (0.65) OR (b) pro forma MGR tax base of loss-producing member, whichever is less			
20. Enrichment prohibition for dealer of personal watercraft or new motor vehicles. Enter amount collected during tax year			
21. Business income (If business activity protected under PL 86-272, complete and attach Form 4586 or Form 4581 as appropriate. See instructions.)			
22. Interest income and dividends derived from obligations or securities of states other than Michigan			
23. Taxes on or measured by net income			
24. Tax imposed under MBT			
25. Any carryback or carryover of a federal NOL			
26. Losses attributable to other taxable flow-through entities			
27. Royalty, interest, and other expenses paid to a related person (see instructions)			
28. Dividends and royalties received from persons other than U.S. persons and foreign operating entities			
29. Income attributable to other taxable flow-through entities			
30. Interest income derived from U.S. obligations			
31. Net earnings from self-employment. If less than zero, enter zero			
32a. Available MBT business loss from previous period MBT return filed separately. (Designated Member enter group's MBT loss)			
32b. Qualified affordable housing deduction (see instructions)			
33. Prior year SBT credit carryforwards (more than one per member see instructions)			
34. Prior year overpayment credit forward (Designated member enter group's credit forward)			
35. Estimated tax payments			
36. Tax paid with request for extension			

Continue on Page 4.

Designated Member FEIN or TR Number

PART 2B: SUMMARY OF BUSINESS ACTIVITY FOR COMBINED RETURN OF STANDARD TAXPAYERS

Show totals only on this page. After completing Part 2A, carry the total of each corresponding line to column A below. Include all Unitary Business Group members (with or without nexus), except those excluded in Part 4. Enter whole dollars only. Carry the numbers in Column C to the corresponding lines on Form 4567.

	A Combined Total Before Eliminations	B Eliminations	C Combined Total After Eliminations	D 4567 line #
8. Michigan sales				10b
9. Total sales				10c
10. Gross receipts				11
11. Inventory acquired during tax year				12a
12. Depreciable assets acquired during tax year				12b
13. Materials and supplies not included in inventory or depreciable property				12c
14. Staffing company: Compensation of personnel supplied to customers				12d
15. Deduction for contractors in SIC Codes 15, 16 and 17				12e
16. Miscellaneous subtractions				12f
17. Modified gross receipts (MGR) (Gross receipts line minus all subtraction lines)		X X X X X X X		14a
18. Prior year SBT loss carryforward (full available amount)		X X X X X X X		16a
19. Usable amount of prior year SBT loss carryover. Combine all member entries on line 19, Part 2A		X X X X X X X		16b
20. Enrichment prohibition for dealer of personal watercraft or new motor vehicles. Enter amount collected during tax year				19
21. Business income				21
22. Interest income and dividends derived from obligations or securities of states other than Michigan		X X X X X X X		22a
23. Taxes on or measured by net income		X X X X X X X		22b
24. Tax imposed under MBT		X X X X X X X		22c
25. Any carryback or carryover of a federal NOL		X X X X X X X		22d
26. Losses attributable to other taxable flow-through entities				22e
27. Royalty, interest and other expenses paid to a related person		X X X X X X X		22f
28. Dividends and royalties received from persons other than U.S. persons and foreign operating entities		X X X X X X X		25a
29. Income attributable to other taxable flow-through entities				25b
30. Interest income derived from U.S. obligations		X X X X X X X		25c
31. Net earnings from self-employment. If less than zero, enter zero				25d
32a. Available MBT business loss from previous period MBT return(s)				29
32b. Qualified affordable housing deduction				30b
33. Prior year SBT credit carryforwards		X X X X X X X		See Instr.
34. Prior year overpayment credit forward		X X X X X X X		39
35. Estimated tax payments		X X X X X X X		40
36. Tax paid with request for extension		X X X X X X X		41

Continue on Page 5.

Designated Member FEIN or TR Number | |

PART 3A: APPORTIONMENT DATA FOR COMBINED RETURN OF FINANCIAL INSTITUTIONS

If completing Part 3B, duplicate answers on lines 37 and 38 on all copies of this page.

	A Combined Total Before Eliminations	B Eliminations	C Combined Total After Eliminations
37. Michigan Gross Business. Carry 37C to Form 4590, line 10a			
38. Total Gross Business. Carry 38C to Form 4590, line 10b			

PART 3B: MEMBER DATA FOR COMBINED RETURN OF FINANCIAL INSTITUTIONS

File one copy of this page for each reporting member of a UBG whose designated member is a financial institution. After completing Part 3, if all group members reporting on a combined financial institution return have the same year end, and have four or more years of operating history prior to the current filing periods, enter the combined group data on Form 4590. Otherwise, enter the combined totals of line 52 of this form on line 21, Form 4590, and skip lines 10d through 20 on Form 4590.

39. Corresponding Member Number from Part 1	39.	
40. Federal Employer Identification Number (FEIN) or TR Number	40.	
41. For first tax year of this member ending in 2008:		
a. If the member reporting on this page is a fiscal filer, complete lines 41b and 41d.		
b. Number of months in the Michigan Business Tax period reported on this page........	41b.	
c. Total months	41c.	12
d. Proration Percentage. Divide line 41b by line 41c........	41d.	%

		A 2004	B 2005	C 2006	D 2007	E 2008
42. Equity Capital	42.					
43. Goodwill.............................	43.					
44. Average daily book value of Michigan obligations.......	44.					
45. Average daily book value of U.S. obligations	45.					
46. Subtotal. Add lines 43 through 45	46.					
47. Net Capital. Subtract line 46 from line 42...................	47.					
48. a. Authorized insurance co. subsidiary: enter actual capital fund amount........	48a.					
b. Minimum regulatory amount required	48b.					
c. Multiply line 48b by 125% (1.25).................	48c.					
d. Subtract line 48c from 48a. If less than zero, enter zero	48d.					
49. Add lines 47 and 48d..........	49.					

50. Enter amount from line 49E........	50.	00
51. Add lines 49A, 49B, 49C, 49D and 50........	51.	00
52. Net Capital for Current Taxable Year. Divide line 51 by number of years reported above........	52.	00

Continue on Page 6.

Designated Member FEIN or TR Number

PART 4: AFFILIATES EXCLUDED FROM THIS COMBINED RETURN

List every entity for which the "greater than 50%" ownership test of a Michigan Unitary Business Group is satisfied, which is not included on this combined return. Using the codes below, identify in column D why each entity is not included in this combined return. If any Michigan group members are part of a federal consolidated group, attach a copy of U.S. *Form 851*.

REASON CODES FOR EXCLUSION:

1. Lacks business activities resulting in a flow of value or integration, dependence or contribution to group.
2. Foreign operating entity
3. Incompatible tax base (Insurance companies always file separately; Financial institutions and "standard" taxpayers are not included on the same combined return)
4. Foreign entity
5. Member fiscal year ends after Designated Member
6. Other

53. A Number From U.S. *Form 851* (if applicable)	B Name	C FEIN or TR Number	D Reason Code for Exclusion	E Check (X) if Nexus with Michigan	F NAICS Code

PART 5: AFFILIATES INCLUDED IN THE PRIOR COMBINED RETURN, BUT EXCLUDED FROM THIS RETURN

List entities included in the immediately preceding combined return of this designated member that are not included on this return. Do not repeat entities here that are in Part 4.

54. A Name	B FEIN or TR Number	C Reason This Entity Is Not on This Return

Instructions for Form 4580
Michigan Business Tax (MBT) Unitary Business Group Combined Filing Schedule

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

The purpose of this form is to:

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

NOTE: This is not the primary return. It is designed to support the primary return submitted on behalf of the UBG by the Designated Member (DM).

General Information About UBGs In MBT

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

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

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

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

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

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

- Would otherwise be a part of a UBG that has at least one person included in the UBG who is taxable in Michigan.
- Has substantial operations outside the United States, the District of Columbia, any territory or possession of the United States except for the commonwealth of Puerto Rico, or a political subdivision of any of the foregoing.
- At least 80 percent of its income is active foreign business income as defined in IRC 861(c)(1)(B).

The Department of Treasury will follow IRC 318 or analogous authority to determine indirect, or constructive, ownership and control, except the Department will apply IRC 318 to all ownership interests.

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

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

Indirect ownership is generally determined using IRC 318 or analogous authority, except the Department will apply IRC 318 to all forms of ownership interests, such as Partnership and membership interests, and not just corporate stock. For example, attribution to and from a Partnership may be determined under IRC 318(a)(2)(A) and 318(a)(3)(A). However, the attribution will be of ownership interests, including - but not limited to - Partnership interests, stock, and membership interests; attribution will not be limited to corporate stock.

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

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

Brother-Sister Controlled Group of Entities. A brother-sister group of entities may also satisfy the control test. An individual that is not a sole proprietor or owner of a disregarded entity or otherwise engaged in a trade or business resulting in business income or gross receipts under the MBT is not unitary with the entities in which that individual has a controlling interest. However, brother-sister group of entities may satisfy the control test through the indirect ownership rules of IRC 318 - this is referred to as a brother-sister controlled group of entities.

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

Excluded Ownership Interests. For purposes of determining ownership or control under the control test, the Department will apply IRC 1563 to exclude certain ownership interests from determination of ownership and control, except that the Department will apply IRC 1563 to all forms of ownership interests and not just corporate stock.

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

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

How to Complete This Form

Form 4580 is used to gather and combine data from each member of the UBG to support the primary return. This form should be completed before the UBG's annual return is completed. If the UBG is comprised of both standard taxpayers and financial institutions, two copies of Form 4580 must be completed: one form for the standard taxpayers (not owned by and unitary with a financial institution in the UBG) with financial institutions listed in Part 4, and one form for financial institutions with standard taxpayers listed in Part 4. Insurance companies that are part of a UBG will each file a separate *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588), but should be listed in Part 4 of Form 4580.

To complete this form, the UBG must select a DM.

Designated Member means a UBG member that has nexus with Michigan and that will file the combined MBT return on behalf of the UBG. If the member that owns or controls the other UBG members has nexus with Michigan, that controlling member must serve as DM.

If the controlling member does not have nexus with Michigan, the controlling member may appoint any UBG member with nexus to serve as DM. That DM must continue to serve as such every year, unless it ceases to be a UBG member or the controlling member attains Michigan nexus.

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

Role of the Designated Member: The DM speaks, acts, and files the MBT return on behalf of the UBG for MBT purposes. Only the DM may file a valid extension request for the UBG. The Department maintains the UBG's MBT tax data (e.g., prior MBT returns, business loss carryforward, tax credit carryforward, overpayment credit carryforward) under the DM's name and account number. Because Single Business Tax (SBT) did not include a unitary concept, the SBT data of the UBG members is maintained in separate files of the members. Once the first return is filed identifying all members, the SBT data for the UBG members will be combined for purposes of this return.

Line-by-Line Instructions

Lines not listed are explained on the form.

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

Do not enter data in boxes filled with Xs.

Name and Account Number: Enter the DM name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

Part 1: Member Identification

By definition, a UBG can include standard taxpayers, insurance companies, and financial institutions. However, in some cases not all members of the UBG will be included on the same return.

• Standard taxpayer (not owned by and unitary with a financial institution in the UBG) members of a UBG file a combined return on Form 4567. A separate Form 4580 must be prepared in support of this return.

NOTE: A UBG may not file Form 4583.

• Financial institution members of a UBG file a combined return on Form 4590. A separate Form 4580 must be prepared in support of this return.

Financial institutions include any of the following:

- ○ A bank holding company, a national bank, a state chartered bank, an office of thrift supervision chartered bank or thrift institution, or a savings and loan holding company other than a diversified savings and loan holding company as defined in 12 USC 1476 a(a)(F).
- ○ Any person, other than a person subject to the tax imposed under Chapter 2A of the MBT Act (Insurance Companies), who is directly or indirectly owned by an entity described above and is a member of the UBG.
- ○ A UBG of entities described above, or both.

- Insurance company members of a UBG each file separately on Form 4588.

In Part 1, list only those members of the UBG that are included on the annual return that is supported by this copy of this form. If more than 11 members, attach additional 4580 forms as needed and include member information on lines 1, 2 and 3 only. All other UBG members will be identified in Part 4.

Example A: UBG A is composed of the following:

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

All members of UBG A are owned by and unitary with one of the standard taxpayers of the UBG. UBG A will need to file two separate 4580 forms; one containing only the four standard taxpayers, and another containing only the three financial institutions. In Part 1 of each Form 4580, only the taxpayers that are included on each form (either the four standard taxpayers, or the three financial institutions) will be listed. The Form 4580 with standard taxpayers will be filed under the UBG's DM's FEIN. The Form 4580 with the financial institutions will be filed using one of the three financial institutions FEIN (the group must select who will be the DM of the financial UBG). On Part 4 of the Form 4580 for the standard taxpayers, list all the financial and insurance taxpayers who are part of the UBG, but were not included on this form. On Part 4 of the Form 4580 for the financial taxpayer, enter all standard or insurance taxpayers who are part of the UBG, but were not included on this form.

Example B: UBG B is composed of the following:

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

All members of UBG B are owned by and unitary with one of the financial institutions in the UBG. In this case, all standard taxpayers in this UBG are considered to be a financial institution under the MBT Act. (See definition of financial institution on the previous page of these instructions.) Therefore, this UBG will need to file only one Form 4580. In Part 1 of Form 4580, all the standard taxpayers and financial institutions of the UBG will be listed. On Part 4 of the form, only the two insurance taxpayers who are part of the UBG, but were not included in the form, will be listed.

Line 1A: Beginning with the DM as "1," assign numbers in sequence to all UBG members reporting on the annual return supported by this form. It is essential that this numbering system be followed throughout Parts 1, 2 and 3.

If a UBG is composed of standard taxpayers (not owned by and unitary with a financial institution in the UBG) and financial institutions, there will be a DM for the standard taxpayers and a DM for the financial institutions.

NOTE: A taxpayer that is a UBG must file a combined return under MCL 208.1511 using the tax year of the DM. The combined return of the UBG must include each tax year of each member whose tax year ends with or within the tax year of the DM. For example, Taxpayer ABC is a UBG comprised of three corporations: Corporation A, the DM with a calendar tax year, and Corporations B and C with fiscal years ending March 31 and September 30 respectively. Taxpayer ABC's tax year is that of its DM. Thus, Taxpayer ABC's tax year ends December 31, its annual return is due April 30. That annual return must include the tax years of Corporations B and C ending March 31 and September 30.

If, in the previous example, Corporation A, the DM, instead had a fiscal year ending July 31, the UBG's tax year would end July 31 and its annual return would be due November 30. The initial combined return for the UBG would include only Corporation A's fiscal year ending July 31, 2008, and Corporation B's fiscal year ending March 31, 2008. Corporation C would be listed in Part 4 of Form 4580 as an excluded affiliate. The subsequent combined return for the UBG would include Corporation A's fiscal year ending July 31, 2009, Corporation B's fiscal year ending March 31, 2009, and Corporation C's fiscal year ending September 30, 2008.

IMPORTANT: Although a member may otherwise not be included in the UBG's first combined return, all book-tax differences available to members of the group must be reported on the 2008 *MBT Book-Tax Difference* (Form 4593). The book-tax difference of the excluded member must be reported on the UBG's Form 4593 filed for the 2008 tax year regardless of the fact that otherwise the member is not included in that return.

If a member has two or more federal periods ending within the filing period of the return, use a separate, consecutive row for each included period of this member, beginning with the earliest period. Assign a separate number for each separate period. On the first such row, complete all columns for this member, lines 1A through 2L. On each subsequent row for this member, complete only the member number in lines 1A and 2F and the columns for which the answer is different from that given in the initial row for this member, leaving the other columns blank.

Line 1B: For any member that shares an address with the DM, it is sufficient to state "Same as DM" after the member's name.

Line 1D: Enter the taxpayer's six-digit North American Industry Classification System (NAICS) code. For a complete list of six-digit NAICS codes, see the U.S. Census Bureau Web site at **www.census.gov/eos/www/naics/**, or enter the same NAICS code used when filing the U.S. Form *1120,* Schedule *K*, U.S. Form *1120S*, U.S. Form *1065* or U.S. Form *1040,* Schedule *C*.

Line 1E: Please identify the organization type of this member using the following codes:

I	Individual
C	C Corporation (Including an LLC, Trust, or other entity taxed federally as a Corporation under Subchapter C of the IRC)
P	Partnership (Including an LP, LLP, LLC, Trust, or any other entity taxed federally as a Partnership)
F	Fiduciary (A decedent's estate, and a Trust taxed federally as a Trust under Subchapter J of the IRC. A grantor Trust or "revocable living Trust" established by an Individual is not taxed as a separate entity, and should be listed as Type I.)
S	S Corporation (Including an LLC, Trust, or other entity taxed federally as a Corporation under Subchapter S of the IRC)

Line 2F: Identify each member with the same number assigned on Line 1A.

Line 2G: If this member has nexus with Michigan, enter a check in this box. Guidance in determining nexus can be found in Revenue Administrative Bulletin (RAB) 2007-6 and 2008-4, available online at **www.michigan.gov/taxes** (see "Reference Library" link at left edge of page).

Line 2I: If ownership of this member did not satisfy the ownership test in the UBG definition above for this member's entire tax year, enter the beginning and ending dates within this member's tax year during which that ownership test was satisfied. This member must prepare a pro forma federal return calculation for the portion of its federal year during which it was a UBG member, and use that pro forma calculation as the basis for reporting the tax data required by Part 2A or 3B (as applicable).

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

Line 2J: This column does not apply to the first MBT return filed by this UBG. For subsequent tax periods, enter a check in this box if this member was not included in the UBG's preceding MBT return.

Line 2K: List the tax year reported for Federal Income Tax purposes.

Line 2L: Enter the date, if applicable, on which this member went out of existence. Examples include death of an Individual, dissolution of an entity, and a merger in which this member was not the surviving entity. Include any event in which the FEIN ceases to be used by this entity. If this member continues to exist, **DO NOT** use this column to report that this member has stopped doing business in Michigan.

Line 3M: Identify each member with the same number assigned on line 1A.

Line 3N: Enter a concise description of the activities or operations of this member that result in a flow of value between this member and others in the UBG, or integration, dependence, or contribution to other members. This is not limited to transactions that are recognized for tax or accounting purposes. It may include sharing of assets, employees, data, business opportunities, or other resources.

Line 4: U.S. persons is defined on page 93.

Part 2A: Member Data for Combined Return of Standard Taxpayers

Part 2A provides space to enter separate member data for three members. Begin with the DM in the first column of the first copy of this page. Use as many copies as necessary to report data for all members. Enter the FEIN or Michigan Treasury (TR) assigned number of the DM in the box at the top of the page on each additional copy used.

Corresponding Member Number From Part 1: Identify this member with the same number assigned on line 1A.

FEIN or TR Number: Enter FEIN or TR Number for each member.

Proration Percentage: Applies only for the first filing period ending in 2008 and only if all of the following are satisfied:

- The member represented in this column reports federal taxes on a fiscal year.
- The DM for the standard taxpayer return (i.e., Form 4567) of this UBG reports federal taxes on a fiscal year.
- The DM for the standard taxpayer return of this UBG, on behalf of the UBG, elects to calculate the first MBT filing period ending in 2008 using the annual method.

If these criteria are not all satisfied, this member **cannot** calculate by the annual method. Leave this cell blank, and in lines 8 through 36 for this member, enter answers based on actual expenditures, receipts, and activities in the 2008 portion of the 2007-08 fiscal year.

