



2012 MICHIGAN CORPORATE INCOME TAX FOR FINANCIAL INSTITUTIONS

This booklet contains forms and instructions to complete a Corporate Income Tax return for calendar year 2012, a short-year fiscal year ending in 2012, and a fiscal year ending in 2013.

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E-FILE YOUR CIT RETURN.

See page 5 for more information, or visit the E-file Web site.

www.MIfastfile.org

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



This booklet is intended as a guide to help complete a Corporate Income Tax Return.
It does not take the place of law.

Important Information for 2012 — Corporate Income Tax, Financial Institutions

Corporate Income Tax (CIT) Instruction Differences for Calendar, Fiscal Year Filers

The CIT took effect January 1, 2012, and replaces the Michigan Business Tax (MBT), except for certain businesses that wish to retain certain certificated credits. This CIT booklet includes forms and instructions designed for the calendar year 2012, and for the portion of the tax year in 2012 for financial institutions with a federal fiscal year beginning in 2011 and ending in 2012. All filers should read the instructions carefully.

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

This year the completion of some forms will vary depending on whether the taxpayer is a fiscal year filer. These fiscal filer differences are detailed in the “2012 Supplemental Instructions for Fiscal CIT Filers – Financial Institutions” later in this booklet.

Helpful Hints for Completing a CIT Return

CIT UBG Combined Filing Schedule for Financial Institutions (Form 4910)

Members of a UBG will report their data on the *CIT Amended Return for Financial Institutions* (Form 4910). Once all member data is combined and eliminations are calculated, the final figures will carry to Form 4908. UBG members may have different tax year-ends. The combined return must include each member whose tax year ends with or within the tax year of the Designated Member (DM).

Estimates

All estimated payments, extension payments, and tax returns must be filed under the UBG’s DM.

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

Amended Returns

To amend a current or prior year annual return, complete the Form 4909 that is applicable, explaining the reason for the changes. Include an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document. Include all schedules filed with the original return, even if not amending that schedule. Enter the figures on the amended return as they should be. Do not include a copy of the original return with your amended return.

Accelerated Credits in 2012

A taxpayer with a certificated credit under section 435 (Historic) or 437 (Brownfield) of the Michigan Business

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

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

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

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

For more details, see the 2012 Request for Reduced Refundable Credit Payout for the Brownfield Redevelopment Credit and Historic Preservation Credit (Form 4889). Michigan Tax Forms are online at www.michigan.gov/taxes. An accelerated credit refund will be paid within 60 days after Form 4889 is filed.

Flow-Through Withholding

On January 1, 2012, several changes to the Income Tax Act of 1967 (ITA) went into effect establishing a new withholding requirement for flow-through entities that have members, partners, or shareholders that are corporations or other flow-through entities. These withholding requirements are known as Flow-Through Withholding (FTW).

Under FTW, every flow-through entity with business activity in Michigan that reasonably expects to accrue more than \$200,000 in apportioned or allocated business income for the tax year must withhold on the distributive share of each member that is a corporation at the CIT rate of 6 percent. “Business income” for this purpose is defined using the same rules as those contained in the CIT. However, because FTW is concerned with the business income of flow-through entities and not corporations, business income for flow-through entities is further defined to include payments and items of income and expense that are attributable to business activity of the flow-through entity and separately reported to its members. The distributive share of business income of a flow-through entity is subject to FTW, and the CIT, even if it is not actually distributed or paid to the member.

When a corporation has had taxes withheld under FTW, the amount is treated as a CIT payment that will be applied against the corporation's CIT liability. A corporation that had taxes withheld on the distributive share of business income is not required to make quarterly estimated payments on that income. To claim payments, the corporation will be required to file a *CIT Annual Return* (Form 4891). If the corporation is a member of a UBG, payments may be claimed on that corporation's Form 4897. If the corporation is below one of the CIT filing thresholds then it may file a Form 4891 to claim these payments.

The flow-through entity is required to notify the members it has withheld on of the amount of withholding paid on behalf of that member as well as other information that the member will need to complete its CIT return. There is no set method for this reporting to be done. The Department has recommended that this be reported to the members as a supplemental attachment to the federal Schedule K-1 that is required to be submitted to each member. For a corporation, this information will include the:

- FEIN of the flow-through entity
- Tax year of the flow-through entity
- FTW paid on behalf of that member
- Member's tentative distributive share of the flow-through entity's business income
- Flow-through entity's sales that have been sourced to Michigan
- Flow-through entity's total sales.

There are also several exemptions from the FTW requirements. These exemptions include the MBT Election Exemption and the Opt-Out Exemption, both of which are explained in the FTW Instruction Booklet and on the Department's Web site at www.michigan.gov/taxes.

For more information on FTW and the exemptions from the FTW requirements, see the *2012 Flow-Through Withholding Annual Reconciliation Booklet* (Form 5014), and Treasury's Web site at www.michigan.gov/taxes.

2012 General Information for Financial Institutions

Standard Taxpayers and Insurance Companies: See the *Corporate Income Tax (CIT) Instruction Booklet for Standard Taxpayers* (Form 4890) or the *CIT Instruction Booklet for Insurance Companies* (Form 4904) at www.michigan.gov/taxes.

Fiscal Year Filers: See “Supplemental Instructions for Fiscal CIT Filers — Financial Institutions” later in this booklet.

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

Who Files a Financial Return?

File a CIT Annual Return for Financial Institutions (Form 4908) if the taxpayer is any of the following:

- A bank holding company, a national bank, a state chartered bank, a state chartered savings bank, a federally chartered savings association, or a federally chartered farm credit system institution.
- Any entity, other than an entity subject to the tax imposed under Chapter 12 (insurance company), who is directly or indirectly owned by an entity described in 206.651(f)(i) and is a member of the UBG.
- A UBG consisting of entities described above.

NOTE: Because the definition of financial institution for CIT purposes includes any entity (except an insurance company) that is owned by a bank or other entity (as described above) and is a member of a UBG with its parent, this may cause an entity that is not commonly thought of as a financial institution to be treated as one for return filing purposes. A UBG of financial institutions must file a combined return on Form 4908 that includes each member of the group that is a financial institution.

If the taxpayer is not any of the above, check to see if filing either the *Insurance Company Annual Return for Corporate Income and Retaliatory Taxes* (Form 4905) or the *CIT Annual Return* (Form 4891) for standard filers is required.