If these criteria are all satisfied, this member **must** calculate by the annual method. In this case, calculate the following percentage and enter it in this cell:

$$\frac{\text{Number of months in 2008 of this member's 2007-08 fiscal year}}{12}$$

If a proration percentage is calculated, enter answers based on the member's full 2007-08 federal tax year, multiplied by the member's proration percentage in lines 8 through 36 for this member.

In the case of a standard taxpayer, if the method used by the UBG is different from the method used by this member on its final SBT return, this member must amend its final SBT return to achieve consistency. This restriction does not apply to a financial institution.

If the 2007-08 fiscal year of a UBG member other than the DM ends after the first 2008 filing period of the UBG, that member will not be included in the UBG's first combined return (except in Part 4, as an excluded affiliate).

A member that is not included in the UBG's initial filing because its year ends after the UBG filing period may not elect a method of filing when included in the UBG's next combined return. Such election is available only to the first tax year of the taxpayer, which is the UBG. All subsequent returns must be reported on an actual basis.

Line 8: Use the "Sourcing of Sales to Michigan" chart on page 29 to determine Michigan sales.

Line 10: *Gross receipts* means the entire amount received by the taxpayer from any activity, whether in intrastate, interstate or foreign commerce, carried out for direct or indirect gain, benefit or advantage to the taxpayer or to others, with certain exceptions. Use the "Gross Receipts Checklist" on page 26 as a guide to be sure receipts have been totaled correctly. Use the appropriate worksheet on page 136 to calculate gross receipts.

A member should compute its gross receipts using the accounting method that it used in the computation of its net income for Federal Income Tax purposes. Under the *accrual method*, income is "received" and recorded on the books when all the events that establish the "right to receive" the income have occurred. Under the *cash method*, income is not recorded until payment is actually received, and expenses are not counted until they are actually paid. A member that computes its federal taxable income using the accrual method should consistently compute both its Business Income Tax base and Modified Gross Receipts Tax base using the accrual method. A federal cash basis taxpayer would compute both the MBT Business Income Tax base and Modified Gross Receipts Tax base using the cash basis method.

Line 11: Enter inventory acquired during the tax year, including freight, shipping, delivery, or engineering charges included in the original contract price for that inventory.

Inventory means the stock of goods, including electricity and natural gas, held for resale in the ordinary course of a retail or wholesale business, and finished goods and goods in process of a manufacturer, including raw materials purchased from another person. Inventory also includes floor plan interest for licensed new car dealers and shipping and engineering charges so long as such charges are included in the original contract price for the associated inventory.

For purposes of this deduction, *floor plan interest* means interest paid that finances any part of the person's purchase of new motor vehicle inventory from a manufacturer, distributor, or supplier. However, amounts attributable to any invoiced items used to provide more favorable floor plan assistance to a person subject to the tax imposed under the MBT Act than to a person not subject to this tax is considered interest paid by a manufacturer, distributor, or supplier.

For a person that is a securities trader, broker, or dealer or a person included in the UBG of that securities trader, broker, or dealer that buys and sells for its own account, inventory includes contracts that are subject to the Commodity Exchange Act, 7 USC 1 to 27f, the cost of securities as defined under IRC 475(c)(2) and for a securities trader the cost of commodities as defined under IRC 475(e)(2) and for a broker or dealer the cost of commodities as defined under IRC 475(e)(2)(b), (c), and (d), excluding interest expense other than interest expense related to repurchase agreements. As used in this provision:

- *Broker* and *dealer* mean those terms as defined under section 78c(a)(4) and (a)(5) of the Securities Exchange Act of 1934, 15 USC 78c.
- *Securities trader* means a person that engages in the trade or business of purchasing and selling investments and trading assets.

Inventory does not include either of the following:

- Personal property under lease or principally intended for lease rather than sale.
- Property allowed a deduction or allowance for depreciation or depletion under the IRC.

Line 12: Enter assets, including the costs of fabrication and installation, acquired during the tax year of a type that are, or under the IRC will become, eligible for depreciation, amortization, or accelerated capital cost recovery for Federal Income Tax purposes.

Line 13: To the extent not included in inventory or depreciable property, enter materials and supplies, including repair parts and fuel.

Materials and supplies means tangible personal property acquired during the tax year to be used or consumed in, and directly connected to, the production or management of inventory or the operation or maintenance of depreciable assets as described previously. Materials and supplies includes repair parts and fuel.

For example, a physician's or dentist's purchase of sterilizing solution during the tax year that is used to sterilize examination equipment, such as an X-ray machine, may be considered materials and supplies under Michigan Compiled Law (MCL) 208.1113(6)(c).

Line 14: A staffing company may deduct compensation paid to personnel supplied to its clients, including wages, benefits, and certain payroll taxes paid to personnel provided to the clients of staffing companies as defined under MBT. *Staffing company* means a taxpayer whose business activities are included in Industry Group 736 under the Standard Industrial Classification (SIC) Code as compiled by the United States Department of Labor.

Payments to a staffing company by a client do not constitute purchases from other firms.

Line 15: For taxpayers that fall under SIC major groups 15 (Building Construction General Contractors and Operative Builders), 16 (Heavy Construction Other Than Building Construction Contractors) and 17 (Construction Special Trade Contractors) who do not qualify for the Small Business Alternative Credit under MCL 208.417, the following payments are considered "purchases from other firms:"

- Payments to subcontractors for a construction project under a contract specific to that project, and
- To the extent not deducted as "inventory" and "materials and supplies," payments for materials deducted as purchases in determining the cost of goods sold for the purpose of

calculating total income on the taxpayer's Federal Income Tax return.

Persons included in SIC codes 15, 16 and 17 include general contractors (of residential buildings including single-family homes; industrial, commercial, and institutional buildings; bridges, roads and infrastructure; etc.), operative builders and trade contractors (such as electricians, plumbers, painters, masons, etc.). See **http://www.osha.gov/pls/imis/sic_manual.html** for a more complete list.

A *subcontractor* is an Individual or entity that enters into a contract and assumes some or all of the obligations of a person included in SIC codes 15, 16 and 17 as set forth in the primary contract specific to a project. Thus, payments made to an independent contractor to provide general labor services to the contractor not specific to a particular contract do not constitute purchases from other firms. However, payments made to a subcontractor for services and materials provided under a contract specific to a particular construction project (such as the construction of commercial property at Main Street) do constitute purchases from other firms. There is no limitation or condition that the subcontractors to whom such payments are made be licensed.

The taxpayer bears the burden to prove it is entitled to a deduction in computing its tax liability. It is contemplated that good business practice would include documentation such as a written contract that would support a deduction from gross receipts for payments to subcontractors as purchases from other firms. The supporting information for payments to a subcontractor could be incorporated into the contract for the specific project or memorialized in a separate contract with a subcontractor specifying the project to which the costs pertain.

Line 16: Enter the following:

• Film rental or royalty payments paid by a theater owner to a film distributor, a film producer, or a film distributor and producer.

• Payments made by taxpayers licensed under Article 25 (Real Estate Brokers and Salespersons) or Article 26 (Real Estate Appraisers) of the Occupational Code [MCL 339.2501 to 339.2601 and 339.2601 to 339.2637] to independent contractors licensed under Articles 25 or 26.

• Any deduction available to a qualified affordable housing project. Attach a statement detailing the calculation of this deduction.

PA 168 of 2008 provides for a deduction from the modified gross receipts for the buyer of affordable rental units so long as certain criteria are met. Specifically, the buyer of affordable rental units must enter into an operation agreement with the seller in which the buyer agrees to operate a specific number of the residential rental units sold as rent restricted units for a minimum of 15 years. The buyer must be a qualified affordable housing project.

Qualified affordable housing project means a person that is organized, qualified, and operated as a limited dividend housing association that has a limitation on the amount of dividends or other distributions that may be distributed to its owners in any given year and has received funding, subsidies, grants, operating support, or construction or permanent funding through one or more sources.

A limited dividend housing association is organized and qualified pursuant to Chapter 7 of the State Housing Development Authority Act (MCL 125.1491 et seq).

If these criteria are satisfied, the buyer may deduct from its modified gross receipts the buyer's gross receipts attributable to residential rental units in Michigan owned by the qualified affordable housing project multiplied by a fraction, which is the number of rent restricted units in Michigan owned by the qualified affordable housing project over the number of all rental units in Michigan owned by the project. This deduction is reduced by the amount of limited dividends or other distributions made to the owners of the project. Amounts received by the management, construction, or development company for completion and operation of the project and rental units do not constitute gross receipts for purposes of the deduction.

The buyer is entitled to the deduction so long as the qualified affordable housing project continues to offer any of the residential rental units purchased as rent restricted units in accordance with the operation agreement.

Line 17: Subtract lines 11, 12, 13, 14, 15, and 16 from line 10.

Line 18: Enter any business loss carryover from the December 31, 2007, SBT return that was actually incurred in the 2006 or 2007 SBT tax years and that was not previously deducted in tax years beginning before January 1, 2008. Any business loss carryforward incurred before January 1, 2006, is not eligible for the deduction.

Data on this line does not carry to the UBG-wide totals in Part 2B. This data at the member level is adjusted on line 19, and the adjusted amount for each member is carried to the UBG-wide total on line 19 in Part 2B.

NOTE: SBT business loss carryforward is not the same as the federal net operating loss carryforward or carryback.

Line 19: To claim an SBT business loss carryforward deduction, this member must calculate its pro forma Modified Gross Receipts Tax base. Where a pro forma calculation is required, the underlying objective is to determine what the tax base of the UBG member would have been if that member was not included in the UBG. Therefore, the UBG member must calculate its pro forma tax base as if it was a singular, stand alone taxpayer in all aspects. This supporting pro forma calculation should be provided in a statement attached to this form; however, this calculation should never be transferred to a Form 4567 or displayed as such. The amount to be entered on a member's line 19 of this form is the pro forma Modified Gross Receipts Tax base amount of that member OR 65 percent of that member's line 18 of this form, whichever is less.

For the tax year ending in 2008 only, a taxpayer may deduct 65 percent of any remaining SBT business loss carryforward that was actually incurred in the 2006 or 2007 SBT tax years and that was not previously deducted in tax years beginning before January 1, 2008, against the Modified Gross Receipts Tax base. Any business loss carryforward incurred before January 1, 2006, is not eligible for the deduction. An SBT business loss carryforward cannot be used to create a negative Modified Gross Receipts Tax base, and cannot be used for any filing period ending after 2008.

If the 2007-08 fiscal year of a UBG member other than the DM ends after the first 2008 filing period of the UBG, that member will not be included in the UBG's first combined return (except in Part 4, as an excluded affiliate). A member that is not included in the UBG's initial filing because its year ends after the UBG filing period may not deduct an SBT business loss carryforward when included in the UBG's next combined return. This deduction is available only for the tax year ending in 2008 of the taxpayer, which is the UBG.

The SBT business loss carryforward may only be deducted against the Modified Gross Receipts Tax base of the UBG member that generated the loss.

Line 20: Enter amount of the MBT Gross Receipts Tax collected in the tax year.

Section 203(5) of the MBT Act permits new motor vehicle dealers licensed under the Michigan Vehicle Code, PA 300 of 1949, MCL 257.1 to 257.923, and dealers of new or used personal watercraft to collect the Modified Gross Receipts Tax in addition to the sales price. The act states that the "amount remitted to the Department for the [Modified Gross Receipts Tax] ... shall not be less than the stated and collected amount." Therefore, the entire amount of the Modified Gross Receipts Taxes stated and collected by new motor vehicle dealers and new and used watercraft dealers must be remitted to the Department. There should be no instance where a dealer would be collecting amounts of the Modified Gross Receipts Tax from customers in excess of the amount of taxes remitted to the Department. Taxpayers who elect to separately collect the Modified Gross Receipts Tax, in addition to sales price, under MCL 208.1203(5) may file and remit the tax as estimated payments with their quarterly or monthly *Combined Return for Michigan Taxes* (Form 160).

NOTE: Only new motor vehicle dealers and dealers of new or used personal watercraft are permitted to separately itemize and collect a tax imposed under the MBT Act from customers in addition to sales price, and that authority is limited to only the Modified Gross Receipts Tax imposed and levied under Section 203 of the MBT Act. The statute does not authorize separate itemizing and collection of the Business Income Tax or surcharge by any taxpayer.

Line 21: *Business income* means that part of federal taxable income derived from business activity. For MBT purposes, *federal taxable income* means taxable income as defined in IRC 63, except that federal taxable income shall be calculated as if section 168(k) [as applied to qualified property placed in service after December 31, 2007] and IRC 199 were not in effect. For a Partnership or S Corporation (or LLC federally taxed as such), business income includes payments and items of income and expense that are attributable to business activity of the Partnership or S Corporation and separately reported to the partners or shareholders. Use the appropriate worksheet on page 136 to calculate business income.

For an organization that is a mutual or cooperative electric company exempt under IRC 501(c)(12), business income equals the organization's excess or deficiency of revenues over expenses as reported to the federal government by those organizations exempt from the Federal Income Tax under the IRC, less capital credits paid to members of that organization, less income attributed to equity in another organization's net income, and less income resulting from a charge approved by a state or federal regulatory agency that is restricted for a specified purpose and refundable if it is not used for the specified purpose.

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

For an Individual or an estate, or for a Partnership or Trust organized exclusively for estate or gift planning purposes, business income is that part of federal taxable income (as defined for MBT purposes) derived from transactions, activities, and sources in the regular course of the taxpayer's trade or business, including the following:

- All income from tangible and intangible property if the acquisition, rental, management, or disposition of the property constitutes integral parts of the taxpayer's regular trade or business operations.
- Gains or losses incurred in the taxpayer's trade or business from stock and securities of any foreign or domestic Corporation and dividend and interest income.
- Income derived from isolated sales, leases, assignment, licenses, divisions, or other infrequently occurring dispositions, transfers, or transactions involving property if the property is or was used in the taxpayer's trade or business operation.
- Income derived from the sale of a business.

NOTE: Personal investment income, gains from the sale of property held for personal use and enjoyment, or other assets not used in a trade or business, and any other income not specifically derived from a trade or business that is earned, received, or otherwise acquired by an Individual, an estate, or a Trust or Partnership organized or established exclusively for estate or gift planning purposes, are not included in the Business Income Tax base. This exclusion only applies to the specific types of taxpayers identified above. Investment income and any other types of income earned or received by all other types of persons or taxpayers not specifically referenced must be included in the business income of the taxpayer.

IMPORTANT: If business activity is protected under PL 86-272 for any member, the individual member must claim protection. If a DM is claiming protection, the DM will complete and attach the *MBT Schedule of Business Activity Protected Under Public Law 86-272* (Form 4586). If a non-DM is claiming protection, the non-DM will complete and attach the *Supplemental Schedule of Business Activity for Non-Designated Member of a Unitary Business Group Protected Under PL 86-272* (Form 4581). Unless all members of the UBG have PL 86-272 protection, then a member claiming protection must complete lines 21 through 31. If all members of the UBG are claiming PL 86-272 protection, leave lines 21 through 32b blank.

So long as one member of a UBG has nexus with Michigan and exceeds the protections of PL 86-272, all members of the

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

Line 22: Enter any interest income and dividends from bonds and similar obligations or securities of states other than Michigan and their political subdivisions in the same amount that was excluded from federal taxable income (as defined for MBT purposes). Include only the income derived from business activity. Reduce this addition by any expenses related to the foregoing income that were disallowed on the federal return by IRC 265 or 291.

Line 23: Enter all taxes on, or measured by, net income including city and state taxes, Foreign Income Tax, and Federal Environmental Tax claimed as a deduction on the federal return.

Line 24: Enter the Michigan Business Tax, including surcharge, claimed as a deduction on the federal return.

Line 25: Enter any net operating loss carryover or carryback that was deducted in arriving at federal taxable income (as defined for MBT purposes) reported on line 21. Enter this amount as a positive number.

If all members of a federal consolidated group are members of this UBG and all members of that federal group are reporting on the MBT return supported by this form, a federal net operating loss (NOL) carryback or carryover of that federal consolidated group may be entered as a single figure on this line of the federal parent's column. If the entire federal consolidated group is not represented on the MBT return supported by this form, create separate pro forma federal return calculations to determine the amount of federal NOL carryback or carryover attributable to each member of the federal group that is reporting on this return.

Line 26: Enter any losses included in federal taxable income (as defined for MBT purposes) that are attributable to other entities whose business activities are taxable or would be subject to the tax if the business activities were in Michigan. Attach a statement listing the FEIN(s) or TR Numbers of the Partnerships, S Corporations or LLCs. Also attach a list of account numbers of other taxable flow-through entities. This addition includes a loss attributable to this member's ownership interest in another member of the UBG, to the extent that loss was included in this member's federal taxable income (as defined for MBT purposes).

Line 27: Enter any royalty, interest, or other expense paid to a person related to the taxpayer by ownership or control for the use of an intangible asset if the person is not included in the taxpayer's UBG. Royalty, interest, or other expense described here is not required to be included if the taxpayer can demonstrate that the transaction has a nontax business purpose other than avoidance of MBT, is conducted with arm's-length pricing and rates and terms as applied in accordance with IRC 482 and 1274(d), and satisfies one of the following:

- Is a pass-through of another transaction between a third party and the related person with comparable rates and terms.
- Results in double taxation. For purposes of this subparagraph, double taxation exists if the transaction is subject to tax in another jurisdiction.
- Is unreasonable as determined by the Department, and the taxpayer agrees that the addition would be unreasonable based on the taxpayer's facts and circumstances.

Line 28: To the extent included in federal taxable income (as defined for MBT purposes), enter any dividends and royalties received from persons other than United States persons and foreign operating entities, including, but not limited to, amounts determined under IRC 78 or IRC 951 to 964.

Line 29: Enter any income attributed to another taxable entity included in the federal taxable income (as defined for MBT purposes) reported on line 21. (Income from the Business Income Tax base that is attributable to another entity whose business activities are taxable or would be subject to the tax if the business activities were in Michigan.) Attach a statement listing the FEIN(s) or TR Numbers of the Partnerships, S Corporations or LLCs. Also attach a list of account numbers of other taxable flow-through entities. This subtraction includes income attributable to this member's ownership interest in another member of the UBG, to the extent that income was included in this member's federal taxable income (as defined for MBT purposes).

Line 30: To the extent included in federal taxable income (as defined for MBT purposes), enter interest income derived from United States obligations.

Line 31: To the extent included in federal taxable income (as defined for MBT purposes), enter any earnings that are net earnings from self-employment as defined under IRC 1402 of the taxpayer, or a partner or LLC member of the taxpayer, except to the extent that those net earnings represent a reasonable return on capital. If less than zero, enter zero.

Under IRC 1402, the business income of an Individual or sole proprietor, and a partner's distributive share of Partnership income, whether distributed or not, from any trade or business carried on by the Partnership, may be considered self-employment income (with certain statutory exceptions), and subject to the Federal Self-Employment Tax. Therefore, a Sole Proprietorship or Partnership may deduct any income subject to the Federal Self-Employment Tax when computing the Michigan Income Tax base. Shareholders of Corporations, including S Corporations, are not subject to the Federal Self-Employment Tax, and, as a result, no deduction is allowed for earnings from self-employment income for corporate entities. There is no deduction allowed for S Corporation distributions that is equivalent to the self-employment deduction allowed for Partnerships and Sole Proprietorships under MBT.

Net earnings from self-employment under IRC 1402 generally means "the gross income derived by an individual from any trade or business carried on by such individual, less the deductions allowed by this subtitle which are attributable to such trade or business, plus the distributive share (whether or not distributed) of income or loss described in [IRC] 702(a)(8) from any trade or business carried on by a Partnership of which he is a member," subject to certain exclusions, including rentals from real estate, dividends and interest, and certain net operating losses and personal exemptions under IRC 1402(a).

Line 32a: Enter any unused business loss carryover from the MBT return for the preceding year. Deduct any available business loss incurred after December 31, 2007. *Business loss* means a negative business income after allocation or apportionment. The business loss will be carried forward to the year immediately succeeding the loss year as an offset to the allocated or apportioned Business Income Tax base, then successively to the next nine taxable years following the loss year or until the loss is used up, whichever occurs first, but for not more than ten taxable years after the loss year.

When membership of a UBG changes, the business loss of the UBG is divided among the UBG and the departing member(s) in proportion to the losses the members would have generated had each member filed separately for all MBT periods that contribute to the loss.

NOTE: MBT business loss carryforward is not the same as the federal net operating loss carryforward or carryback.

Line 32b: PA 168 of 2008 provides for a deduction from the apportioned Business Income Tax base to a buyer and seller of residential rental units associated with a qualified affordable housing project for certain amounts associated with the sale and operation of those units so long as certain criteria are met. Specifically, the buyer of affordable rental units must be a qualified affordable housing project and must enter into an operation agreement with the seller in which the buyer agrees to operate a specific number of the residential rental units sold as rent restricted units for a minimum of 15 years. Qualified affordable housing project is further defined under line 16 instructions.

The seller may take a deduction from its apportioned Business Income Tax base equal to the gain from the sale of the residential rental units to the qualified affordable housing project, as calculated on the *MBT Qualified Affordable Housing Seller's Deduction* (Form 4579). Enter the amount from Form 4579, line 5.

The buyer may deduct from its apportioned Business Income Tax base an amount equal to the product of the buyer's taxable income attributable to residential rental units in Michigan owned by the qualified affordable housing project multiplied by a fraction, which is the number of rent restricted units in Michigan owned by that qualified affordable housing project over the number of all residential rental units in Michigan owned by the project. The buyer is entitled to the deduction so long as the qualified affordable housing project continues to offer any of the residential rental units purchased as rent restricted units in accordance with the operation agreement.

In general, taxable income attributable to residential rental units is gross rental receipts attributable to residential rental units in Michigan (purchased pursuant to an operation agreement) less rental expenses attributable to residential rental units in Michigan, including, but not limited to, repairs, interest, insurance, maintenance, utilities, and depreciation.

Specifically, Partnerships may use a *Rental Real Estate Income and Expenses of a Partnership or an S Corporation* (U.S. Form *8825*). To the extent that the qualified affordable housing project is taxed as something other than a Partnership, the qualified affordable housing project may use the *Supplemental Income and Loss* (U.S. Form *1040*, Schedule *E*), or the relevant portions of the *U.S. Corporation Income Tax Return* (U.S. Form *1120*) (line 6 and related deductions), as appropriate to determine its taxable income attributable to residential rental units in Michigan. If the qualified affordable housing project is a Corporation, the expenses permitted should be limited to those also listed on the *Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition* (U.S. Form *8823*) and U.S. Form *1040*, Schedule *E*. Rental receipts and expenses must be calculated without regard to any gain or loss resulting from the disposition of rental property. Also, since Partnerships are subject to tax as a person under MBT, flow-through amounts from other Partnerships are not considered.

Improvements that increase the value of the property or extend its life, such as replacing a roof or renovating a kitchen, are not deductible rental expenses. Any passive activity loss limitations applicable to the qualified affordable housing project's federal return also apply for purposes of MCL 208.201(7).

The buyer's deduction is reduced by the amount of limited dividends or other distributions made to the owners of the project. Income received by the management, construction, or development company for completion and operation of the project and rental units does not constitute taxable income attributable to residential rental units.

The qualified affordable housing project must attach a statement detailing the calculation of the deduction for the buyer.

If the buyer fails to qualify as a qualified affordable housing project or fails to operate any of the residential rental units as rent restricted units in accordance with the operation agreement within 15 years after the date of purchase, the lien placed on the property for the amount of the seller's deduction becomes payable to the State. The lien is payable through a "recapture" to be added to the tax liability of the buyer in the year the recapture event occurs. The recapture is calculated on the *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

Line 33: Use lines 2, 6, 10, 14, 18, 22, 26 and 31 of the *MBT Single Business Tax Credit Carryforwards* (Form 4569) and their corresponding instructions as a guide to determine which SBT credits carryforward to MBT. If any member of the UBG has more than one type of SBT credit carryforward, attach a statement of the type and amount of each one.

Line 34: Enter overpayment credited from 2007 SBT or overpayment from first fiscal year 2008 MBT return.

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

Line 35: Enter the total tax paid with the *MBT Quarterly Tax Return* (Form 4548), or the estimated MBT paid with Form 160 or the amount paid through Electronic Funds Transfer (EFT). Include all payments made on returns that apply to the current tax year. For example, calendar-year filers include money paid with the combined returns for return periods January through December.

All MBT estimated payments for a UBG should be made by the DM. Enter payments made by the DM on this line of the DM's column. If any other member has made an estimated payment that is attributed to the time they were part of the UBG, enter that payment on this line of that member's column.

Line 36: Only the DM may request a filing extension for a UBG. If any other member submits an extension request, it will not create a valid extension for the UBG, but any payment attached to such a request can be credited to the UBG by entering that payment on this line in that member's column.

Part 2B: Member Data for Combined Return of Standard Taxpayers

Part 2B supports, line by line, the combination of all members' entries for each corresponding line in Part 2A, and elimination of intra-group transaction data where appropriate. In general, see instructions for corresponding line numbers in Part 2A. Guidance specific to the combination and elimination process is provided below.

NOTE: Elimination, where allowed, applies to transactions between any members of the UBG – not just members that report on the same annual return. For example, if the UBG includes standard taxpayers (not owned by and unitary with a financial institution in the UBG), an insurance company, and a financial institution, transactions between a standard taxpayer member and an insurance or financial member are eliminated whenever elimination is allowed, despite the fact that the insurance and financial members are not reported on Form 4567 with standard taxpayer members. Similarly, transactions between all members of a UBG are eliminated where appropriate, including transactions with a member that is not included in the initial filing of the UBG because its tax year ends after the filing period of the UBG.

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

In column B for each of these lines, eliminate intra-group sales that are included in column A. Elimination of intra-group transactions does not apply where boxes are filled with Xs in column B.

Line 18: Enter the combined amount on line 18, Part 2A, for all members.

Part 3A: Financial Institution Group Returns Only

When completing Part 3B, if multiple copies of this page are required, provide the same answer to Part 3A, lines 37 and 38, on each copy of this page that is submitted.

Line 37: *Gross business* is defined in the instructions to Form 4590, line 10a. On a combined return, gross business is calculated after eliminating transactions between members of the UBG. Enter combined gross business in Michigan of all members on line 37A, show eliminations on line 37B, and show net after eliminations on line 37C.

Carry amount from line 37C to line 10A on Form 4590 with the combined UBG data.

Line 38: Enter all gross business everywhere on line 38A, show eliminations on line 38B, and show net after eliminations on line 38C.

Carry amount from line 38C to line 10B on Form 4590 with the combined UBG data.

Part 3B: Member Data for Combined Returns of Financial Institutions

In all cases with one or more financial institutions in a UBG, complete one copy of Part 3B for each financial institution in the UBG, repeating the UBG's answers for Part 3A on each page.

Line 39: Identify the member reporting on this page with the same number assigned on line 1A.

Line 40: Identify the member reporting on this page by its FEIN or TR Number.

Line 41: For the 2007-08 tax year, all fiscal filers must use the annual method for calculating their tax base, even if they used the actual method for their final SBT return. Calendar year members, skip line 41.

Important for All Filers: Public Act 470 of 2008 changed the definition of net capital for financial institutions. For lines 42 through 45, enter the requested figures after elimination of any investment of one member of the UBG in another member of the UBG. Supporting documentation identifying eliminations must be attached.

Fiscal Year Filers: For lines 42 through 45 and 48a and 48b, enter the figures multiplied by the proration percentage on line 41d.

Line 42: Enter equity capital as of the last day of the filing period, as computed in accordance with generally accepted accounting principles. If the financial institution does not maintain its books and records in accordance with generally accepted accounting principles, net capital must be computed in accordance with the books and records used by the financial institution, so long as the method fairly reflects the financial institution's net capital for purposes of this tax.

Line 44: Under MCL 208.1261(k), *Michigan obligations* means a bond, note, or other obligation issued by a governmental unit described in Section 3 of the Shared Credit Rating Act, PA 227 of 1985, MCL 141.1053.

Line 45: Under MCL 208.1261(s), *United States obligations* means all obligations of the United States exempt from taxation under 31 USC 3124(a) or exempt under the United States constitution or any federal statute, including the obligations of any instrumentality or agency of the United States that are exempt from state or local taxation under the United States constitution or any statute of the United States.

Line 48a: If the UBG member reporting on this page owns a subsidiary that is an authorized insurance company, enter actual amount of capital fund maintained within that subsidiary.

Line 48b: Enter the minimum capital fund amount required by regulations for that insurance subsidiary.

Line 52: Line 52 for all members must be combined and the total entered on Form 4590, line 21.

Part 4: Affiliates Excluded from this Combined Return

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

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

The purpose of Part 4 is to identify entities for which the ownership test described above is satisfied, but which are not included on this combined return, either because the flow of value/integration/dependence/contribution test is not satisfied or because the member is excluded by statute. A member whose business activity is not included in the initial filing of the UBG because its tax year ends after the filing period of the UBG should also be listed here.

Line 53A: If an entity being listed here is listed on U.S. Form *851*, enter the identifying number for that entity that is called "Corp. No." at the left edge of pages 1, 2 and 3 of U.S. Form *851.*

Line 53D: If you have questions, call the Michigan Department of Treasury, Technical Services Division, at (517) 636-4230, to discuss an appropriate entry.

Line 53E: If this entity has nexus with Michigan, enter a check in this box.

Line 53F: Enter the taxpayer's six-digit North American Industry Classification System (NAICS) code. For a complete list of six-digit NAICS codes, see the U.S. Census Bureau Web site at **www.census.gov/eos/www/naics/**, or enter the same NAICS code used when filing the U.S. Form *1120,* Schedule *K*, U.S. Form *1120S*, U.S. Form *1065* or U.S. Form *1040,* Schedule *C*.

Part 5: Affiliates Included in the Prior Combined Return, but Excluded from this Return

The purpose of Part 5 is to assist the Department in tracking membership changes of a UBG from year to year. If the reason the entity is not on this return is because it did not satisfy the flow of value/etc. test at any time during the filing period, list the entity on line 53, and do not enter it here.

Line 54C: Reason codes for an entity being included in last year's return but not on this return:

10	The UBG's ownership of this entity dropped to 50 percent or less, but is still greater than zero.
12	The entity continues to exist, but the UBG's ownership of this entity is zero.
14	Before the beginning of the filing period for this return, the entity ceased to exist due to dissolution.
16	Before the beginning of the filing period for this return, the entity ceased to exist due to a merger or similar combination.

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

Attachments

If the MBT combined return membership is identical to the federal consolidated return membership, provide the same federal return attachments required for an individual filer.

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

1. For each entity that files a separate federal return, attach standard required pages of that entity's federal return, and any other items (e.g., financial statements) required for a separate filer in similar circumstances.
2. If some or all of the combined MBT return members also are members of a federal consolidated group (but membership is not identical), attach standard required pages of federal consolidated return, and any other items required for a separate filer in similar circumstances, PLUS a worksheet showing removal of data for federal members that are not on the combined MBT return.
3. In all cases within this category, attach worksheet showing intra-group eliminations.

Attach this schedule to the return.

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Attachment 16

2008 MICHIGAN Business Tax Penalty and Interest Computation for Underpaid Estimated Tax

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

PART 1: ESTIMATED TAX REQUIRED

1. Annual tax from Form 4567, line 38, or Form 4583, line 21, or Form 4588, line 44, or Form 4590, line 29..........	1.	00
2. Required estimate amount. Enter 85% (0.85) of line 1...	2.	00

See MBT instruction booklet for exceptions to penalty and interest computation.

		A	B	C	D
3. **ENTER THE PAYMENT DUE DATES** (MM-DD-YYYY)....	3.				
4. Divide amount on line 2 by 4, or by the number of quarterly returns required. If annualizing, enter the amount from Annualization Worksheet, line 70, page 2	4.				
CAUTION: Complete lines 5 - 13 one column at a time					
5. Prior year overpayment used on quarterly return.............	5.		X X X X X	X X X X X	X X X X X
6. Amount paid on quarterly return or SUW return (see instr.)	6.				
7. Enter amount, if any, from line 13 of the previous column.	7.	X X X X X			
8. Add lines 5, 6 and 7..	8.				
9. Add amounts on lines 11 and 12 of the previous column and enter the result here	9.	X X X X X			
10. Subtract line 9 from line 8. If less than zero, enter zero. For column A only, enter the amount from line 8	10.				
11. Remaining underpayment from previous period. If amount on line 10 is zero, subtract line 8 from line 9 and enter result here. Otherwise, enter zero...........................	11.	X X X X X			
12. If line 4 is greater than or equal to line 10, subtract line 10 from line 4 and enter it here. Then go to line 6 of the next column. Otherwise, go to line 13	12.				
13. If line 10 is larger than line 4, subtract line 4 from line 10 and enter it here. Then go to line 7 of next column	13.				

PART 2: FIGURING INTEREST

		A	B	C	D
14. TOTAL UNDERPAYMENT. Add lines 11 and 12................	14.				
15. Enter due date for the next quarter or date tax was paid, whichever is earlier. In column D, enter the due date for the annual return or date tax was paid, whichever is earlier	15.				
16. Number of days from the due date of the quarter to the date on line 15..	16.				
17. No. of days on line 16 after 04-15-08 and before 07-01-08..	17.				
18. No. of days on line 16 after 06-30-08 and before 01-01-09..	18.				
19. No. of days on line 16 after 12-31-08 and before 07-01-09..	19.				
20. No. of days on line 16 after 06-30-09 and before 01-01-10..	20.				
21. $\frac{\text{Number of days on line 17}}{365}$ x 9.2% (0.092) x line 14..........	21.				
22. $\frac{\text{Number of days on line 18}}{365}$ x 7.9% (0.079) x line 14..........	22.				
23. $\frac{\text{Number of days on line 19}}{365}$ x 6.0% (0.060) x line 14..........	23.				
24. $\frac{\text{Number of days on line 20}}{365}$ x *% x line 14.........................	24.				
25. Underpayment of interest. Add lines 21 through 24	25.				

26. **Interest Due.** Add line 25 columns A through D and enter the result here..	26.	00

* Interest rate will be set at 1% above the adjusted prime rate for this period.

Continue on Page 2.

FEIN or TR Number

PART 3: FIGURING PENALTY

		A	B	C	D
27. Enter the amount from line 12	27.				
28. Payment due dates from line 3 (MM-DD-YYYY)	28.				
29. Annual return due date or the date payment was made, whichever is earlier	29.				
30. Number of days from date on line 28 to date on line 29.	30.				
31. If line 30 is greater than 0 but less than 61, multiply line 27 by 5% (0.05)	31.				
32. If line 30 is greater than 60, but less than 91, multiply line 27 by 10% (0.10)	32.				
33. If line 30 is greater than 90, but less than 121, multiply line 27 by 15% (0.15)	33.				
34. If line 30 is greater than 120, but less than 151, multiply line 27 by 20% (0.20)	34.				
35. If line 30 is greater than 150, multiply line 27 by 25% (0.25)	35.				
36. Add lines 31 through 35	36.				

37. Total Penalty. Add line 36, columns A through D	37.	00
38. **Total Penalty and Interest.** Add lines 26 and 37. Enter here and on Form 4567, line 46, or Form 4583, line 29, or Form 4588, line 52, or Form 4590, line 37	38.	00

PART 4: ANNUALIZATION WORKSHEET FOR MODIFIED GROSS RECEIPTS AND BUSINESS INCOME TAXES

(If filing Forms 4583, 4588, or 4590, see instructions.)
Complete worksheet if liability is not evenly distributed throughout year.

		A First 3 Months	B First 6 Months	C First 9 Months	D Full 12 Months
39. Gross receipts (GR)	39.				
40. Subtractions	40.				
41. Modified GR. Subtract line 40 from line 39	41.				
42. Apportionment percentage from Form 4567, line 10d	42.	%	%	%	%
43. Apportioned GR Tax Base. Multiply line 41 by line 42	43.				
44. Single Business Tax business loss carryforward	44.				
45. Subtract line 44 from line 43. If less than zero, enter zero	45.				
46. Multiply line 45 by 0.8% (0.008)					
47. Enrichment Prohibition for dealer of new motor vehicles or boats	47.				
48. GR Tax Before Credits. Enter the greater of lines 46 or 47	48.				
49. Business Income (BI)	49.				
50. Additions	50.				
51. BI Tax Base. Add lines 49 and 50	51.				
52. Subtractions	52.				
53. Modified BI Tax Base. Subtract line 52 from line 51	53.				
54. Apportioned BI Tax Base. Multiply line 53 by line 42	54.				
55. MBT business loss carryforward; Affordable Housing Deduction	55.				
56. Subtract line 55 from line 54. If less than zero, enter zero.	56.				
57. BI Tax Before Credits. Multiply line 56 by 4.95% (0.0495)	57.				
58. Total MBT Before Credits. Add lines 48 and 57	58.				
59. Annual Surcharge. Multiply line 58 by 21.99% (0.2199) (surcharge for the year should not exceed $6,000,000)	59.				
60. MBT (including surcharge) Before Credits. Add lines 58 and 59	60.				
61. Nonrefundable Credits	61.				
62. Subtract line 61 from line 60. If less than zero, enter zero	62.				
63. Recapture of certain MBT credits and deductions	63.				
64. Net Tax Liability. Add lines 62 and 63	64.				
65. Annualization ratios	65.	4	2	1.3333	1
66. Annualized tax. Multiply line 64 by line 65	66.				
67. Applicable percentage	67.	21.25%	42.5%	63.75%	85%
68. Multiply line 66 by line 67	68.				
69. Combined amounts of line 70 from all preceding columns	69.	X X X X X			
70. **ESTIMATE REQUIREMENTS BY QUARTER**. Subtract line 69 from line 68. If less than zero, enter zero. Enter here and on page 1, line 4	70.				

NOTE: Totals on line 70 must equal 85% of the current year tax liability on page 1, line 1.

Instructions for Form 4582, Michigan Business Tax (MBT) Penalty and Interest Computation for Underpaid Estimated Tax

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

To compute penalty and interest for underpaying, late filing or late payment of quarterly estimates. If a taxpayer prefers not to file this form, the Department of Treasury will compute any applicable penalty and interest and bill the taxpayer.

NOTE: Penalty and interest for late filing or late payment on the annual return is computed separately. See "Computing Penalty and Interest" on page 14.

Estimated returns and payments are required from any taxpayer who expects an annual MBT liability of more than $800. Exceptions are listed below. If a taxpayer owes estimated tax and the estimated return with full payment is not filed or is filed late, penalty is added at 5 percent of 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. If the taxpayer made no estimated tax payments and none of the exceptions below apply, compute the interest due (Part 2) and the penalty for non-filing (Part 3).