Using This Booklet

This CIT financial institution booklet includes forms and instructions for financial institutions. These forms are designed for calendar year 2012 and for the 2012 short-year of a fiscal filer with a federal tax year ending in 2012.

Fiscal Year Filer: See “Supplemental Instructions for Fiscal CIT Filers — Financial Institutions” found later in this instruction booklet.

Read the “General Information” first. It is recommended that taxpayers and tax preparers also briefly review the instructions for all forms.

Overview of CIT for Financial Institutions

Every financial institution with nexus in Michigan is subject to a franchise tax. The franchise tax is imposed upon the tax base of the financial institution after allocation or apportionment to Michigan at the rate of 0.29 percent.

Filing CIT Quarterly Tax Estimates for 2012

If the estimated liability for the year is reasonably expected

to exceed \$800, a taxpayer must file estimated returns either monthly or quarterly. Payments can be made with either of the following returns:

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

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

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

The estimated payment made with each quarterly return must be computed on the actual CIT for the quarter, or 25 percent of the estimated total liability if paying a CIT liability.

To avoid interest and penalty charges, estimated payments must equal at least 85 percent of the total liability for the tax year and the amount of each estimated payment must reasonably approximate the tax liability for that quarter. If the prior year’s tax under the CIT Act is \$20,000 or less, estimated tax may be based on the prior year’s total tax liability paid in four equal installments. (“Four equal installments” describes the minimum pace of payments that will satisfy this safe harbor.) If the prior year’s tax liability was reported for a period less than 12 months, this amount must be annualized for purposes of both the \$20,000 ceiling and calculating the quarterly payments due under this method. Payments at a more accelerated pace also will qualify. If the year’s tax liability is \$800 or less, estimates are not required.

NOTE: Reliance on the tax liability of the prior year as a means to avoid interest and penalty charges is only allowed if you had business activity in Michigan in that prior year and filed a CIT return for that prior year. A return must be filed to establish the tax liability for that prior year, even if gross

receipts in the prior year were less than \$350,000. In addition, if your business was not in existence in the preceding year, no safe harbor exists. In such a case, estimates must be based on the CIT liability for the current year. There is no prior-year safe harbor for a taxpayer's first CIT tax period. For a taxpayer's first CIT tax period the estimates must equal at least 85 percent of the total CIT liability, as explained above.

Amending Estimates

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

Electronic Filing of CIT Returns

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

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

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

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

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

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

Complete Federal Tax Forms First

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

- Fiduciaries — U.S. Form 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 4908.

Copies of certain pages from these federal forms must also be attached to the annual return filed. See the instructions for Form 4908 for further details.

Completing Michigan Forms

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

- **Use black or blue ink.** Do not use pencil, red ink, or felt tip pens. Do not highlight information.
- **Print using capital letters (UPPER CASE).** Capital letters are easier to recognize.
- **Print numbers like this:** 0123456789. 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 percent becomes 24.1542 percent. When converting a percentage to a decimal number, carry numbers out six digits to the right of the decimal point. For example, 24.154266 percent becomes 0.241542.
- **Report all amounts in whole dollars.** Round down amounts of 49 cents or less. Round up amounts of 50 cents or more. If cents are entered on the form, they will be treated as whole dollar amounts.

Suggested Order of Analysis and Preparation of an CIT Annual Return

First, determine whether the taxpayer has nexus with Michigan. *Nexus* is a legal term that expresses whether a taxpayer has sufficient connection to Michigan to justify subjecting the taxpayer to Michigan tax.

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

For a taxpayer using Form 4908, first complete lines 1 through 20, which is sufficient to calculate total liability before recapture of Certain Business Tax Credits. At that point, if any recapture of credits exists begin the *CIT Schedule of Recapture of Certain Business Tax Credits* (Form 4902).

Further General Guidance

For purposes of CIT, taxpayer means a C Corporation, insurance company, financial institution, or a unitary business group liable for tax, interest, or penalty.

A *Unitary Business Group* (UBG) is a group of United States persons that are corporations, insurance companies, or financial institutions, 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 members; AND
- The UBG has operations which result in a flow of value between the members 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 UBG must file a combined CIT return (addressed in the “UBGs and Combined Filing” section of this General Information).

C 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.

NOTE: In general, a person that is a disregarded entity for federal tax purposes must file as if it were a branch or division if owned by another business entity.

The general rule provides that a person that is disregarded for federal income tax purposes must be classified as a disregarded entity for CIT purposes.

UBGs and Combined Filing

NOTE: UBGs are addressed here, in general. 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**.” Additional direction is found in the “Supplemental Instructions for Standard Members in UBGs” section of this instruction booklet.

General Overview of Unitary Taxation

More than 20 states have adopted unitary taxation. Unitary taxation is a method of taxing related persons that, if it applies,

generally treats those related persons as if they were one. There are specific tests, discussed below, to determine whether two or more business entities are sufficiently connected by ownership and business relationships to be treated as a group.

If those tests are satisfied and a UBG is found to exist, in most cases the members of that UBG will file a single CIT return. One member will be designated as the group’s representative for filing the return and corresponding with Treasury. Included in that return will be separate forms that report income, deductions, and activities separately by member, and then the combined amounts are entered on the Form 4891. References in the instructions to “the taxpayer” generally will refer to the group rather than any one of its members.

This is a simplification for introductory purposes, and there are many details and exceptions described throughout the CIT forms and instructions. In particular, tax credits, transactions between members, and the presence of financial institutions or insurance companies in the group require careful attention.

One key issue in dealing properly with unitary taxation is to recognize that it is not limited to large, multi-state companies. Businesses of any size and any geographic extent may find that they are members of a UBG.

Determining the Existence and Membership of a UBG

Unitary Business Group means a group of United States persons that are corporations, insurance companies, or financial institutions, other than a foreign operating entity, that satisfies the control test and relationship test.

United States person is defined in Internal Revenue Code (IRC) § 7701(a)(30). A foreign operating entity is defined by statute in Michigan Compiled Laws (MCL) 206.607(3).

Control Test and Relationship Tests. For information on CIT issues — including the Control Test and Relationship Tests to determine whether a UBG exists — see the Michigan Department of Treasury (Treasury) Web site at www.michigan.gov/treasury. (Click on the “Corporate Income Tax” on the left side of the page.) Treasury will post updates here and via Revenue Administrative Bulletin (available on the “Reference Library” link on the left side of the page).