Exceptions

If any of the conditions listed below apply, do not pay penalty and interest. If a business operated less than 12 months in the current or preceding year, annualize figures (as applicable) to determine if the exceptions apply. See page 13 for complete annualizing instructions.

- The annual tax on the current annual return is $800 or less.
- The estimated quarterly payments reasonably approximate the tax liability incurred for each quarter and the total of all payments equals at least 85 percent of the annual liability. Complete the Annualization Worksheet if the liability is not evenly distributed through the tax year.
- The taxpayer is a farmer, fisher or seafarer and files the *MBT Annual Return* (Form 4567) by March 1, or a tentative annual return with payment by January 15, and the final return on or before April 15.
- For tax years beginning in 2008 and ending in 2009 only, the sum of estimated payments equals the annual tax on the preceding year's return, providing these payments were made in four timely equal payments, or 12, if paid on Sales, Use or Withholding (SUW) returns, and the preceding year's tax was $20,000 or less. If the prior year's tax liability was reported for a period less than 12 months, this amount must be annualized. See "Filing if Tax Year is Less Than 12 Months" in the general information section on page 13 for more information.

Line-by-Line Instructions

Lines not listed are explained on the form.

Do not enter data in boxes filled with Xs.

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

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either Form 4567 for standard taxpayers, the *MBT Annual Return for Financial Institutions* (Form 4590) or the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588)).

PART 1: ESTIMATED TAX REQUIRED

Line 2: Enter 85 percent of the annual tax amount from line 1.

Line 3: Enter the due date for each quarterly return. For calendar year filers these dates are April 15, July 15, October 15 and January 15. For fiscal year filers, these dates are 4, 7, 10 and 13 months after the start of the fiscal year. Payment is due on the 15th day of the month.

Line 4: Divide the amount of the estimated tax required for the year on line 4 by four and enter this as estimated tax for each quarter. If the business operated less than 12 months, divide by the number of quarterly returns required and enter this as the estimated tax for each quarter.

Actual Quarterly Tax. If a taxpayer computes quarterly tax due based on the actual tax base for each quarter, complete Part 4 first, then bring the tax from line 70 of the annualization worksheet to line 4. See Part 4 instructions for taxpayers filing a return other than Form 4567. The total of the four computed amounts cannot be less than 85 percent of the current year tax liability on page 1, line 1.

Line 5: Complete column A only. Enter the amount of prior year overpayment credited to the current tax year estimates.

Line 6: Amount Paid.

- **Column A:** Enter estimated payments made by the due date for the first quarterly return. Also enter in column A the total refundable credits from line 23 of the *MBT Refundable Credits* (Form 4574).
- **Column B:** Enter payments made after the due date in column A and by the due date in column B.
- **Column C:** Enter payments made after the due date in column B and by the due date in column C.
- **Column D:** Enter payments made after the due date in column C and by the due date in column D.

If quarterly payments are made after the due date, penalty and interest will apply until the payment is received. If less than full payment is made with a late filing, the taxpayer will need to compute multiple penalty and interest calculations for each column. Attach a separate schedule if necessary.

PART 2: FIGURING INTEREST

Compute the interest due for both non-filing and underpayment of the required estimated tax in this section. Follow the instructions for each line, as the interest amount is different for each quarter.

Line 15: Enter the due date of the next quarter or the date the tax was paid, whichever is earlier. In column D, enter the earlier of the due date for the annual return or the date the tax was paid. An approved extension does not change the due date of the annual return (column D) for this computation.

PART 3: FIGURING PENALTY

Compute the penalty due for both non-filing and underpayment of the required estimated tax in this section. Follow the instructions for each line, as the penalty amount is different for each quarter.

Avoiding Penalty and Interest Under MBT

If estimated MBT liability for the year is over $800, a taxpayer must file estimated quarterly returns and payments. The entity may make payments with any of the following:

- *MBT Quarterly Return* (Form 4548) or
- *Combined Return for Michigan Taxes* (Form 160).
- Electronic Funds Transfer (EFT). To learn more about this option, see **www.michigan.gov/biztaxpayments.**

If filing monthly using Form 160, monthly payments may be filed on the 20th day of the month. If filing quarterly via Form 160, payment for MBT is due on the 15th. For example, a calendar year taxpayer may file a monthly MBT estimate using Form 160 on April 20 rather than April 15 so long as the estimate for that month is consistent with the instructions below.

NOTE: Taxpayers required to make remittances by EFT and not using Form 160, MBT estimates remain due on the 15th day of the month following the final month of the quarter. The estimated MBT for the quarter must also reasonably approximate the liability for the quarter.

The estimated payment made with each quarterly return must be for the total estimated Business Income Tax and Modified Gross Receipts Tax for the quarter, or 25 percent of the estimated annual liability. To avoid interest charges, estimated payments must equal at least 85 percent of the 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, estimated returns are not required. **Estimates for 2008 cannot be based on the prior year's Single Business Tax (SBT) liability and can no longer be based on 1 percent of gross receipts.**

PART 4: ANNUALIZATION WORKSHEET FOR MODIFIED GROSS RECEIPTS AND BUSINESS INCOME TAXES

Standard taxpayers may use the annualization worksheet to determine the amount of estimates due when income is not evenly distributed through the tax year.

If filing the *MBT Simplified Return* (Form 4583), the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588) or *MBT Annual Return for Financial Institutions* (Form 4590), submit a schedule showing the entity's computations for each quarter. Enter the total amounts on line 64 and follow the instructions for lines 65 through 70.

Each column represents a quarterly three-month filing period.

The annualization worksheet essentially leads filers through the steps required to calculate the actual MBT due for the tax year to date. The net tax liability is then annualized and multiplied by the percentage of estimates required for that quarter.

Line 42: If not subject to apportionment, enter 100 percent.

Line 59: Multiply line 58 by 21.99 percent (0.2199). The surcharge for the year should not exceed $6,000,000.

For example, if 21.99 percent of line 59 is equal to $4,000,000 in the first quarter, in the second quarter there is additional tax on line 58 that would add another $1,000,000, the third quarter there was no additional tax, and the fourth quarter the additional tax would add another $2,000,000, enter as follows:

- **Column A:** $4,000,000
- **Column B:** $5,000,000
- **Column C:** $5,000,000
- **Column D:** $6,000,000

Line 70: The totals for line 70, columns A, B, C, and D, must equal 85 percent of the current year tax liability on page 1, line 1.

Attach this schedule to the return.

For More Information

For more comprehensive information regarding MBT, visit the MBT Web site at **www.michigan.gov/mbt**. The Web site contains information taxpayers may find helpful in determining their estimated tax liability. Note that reliance on information found on the Web site does not protect a taxpayer from imposition of interest and penalties should the sum of the taxpayer's estimated payments not equal 85 percent of the taxpayer's MBT liability for the 2008 tax year.

Attachment 13

2008 MICHIGAN Business Tax Election of Refund or Carryforward of Credits

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

1. Tax liability before Anchor Company Taxable Value Credit from Form 4573, line 51, or tax liability before Brownfield Redevelopment Credit from Form 4596, line 23, or tax after Gross Receipts Filing Threshold from Form 4583, line 21. 1. ______ 00

ANCHOR COMPANY TAXABLE VALUE CREDIT. If not claiming, carry amount from line 1 to line 6.

2. Unused credit from previous period MBT return .... 2. ______ 00
3. Tax After Previous Period Credit. Subtract line 2 from line 1. If less than zero, enter zero .... 3. ______ 00
4. Remaining unused credit from previous period MBT return. If line 2 is greater than line 1, enter the difference .... 4. ______ 00
5. Available credit from the MEGA Certificate (attach) .... 5. ______ 00
6. Tax After Current Period Credit. Subtract line 5 from line 3. If less than zero, enter zero here and complete line 7; Otherwise, skip to line 8 .... 6. ______ 00
7. If line 5 is greater than line 3, elect a refund or carryforward of credit by entering the difference on either line 7a or 7b.
   a. Refundable Amount. Carry amount to Form 4574, line 18 .... 7a. ______ 00
   b. Carryforward Amount........ 7b. ______ 00
8. Total Credit Carryforward. Add lines 4 and 7b .... 8. ______ 00
9. **Anchor Company Taxable Value Credit.** Subtract line 6 from line 1. Carry amount to Form 4573, line 52........ 9. ______ 00

ANCHOR COMPANY PAYROLL CREDIT. If not claiming, carry amount from line 6 to line 14.

10. Unused credit from previous period MBT return........ 10. ______ 00
11. Tax After Previous Period Credit. Subtract line 10 from line 6. If less than zero, enter zero .... 11. ______ 00
12. Remaining unused credit from previous period MBT return. If line 10 is greater than line 6, enter the difference........ 12. ______ 00
13. Available credit from the MEGA Certificate (attach) .... 13. ______ 00
14. Tax After Current Period Credit. Subtract line 13 from line 11. If less than zero, enter zero here and complete line 15; Otherwise, skip to line 16........ 14. ______ 00
15. If line 13 is greater than line 11, elect a refund or carryforward of credit by entering the difference on either line 15a or line 15b.
   a. Refundable Amount. Carry amount to Form 4574, line 19 .... 15a. ______ 00
   b. Carryforward Amount........ 15b. ______ 00
16. Total Credit Carryforward. Add lines 12 and 15b .... 16. ______ 00
17. **Anchor Company Payroll Credit.** Subtract line 14 from line 6. Carry amount to Form 4573, line 54........ 17. ______ 00

Continue on Page 2.

FEIN or TR Number

MEGA FEDERAL CONTRACT CREDIT. If not claiming, carry amount from line 14 to line 22.

18. Unused credit from previous period MBT return 18. 00
19. Tax After Previous Period Credit. Subtract line 18 from line 14. If less than zero, enter zero 19. 00
20. Remaining unused credit from previous period MBT return. If line 18 is greater than line 14, enter the difference 20. 00
21. Available credit from the MEGA Certificate (attach) 21. 00
22. Tax After Current Period Credit. Subtract line 21 from line 19. If less than zero, enter zero here and complete line 23; Otherwise, skip to line 24 .... 22. 00
23. If line 21 is greater than line 19, elect a refund or carryforward of credit by entering the difference on either line 23a or line 23b.
    a. Refundable Amount. Carry amount to Form 4574, line 20 .... 23a. 00
    b. Carryforward Amount 23b. 00
24. Total Credit Carryforward. Add lines 20 and 23b 24. 00
25. **MEGA Federal Contract Credit.** Subtract line 22 from line 14. Carry amount to Form 4573, line 56 .... 25. 00

BROWNFIELD REDEVELOPMENT CREDIT. If not claiming, carry amount from line 22 to line 39.

Recapture Calculation

26. If completing Form 4569, enter amount from Form 4569, line 28b; Otherwise, enter MBT Brownfield Redevelopment Credit recapture amount 26. 00
27. Unused credit from previous period MBT return 27. 00
28. Subtract line 27 from line 26. If less than zero, enter zero 28. 00
29. Remaining prior year carryforward. If line 27 is greater than line 26, enter the difference 29. 00
30. Assigned credit from *MBT Brownfield Redevelopment Credit Assignment Certificate* (attach) 30. 00
31. Subtract line 30 from line 28. If less than zero, enter zero 31. 00
32. Remaining assigned credit. If line 30 is greater than line 28, enter the difference 32. 00
33. Available credit from *MBT Brownfield Redevelopment Credit Certificate of Completion* (attach) 33. 00
34. Subtract line 33 from line 31. If less than zero, enter zero here; Otherwise, carry amount to Form 4587, line 7 .... 34. 00

Carryforward/Refund Calculation

35. Remaining current year credit. If line 33 is greater than line 31, enter the difference 35. 00
36. Available prior year and assigned credit. Add lines 29 and 32 .... 36. 00
37. Tax after available prior year and assigned credit. Subtract line 36 from line 22. If less than zero, enter zero 37. 00
38. Prior year and assigned credit carryforward. If line 36 is greater than line 22, enter the difference 38. 00
39. Tax after Brownfield Redevelopment Credit. Subtract line 35 from line 37. If less than zero, enter zero here and complete line 40; Otherwise, skip to line 41 .... 39. 00
40. If line 35 is greater than line 37, elect a refund or carryforward of credit by completing either line 40a or line 40b.
    a. Refundable Amount. Enter 85% (0.85) of the difference of line 35 and line 37. Carry amount to Form 4574, line 21, or Form 4596, line 3 .... 40a. 00
    b. Carryforward Amount. Enter the difference of line 35 and line 37 .... 40b. 00
41. Total Credit Carryforward. Add lines 38 and 40b 41. 00
42. **Brownfield Redevelopment Credit.** Subtract line 39 from line 22. Carry amount to Form 4573, line 60, or Form 4596, line 25 .... 42. 00

Instructions for Form 4584
Michigan Business Tax (MBT) Election of Refund or Carryforward of Credits

Purpose

To allow standard taxpayers to claim certain "hybrid" credits that, if greater than the tax liability, can either be refunded or carried forward to offset future liabilities. Credits and any overpayments are calculated here and then carried to either the *MBT Miscellaneous Nonrefundable Credits* (Form 4573) or the *MBT Refundable Credits* (Form 4574), depending on the election chosen.

Financial institutions and insurance companies may use this form to claim the Brownfield Redevelopment Credit only.

Elections must be made on the original return filed for the year in which the credit was earned. No amendment will be allowed to change this election. Amounts elected to be carried forward may not be subsequently refunded, nor can assigned credits be refunded. Treatment of any excess credit may not be split between a refund and carryforward.

Special Instructions for Unitary Business Groups

Credits on this form are earned and calculated on an entity-specific basis, as determined by relevant statutory provisions for the respective credits. Intercompany transactions are not eliminated, and the credits are applied against the tax liability of the Unitary Business Group (UBG).

Entity-specific provisions are applied on a member-by-member basis. In none of these cases does a taxpayer that is a UBG take the entity type of its parent, Designated Member (DM), or any member of the UBG. A UBG taxpayer will not be attributed an entity type based on the composition of its members.

A member of a UBG may claim any of the applicable credits contained on this form by attaching the member's credit certificate to the return. If more than one member is claiming the same credit, the total amount from all claiming members should be entered on each corresponding line on this form. Line-by-line instructions indicate additional information required for UBGs.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers, the *MBT Annual Return for Financial Institutions* (Form 4590), or the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588)).

UBGs: Complete one form for the group. Enter the DM name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

Anchor Company Taxable Value Credit

The Anchor Company Taxable Value Credit is available for a qualified taxpayer that was designated by the Michigan Economic Growth Authority (MEGA) as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan. An *anchor company* is "a qualified high technology business that is an integral part of a high-technology activity and that has the ability or potential ability to influence business decisions and site location of qualified suppliers and customers." A qualified supplier or customer is a business that opens a new location in Michigan, a business that locates in Michigan, or an existing business located in Michigan that expands its business within the last year as a result of an anchor company and has:

- Financial transactions with the anchor company,
- Sells a critical or unique component or technology necessary for the anchor company to market a finished product or buys a critical or unique component from the anchor company,
- Creates more than ten qualified new jobs, and
- Has made an investment of at least $1,000,000.

A qualified taxpayer may take a credit in an amount up to 5 percent of its supplier's or customer's taxable property value within a ten mile radius of the qualified taxpayer. This credit may be taken for a period of up to five years, as determined by MEGA. Any amount that exceeds the taxpayer's tax liability may be refunded or carried forward for five years or until it is used up, whichever occurs first. To be eligible for the credit, a taxpayer must be certified by MEGA.

MEGA will not designate more than five anchor companies in each calendar year or approve more than five new credits in any year. The statute provides for reduction, termination or recapture of the credit if the taxpayer fails to comply with its agreement or the statute. Credit recapture is calculated on the *MBT Schedule of Recapture of Certain Business Credits and Deductions* (Form 4587).

For more information, contact the Michigan Economic Development Corporation (MEDC) at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives**.

Line 2: Enter unused credit amount from a previous period MBT return.

UBGs: Enter unused credit amount from a previous period MBT return unless the qualified member has left the UBG.

Line 5: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Anchor District Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 8: Add lines 4 and 7b. This amount is the Anchor Company Taxable Value credit carryforward to be used on the taxpayer's next MBT return.

Anchor Company Payroll Credit

The Anchor Company Payroll Credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

For a definition of anchor company, see instructions under Anchor Company Taxable Value Credit.

A qualified taxpayer may take a credit in an amount up to 100 percent of its supplier's or customer's payroll for employees who perform qualified new jobs multiplied by the Michigan Individual Income Tax rate. (The Michigan Individual Income Tax rate can be found at **www.michigan.gov/taxes**.) This credit may be taken for a period of up to five years, as determined by MEGA. Any amount that exceeds the taxpayer's tax liability may be refunded or carried forward for ten years or until it is used up, whichever occurs first. To be eligible for the credit, a taxpayer must be certified by MEGA.

MEGA will not designate more than five anchor companies in each calendar year or approve more than five new credits in any year; however, any subsequent credits awarded to a previously qualified taxpayer will not be included in determining the five new credits. The statute provides for reduction, termination or recapture of the credit if the taxpayer fails to comply with its agreement or the statute. Credit recapture is calculated on Form 4587.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives**.

Line 10: Enter unused credit amount from a previous period MBT return.

UBGs: Enter unused credit amount from a previous period MBT return unless the qualified member has left the UBG.

Line 13: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Anchor Jobs Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 16: Add lines 12 and 15b. This amount is the Anchor Company Payroll credit carryforward to be used on the taxpayer's next MBT return.

MEGA Federal Contract Credit

The MEGA Federal Contract Credit is available for a qualified taxpayer or collective group of taxpayers that have been awarded a federal procurement contract from the United States Department of Defense, Department of Energy or Department of Homeland Security, resulting in a minimum of 25 new full-time jobs. The credit amount is 100 percent of the qualified taxpayer's payroll attributable to employees who perform qualified new jobs as a result of the contract multiplied by the Michigan Individual Income Tax rate.

This credit may be taken for a period of up to seven years, as determined by MEGA. Any amount that exceeds the taxpayer's tax liability may be refunded or carried forward for ten years or until it is used up, whichever occurs first. To be eligible for the credit, a taxpayer must enter into an agreement with MEGA and be certified by MEGA.

MEGA will not enter more than ten agreements in each calendar year; however, any subsequent credits awarded to a previously qualified taxpayer will not be included in determining the ten credits.

If a misrepresentation is made on the application for this credit, the designation of a qualified taxpayer may be revoked and the taxpayer may be required to refund or recapture credits received. Credit recapture is calculated on Form 4587.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.**

Line 18: Enter unused credit amount from a previous period MBT return.

UBGs: Enter unused credit amount from a previous period MBT return unless the qualified member has left the UBG.

Line 21: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Defense Contracting Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 24: Add lines 20 and 23b. This is the MEGA Federal Contract Credit carryforward to be used on the taxpayer's next MBT return.

Brownfield Redevelopment Credit

The Brownfield Redevelopment Credit encourages businesses to make an investment in eligible Michigan property that was used or is currently used for commercial, industrial, public or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete or blighted. Generally, functionally obsolete or blighted property must be located in a qualified local governmental unit. However, for certain smaller Brownfield Redevelopment projects, eligible property includes property that is functionally obsolete or blighted if located within a downtown development district established under Public Act (PA) 197 of 1975, Michigan Compiled Law (MCL) 125.1651 to 125.1681 or property that is a facility but is not in a qualified local governmental unit. These properties must meet additional criteria.

For the purpose of this credit, the local Brownfield Redevelopment Financing Authority designates eligible property in an approved Brownfield plan.

A qualified taxpayer may claim a credit against its MBT tax liability, provided the taxpayer has a preapproval letter issued for the project after 2007, and before 2013, and the project is completed not more than five years after the preapproval letter is issued (ten years for multiphase projects). An extension can be requested for up to ten years from the date of the preapproval letter.

MBT also allows a taxpayer that received a preapproval letter prior to January 1, 2008, under the Single Business Tax (SBT) Act to receive a Certificate of Completion and claim a credit against the tax imposed by the MBT Act, provided that all other requirements are met.

For projects approved or amended by MEGA, prior to April 8, 2008, the credit is limited to 10 percent of the cost of the eligible investment. For projects approved or amended on or after April 8, 2008, the credit is authorized for a percentage of the cost of eligible investment to be determined by MEGA, up to 20 percent of the cost of the eligible investment.

Eligible investment means demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property and the addition of machinery, equipment and fixtures to eligible property. These activities must occur after the date that eligible activities on the property have begun pursuant to a Brownfield plan and no earlier than 90 days prior to the date a preapproval letter has been issued.

A qualified taxpayer must own or lease or enter an agreement to purchase or lease eligible property, and must certify that the Department of Environmental Quality (DEQ) has not sued or issued a unilateral order to the taxpayer to compel response activity on that property. In addition, DEQ may not have expended any State funds for response activity to the property and then demanded reimbursement from the taxpayer.

The process for applying for a Brownfield Redevelopment Credit is two-fold. First, a qualified taxpayer must apply for preapproval of a project. Approval of this application is discretionary. A preapproval letter will not be issued unless the Brownfield plan designating the eligible property on which the project will occur has been adopted under the Brownfield Redevelopment Financing Act. When the project is completed, taxpayers must submit the cost of the eligible investment of each qualified taxpayer entitled to a credit for the project. Upon verification of the completion of the project, the State will then issue a MEGA Certificate of Completion, and at that point the taxpayers may claim the MBT credit.

Except for a multiphase project, the Brownfield Redevelopment Credit must be claimed in the tax year in which the Certificate of Completion is issued. For credits for a project approved by MEGA with total credits greater than $10,000,000, the credits must be claimed at the rate of 10 percent per year for ten years, beginning with the first year specified by MEGA on the Certificate of Completion.

If a Brownfield Redevelopment Credit exceeds a taxpayer's tax liability for the year, the excess may be carried forward to offset tax liability in subsequent tax years for a maximum of ten years. Beginning April 8, 2008, a qualified taxpayer may elect to have the amount of the credit that exceeds the tax liability refunded at a rate equal to 85 percent of that amount, forgoing the remaining 15 percent of the credit. This election must be made when filing the return for the tax year in which the Certificate of Completion was received.

NOTE: An unused SBT credit carryforward may be claimed against the tax imposed under the MBT for the same years the carryforward would have been available under SBT, but it expires after ten years (combined SBT and MBT years). This carryforward is claimed on the *MBT Single Business Tax Credit Carryforwards* (Form 4569).

All or a portion of the credit may be assigned. The assignment of the credit is irrevocable, and except for an assignment based on a multiphase project, must be made in the tax year in which the Certificate of Completion was issued.

The administration of the Brownfield Redevelopment Credit program is assigned to MEGA. For more information on the approval process, contact the MEDC at (517) 373-9808.

Line 26: Recapture. The 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 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 calculated for federal purposes] as of the date of the disposition or transfer. The amount otherwise added to the tax liability may also be used to reduce any carryforward of credits available to the taxpayer.

UBGs: If any member of the UBG is reporting recapture, a statement must be attached to this form identifying the reporting member.

Line 27: Enter only the unused credit from a previous period MBT return. Available SBT credit carryforward is claimed separately on Form 4569.

UBGs: Enter unused credit amount from previous MBT return unless the qualified member has left the UBG.

Line 30: If the Brownfield Redevelopment Credit has been assigned, attach the MBT Brownfield Redevelopment Credit Assignment Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 33: For the credit to be valid, attach the Certificate of Completion, issued after the completion of the approval process, to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 41: Add lines 38 and 40b. This amount is the Brownfield Redevelopment credit carryforward to be used on the taxpayer's next MBT return.

Attach this schedule to the return.

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Attachment 05

2008 MICHIGAN Business Tax Investment Tax Credit Recapture From Sale of Assets Acquired Under Single Business Tax

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

PART 1: CALCULATION OF SINGLE BUSINESS TAX (SBT) INVESTMENT TAX CREDIT (ITC) RECAPTURE BASES

All Columns B and C: For each type of asset being disposed, enter each year totals. Line 1, Column D, and Line 2, Column E: For all years, enter MBT apportionment percentage from Form 4567, line 10d. Enter amounts in whole dollars (no cents).

Depreciable Tangible Assets

1. **A** Acquired In Taxable Year Ending (MM-DD-YYYY)	**B** Combined Sales Price of Disposed Assets by Year of Acquisition	**C** Net Gain/Loss From Sale of Assets	**D** Apportionment Percentage *From Form 4567, line 10d*	**E** Apportioned Gain/Loss *Multiply Column C by Column D*	**F** SBT ITC Recapture (Base 1) *Subtract Column E From Column B*

Depreciable Mobile Tangible Assets

2. **A** Acquired In Taxable Year Ending (MM-DD-YYYY)	**B** Combined Sales Price of Disposed Assets by Year of Acquisition	**C** Net Gain/Loss From Sale of Assets	**D** Adjusted Proceeds *Subtract Column C From Column B*	**E** Apportionment Percentage *From Form 4567, line 10d*	**F** SBT ITC Recapture (Base 2) *Multiply Column D by Column E*

Assets Transferred Outside Michigan

3. **A** Acquired In Taxable Year Ending (MM-DD-YYYY)	**B** **SBT ITC Recapture** Combined Adjusted Federal Basis of Disposed Assets by Year of Acquisition (Base 3)

Continue on Page 2.

FEIN or TR Number	
UBG Member FEIN or TR Number	

PART 2: CALCULATION OF SBT ITC RECAPTURE RATES

Enter amounts from **ALL** prior SBT C-8000ITC forms filed for **tax years beginning on or after January 1, 2000.**
Enter amounts in whole dollars only (no cents).

4. **A** Return For Taxable Year Ending (MM-DD-YYYY)	**B** Net Capital Investment *(C-8000ITC, Line 24)*	**C** SBT ITC *(C-8000ITC, Line 33)*	**D** SBT ITC Used *(C-8000ITC, Line 36)*	**E** Effective Rate of SBT ITC by Year

Enter amounts from Form 4569, line 3, for all periods, including this period.

5. **A** Return For Taxable Year Ending (MM-DD-YYYY)	**B** SBT ITC Carryforward Used *(Form 4569, line 3)*

PART 3: CALCULATION OF SBT ITC RECAPTURE AMOUNTS

Enter amounts in whole dollars only (no cents).

6. **A** Acquired In Taxable Year Ending (MM-DD-YYYY)	**B** Total SBT ITC Recapture Base by Year of Acquisition. *Add Amounts from Columns 1F, 2F and 3B*	**C** Year-Specified Recapture Rate from Line 4, Column E	**D** Recapture Amount *Multiply Column B by Column C*

7. TOTAL. Enter total of Line 6, column D. Carry total to Form 4570, line 27 .... | | 00 |

Instructions for Form 4585
Michigan Business Tax (MBT) Investment Tax Credit Recapture from Sale of Assets Acquired Under Single Business Tax

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

To calculate the Investment Tax Credit (ITC) recapture amount for the disposal or transfer of depreciable real or personal property acquired in tax years beginning after 1999 and prior to 2008, which must be recaptured to the extent used and at the rate used under the Single Business Tax (SBT) or MBT. Form 4585 must be filed as a supporting schedule for the total recapture amount reported on the *MBT Credits for Compensation, Investment and Research and Development* (Form 4570).

Special Instructions for Unitary Business Groups

For the tax period covered on the Unitary Business Group (UBG) combined *MBT Annual Return* (Form 4567), the following types of UBG members are required to file Form 4585:

- Members who disposed of SBT ITC assets during the member's tax year included in the UBG combined Form 4567;
- Members who need to report during the tax period covered on the UBG combined Form 4567 gains attributable to previous tax period installment sale of SBT ITC assets; OR
- Members who had an SBT ITC carryforward available to be used against the UBG's liability in tax year 2008 (and/or 2009, where applicable).

EXAMPLE: UBG A consists of six members and files a combined Form 4567 for the tax period ending in July 2008 (tax year 2008) and another form for the tax period ending in July 2009 (tax year 2009).

- Member 1 disposed of SBT ITC assets during the tax years ending in July 2008 and July 2009.
- Member 2 disposed of SBT ITC assets during the tax year ending in July 2009.
- Members 3 and 4 did not sell any SBT ITC assets, but had available SBT ITC carryforward to be used against the UBG's liability for the tax years ending in July 2008 and July 2009.
- Member 5 also did not dispose of any SBT ITC assets during the UBG's tax year ending in July 2009, and had no SBT ITC carryforward available to be used in tax year ending in July 2008, or July 2009.
- Member 6 sold an SBT ITC asset in the tax period ending in July 2008 on an installment basis, where gain attributable to the installment sale is to be reported in tax period ending in July 2009.

In the example above, for tax year 2008, Members 1 and 6 must each file Form 4585, completing Parts 1, 2, and 3. Members 3 and 4 must each file Form 4585, completing only Part 2, and the remaining members must not file Form 4585. For tax year 2009, Members 1, 2, and 6 must each file Form 4585, completing Parts 1, 2, and 3. Members 3 and 4 must each file Form 4585, completing only Part 2, while Member 5 must not file a Form 4585.

Note that failure of all required members identified above to file Form 4585 will lead to incorrect calculation of the UBG's total SBT ITC recapture. Each member with SBT ITC assets dispositions or reporting gain from installment sales must complete Form 4585, Parts 1, 2, and 3, while the remaining required members must complete only Part 2 of Form 4585.

The total recapture of each member's Form 4585 forms, line 7, must be combined and reported on the UBG's *MBT Credits for Compensation, Investment and Research and Development* (Form 4570), line 27. Each Form 4585 must be filed as a supporting schedule for the total recapture amount reported on Form 4570.

Line-by-Line Instructions

Lines not listed are explained on the form.

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

Name and Account Number: Enter name and account number as reported on page 1 of Form 4567.

UBGs: Complete one form for each member for whom this schedule applies as instructed in the section above. Enter the Designated Member (DM) name in the Taxpayer Name field and the specific member of the UBG for which this form is filed on the line below.

PART 1: CALCULATION OF SBT ITC RECAPTURE BASES

In Part 1, compute the adjusted proceeds (proceeds include any benefit derived) from the disposition of depreciable real or personal property that was acquired in a tax year beginning after 1999 and prior to 2008, and the recapture for property moved out of state. The calculation of gross proceeds may be reduced by selling expenses. Lines 1, 2, and 3 represent three different categories of SBT ITC assets, categorized by type of asset or nature of disposition.

NOTE: A sale of qualifying property reported on the installment method for Federal Income Tax purposes causes a recapture of the entire gross proceeds in the year of the sale. The recapture is reduced by any gain reported in federal taxable income (as defined for MBT purposes) in the year of the sale. The gain attributable to the installment sale that is reported in subsequent years increases the credit base (or reduces other sources of recapture) for those years, and must be reported either on line 1, column C, or line 2, column C, based on the type of asset.

Line 1: For depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after 1999 and prior to 2008, and were sold or otherwise disposed of during the tax year, enter the following:

- **Column A:** Separate the depreciable tangible assets that were disposed of during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no dispositions of depreciable tangible assets during the filing period may be omitted. However, do not omit acquisition year of depreciable tangible assets that have been disposed on an installment method if gains attributable to installment payments received during the current filing period must be reported.

- **Column B:** Total gross proceeds from all depreciable tangible assets that were acquired in the same taxable year and disposed of during the filing period.
- **Column C:** Net total gains/losses reflected in federal taxable income (as defined for MBT purposes) from all depreciable tangible assets that were acquired in the same taxable year and disposed of during the filing period. Report also in column C any federally recognized gain attributed to an installment payment received during the current MBT filing period as a negative number.

Keep a separate worksheet with the appropriate information regarding each depreciable tangible asset located in Michigan that was acquired or moved into Michigan after acquisition in a tax year beginning after 1999 and prior to 2008, and was sold or otherwise disposed of during the tax year. Sum the total gross proceeds and gain or loss for all disposed assets acquired in the same taxable year. Enter in this form only the total sum of gross proceeds and gain/loss grouped by taxable year the assets were acquired. Use one line per group of disposed assets acquired in the same taxable year. Start from the earliest taxable year.

- **Column D:** Enter the apportionment percentage from line 10d of the *MBT Annual Return* (Form 4567). If not apportioning, enter 100 percent. Enter the same apportionment percentage for each line completed.
- **Column F:** Subtract column E from column B for each line. If column E is a loss, add column E to column B for each appropriate line. A loss in column E will increase the recapture base.

Line 2: For depreciable mobile tangible assets that were acquired in a tax year beginning after 1999 and prior to 2008, and were sold or otherwise disposed of during the tax year, enter the following:

- **Column A:** Separate the depreciable mobile tangible assets that were disposed of during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no dispositions of depreciable tangible assets during the filing period may be omitted. However, do not omit acquisition year of depreciable tangible assets that have been disposed on an installment method if gains attributable to installment payments received during the current filing period must be reported.
- **Column B:** Total gross proceeds from all depreciable mobile tangible assets that were acquired in the same taxable year and disposed of during the filing period.
- **Column C:** Net total gains/losses reflected in federal taxable income (as defined for MBT purposes) from all depreciable mobile tangible assets that were acquired in the same taxable year and disposed of during the filing period. Report also in column C any federally recognized gain attributed to an installment payment received during the current MBT filing period as a negative number.

Keep a separate worksheet with the appropriate information regarding each depreciable mobile tangible asset acquired in a tax year beginning after 1999 and prior to 2008, and sold or otherwise disposed of during the tax year. Sum the total gross proceeds and gain or loss for all disposed assets acquired in the same taxable year. Enter in this form only the total sum of gross proceeds and gain or loss grouped by taxable year the assets were acquired. Use one line per group of disposed assets acquired in the same taxable year. Start from the earliest taxable year.

- **Column D:** Subtract figures in column C from figures in column B for each line. If figure in column C is a loss, add it to figure in column B for each appropriate line. A loss in column C will increase the recapture.
- **Column E:** Enter the apportionment percentage from Form 4567, line 10d. Enter the same apportionment percentage for each line you have filled columns A through D.
- **Column F:** Multiply figures in column D by column E for each line.

Line 3: For the disposition of depreciable tangible assets other than mobile property acquired in tax years beginning after 1996 and prior to 2008, that were eligible for the ITC in tax years beginning after 1999 and prior to 2008, and were transferred outside Michigan during the tax year, enter the following:

- **Column A:** Separate the depreciable tangible assets other than mobile property that were disposed of during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no dispositions of depreciable tangible assets during the filing period may be omitted.
- **Column B:** Total sum of adjusted federal basis from all disposed assets acquired in the same taxable year.

Keep a separate worksheet with the appropriate information regarding each depreciable tangible asset other than mobile property acquired in tax years beginning after 1999 and prior to 2008, that were eligible for the ITC in tax years beginning after 1999 and prior to 2008, and were transferred outside Michigan during the tax year. Sum the total adjusted federal basis for all disposed assets acquired in the same taxable year. Enter in this form only the total sum of adjusted federal basis grouped by taxable year the assets were acquired. Use one line per group of disposed assets acquired in the same taxable year. Start from the earliest taxable year.

PART 2: CALCULATION OF SBT ITC RECAPTURE RATES

Whereas the information required in Parts 1 and 3 of this form apply only to years when assets were acquired that have been disposed of in the current tax year, Part 2 requires entering information from all years (see NOTE below) of the *SBT Investment Tax Credit* (Form C-8000ITC) filed in chronological order to correctly calculate the effective usage rate of SBT generated ITC, otherwise the calculation will be flawed. Enter a negative number as negative.

NOTE: For SBT tax years when the taxpayer filed a C-8000 with no C-8000ITC attachment, or a C-8030, enter on line 4A the taxable year end date, and enter zero for lines 4B, 4C, and 4D. Do not enter any information on lines 4A through 4D for SBT tax years in which the taxpayer filed nothing, or filed a C-8044.

UBGs: The calculation of the UBG's SBT ITC recapture will only be correct if information for all required members of the UBG is provided in Part 2. Required members are specified under "Special Instructions for Unitary Business Groups" on page 117.

Line 4: Gather all C-8000ITC forms filed for tax years beginning on or after January 1, 2000. Sort all the returns in chronological order of taxable year filing date, from earliest to latest date.

Starting with the earliest Form C-8000ITC filed, enter the following for each taxable year (use one line for each return):

- **Column A:** Taxable year for each Form C-8000ITC return filed.
- **Column B:** Amount from Form C-8000ITC, line 24, for each taxable year.
- **Column C:** Amount from Form C-8000ITC, line 33, for each taxable year.
- **Column D:** Amount from Form C-8000ITC, line 36, for each taxable year.
- **Column E:** If the amount of SBT ITC used is the same as the amount of SBT ITC created (see NOTE below) enter here the amount in column C divided by the amount in column B. Otherwise, go the Michigan Department of Treasury Web site (**www.michigan.gov/mbt4585tool**) and enter the necessary information as instructed. Part 2, line 5, must be completed before column E can be determined. Place the calculated rates for each taxable year in the appropriate line of column E. Also, see further instructions for line 5.

NOTE: The amount of SBT ITC used is the same as the amount of SBT ITC created when:

- ○ The sum of values in column 4C equals the sum of values in column 4D plus 5B (see instructions for column 5B).
- ○ **UBGs**: The sum of values in column 4C across all tax years for all group members equals the sum of values in column 4D for all group members plus figures in 5B, where the figures in 5B must be added ONLY once (they refer to the group totals already, and not member figures).

UBGs: Information for all required members (see "Special Instructions for Unitary Business Groups" on page 117) of the UBG must be entered, otherwise the calculation of column E figures will be flawed.

Line 5: See information found on the *MBT Single Business Tax Credit Carryforwards* (Form 4569), line 3, for tax years ending in 2008 (and 2009 for fiscal filers only). Gather all 4569 forms filed since January 1, 2008, and sort them in chronological order of taxable year filing date, from earliest to latest date. Enter information from all 4569 forms filed in chronological order to correctly calculate the effective usage rate of SBT generated ITC, otherwise the calculation will be flawed.

Starting with the earliest Form 4569, for each taxable year starting on or after January 1, 2008 that a Form 4569 was filed, enter the following (use one line for each return):

- **Column A:** Taxable year for each Form 4569 filed
- **Column B:** Enter the amount found on line 3 of Form 4569 for each taxable year entered in column A.

PART 3: CALCULATION OF SBT ITC RECAPTURE AMOUNTS

The amount of SBT generated ITC (grouped by taxable year) to be recapture under MBT is calculated.

From each category of disposed assets in Part 1, sum the total of columns 1F, 2F, and 3B if disposed asset groups were acquired in the same taxable year.