Filing the Correct Form

A different primary return and instruction booklet are available for standard taxpayers (Form 4891) and insurance companies (Form 4905).

Filing if Tax Year Is Less Than 12 Months

In most cases, annual returns must be filed for the same period as federal income tax returns. If the filing period is less than 12 months, annualize to determine if there is a filing requirements and which forms to file. Do not use annualized numbers on a return unless specified; use them only to determine filing requirements.

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 Friday, December 28, 2012, will be treated as follows:

- 2012 tax year end of December 31, 2012.
- Due date of April 30, 2013.
- 2013 tax year beginning January 1, 2013.

Example 2: A taxpayer with a federal tax year ending on Thursday, January 3, 2013, will be treated as follows:

- 2012 tax year end of December 31, 2012.
- Due date of April 30, 2013.
- 2013 tax year beginning on January 1, 2013.

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:

- 2012-13 fiscal year end will be January 31, 2013.
- Due date will be May 31, 2013.
- 2013-14 fiscal year will begin on February 1, 2013.

Annualizing

If the prior filing period is less than 12 months, annualize the 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, timely, installments.

To annualize the prior year's tax liability, multiply the prior year's tax liability 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. A business whose entire tax year is 15 days or less, however, is considered in business for one month.

- **Example:** A fiscal year taxpayer with a tax year ending in June files a six-month return ending June 2013 reporting a tax liability of \$9,000. Estimates for the tax year ending June 2014 may be based on the annualized liability of \$18,000. Estimates must be paid in four equal installments of \$4,500.

Due Dates of Annual Returns

For the 2012 tax year, all annual returns, including all fiscal year returns, are due April 30, 2013. All fiscal filers with a federal tax year ending in 2012 must file a short period return for CIT that begins January 1, 2012. All 2011-2012 fiscal year taxpayers have been granted an automatic extension to April 30, 2013, to file the short-period return that begins January 1, 2012. **However, an extension of time to file is not an extension of time to pay.**

For fiscal years ending in 2013, the 2012-2013 fiscal year return will be due on the last day of the fourth month after the end of the tax year.

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 a CIT extension. The IRS does not notify state governments of extensions.

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

Although Treasury may grant extensions for filing CIT 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, Treasury will grant an extension of eight months to file the tax return.

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 a CIT 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.

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

Amending a Return

To amend a current or prior year annual return, complete the *Michigan CIT Amended Return for Financial Institutions* (Form 4909) that is applicable for that year, explaining the reason for the changes. Include all schedules filed with the original return, even if not amending that schedule. Do not include a copy of the original return with your amended return.

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

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

If amending a return to report a deficiency, penalty and interest may apply from the due date of the original return.

If any changes are made to a federal income tax return that affect the CIT tax base, filing an amended return is required. To avoid penalty, file the amended return within 120 days after the final determination by the IRS.

Computing Penalty and Interest

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

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

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

Beginning Date	Rate	Daily Rate
January 1, 2012	4.25%	0.0001164
July 1, 2012	4.25%	0.0001161
January 1, 2013	4.25%	0.0001161

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

Signing the Return

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

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

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

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

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

SIGNING AN E-FILED RETURN: As with any tax return submitted to Treasury on paper, an electronic tax return must be signed by an authorized tax return signer, the Electronic Return Originator (ERO), if applicable, and the paid tax preparer, if applicable. **NOTE:** If the return meets one of the exceptions to the e-file mandate and is being filed on paper, it must be manually signed and dated by the taxpayer or the taxpayer’s authorized agent.

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

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

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

The MI-8879 (Form 4763) will be printed and contain the taxpayer PIN. The tax preparer will retain Form MI-8879 in his or her records as part of the taxpayer’s printed return. CIT State Stand Alone e-filings submitted without a taxpayer PIN will be rejected by Treasury. Do not mail Form MI-8879 to Treasury and do not include Form MI-8879 as an attachment with the e-file return.

Mailing Addresses

Mail the annual return and all necessary schedules to:

With payment:

Michigan Department of Treasury
PO Box 30804
Lansing MI 48909

Without payment:

Michigan Department of Treasury
PO Box 30803
Lansing MI 48909

Mail an extension application (Form 4) to:

Michigan Department of Treasury
PO Box 30774
Lansing MI 48909-8274

Mail CIT quarterly estimate payments (Form 4913) to:

Michigan Department of Treasury
PO Box 30774
Lansing MI 48909-8274

Courier delivery service mail should be sent to:

Michigan Department of Treasury
7285 Parsons Dr.
Dimondale MI 48821

Make all checks payable to “State of Michigan.” Print taxpayer’s Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number, the tax year, and “CIT” on the front of the check. Do not staple the check to the return.

Correspondence

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

Mail correspondence to:

Customer Contact Division, CIT Unit
Michigan Department of Treasury
PO Box 30059
Lansing MI 48909

To Request Forms

Internet

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

Alternate Format

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

TTY

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

Taxpayer FEIN

PART 1: FRANCHISE TAX — Continued

18. Net Capital for Current Taxable Year. Divide line 17 by number of tax years reported above. (UBGs, see instr.) ...	18.		00
19. Apportioned Tax Base. Multiply line 18 by percentage on line 9c	19.		00
20. Tax Liability. Multiply line 19 by 0.29% (0.0029). If less than zero, enter zero	20.		00
21. Recapture of Certain Business Tax Credits from Form 4902, line 22.....	21.		00
22. Total Tax Liability. Add lines 20 and 21. If less than or equal to \$100, enter zero.....	22.		00

PART 2: PAYMENTS AND TAX DUE

23. Overpayment credited from prior return (MBT or CIT)	23.		00
24. Estimated tax payments	24.		00
25. Flow-Through Withholding payments	25.		00
26. Tax paid with request for extension	26.		00
27. Total Payments. Add lines 23 through 26	27.		00
28. TAX DUE. Subtract line 27 from line 22. If less than zero, leave blank.....	28.		00
29. Underpaid estimate penalty and interest from Form 4899, line 38.....	29.		00
30. Penalty (see instructions)	30.		00
31. Interest (see instructions)	31.		00
32. PAYMENT DUE. If line 28 is blank, go to line 33. Otherwise, add lines 28, 29, 30 and 31	32.		00