- **Column A:** Each taxable year a group of disposed assets was acquired.
- **Column B:** Add amounts from columns 1F, 2F, and 3B for all asset groups with same taxable year of acquisition as indicated in Part 3, column A.
- **Column C:** For each taxable year entered in Part 3, column A, enter the corresponding SBT ITC effective rate from Part 2, column E. Match the taxable year in Part 3, column A, with the corresponding taxable year in Part 2, column A.
- **Column D:** Multiply column B by column C for each taxable year.

Line 7: Add the figures in each line of Part 3, column D. Carry that amount to Form 4570, line 27.

Attach this schedule to the return.

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Michigan Department of Treasury
4587 (Rev. 09-08)

Attachment 21

2008 MICHIGAN Business Tax Schedule of Recapture of Certain Business Tax Credits and Deductions

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number

Complete this schedule for any recapture in this tax year of previous tax credits and deductions listed on this schedule.

1. Amount of recapture of MEGA Research and Development Credit	1.		00
2. a. Amount of recapture of Michigan Business Tax MEGA Employment Tax Credit	2a.		00
b. Amount of recapture of Single Business Tax MEGA Employment Tax Credit	2b.		00
c. Amount of recapture of Single Business Tax MEGA Business Activity Credit	2c.		00
3. Amount of recapture of Entrepreneurial Credit	3.		00
4. Amount of recapture of Anchor Company Taxable Value Credit	4.		00
5. Amount of recapture of Anchor Company Payroll Credit	5.		00
6. Amount of recapture of MEGA Federal Contract Credit	6.		00
7. Amount of recapture of MBT Brownfield Redevelopment Credit. Enter the amount from Form 4584, line 34	7.		00

8. Recapture of Film Infrastructure Credit

a. Enter all eligible depreciable tangible assets located in Michigan that were acquired in a tax year beginning after December 31, 2007, and were sold or otherwise disposed of during the tax year. (Date format: MM-DD-YYYY)

A Description	B City	C Date Acquired	D Date Sold	E Gross Sales Price	F Gain/Loss
b. Total columns E and F. A loss in column F will increase recapture........ 8b.					

c. Adjusted Proceeds. If line 8b, column F, is a gain, subtract line 8b, column F from line 8b, column E. If line 8b, column F, is a loss, add line 8b, column E and F	8c.		00

If taxable in another state, complete lines 8d and 8e; otherwise, skip to line 8f.

d. Apportioned gains (losses). Multiply line 8b, column F, by the percentage from Form 4567, line 10d	8d.		00
e. Apportioned Adjusted Proceeds. If line 8d is a gain, subtract line 8d from line 8b, column E. If line 8d is a loss, add lines 8d and line 8b, column E	8e.		00
f. Recapture of Film Infrastructure Credit. Multiply line 8c or line 8e by 25% (0.25)	8f.		00
9. Amount of recapture of Qualified Affordable Housing deductions	9.		00
10. **Total Recapture of Certain Business Tax Credits and Deductions.** Add lines 1, 2a, 2b, 2c, 3, 4, 5, 6, 7, 8f, and 9. Carry amount to Form 4567, line 37, Form 4588, line 26, or Form 4590, line 28	10.		00

Instructions for Form 4587, Michigan Business Tax (MBT) Schedule of Recapture of Certain Business Tax Credits and Deductions

Purpose

Complete this schedule for any recapture in this tax year of previously claimed tax credits listed on this schedule. Recapture of some tax credits occurs at the same point in the forms as the credit is calculated. The credits on this form, however, are required by statute to be recaptured at a later point in the tax calculation process. This form is also used to report a required recapture of an Affordable Housing Deduction.

Attachments in support of these recapture amounts are not required. Maintain the recapture calculation information in your files for review during audit.

Special Instructions for Unitary Business Groups

If any member of the Unitary Business Group (UBG) is reporting recapture, a statement must be attached to this form identifying the reporting member and any information requested for each applicable credit. If more than one member is reporting recapture, requested information should be provided in the statement on a per member basis. The total amount from all reporting members will be entered on each corresponding line on this form.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be in MM-DD-YYYY format.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers, the *MBT Annual Return for Financial Institutions* (Form 4590), or the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588)).

UBGs: A UBG reporting recapture should attach only one copy of this form to its annual return. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

Line 1: There are two Research and Development Credits in MBT. The one reported on the *MBT Credits for Compensation, Investment and Research and Development* (Form 4570) does not apply here. Report on this line only recapture of the Research and Development Credit that is certified by Michigan Economic Growth Authority (MEGA) and claimed on *MBT Refundable Credits* (Form 4574).

The credit is earned under an agreement with MEGA. If MEGA determines that there has not been compliance with the terms of the agreement, the taxpayer must report recapture. Enter recapture amount equal to 125 percent of the total of all MEGA Research and Development Credits claimed on previously filed 4574 forms.

Line 2: If a taxpayer claims an MBT or Single Business Tax (SBT) MEGA Employment Tax Credit or an SBT MEGA Business Activity Credit for a previous tax period under an agreement with MEGA based on qualified new jobs, and then removes 51 percent or more of those qualified new jobs from Michigan within three years after the first year in which the taxpayer claims such a credit, the taxpayer must recapture an amount equal to the total of all such credits claimed on prior returns.

Line 2a: Enter the total amount of the MBT MEGA Employment Tax Credit claimed on previously filed 4574 forms subject to recapture.

Line 2b: Enter the total amount of the SBT MEGA Employment Tax Credit claimed on previously filed a *SBT Miscellaneous Credits* (Form C-8000MC) forms subject to recapture.

Line 2c: Enter the total amount of the SBT MEGA Business Activity Credit claimed on previously filed Form C-8000MC forms subject to recapture.

Line 3: If the new jobs by which a taxpayer earns an Entrepreneurial Credit are relocated outside of Michigan within five years after claiming the credit, or if a taxpayer reduces employment levels by more than 10 percent of the jobs by which the taxpayer earned the credit, the taxpayer must recapture an amount equal to the total of all Entrepreneurial Credits received.

Enter the total amount of the Entrepreneurial Credit claimed on previously filed *MBT Miscellaneous Nonrefundable Credits* forms (Form 4573) subject to recapture.

The Anchor Company Taxable Value Credit, Anchor Company Payroll Credit and MEGA Federal Contract Credit are all claimed through an agreement with MEGA. If a taxpayer claims any of these credits for a previous tax period and subsequently fails to meet requirements set forth in MBT or conditions of the agreement, the taxpayer must recapture an amount equal to the total of all such credits claimed by the taxpayer.

Line 4: Enter the total amount of the Anchor Company Taxable Value Credit claimed on previously filed *MBT Election of Refund or Carryforward of Credits* forms (Form 4584) subject to recapture.

Line 5: Enter the total amount of the Anchor Company Payroll Credit claimed on previously filed 4584 forms subject to recapture.

Line 6: Enter the total amount of MEGA Federal Contract Credit claimed on previously filed 4584 forms subject to recapture.

Line 7: Enter the recapture of MBT Brownfield Redevelopment Credit reported on Form 4584, line 34.

Line 8: The Film Infrastructure Credit is available through an agreement between the taxpayer and the Michigan Film Office, with the concurrence of the State Treasurer. The credit amount is equal to 25 percent of the base investment expenditures in a qualified film and digital media infrastructure project. If the taxpayer sells or otherwise disposes of a tangible asset that was paid for or accrued after December 31, 2007, and whose cost is included in the base investment, the taxpayer must report recapture equal to 25 percent of the gross proceeds or benefit from the sale or disposition, adjusted by the apportioned gain or loss.

NOTE: A sale of qualifying property reported on the installment method for Federal Income Tax purposes causes recapture of the entire gross proceeds (including the amount of the note) in the year of sale, less any gain reported for federal purposes in the year of sale. In each subsequent year of the installment note, enter zero in line 8a, Column E, and enter the gain reported that year for federal purposes in Column F.

Line 8a: Enter all dispositions of depreciable tangible assets included in base investment expenditures that were paid for or accrued after December 31, 2007, and were sold or otherwise disposed of during the tax year.

- **Columns A through D:** Enter a brief description of the asset, the city or township in which the asset is located and the dates that the asset was paid for or accrued and disposed of or sold. When including multiple dispositions as one entry, "Date Acquired" and "Date Sold" must be the same; dispositions that have variable dates must be listed separately.
- **Column E:** Enter the total gross proceeds from the sale or disposition of depreciable tangible assets listed in column A.
- **Column F:** Enter total gain or loss included in calculating federal taxable income (as defined for MBT purposes).

Line 9: Under Public Act (PA) 168 of 2008, the seller of residential rental units may take a deduction from its Business Income Tax base, after apportionment, of the gain from the sale of the residential rental units to a buyer who is a qualified affordable housing project. To qualify for a deduction, the seller and buyer must enter into an "operation agreement" in which the buyer agrees to operate a specific number of the residential rental units sold as rent restricted units for a minimum of 15 years.

When the buyer fails to qualify as a qualified affordable housing project or fails to operate any of the residential rental units as rent restricted units in accordance with the operation agreement within 15 years after the date of purchase, a lien recorded by the Department against the property subject to the operation agreement becomes payable to the State. Failure to operate just one residential rental unit in accordance with an operation agreement constitutes failure to operate all or some of the residential rental units as rent restricted units in accordance with the operation agreement. The lien is payable in the year the recapture event occurs. This recapture is mandatory even if a taxpayer is otherwise not required to file a return because it does not meet a filing threshold of $350,000.

Enter a recapture amount equal to the full amount of the deduction allowed to the seller multiplied by a fraction, which is the difference between 15 and the years the affordable housing project qualified and complied with the terms of the agreement over 15.

Line 10: Add lines 1, 2a, 2b, 2c, 3, 4, 5, 6, 7, 8f, and 9. Standard taxpayers carry this amount to the *MBT Annual Return* (Form 4567), line 37. Insurance companies carry this amount to the I*nsurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588), line 26. Financial Institutions carry this amount to the *MBT Annual Return for Financial Institutions* (Form 4590), line 28.

Attach this schedule to the return.

Attachment 17

2008 MICHIGAN Business Tax Book-Tax Difference

Issued under authority of Public Act 36 of 2007.

A Taxpayer Name or, if Unitary Business Group, Name of Designated Member	B Federal Employer Identification Number (FEIN) or TR Number	C Book-Tax Difference
		00

Unitary Business Groups Only

Name of Member of Unitary Group	FEIN or TR Number	Book-Tax Difference
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Instructions for Form 4593
Michigan Business Tax (MBT) Book-Tax Difference

Purpose

To report "Book-Tax Difference," or the difference, if any, between the qualifying asset's net book value shown on books and records for the first fiscal period ending after July 12, 2007, and the qualifying asset's tax basis on that same date.

This form must only be filed in conjunction with the taxpayer's 2008 MBT annual return (initial return).

General Information

Public Act 90 of 2007 amended the MBT Act to create a deferred tax liability due to the enactment of MBT on July 12, 2007. The deduction will equal the lesser of the business' book-tax difference or the business' deferred tax liability during the first tax period ending on or after July 12, 2007, and may be claimed by deducting a percentage of this figure beginning with the 2015 tax year, as follows:

- 4 percent of this difference during each of the successive five years beginning with the 2015 tax year,
- 6 percent of this difference during each of the successive five years beginning with the 2020 tax year, and
- 10 percent of this difference during each of the successive five years beginning with the 2025 tax year.

The deduction is the lesser of the business' book-tax difference or amount necessary to offset the net deferred tax liability of the taxpayer as computed in accordance with generally accepted accounting principles which would otherwise result from the imposition of the Business Income Tax and the Modified Gross Receipts Tax if the deduction were not allowed. The adjustment must be calculated without regard to the federal tax consequences of the deduction.

To preserve the ability to claim this deduction, a taxpayer must report its book-tax difference to the Michigan Department of Treasury with the initial MBT return required under the MBT Act.

Maintain records and work papers necessary to support the calculation and journal entry identified for the same length of time that the deduction is available, and to support a potential audit of the taxpayer's business by the Department.

Form 4593 must be filed together with the taxpayer's first MBT annual return. For a taxpayer that obtains a valid extension for filing its annual return, the Department will treat that extension as applicable to the filing of Form 4593 as well. With respect to possible amendments of Form 4593, amendments to a taxpayer's first MBT annual return could necessitate corresponding changes to Form 4593. Accordingly, Form 4593 will be open to amendment during the same limitations period that is applicable to the first annual return, except that an amendment to Form 4593 will be permitted during the relevant period only if the taxpayer has also amended its annual return, and the changes made to the annual return have necessitated the amendment to Form 4593. A taxpayer may not amend Form 4593 on a stand-alone basis.

Line-by-Line Instructions

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567).

If NOT filing as a Unitary Business Group (UBG), enter in column C the company's "Book-Tax Difference," or the difference, if any, between the qualifying asset's net book value shown on books and records for the first fiscal period ending after July 12, 2007, and the qualifying asset's tax basis on that same date.

UBGs: Enter appropriate information for each member of the group (including members disclosed on Form 4580, Part 1 and Part 4, under reason code 5). Enter the Designated Member (DM) first.

IMPORTANT: Although a member may otherwise not be included in the UBG's first combined return, all book-tax differences available to members of the group must be reported on the 2008 Form 4593. The book-tax difference of the excluded member must be reported on the UBG's Form 4593 filed for the 2008 tax year regardless of the fact that otherwise the member is not included in that return.

Attach this schedule to the return.

Attachment 12

2008 MICHIGAN Business Tax Renaissance Zone Credit Schedule

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

1. Tax liability before Renaissance Zone Credit. Enter amount from Form 4573, line 13, or Form 4596, line 14 ..... 1. ______ 00
2. Enter property information below:

Street Address	Zone or Subzone
City	Parcel Number

3. Average value of property owned within the Zone ..... 3. ______ 00
4. Multiply rent paid for property within the Zone by 8 and enter the result ..... 4. ______ 00
5. Total property value within the Zone. Add lines 3 and 4 ..... 5. ______ 00
6. Average value of all property owned in Michigan ..... 6. ______ 00
7. Multiply rent paid for property in Michigan by 8 and enter the result ..... 7. ______ 00
8. Total property value in Michigan. Add lines 6 and 7 ..... 8. ______ 00
9. Divide line 5 by line 8 and enter as a percentage ..... 9. ______ %
10. Total payroll for services performed within the Zone ..... 10. ______ 00
11. Total Michigan payroll ..... 11. ______ 00
12. Divide line 10 by line 11 and enter as a percentage ..... 12. ______ %
13. Add lines 9 and 12 and enter as a percentage ..... 13. ______ %
14. Business Activity Factor. Divide line 13 by 2 and enter as a percentage ..... 14. ______ %
15. Credit based on the Business Activity Factor. Multiply line 14 by line 1 ..... 15. ______ 00

Adjusted Services Performed in the Renaissance Zone

16. Enter amount from line 10 ..... 16. ______ 00
17. Enter depreciation for tangible property in the Zone exempt under MCL 211.7ff. Claim property exempt in tax year; also claim new property that will be exempt in immediately following tax year (see instructions) ..... 17. ______ 00
18. Add lines 16 and 17 ..... 18. ______ 00
19. **Partnerships, S Corporations and Individuals Only:**
   a. Business income from Form 4567, line 21. If less than zero, enter zero ..... 19a. ______ 00
   b. Apportionment percentage from Form 4567, line 10d ..... 19b. ______ %
   c. Enter amount from line 14 as a percentage ..... 19c. ______ %
   d. Multiply line 19a by line 19b by line 19c ..... 19d. ______ 00
   e. Add lines 18 and 19d ..... 19e. ______ 00
20. Enter amount from line 18, or, if taxpayer is a Partnership, S Corporation or Individual, enter amount from line 19e ..... 20. ______ 00
21. Credit based on adjusted services performed in the Zone. Multiply line 20 by 10% (0.10) ..... 21. ______ 00

Taxpayers first located within a Renaissance Zone before 12-31-2002 ONLY
(All others, leave lines 22a-e blank.)

22. a. Renaissance Zone Credit allowed in 2007 ..... 22a. ______ 00
   b. Michigan payroll in 2007 ..... 22b. ______ 00
   c. Business Activity Factor for tax year 2007 and enter as a percentage ..... 22c. ______ %
   d. Divide line 11 by line 22b and enter as a percentage ..... 22d. ______ %
   e. Divide line 14 by line 22c and enter as a percentage ..... 22e. ______ %
23. Multiply line 22a by line 22d by line 22e ..... 23. ______ 00
24. Tentative Renaissance Zone Credit. Taxpayer first located within a Zone before 12-31-2002, enter lesser of lines 15, 21 or 23. All others enter the lesser of lines 15 or 21 ..... 24. ______ 00
25. a. Reduced credit percentage from Reduced Credit Table on page 2 ..... 25a. ______ %
   b. **Reduced Renaissance Zone Credit.** Multiply line 24 by the reduced credit percentage on line 25a. Carry amount to Form 4573, line 14, or Form 4596, line 15 ..... 25b. ______ 00

Continue on Page 2.

REDUCED CREDIT TABLE

If this tax period is in the:	The reduced credit is:
Final year of designation as a Renaissance Zone.................	**25 percent** (0.25) of tentative credit on line 24.
Immediately preceding the final year of designation as a Renaissance Zone..	**50 percent** (0.50) of tentative credit on line 24.
Two years before the final year of designation as a Renaissance Zone..	**75 percent** (0.75) of tentative credit on line 24.
Three or more years before the final year of designation as a Renaissance Zone...	**100 percent** (1.00) of the tentative credit on line 24.

Instructions for Form 4595
Michigan Business Tax (MBT) Renaissance Zone Credit Schedule

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

To allow eligible taxpayers to calculate and claim the Renaissance Zone Credit. The credit is calculated on Form 4595 and then carried to the *MBT Miscellaneous Nonrefundable Credits* (Form 4573). Insurance companies will carry this credit to the *Miscellaneous Credits for Insurance Companies* (Form 4596).

Renaissance Zone Credit

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 31, 2002, and those businesses first locating and conducting business activity within a Renaissance Zone after December 30, 2002.

To obtain the credit an otherwise qualified taxpayer must file an MBT annual return. The credit is equal to the lesser of the following:

- The tax liability attributable to business activity conducted within a Renaissance Zone in the tax year.
- 10 percent of adjusted services performed in a designated Renaissance Zone.
- For a taxpayer located and conducting business activity in a Renaissance Zone before December 31, 2002, the product of the following:
    - The Single Business Tax (SBT) Renaissance Zone Credit claimed for the tax year ending in 2007.
    - The ratio of the taxpayer's payroll in this State in the tax year divided by the taxpayer's payroll in this State in its SBT tax year ending in 2007.
    - The ratio of the taxpayer's Renaissance Zone Business Activity Factor for the tax year divided by the taxpayer's Renaissance Zone Business Activity Factor for its SBT tax year ending in 2007.

The credit allowed continues through the tax year in which the Renaissance Zone designation expires and is not refundable.

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, SBT, MBT 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.

For more information on Renaissance Zones, contact the Michigan Economic Development Corporation (MEDC) at (517) 373-9808 or visit their Web site at **michiganadvantage.org/MIAdvantage/Taxes-and-Incentives**. For information on the MBT credit, contact the Michigan Department of Treasury, Customer Contact Division, MBT Unit, at (517) 636-4657.