PART 3: REFUND OR CREDIT FORWARD

33. Overpayment. Subtract lines 22, 29, 30 and 31 from line 27. If less than zero, leave blank (see instructions)	33.		00
34. CREDIT FORWARD. Amount on line 33 to be credited forward and used as an estimate for next tax year.....	34.		00
35. REFUND. Subtract line 34 from line 33.....	35.		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.	
<input type="checkbox"/> By checking this box, I authorize Treasury to discuss my return with my preparer.		Preparer's PTIN, FEIN or SSN	
Authorized Signature for Tax Matters		Preparer's Business Name (print or type)	
Authorized Signer's Name (print or type)	Date	Preparer's Business Address and Telephone Number (print or type)	
Title	Telephone Number		

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
PO Box 30803
Lansing MI 48909

WITH PAYMENT - Pay amount on line 32 and mail check and return to:

Michigan Department of Treasury
PO Box 30804
Lansing MI 48909

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

Instructions for Form 4908

Corporate Income Tax (CIT) Annual Return for Financial Institutions

Purpose

To calculate a tax liability for a financial institution for CIT.

Special Instructions for Unitary Business Groups

All financial institution members of a UBG must file a combined Form 4908 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 serve as the DM.

NOTE: The *CIT Unitary Business Group Combined Filing Schedule for Financial Institutions* (Form 4910) must be completed before completing Form 4908.

For more information on UBGs, see the CIT Forms and Instructions for Financial Institutions (Form 4907), or go online to the Department of Treasury Web site at www.michigan.gov/treasuryforms.

NOTE: A Unitary Business Group (UBG) may include financial institutions, insurance companies, and standard taxpayers. A group containing a mixture of these three taxpayer types may be required to file two or more returns to properly report the activities of the different taxpayer types within the group.

Under Michigan Public Act 38 of 2011, Section 651(f), *financial institution* means any of the following:

- i. A bank holding company, a national bank, a state chartered bank, a state chartered savings bank, a federally chartered savings association, or a federally chartered farm credit system institution.
- ii. Any entity, other than an entity subject to the tax imposed under Chapter 12 (insurance company), who is directly or indirectly owned by an entity described in (i) and is a member of the UBG.
- iii. A UBG of entities described in (i) or (ii), or both.

NOTE: Because the definition of financial institution for CIT purposes includes any entity (except an insurance company) that is owned by a bank or other entity (as described above) and is a member of a UBG with its owner, this may cause an entity that is not commonly thought of as a financial institution to be treated as one for return filing purposes. A UBG of financial institutions must file a combined return on this Form 4908 that includes each member of the group that is a financial institution.

Taxpayer Certification

A return filed by a UBG must be signed by an individual authorized to sign on behalf of the DM. Provide the telephone number of that individual at the DM's office.

Line-by-Line Instructions

Lines not listed are explained on the form.

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

For periods less than 12 months, see the "General Information for Standard Taxpayers" in the *CIT Forms and Instructions for Financial Institutions* (Form 4907).

Every taxpayer engaged in business activity in Michigan must file an annual return.

UBGs: Complete the *CIT Unitary Business Group Combined Filing Schedule for Financial Institutions* (Form 4910) before beginning Form 4908.

Amended Returns: To amend a current or prior year annual return, complete the *CIT Amended Return for Financial Institutions* (Form 4909) that is applicable for that year, and attach a separate sheet explaining the reason for the changes. Include an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document, if applicable. Include all schedules filed with the original return, even if not amending that schedule. **Do not include a copy of the original return with your amended return.** Find detailed instructions on Form 4909.

Line 1: Unless a calendar year, 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 covers. Generally, a taxpayer's tax year is for the same period as is covered by its federal income tax return.

Line 2: Enter the taxpayer's name and Federal Employer Identification Number (FEIN) in the appropriate fields. Be sure to use the same account number on all forms.

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

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

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

Enter the two-digit abbreviation for the country code. See the list of country codes in the *CIT Forms and Instructions for Financial Institutions* (Form 4907).

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

UBGs: In the Name field, enter the name of the DM for the financial institutions. Enter the FEIN for the DM of the financial group.

Line 3: Enter a brief description of the principal types of financial services in which the taxpayer is engaged.

Line 4: 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, or U.S. Form 1065.

UBGs: Leave this line blank. This information will be included on each members' Form 4910, page 2.

Line 5: Enter the start date of first business activity in Michigan.

Line 6: Enter the date, if applicable, on which the taxpayer went out of business.

Line 7: Check the box that describes the DM's organization type. A Trust or a Limited Liability Company (LLC) should check the appropriate box based on its federal return.

NOTE: A person that is a disregarded entity for federal tax purposes, including a single member LLC or Q-Sub, must file as if it were a sole proprietorship if owned by an individual, or a branch or division if owned by another business entity.

Line 8: Check this box if filing a Michigan UBG return and include Form 4910. For CIT, *taxpayer* means a corporation, insurance company, financial institution, or a UBG liable for tax, interest, or penalty.

Lines 9a through 9c: A taxpayer may apportion on lines 9a through 9c only if its business activities are subject to tax both within and outside of Michigan. A financial institution is *subject to tax in another state*, as that term is used here, only if:

- It 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, or a corporate stock tax or a tax of the type imposed under the CIT Act in that other state; OR
- That other state has jurisdiction to subject the financial institution to one or more of the taxes listed above regardless of whether that state does or does not subject the financial institution to such a tax.

Gross business means the sum of the following less transactions between those entities included in a UBG:

- i. Fees, commissions, or other compensation for financial services.
- ii. Net gains, not less than zero, from the sale of loans and other intangibles.
- iii. Net gains, not less than zero, from trading in stocks, bonds, or other securities.
- iv. Interest charged to customers for carrying debit balances of margin accounts.
- v. Interest and dividends received.
- vi. Any other gross proceeds resulting from the operation as a financial institution.

Gross business guidelines are summarized as follows:

- Receipts from credit card receivables including interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to credit card holders such as annual fees are in Michigan if the billing address of the credit card holder is located in Michigan.
- Credit card issuer's reimbursement fees are in Michigan if the billing address of the credit card holder is located in Michigan.
- Receipts from merchant discounts are in Michigan if the commercial domicile of the merchant is in Michigan.
- Loan servicing fees are in Michigan under any of the following circumstances:
 - For a loan secured by real property, if the real property for which the loan is secured is in Michigan.
 - For a loan secured by real property, if the real property for which the loan is secured is located both in Michigan and in one or more other states and more than 50 percent of the fair market value of the real property is located in Michigan.
 - For a loan secured by real property, if more than 50 percent of the fair market value of the real property for which the loan is secured is not located within any one state but the borrower is located in Michigan.
 - For a loan not secured by real property, the borrower is located in Michigan.
- Receipts from services are in Michigan if the recipient of the services receives all of the benefit of the services in Michigan. If the recipient of the services receives some of the benefit of the services in Michigan, the receipts are included in the numerator of the apportionment factor in proportion to the extent that the recipient receives benefit of the services in Michigan.
- Receipts from investment assets and activities and trading assets and activities, including interest and dividends, are in Michigan if the financial institution's customer is in Michigan. If the location of the financial institution's customer cannot be determined, both of the following apply:
 - 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 Michigan if the average value of the assets is assigned to a regular place of business of the taxpayer in Michigan. Interest from federal funds sold and purchased and from securities purchased under resale agreements and securities sold under repurchase agreements are in Michigan if the average value of the assets is assigned to a regular place of business of the taxpayer in Michigan. The amount of receipts and other income from investment assets and activities is in Michigan if assets are assigned to a regular place of business of the taxpayer in Michigan.
 - The 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 Michigan if the assets are assigned to a regular place of business of the taxpayer in Michigan.

- Interest charged to customers for carrying debit balances on margin accounts without deduction of any costs incurred in carrying the accounts is in Michigan if the customer is located in Michigan.
- Interest from loans secured by real property is in Michigan if the property is located in Michigan, if the property is located both within Michigan and one or more other states and more than 50 percent of the fair market value of the real property is located in Michigan, and if more than 50 percent of the fair market value of the real property is not located within any one state but the borrower is located in Michigan.
- Interest from loans not secured by real property is in Michigan if the borrower is located in Michigan.
- Net gains from the sale of loans secured by real property or mortgage service rights relating to real property are in Michigan if the property is in Michigan, if the property is located both within Michigan and one or more other states and more than 50 percent of the fair market value of the real property is located in Michigan, or if more than 50 percent of the fair market value of the real property is not located in any one state, but the borrower is located in Michigan.
- Net gains from the sale of loans not secured by real property or any other intangible assets are in Michigan if the depositor or borrower is located in Michigan.
- Receipts from the lease of real property are in Michigan if the property is located in Michigan.
- Receipts from the lease of tangible personal property are in Michigan if the property is located in Michigan when it is first placed in service by the lessee.
- Receipts from the lease of transportation tangible personal property are in Michigan if the property is used in Michigan or if the extent of use of the property in Michigan cannot be determined but the property has its principal base of operations in Michigan.

UBGs: Carry amount from Form 4910, line 2C, to line 9a, and the amount from Form 4910, line 3C, to line 9b.

PART 1: FRANCHISE TAX

The following tax base calculation involves a five-year average of net capital. Enter data from the current tax year and four most recent Michigan Business Tax (MBT) tax periods to complete the five-period table. For purposes of this table, treat a partial period as a full period. If the current and four preceding tax periods include any short periods, the years printed in column headings for this part will not apply accurately. For example, assuming no short periods reported for federal purposes, a financial institution with a fiscal year-end of August 31 would average the net capital for tax years ending August 31, 2009, August 31, 2010, August 31, 2011, December 31, 2011, and August 31, 2012.

Fiscal filers, see the supplemental instructions on in the Forms and Instructions for Financial Institutions (Form 4907).

Line 10: Enter equity capital as of the last day of the filing period, as computed in accordance with generally accepted

accounting principles (GAAP). 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 CIT. If the financial institution owns a subsidiary that is an authorized insurance company, the equity capital of the insurance subsidiary is not included in the financial institution's equity capital. Attach supporting schedules. Negative Equity Capital is not permitted.

UBGs: Leave lines 10 through 17 blank, complete line 18 with combined data from Form 4910, line 22, and proceed with the rest of the lines on Form 4908.

Line 11: Under PA 38 of 2011, Section 651(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, Public Act 227 of 1985, MCL 141.1053.

Line 12: Under PA 38 of 2011, Section 651(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 15a: If this taxpayer owns a subsidiary that is an authorized insurance company, enter the actual amount of the capital fund maintained within that subsidiary. This does not include a captive insurance company.

Line 15b: Enter the minimum capital fund amount required by regulations for that insurance subsidiary.

Line 18: Fiscal Year Taxpayers: Enter on this line a prorated amount. To compute this, divide line 17 by the number of tax periods reported in the table. Multiply this amount by a fraction, the numerator of which is the total months included in this return and the denominator of which is the total months in the corresponding federal tax year of this financial institution.

UBGs: If the UBG includes financial members that are fiscal year taxpayer, the proration calculation explained above will be performed on that member's Form 4910.

UBG NOTE: A member of a UBG of financial institutions will eliminate its investment in another member of the same group. However, in order to reach net capital for the group, each member of a UBG of financial institutions must compute its tax base individually in accordance with GAAP. The rules of GAAP do not permit negative equity capital for a financial institution.

PART 2: PAYMENTS AND TAX DUE

UBGs: On lines 23 through 26, enter combined data for all members included on this combined return.

Line 23: Enter overpayment credited from prior MBT or CIT return.

Line 24: Enter total payments made with the *CIT Quarterly Return* (Form 4913), the CIT estimates paid with the *Combined*

Return for Michigan Taxes (Form 160) or via Electronic Funds Transfer (EFT). Include all payments made toward the current filing period.

Line 25: Enter the total withholding payments made on your behalf by Flow-Through Withholding entities. Include all withholding payments made on returns that apply to the tax year included in this return. Included on this line would be Flow-Through Withholding payments made by flow-through entities whose tax years ending with or within the tax year included in this return. For example a calendar year filer would include Flow-Through Withholding payments made by a flow-through entity whose tax year ended on or after January 1, 2012, and on or before December 31, 2012. Any FTE that has withheld on behalf of the taxpayer should have provided the taxpayer with the amount for its records.

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

Line 26: Enter tax paid with the *Application for Extension of Time to File Michigan Tax Returns* (Form 4).