Special Instructions for Unitary Business Groups

If the entity located and conducting business activity in the Renaissance Zone is a member of a Unitary Business Group (UBG), the Renaissance Zone Credit must be calculated at the member entity level.

Attach this form to the UBG's appropriate combined annual return. If more than one member is eligible for this credit, complete one Form 4595 for each eligible member and attach all of them to the UBG's annual return.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the annual return.

UBGs: Complete one form for each member for whom this schedule applies. Enter the Designated Member (DM) name in the Taxpayer Name field and the specific member of the UBG for which this form is filed on the line below.

Line 2: Enter street address and parcel number of property. Enter name of Zone or Subzone in which the property is included.

ADJUSTED SERVICES PERFORMED IN THE RENAISSANCE ZONE

Line 17: Enter the amount deducted in arriving at federal taxable income (as defined for MBT purposes) for the tax year for depreciation, amortization, or accelerated write-off for tangible property in a Zone exempt under MCL 211.7ff. Claim property exempt in the tax year; also claim new property that will be exempt in the immediately following tax year, 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.

Line 19: Only Individuals, Partnerships, S Corporations and Limited Liability Companies (LLC) federally taxed as Partnerships or S Corporations should complete line 19.

Line 20: Enter amount from line 18, or, if the taxpayer is an Individual, Partnership, S Corporation, or an LLC federally taxed as a Partnership or S Corporation, enter amount from line 19e.

Line 22: Taxpayers first located within a Renaissance Zone before December 31, 2002, ONLY (all others, leave lines 22a through 22e blank).

See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Lines 25a and 25b: 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.

Multiply line 24 by the reduced credit percentage provided in the Reduced Credit Table. Carry amount to line 14 of the *MBT Miscellaneous Nonrefundable Credits* (Form 4573), or line 15 of the *MBT Miscellaneous Credits for Insurance Companies* (Form 4596).

See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

UBGs: If filing multiple 4595 forms, enter the total of line 25b for all members on Form 4573, line 14.

Attach this schedule to the return.

Form 4, Instructions for Application for Extension of Time to File Michigan Tax Returns

General Information

An extension of time to file is not an extension of time to pay. Read the Line-by-Line Instructions before completing the Application.

Income Tax (Individual and Fiduciary)

File Form 4 or a copy of your federal extension. An extension of time to file the federal return automatically extends the due date of the Michigan return to the new federal due date. If you have not been granted a federal extension, the Michigan Department of Treasury will grant a 180-day extension.

- Do not file this form if a refund is expected or if you are not submitting payment with this form.
- If at the time the extension is filed, it is determined additional Michigan tax is due, send the amount due and a completed Michigan extension application or a copy of your federal extension form. Extension requests received without payment on the account will not be honored and penalty and interest will accrue on the unpaid tax from the original due date of the return.
- Do not attach a copy of the federal extension with Form 4.
- Retain a copy of the extension form for your records.
- Payments made to date include withholding, estimated tax payments, a credit forward from the previous tax year and any other payments previously made for this tax year. Individual income tax filers should include any Michigan withholding

Michigan Business Tax (MBT)

Michigan Business Tax filers must use this form to request an extension and must file it even if the Internal Revenue Service (IRS) has approved a federal extension.

- If this form is properly prepared meeting all listed conditions and filed timely, Michigan Department of Treasury will grant the taxpayer an extension to the last day of the eighth month beyond the original due date regardless of whether you are granted a federal extension.
- Do not send a copy of the federal extension to the Michigan Department of Treasury. Retain a copy for your records.
- An extension of time to file is not an extension of time to pay. If there will be any MBT liability, payment must be included with this form and/or appropriate estimated tax payments must have been made during the year, **or the extension request will be denied.** Late filing penalty and interest will accrue on the unpaid tax from the original due date of the return.
- Penalty and interest for late filing is charged only if tax will be due on the MBT annual return. If no tax will be due on the MBT annual return, there is no need to request an extension to avoid penalty and interest.

Unitary Business Group (UBG)

A UBG must file a combined return under the name and Federal Employer Identification Number (FEIN) or TR number of the Designated Member of the standard taxpayer group. Only the Designated Member may submit a valid request for extension for the UBG. If any other member submits an extension request, it will not extend the time for filing for the combined return. Any payment attached to such request will be applied to the UBG. For more information on UBGs, see the General Information for Standard or Financial Taxpayers.

Line-by-Line Instructions

Lines not listed are explained on the form.

Line 1: File a separate application for each tax type. Check the box next to the appropriate tax. If filing a Composite Income Tax return (for nonresident partners or shareholders), check the "Fiduciary Tax" box.

Line 2: For MBT, enter the month and year your tax year ends. For Individual Income and Fiduciary Taxes, enter the tax year for which you are requesting the extension.

Lines 3, 5 and 7: MBT and Fiduciary Tax filers, enter Federal Employer Identification Number (FEIN) or TR Number on line 3.

Detach here and mail with your payment. Do not fold or staple the application.

Michigan Department of Treasury, Form 4 (Rev. 09-08)

Issued under the authority of Public Acts 281 of 1967 and 36 of 2007.

Application for Extension of Time to File Michigan Tax Returns

Make check payable to "**State of Michigan**." Print your **Social Security** or **account number** and **"Michigan Extension"** on the front of your check.
Mail to: Michigan Department of Treasury, PO Box 30774, Lansing, MI 48909-8274

1. Extension request is for the following tax Check ONLY ONE ☐ Income Tax* ☐ Fiduciary Tax* (includes Composite Filers) ☐ Michigan Business Tax * Do not file this form if a refund will be shown on the return.	2. Month and Year Your Tax Year Ends (MM-YYYY) —	3. Federal Employer Identification or TR Number
	4. ☐ Check if extension is requested for good cause - see instructions.	5. Filer's Social Security Number
	6. ☐ Check if an extension was granted for your federal tax return.	7. Spouse's Social Security Number (If filing jointly)
8. Business or Trust Name		9. Tentative Annual Tax
10. Taxpayer's Name (first name, middle initial, last name) or Fiduciary/Trustee Name		11. Total Payments Made to Date
12. Mailing Address		**13. Payment Amount** .00

DO NOT WRITE IN THIS SPACE

Income Tax filers only, enter Social Security number on line 5 (and line 7 if filing jointly).

Line 4: Filers who have not been granted a federal extension may request an extension for good cause. Examples of good cause include, but are not limited to: (a) taxpayer's initial return, (b) taxpayer's final return, (c) a change in accounting period, and (d) taxpayer's books and records are not available or complete. **NOTE**: The inability to pay a tax due is not good cause.

Line 6: Check the box if you have been granted a federal extension. Retain a copy of your federal extension for your files. By checking the box on line 6, you are affirming that you have a federal extension in your possession. You must be able to produce a copy for verification, if requested.

Lines 8 and 10: These lines must both be completed to avoid delays in processing.

Penalty and Interest

The application and payment must be postmarked on or before the original due date of the return. If the tax due is underestimated and sufficient payment is not paid with the application for extension, interest will be due on the unpaid or underpaid amount. The interest rate is 1 percent above the adjusted prime rate and is adjusted on January 1 and July 1. Interest is charged from the due date of the return to the date the balance of the tax is paid.

Any one of the following penalties may also apply to the unpaid tax:

- The initial penalty is 5 percent of tax due. Penalty increases by an additional 5 percent per month or fraction thereof, after the second month, to a maximum of 25 percent for failure to pay;
- 10 percent for negligence;
- 25 percent for intentional disregard of the law.

When You Have Finished

Detach the Application for Extension form from the instructions and mail to the address on the form. MBT filers who submit a properly completed request will receive a written response at the legal address on file with the Michigan Department of Treasury.

Income Tax and Fiduciary Tax filers will not receive a response.

Computation and Payment of Tax Due

Estimate tax liability for the year and pay any unpaid portion of the estimate with the application for extension.

A.	Total annual tax liability. Enter here and carry to Application, line 9	A.	
B.	Payments made to date. Enter here and carry to Application, line 11 *	B.	
C.	Credits (if any)	C.	
D.	Add lines B and C	D.	
E.	Estimated balance due. Subtract line D from line A	E.	
F.	Amount paid with this Application. Enter here and carry to Application, line 13	F.	

* Payments made to date include withholding, estimated tax payments, a credit forward from the previous tax year and any other payments previously made for this tax year.

2008 Supplemental Instructions for Standard Initial Fiscal Michigan Business Tax (MBT) Filers

NOTE: These instructions for fiscal year MBT filers are meant to supplement the general instructions, not to replace them. Standard filers refers to all taxpayers other than financial institutions or insurance companies. Fiscal year filers that are financial institutions filing their initial MBT returns should see the MBT instruction book for financial institutions (Form 4599). (Insurance companies cannot be fiscal year filers.)

The Single Business Tax (SBT) was repealed on business activity after December 31, 2007. MBT became effective January 1, 2008.

A standard taxpayer with a fiscal year beginning in 2007 and ending in 2008 must file two short period returns, one to report its final SBT liability, for the period from the beginning of its 2007-08 fiscal year through December 31, 2007, and the other to report its initial MBT liability, for the period from January 1, 2008, to the ending of its 2007-08 fiscal year.

A fiscal filer should use these forms to complete and file two MBT returns. The first return will calculate its initial MBT liability for the short period from January 1, 2008, to the ending of its 2007-08 fiscal year. The second return will calculate its entire 2008-09 fiscal year, utilizing 2009 tax year rates and amounts. The following instructions pertain only to the fiscal filer's initial MBT short period return.

Computing the Initial Return for a Period of Less Than 12 Months

A fiscal year standard taxpayer with a tax year ending in 2008 may elect to compute the tax base for the final short-period SBT year and the initial short-period MBT year in accordance with one of the following calculation methods:

- **Annual Method.** The tax base may be computed as if the acts were effective throughout the taxpayer's 2007-08 federal tax period. The Modified Gross Receipts and the Business Income Tax base will then be multiplied by a fraction, in which the numerator is the number of months of the federal period that fall in 2007 or 2008, and the denominator is 12.
- **Actual Method.** The tax base may be computed based on actual business activity occurring in the final/initial short-period in accordance with the same method of accounting used in prior fiscal years, which reflects the actual tax base attributable to the period.

The calculation method the taxpayer employed for its final SBT return must also be used for the initial MBT return. Thus, if a taxpayer elects to use the annual method for its final SBT return it must also use the annual method for its initial MBT return.

EXAMPLE: Using the annual method, a standard taxpayer with a fiscal year-end of August 31 would compute the tax base on full year numbers (September 1, 2007, through August 31, 2008, annual accounting period), and then multiply that amount by 4/12 (or 1/3) to obtain the SBT short year tax base for the period of September 1, 2007, through December 31, 2007, or by 8/12 (or 2/3) to obtain the MBT short year tax base for the period of January 1, 2008, through August 31, 2008.

Alternatively, the same taxpayer could choose to compute the actual tax base for business activity occurring in the short years using the same method of accounting employed in prior years. In either case, the calculation method used (annual or actual) to file the final fiscal SBT return must be used when filing the initial fiscal MBT return.

NOTE: A taxpayer will be required to amend its final SBT return so the filing methods are consistent if a different method is chosen for the initial filing of MBT.

Unitary Business Groups (UBGs): If the method used by the group to calculate its initial short period MBT return is different from the method used by an individual member on the member's final SBT return, that member must amend its final SBT return to achieve consistency.

Filing for a Tax Year Less Than 12 Months. All general practices pertaining to annualization and proration will apply for the qualification and calculation of credits and adjustments on filings for a period less than 12 months.

Annualizing

If a business operated less than 12 months, annualize to determine which forms to file and the eligibility for the Small Business Alternate Credit. Fiscal year filers choosing the annual method of computing their tax base will report figures using their entire 2007-08 federal return. For all other taxpayers, including fiscal year filers using the actual method, do not use annualized numbers on a return unless specified; use them only to determine filing requirements and qualifications for credits. See 2008 General Information for Standard Taxpayers on page 7 for further details.

Due Date

Fiscal year taxpayers are granted an automatic extension for their 2008 fiscal year annual return. Returns for fiscal years ending in 2008 will be due the same date as 2008 calendar year returns, which is April 30, 2009. However, an extension of time to file is not an extension of time to pay. An extension request form need not be filed unless required to transmit payment of any tax that would be due with the annual return. The annual return tax due must be paid by the original due date, which is the last day of the fourth month after the end of the fiscal year.

Federal Returns

If using the annual method to compute the initial fiscal return, attach copies of all federal forms required. See page 13 for details. If you choose the actual method to compute your initial return, attach a pro forma federal return calculation reflecting your actual income and expenses, prepared in accordance with the method of accounting used in prior fiscal years. This pro forma federal return calculation must include all income, expenses and adjustments required. If using the actual method, also attach a copy of quarterly or monthly financial statements for 2007-08.

Forms to File

Taxpayers with fiscal years ending in 2008 must file the *MBT Annual Return* (Form 4567) to calculate their initial fiscal return. Filing the *MBT Simplified Return* (Form 4583) will not be accepted.

Additional Instructions for Specific Forms

Forms not addressed here need no supplemental instructions.

MBT Annual Return (Form 4567)

On line 1, enter January 1 as the beginning date, and enter the ending date that corresponds to the taxable period as reported to the Internal Revenue Service (IRS) as the ending month. Enter all dates in MM-DD-YYYY format.

Line 10e: Check the box if you are a Fiscal Filer computing tax in accordance with the annual method. Compute the percentage of your 2007-08 accounting period attributable to 2008.

Unitary Business Groups (UBGs): If the Designated Member (DM) is a calendar year filer, all members, including fiscal year members, must use the actual method. If the DM is a fiscal year filer, all members must use the same method of calculation, annual or actual, chosen by the DM. Do not, however, use lines 10e through 10h, even if the annual method will be used. Proration for a UBG is performed on Part 2A of the *MBT Unitary Business Group Combined Filing Schedule* (Form 4580).

Line 35: Nonrefundable credits from the *MBT Nonrefundable Credits Summary* (Form 4568), line 36. If claiming nonrefundable credits, see Form 4568. Note that these credits have strict eligibility requirements. All credits against the tax must be earned and calculated based on actual payments made and actions performed on or after January 1, 2008, regardless of the method selected for the tax calculation.

Single Business Tax Credit Carryforwards (Form 4569)

Fiscal filers filing their second 2008 MBT return should claim the credit forward from their immediately preceding MBT return.

MBT Credits for Compensation, Investment and Research and Development (Form 4570)

Credits against the tax must be earned and calculated based on actual payments made and actions performed after 2007, regardless of whether a taxpayer uses the annual or actual method for tax calculations. Do not include acquisitions or dispositions occurring in 2007 in the calculation of the ITC.

MBT Common Credits for Small Businesses (Form 4571)

All credits against the tax must be earned and calculated based on actual payments made and actions performed after 2007, regardless of the method selected for the tax calculation.

Lines 6 and 7: Compensation and Directors Fees. Officers and active shareholders will be reported on an actual basis on lines 6 and 7, regardless of the method selected for the tax calculation.

MBT Charitable Contribution Credits (Form 4572)

Lines 3, 7, 12, and 16: Provide a credit for contributions made to various qualifying organizations. These donations must have been made after 2007, regardless of the method selected for the tax calculation.

MBT Miscellaneous Nonrefundable Credits (Form 4573)

To claim the Historic Preservation Credit, the certificate must show a completion date after December 31, 2007, but on or before the fiscal year end date in 2008. To be eligible for the Next Energy Business Activity Credit, Start-Up Business Credit, Film Job Training Credit or Film Infrastructure Credit, the appropriate certificate must be received on or before the fiscal year end date in 2008.

MBT Refundable Credits (Form 4574)

All credits against the tax must be earned and calculated based on actual payments made and actions performed in 2008, regardless of the method selected for the tax calculation.

To be eligible for the Michigan Economic Growth Authority (MEGA) Employment Tax Credit, MEGA Research and Development Credit, Hybrid Technology Research and Development Credit, Anchor Company Taxable Value Credit, Anchor Company Payroll Credit, MEGA Federal Contract Credit or Film Production Credit, the appropriate certificate must be received on or before the fiscal year end date in 2008.

The Workers' Disability Supplemental Benefit (WDSB) Credit is available only for the amount authorized by the Workers' Compensation Agency during the portion of 2007-2008 fiscal year that is in 2008.

Personal Property Tax Credits are limited to taxes levied after December 31, 2007, and paid in the fiscal tax year.

MBT Loss Adjustment Worksheet for the Small Business Alternative Credit (Form 4575)

Part 1: Business income and shareholder compensation disqualifiers must be computed on an annualized basis. Enter annualized numbers on lines 1, 4 and 6.

Part 2: Fiscal year filers will use the information from the five preceding periods, which will include the final SBT fiscal year ending in 2007.

MBT Schedule of Shareholders and Officers (Form 4577)

In columns I through K, enter actual dividends, salaries, wages, director's fees, employee insurance plans, pension, etc., received during the tax year in 2008, regardless of the method selected for the tax calculation. For a fiscal year filer choosing to compute the tax base using the annual method, column M, "Share of Business Income," will have to be adjusted to reflect the prorated business income.

MBT Schedule of Partners (Form 4578)

For a fiscal year filer choosing to compute the tax base using the annual method, column D, "Share of Business Income/ Loss," must be adjusted to reflect the prorated business income.

MBT Unitary Business Group Combined Filing Schedule (Form 4580)

Line 1: In Part 1, identify group members whose federal tax periods end within the filing period of the DM. If the DM has made a valid election to use the actual method, each member will report only activity occurring on or after January 1, 2008. If the DM is a calendar year filer, then all group members will use the actual method.

If a DM has a fiscal year end before a group member's fiscal year end, that group member will not be listed on the UBG's initial MBT return for the 2007-08 tax year. List such a member on line 53 and use Reason Code 5 in column 53D. The excluded member will be included in the UBG's subsequent combined return for the tax year ending in 2009.

Line 2: Column 2I is used to identify a person that was a member of the UBG for less than its entire federal tax year due to changes in ownership. Do not include in column 2I any member that uses a fiscal year and that reports on this combined return all of its activity from January 1, 2008, through the end of its 2007-08 fiscal year.

MBT Simplified Return (Form 4583)

This form **cannot** be used by initial fiscal year filers with tax years ending in 2008.

MBT Election of Refund or Carryforward of Credits (Form 4584)

To be eligible for the Anchor Company Taxable Value Credit, Anchor Company Payroll Credit, and MEGA Federal Contract Credit, the appropriate certificate must be received on or before the fiscal year end date in 2008.

To be eligible for a Brownfield Redevelopment Credit, the certificate must show a completion date after December 31, 2007, but on or before the fiscal year end date in 2008.

NOTE: A fiscal filer that has a fiscal year end date before April 8, 2008, and receives a certificate of completion before its 2008 fiscal year end date will not be eligible for the refundable Brownfield Redevelopment Credit.

MBT Book-Tax Difference (Form 4593)

<u>UBGs</u>: If the 2007-08 fiscal year of a UBG member other than the DM ends after the first 2008 filing period of the UBG, that member will not be included in the UBG's first combined return (except in Part 4, as an excluded affiliate).

Although a member may otherwise not be included in the UBG's first combined return, all book-tax differences available to members of the group must be reported on the 2008 Form 4593. The book-tax difference of the excluded member must be reported on the UBG's Form 4593 filed for the 2008 tax year regardless of the fact that otherwise the member is not included in that return.