Line 29: If penalty and interest are owed for not filing estimated returns or for underestimating tax, complete the *CIT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4899) to compute penalty and interest due. If a taxpayer chooses not to file this form, Treasury will compute penalty and interest and bill for payment. (Form 4899 is available on the Web at www.michigan.gov/taxes.)

Line 30: Refer to the “Computing Penalty and Interest” section in Form 4907 to determine the annual return penalty rate and use the following Overdue Tax Penalty worksheet.

WORKSHEET – OVERDUE TAX PENALTY

A. Tax due from Form 4908, line 28		00
B. Late/extension or insufficient payment penalty percentage		%
C. Multiply line A by line B.....		00

Carry amount from line C to Form 4908, line 30.

Line 31: Use the following worksheet to calculate Overdue Tax Interest.

WORKSHEET – OVERDUE TAX INTEREST

A. Tax due from Form 4908, line 28		00
B. Applicable daily interest percentage		%
C. Number of days return was past due ...		
D. Multiply line B by line C		
E. Multiply line A by line D		00

Carry amount from line E to Form 4908, line 31.

NOTE: If the late period spans more than one interest rate period, divide the late period into the number of days in each of the interest rate periods identified in the “Computing Penalty and Interest” section in Form 4907, and apply the calculations in the Overdue Tax Interest worksheet separately to each

portion of the late period.

Combine these interest subtotals and carry the total to Form 4908, line 31.

PART 3: REFUND OR CREDIT FORWARD

Line 33: If the amount of the overpayment, less any penalty and interest due on lines 29, 30 and 31 is less than zero, enter the difference (as a positive number) on line 32.

NOTE: If an overpayment exists, a taxpayer must elect a refund of all or a portion of the amount and/or designate all or a portion of the overpayment to be used as an estimate for the next CIT tax year. Complete lines 34 and 35 as applicable.

Line 34: If the taxpayer anticipates a CIT liability in the filing period subsequent to this return, some or all of any overpayment from line 33 may be credited forward to the next tax year as an estimated payment. Enter the desired amount to use as an estimate for the next CIT tax year.

Line 35: Enter the amount of refund requested.

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

Other Supporting Forms and Schedules

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, and Form 8825.
- **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. Treasury will request them if necessary.

PART 2B: MEMBER DATA FOR COMBINED RETURN — Complete a separate copy of Part 2B for each UBG member listed in Part 1.

4. Member Name			Member FEIN or TR Number	
5. Member Address (Street)			10. Organization Type	
City	State	ZIP/Postal Code	<input type="checkbox"/> Fiduciary	<input type="checkbox"/> S Corporation / LLC S Corporation
6. Federal Tax Period Included in Return (MM-DD-YYYY)			<input type="checkbox"/> C Corporation / LLC C Corporation	<input type="checkbox"/> Partnership / LLC Partnership
Beginning		Ending		11. <input type="checkbox"/> Check if Nexus with Michigan
7. If part year member, enter membership dates (MM-DD-YYYY)		9. If discontinued, effective date		12. <input type="checkbox"/> Check if New Member
8. NAICS Code			13. Nature of business activities or operations resulting in a flow of value between members, or integration, dependence or contribution to other members	

FRANCHISE TAX BASE

Lines 14-16: If less than 0, enter 0.

	A 2008	B 2009	C 2010	D 2011	E 2012
14. Equity Capital 14.					
15. Average daily book value of MI obligations 15.					
16. Average daily book value of U.S. obligations.. 16.					
17. Subtotal. Add lines 15 and 16.. 17.					
18. Net Capital. Subtract line 17 from line 14..... 18.					
19. a. Authorized insurance co. subsidiary: enter actual capital fund amt 19a.					
b. Minimum regulatory amt. required 19b.					
c. Multiply line 19b by 125% (1.25). 19c.					
d. Subtract line 19c from 19a. If less than zero, enter zero..... 19d.					
20. Add lines 18 and 19d..... 20.					
21. Add lines 20A, 20B, 20C, 20D and 20E					00
22. Net Capital for Current Taxable Year. Divide line 21 by number of tax years reported above.....					00

MEMBER BUSINESS

23. Michigan Gross Business. Carry combined total of line 23 entries to Part 2A, line 2A.....	23.				00
24. Total Gross Business. Carry combined total of line 24 entries to Part 2A, line 3A	24.				00

PAYMENTS. See instructions

25. Overpayment credited from prior tax return (MBT or CIT).....	25.				00
26. Estimated tax payments	26.				00
27. Flow-Through Withholding payments	27.				00
28. Tax paid with request for extension	28.				00

Instructions for Form 4910

Corporate Income Tax (CIT) Unitary Business Group Combined Filing Schedule for Financial Institutions

Purpose

The purpose of this form is to:

- Identify all members of a Unitary Business Group (UBG) that are reporting on this return.
- Gather tax return data for each member included in the financial institution's 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 *CIT Annual Return for Financial Institutions* (Form 4908) submitted on behalf of the UBG by the Designated Member (DM). Even if there is only one financial institution member in a UBG, that member must file this form in support of its Form 4908.

General Information About UBGs in CIT

Unitary Business Group means a group of United States persons, other than a foreign operating entity, that satisfies the control test and relationship test.

United States person is defined in Internal Revenue Code (IRC) § 7701(a)(30). A *foreign operating entity* is defined by statute in Michigan Compiled Laws (MCL) 206.607(3).

For more information on UBGs, see the *CIT Forms and Instructions for Standard Taxpayers* (Form 4890), or go online to the Department of Treasury Web site at www.michigan.gov/taxes.

Filing Procedures for UBGs

By definition, a UBG can include standard taxpayers, insurance companies, and financial institutions. Note that an entity that would otherwise be standard but is owned by and unitary with a financial institution is defined by statute to be a financial institution. In some cases, however, not all members of the UBG will be included on the same return. Financial institution members file a combined return on Form 4908 with Form 4910 filed in support.

Form 4910 is used to gather and combine data from each financial institution member of the UBG to support the group's Form 4908 and related forms. This form must be completed before the group's Form 4908 and related forms are completed.

Financial institutions include any of the following:

- A bank holding company, a national bank, a state chartered bank, a state chartered savings bank, a federally chartered savings association, or a federally chartered farm credit system institution.
- Any person, other than a person subject to the tax imposed under Chapter 12 of the CIT Act (Insurance Tax), that is directly or indirectly owned by an entity described above and is a member of the UBG.
- A UBG of entities described in either or both of the preceding two bullets.