Michigan Farmland Preservation Tax Credit (Form 4594)

A fiscal year taxpayer with a tax year ending in 2008 will compute the portion applied against MBT liability by determining the actual income in the initial MBT short period tax year in accordance with the method of accounting used in prior fiscal years, which reflects the actual income attributable to the period.

Prorating: The property taxes must be prorated. Use the following computation to determine the amount of taxes that can be claimed:

- Determine number of months of 2007-2008 fiscal year that is in calendar year 2008.
- Divide number of months by 12 to compute percentage.
- Multiply percentage by property taxes billed in 2007 to compute amount of taxes that can be claimed.

Assembling Attachments: Attach a schedule showing the entity's computation of the actual income. This schedule or pro forma must include all adjustments required. Also attach a copy of the entity's actual Federal Income Tax return, if available.

MBT Renaissance Zone Credit Schedule (Form 4595)

For purposes of the calculation required for taxpayers first located within a Renaissance Zone before December 31, 2002, fiscal year filers may use the 2007 12 month calendar year amounts for payroll and Renaissance Zone business activity, or the final 12 month fiscal year ending in 2007. The same choice must be made for each component of the calculation.

A fiscal year taxpayer's phase-out percentage for the final three years of the Renaissance Zone Credit is determined by the beginning of the taxpayer's filing period. No proration of months is involved.

FOR EXAMPLE:

- Renaissance Zone designation expires on December 31, 2010.
- The three years in which the credit is subject to the phase-out reduction are 2008, 2009, and 2010.
- In the taxpayer's tax year which commences on July 1, 2008, and ends on June 30, 2009, its Renaissance Zone Credit will be reduced by 25 percent.
- In the taxpayer's tax year which commences on July 1, 2009, and ends on June 30, 2010, its Renaissance Zone Credit will be reduced by 50 percent.
- In the taxpayer's tax year which commences on July 1, 2010, and ends on June 30, 2011, the business activity factor of the MBT Act Renaissance Zone Credit is calculated as if the taxpayer is within a Renaissance Zone for a period less than the full tax period, and that credit amount is reduced by 75 percent.

Application for Extension of Time to File Michigan Tax Returns (Form 4)

Fiscal year MBT taxpayers are granted an automatic extension for their 2008 fiscal year annual returns, with the extended due date of April 30, 2009. If the regular MBT extension period is not sufficient to allow a fiscal year taxpayer to gather necessary information for its 2008 fiscal year MBT return, the Department of Treasury will, upon request, grant a special extension appropriate to the circumstances.

To request additional time beyond April 30, submit a letter to the Department requesting an extension. The letter must include your name, Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number, tax year end, and an explanation of need.

FEIN or TR Number:

Gross Receipts/Business Income Worksheets

NOTE: Worksheets may not be all inclusive to all taxpayers. There may be additions and/or exclusions that affect gross receipts for Michigan Business Tax purposes that are not reflected on federal forms. Limited Liability Companies should choose the appropriate worksheet based on their federal return. Attach this Worksheet to your return.

WORKSHEET 1
INDIVIDUALS AND FIDUCIARIES

Part 1: Gross Receipts

1. U.S. Form *1040, Schedule C or C-EZ* gross receipts (net of returns)		00
2. U.S. Form *1040, Schedule C,* other income		00
3. U.S. Form *1040, Schedule D,* (a) short- and long-term sales price		00
4. U.S. Form *1040, Schedule E*		
a. Part I, total rents received		00
b. Total royalties received		00
5. U.S. Form *4797,* gross sales price,(a) business assets		00
6. Other receipts		00
7. Total gross receipts. Add lines 1 through 6		00

Part 2: Business Income

8. U.S. Form *1040, Schedule C* or *C-EZ*, net profit/loss		00
9. U.S. Form *1040, Schedule D,* gain/loss (b)		00
10. U.S. Form *1040, Schedule E,* line 22 rent and royalty income/loss		00
11. U.S. Form *4797* gain/loss not included in Schedule D		00
12. Net bonus depreciation adjustment (c)		00
13. Domestic Production Activities deduction based on IRC 199 reported on U.S. Form *8903*, to the extent deducted from federal taxable income		00
14. Other income		00
15. Total business income. Add lines 8 through 14		00

WORKSHEET 2
CORPORATIONS

Part 1: Gross Receipts

1. U.S. Form *1120,* line 1c		00
2. U.S. Form *1120,* lines 4 through 7		00
3. U.S. Form *1120,* line 10		00
4. U.S. Form *1120,* Schedule D, (a) short- and long-term sales price		00
5. U.S. Form *4797,* gross sales price (a)		00
6. Add lines 1 through 5		00

PART 2: Business Income

7. Federal taxable income from U.S. Form *1120*		00
8. Net bonus depreciation adjustment (c)		00
9. Domestic Production Activities deduction based on IRC 199 reported on U.S. Form *8903,* to the extent deducted from federal taxable income		00
10. Total business income. Add lines 7 through 9		00

WORKSHEET 3
PARTNERSHIPS AND S CORPORATIONS

Part 1: Gross Receipts

1. U.S. Form *1065,* or U.S. Form *1120S*		
a. Gross receipts (net of returns)		00
b. Other income/receipts		00
2. U.S. Form *8825,* gross income from real estate rentals		00
3. U.S. Form *1065,* or *1120S, Schedule D,* (a) short- and long-term sales price		00
4. U.S. Form *1065,* or *1120S, Schedule K*		
a. Gross other rental income		00
b. Interest, dividend, royalty income		00
c. Other income		00
5. U.S. Form *4797, gross sales price* (a) business assets		00
6. Other receipts		00
7. Total gross receipts. Add lines 1 through 6		00

Part 2: Business Income

8. U.S. Form *1065,* or *1120S Schedule K,* Income (loss)		
a. Ordinary income/loss		00
b. Net real estate rental income/loss		00
c. Net other rental income/loss		00
d. Interest, dividend, and royalty income		00
e. Net short-term gain/loss		00
f. Net long-term gain/loss		00
g. Other portfolio income/loss		00
h. Guaranteed payments to partners or wages paid to a member of a LLC Partnership		00
i. Other net gain/loss under section 1231		00
j. Net bonus depreciation adjustment (c)		00
k. Other income		00
9. Total income/loss. Add lines 8a through 8k		00
10. U.S. Form *1065* or *1120S, Schedule K,* Deductions		
a. Charitable contributions		00
b. Section 179 expense		00
c. Deductions related to portfolio income		00
d. Other deductions (Do not include deductions for domestic production activities (IRC 199))		00
11. Total deductions. Add lines 10 through 10d		00
12. Total business income. Subtract line 11 from line 9		00

(a) See the Gross Receipts Checklist on Page 26 for detailed information for these items.

(b) U.S. Forms 1040D and 4797: Report only gains or losses from assets used in a business activity. Do not include personal gains and losses.

(c) To compute the business income for MBT purposes, taxpayers who claimed a federal special depreciation under IRC 168(k) on property first placed in service in 2008 or later must calculate the net bonus depreciation adjustment on those assets as follows: Net bonus depreciation adjustment in tax year equals federal additional bonus depreciation claimed in tax year plus the amount of depreciation [other than bonus depreciation] that is allowed for federal tax purposes in the tax year less the amount of depreciation that is allowed for MBT purposes in the tax year.

IMPORTANT: For the computation of business income, to the extent that gain or loss is calculated on the sale of a depreciable asset placed in service after December 31, 2007, calculate and report as if IRC 168(k) were not in effect.

Revenue Administrative Bulletins

2008-7	Certified Educational Foundations
2008-6	Certified Community Foundations
2008-5	Interest Rate
2008-4	Michigan Business Tax Nexus Standards
2007-6	Michigan Business Tax - "Actively Solicits" Defined
2005-3	Penalty Provisions
1996-4	Credit or Refund of Overpayment of Taxes or Credits in Excess of Tax Due and Applicable Interest
1994-1	Challenge of Assessment, Decision or Order Limited by Statute
1989-38	Officer Liability

For a complete list, go to **www.michigan.gov/taxes**.

2008 Certified Education Foundations

1051	Birmingham Education Foundation
1052	Blissfield Foundation for Educational Excellence
1201	East Lansing Education Foundation
1202	Educational Excellence Foundation Plymouth-Canton
1251	Foundation for Ed. Excellence Romeo Community Schools
1501	Kalamazoo Communities in Schools
1551	Lansing Public Schools Educational Advancement Foundation
1601	Marquette Area Public Schools Education Foundation
1651	Northview Education Foundation
1851	Rochester Community Schools Foundation
1901	Stockbridge Area Educational Foundation

Certified Community Foundations and Component Funds

A component fund serves donors and nonprofit organizations in a specific geographic area as a restricted fund of a neighboring community foundation. The following are certified for the Community Foundations Credit for 2008.

01 Albion Community Foundation
56 Allegan County Community Foundation
  Saugatuck/Douglas Area Community Fund
63 Anchor Bay Community Foundation
02 Ann Arbor Area Community Foundation
  Community Foundation of Plymouth
  Ypsilanti Area Community Fund
49 Baraga County Community Foundation
58 Barry Community Foundation
17 Battle Creek Community Foundation
  Athens Area Community Foundation
  Homer Area Community Foundation
  Springfield Community Foundation
03 Bay Area Community Foundation
  Arenac County Fund
04 Berrien Community Foundation
45 Branch County Community Foundation
36 Cadillac Area Community Foundation
  Missaukee Area Community Foundation
64 Canton Community Foundation
06 Capital Region Community Foundation
  Eaton County Community Foundation
66 Central Montcalm Community Foundation
44 Charlevoix County Community Foundation
28 Community Foundation for Muskegon County
  Community Foundation for Mason County
  Community Foundation for Oceana County
29 Community Foundation for Northeast Michigan
  Iosco County Community Foundation
  North Central Michigan Community Foundation
  Straits Area Community Foundation
09 Community Foundation for Southeast Michigan
  Chelsea Community Foundation
  Community Foundation for Livingston County
10 Community Foundation of Greater Flint
  Clio Area Community Fund
  Fenton Community Fund
  Flushing Community Fund
  Grand Blanc Community Fund
  Davison Community Fund
19 Community Foundation of Greater Rochester
11 Community Foundation of Monroe County
  Greater Milan Area Community Foundation
35 Community Foundation of St. Clair County
20 Community Foundation of the Holland/Zeeland Area
54 Community Foundation of the Upper Peninsula
  Alger Regional Community Foundation
  Chippewa County Community Foundation
  Community Foundation for Delta County
  Gogebic-Ontonagon Community Foundation
  Les Cheneaux Area Community Foundation
  Schoolcraft County Community Foundation
  St. Ignace Area Community Foundation
  Tahquamenon Area Community Foundation
  West Iron County Area Community Foundation
50 Dickinson County Area Community Foundation
  Crystal Falls/Forest Park Area Community Fund
  Norway Area Community Fund
13 Four County Community Foundation
14 Fremont Area Community Foundation
  Lake County Community Foundation
  Mecosta County Community Foundation
  Osceola County Community Foundation
15 Grand Haven Area Community Foundation
  Allendale Area Community Foundation
  Coopersville Area Community Foundation
16 Grand Rapids Community Foundation
  Cascade Community Foundation
  East Grand Rapids Community Foundation Fund
  Ionia County Community Foundation
  Lowell Area Community Fund
  Southeast Ottawa Community Foundation
  Sparta Community Foundation
  Wyoming Community Foundation
46 Grand Traverse Regional Community Foundation
48 Gratiot County Community Foundation
18 Greater Frankenmuth Area Community Foundation
37 Greenville Area Community Foundation
  Lakeview Area Community Fund
  Montcalm Panhandle Community Fund
43 Hillsdale County Community Foundation
60 Huron County Community Foundation
21 Jackson County Community Foundation
22 Kalamazoo Community Foundation
  Covert Township Community Foundation Fund
67 Keweenaw Community Foundation
77 Lapeer County Community Foundation
23 Leelanau Township Community Foundation
62 Lenawee Community Foundation
55 Livonia Community Foundation
25 M & M Area Community Foundation
65 Mackinac Island Community Foundation
24 Manistee County Community Foundation
39 Marquette Community Foundation
  Greater Ishpeming Area Community Fund
  Gwinn Area Community Fund
  Negaunee Area Community Fund
26 Marshall Community Foundation
05 Michigan Gateway Community Foundation
27 Midland Area Community Foundation
  Clare County Community Foundation
  Gladwin County Endowment Fund
42 Mt. Pleasant Area Community Foundation
72 North Woodward Community Foundation
68 Northville Community Foundation
75 Otsego County Community Foundation
47 Petoskey-Harbor Springs Area Community Foundation
76 Roscommon County Community Foundation
30 Saginaw Community Foundation
  Chesaning Area Community Foundation Fund
61 Sanilac County Community Foundation
71 Shelby Community Foundation
31 Shiawassee Community Foundation
57 Southfield Community Foundation
74 Sterling Heights Community Foundation
40 Sturgis Area Community Foundation
  Constantine Area Community Foundation
  White Pigeon Area Community Foundation
32 Three Rivers Area Community Foundation
73 Tuscola County Community Foundation

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

File with confidence. E-file.

- **It's Accurate.** E-filed returns have much less chance of error compared to paper returns. The computer program checks for math errors before the return is accepted, and new explanations pinpoint the location of any errors in the return.

- **It's Fast.** E-filed returns are processed much faster than paper returns. Paper-filed returns take considerably longer to process.

- **It's Convenient.** Prepare and submit your Michigan Business Tax (MBT) return electronically using software approved by the Michigan Department of Treasury, and receive electronic proof from both the Internal Revenue Service (IRS) and State of Michigan that your returns were accepted.

- **It's Secure.** Only preparers and their clients see the returns. Confidential information is protected by Secure Socket Layer (SSL) 128-bit encryption.

e-file

www.MIfastfile.org

E-file Software Companies

The following companies have indicated their commitment to develop software for MBT e-file. They may need to be contacted to determine when their software will be available. Additional company contact information is available on Treasury's Web site at **www.michigan.gov/taxes**.

1040 Works
www.1040works.com

CCH Small Firms Services - ATX
www.atxinc.com

CCH Small Firms Services - TaxWise
www.taxwise.com

CCH, a Wolters Kluwer Business
www.CCHGroup.com

CORPTAX, LLC
www.corptax.com

Data Technology Group
www.taxdimensions.com

Drake Enterprises
www.drakesoftware.com

Express Tax
www.expresstaxservice.com

Greatland
www.greattaxpro.com

Lacerte
www.lacertesoftware.com

Lamson Tech
www.lamsontech.com

Pro Series
www.proseries.com

Rhodes Computer Services
www.taxslayerpro.com

Tax Technologies, Inc.
www.taxtechnologies.com

TAX$IMPLE, INC.
www.taxsimple.us

Taxsation Inc.
www.taxsation.com

TaxVision
www.ntslinks.net

TaxWorks, Inc.
www.taxworks.com

Thomson Reuters Tax & Accounting
www.es.thomsonreuters.com
www.Onesource.ThomsonReuters.com
www.cs.thomsonreuters.com

Vertex, Inc.
www.vertexinc.com

Treasury and the State of Michigan do not endorse or warrant these companies or their products or services. The decision to use or not to use any of these products and services will not result in any special treatment from Treasury.

Unclaimed Property Reporting for Businesses

Michigan's Uniform Unclaimed Property Act (Public Act (PA) 29 of 1995) requires holders of unclaimed property to report and remit property belonging to owners who cannot be located or for whom there is no known address. Every business that has uncashed checks (payroll, vendor, dividends, etc.) must file a report and turn the funds over to the Michigan Department of Treasury, Unclaimed Property Division. Unclaimed property could also include cash, deposits, interest, stocks,* or contents from safe deposit boxes.

Section 31 (2) of PA 29 gives the State Treasurer the authority to conduct unclaimed property examinations to determine compliance with the act.

WHO MUST REPORT

Every Individual, Partnership, or Corporation who has unclaimed property belonging to someone whose last known address is in Michigan must report. If the owner's last known address is in another state or country and the holder does not report under the provisions of that state or country, then report those interests to Michigan.

DORMANCY PERIODS

Generally, property in your custody that belongs to someone else and has gone unclaimed for five years must be reported. However, dormancy periods will vary based on the type of property. Visit Treasury's Web site at **www.michigan.gov/unclaimedproperty** for more detailed information about dormancy periods.

*A 2004 law change reduced the dormancy period for reporting stock and dividends from seven to three years.

REPORTING DUE DATE

Holder reports are due by November 1 each year and must contain all items considered unclaimed as of June 30. Enclose payment with the report to cover the amount reported. If you have unclaimed property and fail to pay or deliver it timely to the State of Michigan, you may be liable for interest at the current monthly rate of one percentage point above the adjusted prime rate on the value of the property. Civil penalties may also apply for not filing.

CLAIMING FUNDS

To check if funds are being held for you, your family, or your business entity, visit Treasury's Web site at **www.michigan.gov/unclaimedproperty**.

FOR MORE INFORMATION

Visit **www.michigan.gov/unclaimedproperty**

Call the Unclaimed Property Division at 517-636-5320

Write to: Unclaimed Property Division
Michigan Department of Treasury
P.O. Box 30756
Lansing, MI 48909

Michigan Department of Treasury
4699 (Rev. 01-09)

FEIN or TR Number

Individual or Family Development Account Credit and International Auto Show Credit Worksheets

You must complete Form 4573 lines 1 through 57 before beginning this worksheet.

INDIVIDUAL OR FAMILY DEVELOPMENT ACCOUNT (IFDA) CREDIT WORKSHEET

1.	Enter Tax After MEGA Federal Contract Credit from Form 4573, line 57. If not claiming this credit, carry amount from line 1 to line 5 and then skip to line 7	1.	00
2.	Enter the contribution amount from MSHDA certificate (attach certificate)	2.	00
3.	Multiply amount on line 2 by 75% (0.75).	3.	00
4.	**IFDA Credit.** Enter lesser of line 1 or line 3.	4.	00
5.	Tax after IFDA Credit. Subtract line 4 from line 1	5.	00
6.	Credit Carryforward. If line 3 is greater than line 1, enter the difference	6.	00

If not claiming the International Auto Show Credit, carry amount from line 4 to Form 4573, line 58.

INTERNATIONAL AUTO SHOW CREDIT WORKSHEET

7.	For tax year ending in 2009, enter $500,000	7.	00
8.	**International Auto Show Credit**. Enter the lesser of line 5 or line 7	8.	00
9.	Tax after International Auto Show Credit. Subtract line 8 from line 5	9.	00
10.	Combined IFDA and International Auto Show Credit. Add lines 4 and 8. Carry amount to Form 4573, line 58	10.	00

For tax years ending in 2009, a taxpayer who owns, operates, or controls an international auto show in Michigan that meets certain criteria may claim a credit equal to its entire MBT liability or $500,000, whichever is less. In 2010 and each year thereafter, the credit is equal to the qualified taxpayer's entire MBT liability or $250,000, whichever is less.

A qualified international auto show must:

- Promote, advertise, or display the design or concept of products that are designed, manufactured, or produced, in whole or in part, in this state and are available for sale to the general public;
- Use more than 100,000 square feet of floor space;
- Be open to the general public for at least 7 consecutive days in a calendar year;
- Have attendance exceeding 500,000; and
- Have more than 3,000 credentialed journalists, including international journalists, who attend the auto show.

A taxpayer claiming the International Auto Show Credit must maintain in its records proof that the international auto show satisfies all of the above criteria.

Notes

Michigan Department of Treasury
Lansing, MI 48922