Each insurance company member will file separately, using *Insurance Company Annual Return for Corporate Income and Retaliatory Taxes* (Form 4905). Because insurance companies always file separately, rather than on a combined return, there is no CIT insurance form that serves a function similar to that of Forms 4897 and 4910.

To complete this form and prepare a combined return, the UBG must select a DM. For purposes of a combined return filed by financial institution members of a UBG, *Designated Member* means a financial institution member that has nexus with Michigan and that will file the combined CIT return on behalf of all financial institution members of the UBG. If the financial institution member that owns or controls the other financial institution members has nexus with Michigan, that controlling member must serve as DM.

If that controlling member does not have nexus with Michigan, it may appoint any financial institution member of the UBG 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 members (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 members completing Form 4891 and related forms, and one for the financial institution members completing Form 4908 and related forms).

If this UBG also includes standard and/or insurance company members, those members will not report tax data on this form, but will be listed as excluded affiliates in Part 3.

Standard members will combine and report their data using *CIT Unitary Business Group Affiliates Excluded from the Return of Standard Taxpayers* (Form 4896), *CIT Data for Unitary Business Group Members* (Form 4897), and *CIT Annual Return* (Form 4891).

Example A: UBG A is composed of the following:

- Four standard members
- Three financial institutions (all have nexus in Michigan)
- Two insurance companies.

All members of UBG A are owned by and unitary with one of the standard members of the UBG. UBG A will need to file Form 4896, Form 4897 and Form 4891 containing the four standard members and Form 4910 and Form 4908 containing the three financial institutions. In Part 1 of each form, only the members that are included on that form (either the four standard members, or the three financial institutions) will be listed. Form 4896 and Form 4897 with standard members will be filed under the name and Federal Employer Identification Number (FEIN) of the group's standard DM. One of the financial institutions will serve as DM for those three members and file Form 4910 and Form 4908. On Form 4896, list all financial and insurance members. On Part 3 of Form 4910, list all standard and insurance members. The two insurance companies each will file a stand-alone Form 4905.

Example B: UBG B is composed of the following:

- Four members that would be standard (see below) unless owned by a financial institution
- Three financial institutions (all have nexus in Michigan)
- Two insurance companies.

All members of UBG B are owned by and unitary with one of the financial institutions in the UBG. Due to this ownership by a financial institution, the four members that otherwise would be standard are defined by statute to be financial institutions. (See definition of financial institution earlier in these instructions.) Therefore, this UBG will not file a Form 4896, Form 4897, or Form 4891. Seven members will file a combined return on Form 4908 and Form 4910, listing the two insurance members as excluded affiliates on Part 3 of Form 4910. The two insurance companies each will file a stand-alone Form 4905.

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

Line-by-Line Instructions

Lines not listed are explained on the form.

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

For additional guidance, see the "Supplemental Instructions for Financial Members in UBGs" in the *CIT Forms and Instructions for Financial Institutions* (Form 4907).

Part 1: Unitary Business Group Members

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 16 members, include additional copies of this page of Form 4910 as needed, repeating the DM's name and FEIN in the field at the top of each page. All excluded UBG members will be identified in Part 3.

Lines 1A and 1B: Beginning with the DM, list the UBG financial institution members and their corresponding FEIN.

NOTE: A taxpayer that is a UBG must file a combined return 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 financial institutions: Member A, the DM with a calendar tax year, and Members B and C with fiscal years ending March 31, 2012, and September 30, 2012, respectively. Taxpayer ABC's tax year is that of its DM. Thus, Taxpayer ABC's tax year ends December 31, 2012, and its annual return is due April 30, 2013. That annual return must include the tax years of Members B and C ending March 31, 2012, and September 30, 2012.

If, in the previous example, Member A, the DM, instead had a fiscal year ending July 31, 2012, the UBG's tax year would end July 31, 2012, and its annual return would be due November 30, 2012. The combined return for the UBG would include Member A's short period ending July 31, 2012, Member B's short period ending March 31, 2012. Member C's short period ending September 30, 2012, will be reported on the group return for the period ending July 31, 2013.

Part 2A: Apportionment Data for Combined Return

When completing Part 1, if multiple copies of this page are required, provide the same answers to Part 2A, lines 2 and 3, on each copy of this page that is submitted.

Line 2: Gross business is defined in the instructions to Form 4908, line 9a. On a combined return, gross business is calculated after eliminating transactions between financial institution members of the UBG. Enter combined gross business in Michigan of all financial institution members on line 2A, show eliminations on line 2B, and show net after eliminations on line 2C. The combined gross business in Michigan equals the sum of line 23 of Form 4910 of every member of the group.

Carry amount from line 2C to line 9a on Form 4908.

UBGs: For a UBG that includes financial institutions, gross business includes gross business in Michigan of every financial institution included in that UBG without regard to whether the financial institution has nexus in Michigan. Gross business between financial institutions included in a UBG must be eliminated in calculating the gross business factor.

Line 3: Enter all gross business everywhere on line 3A, show eliminations on line 3B, and show net after eliminations on line 3C. The gross business everywhere of the UBG equals the sum of line 24 of Form 4910 of every member of the group.

Carry amount from line 3C to line 9b on Form 4908.

Part 2B: Member Data for Combined Return

In all cases with one or more financial institutions in a UBG, complete one copy of Part 2B for each financial institution in the UBG whose net capital is reported on this return. Note that an

entity that would otherwise be a standard member but is owned by and unitary with a financial institution is defined by statute to be a financial institution. If a financial institution member (other than the DM) has two or more federal tax periods ending with or within the filing period of this return, use a separate copy of Part 2B for each of that member's federal periods.

Line 6: List the member's tax year, for federal income tax purposes, from which business activity is being reported on this copy of Part 2B.

Line 7: If, due to acquisition, disposition, or restructuring, the control test and relationship test were not both satisfied for this member's entire federal tax year, enter the beginning and ending dates of the period within this member's federal tax year during which both tests were satisfied. These dates constitute a short tax period for CIT purposes, even if there is no corresponding short federal tax period. This member must prepare a pro forma federal return calculation for the portion of its federal year during which it was a member of this UBG, and use that pro forma calculation as the basis for reporting the tax data required by Part 2B.

Line 8: 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 *Schedule K* of U.S. Form 1120.

Line 9: Enter the date, if applicable, on which this member went out of existence. Examples include 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. To complete the discontinuance for Michigan taxes, file Form 163, which is available at www.michigan.gov/treasuryforms.

Line 10: Identify the organization type of this member:

- 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 is not within this Fiduciary category.);
- C Corporation (including an LLC, Trust, or other entity taxed federally as a Corporation under Subchapter C of the IRC).
- S Corporation (including an LLC, Trust, or other entity taxed federally as a Corporation under Subchapter S of the IRC).
- Partnership (including an LP, LLP, LLC, Trust, or any other entity taxed federally as a Partnership).

NOTE: An entity that is disregarded for federal income tax purposes also will be disregarded for Michigan CIT purposes. Therefore, as with the federal treatment, the activity of such an entity will be included and reported on the return (or on the copy of Form 4910) filed by the entity's owner, as if that activity was conducted directly by the owner.

Line 11: If this member has nexus with Michigan, check this box.

Line 12: This line does not apply to the first CIT return filed by this UBG. For subsequent tax periods, check this box if this member was not included in the UBG's preceding CIT return.

Line 13: 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.

Franchise Tax Base

The following tax base calculation involves a five-year average of net capital. Enter data from the current tax year and four most recent Michigan Business Tax (MBT) tax periods to complete the five-year table. For purposes of this table, treat a partial year as a full year. If the current and four preceding tax periods include any short periods, the years printed in column headings for this part will not apply accurately. For example, assuming no short periods reported for federal purposes, a financial institution with a fiscal year-end of August 31 would average the net capital for tax years ending August 31, 2009, August 31, 2010, August 31, 2011, December 31, 2011, and August 31, 2012.

UBG NOTE: A member of a UBG of financial institutions will eliminate its investment in another member of the same group. However, in order to reach net capital for the group, each member of a UBG of financial institutions must compute its tax base individually in accordance with GAAP. The rules of GAAP do not permit negative equity capital for a financial institution.

Line 14: Enter equity capital as of the last day of this member's filing period, as computed in accordance with generally accepted accounting principles. If the member 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 member, so long as the method fairly reflects the member's net capital for purposes of this tax. Each member of the unitary group must follow this rule in computing its tax base as part of the group. Thus, the resulting unitary return for CIT may not exactly correlate to the group's federal returns or consolidated GAAP equity but will comply with the requirements of the CIT.

Line 15: Under MCL 206.651(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 16: Under MCL 206.651(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 19a: If this taxpayer owns a subsidiary that is an authorized insurance company, enter the actual amount of the capital fund maintained within that subsidiary. This does not include a captive insurance company.

Line 19b: Enter the minimum capital fund amount required by regulations for that insurance subsidiary.

Line 22: Enter the combined totals of line 22 of this form on Form 4908, line 18, and skip lines 10 through 17 on Form 4908. If this combined number is less than zero, enter zero on Form 4908, line 18.

Fiscal Year Members: Enter on this line a prorated amount. To compute this, divide line 21 by the number of tax periods reported in the table. Multiply this amount by a fraction, the numerator of which is the total months included in this form and the denominator of which is the total months in the corresponding federal tax year of this financial institution. Enter prorated amounts per member

Lines 23: Gross business is defined in the instructions to Form 4908, line 9a. Enter gross business in Michigan of the financial institution member reporting on Part 2B of this form. Combine line 23 for each financial institution member and enter on Part 2A, line 2A.

Line 24: Enter all gross business everywhere of the financial institution member reporting on Part 2B of this form. Combine line 24 for each financial institution member and enter on Part 2A, line 3A.

Line 25: Enter overpayment credited from prior return (MBT or CIT). When membership of a UBG changes from one filing period to the next, credit forward of an overpayment from the prior return remains with the DM's account.

Line 26: All CIT estimated payments for a UBG should be made by the DM. Enter estimates paid by the DM on this line of the DM's copy of Part 2B. If any other member paid estimates attributable to this group return, enter those estimates on that member's copy of Part 2B. Include all payments made by that member for any portion of its federal filing period that is included on this group return.

For example, if a non-DM member has a 12-month fiscal year beginning April 1, 2012, and is a member of a calendar year UBG throughout that period, its business activity from April 1, 2012, through March 31, 2013, will be reported on the group's December 31, 2013, return. If that member pays CIT quarterly estimates based on its federal tax year, it will make two estimates during 2012, before the DM's (and group's) filing period begins. Because those estimates are attributable to activity that will be reported on the group's December 31, 2013, return, they should be included on the paying member's copy of Part 2B for the December 31, 2013, group return.

Line 27: Enter the total withholding payments made on behalf of the UBG member by Flow-Through Withholding entities. Include all withholding payments made on returns that apply to the tax year included in this return. Included on this line would be Flow-Through Withholding payments made by flow-through entities whose tax years ending with or within the tax year included in this return. For example a calendar year filer would include Flow-Through Withholding payments made by a flow-through entity whose tax year ended on or after January 1, 2012, and on or before December 31, 2012. Any FTE that has withheld on behalf of the taxpayer should have provided the taxpayer with the amount for its records.

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

Line 28: Only the DM may request a filing extension for a UBG. If any other member submits an extension request, it will not create a valid extension for the UBG, but any payment included with such a request can be credited to the UBG by entering that payment on this line in that member's copy of Part 2B.

Part 3: Affiliates Excluded From the Combined Return of Financial Institutions

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.

A person that would be a standard taxpayer if viewed separately is defined as a financial institution if it is owned, directly or indirectly, by a financial institution and is in a UBG with its owner.

The purpose of Part 3 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 new member whose net capital is not included in this return because its tax year ends after the filing period of the UBG also should be listed here.

Line 29A: If a person being listed here is listed on U.S. Form 851, enter the identifying number for that person from the column called "Corp. No." at the left edge of pages 1, 2, and 3 of U.S. Form 851.

Line 29D: From the following list of reason codes, select the number for the reason explaining why this affiliate is being excluded from the combined return of financial institutions supported by this form.

1	Lacks business activities resulting in a flow of value or integration with, dependence upon, or contribution to the group.
2	Foreign operating entity.
3	Foreign entity.
4	Member has no CIT tax year (as a member of this UBG) ending with or within this filing period.
5	Insurance company. (Insurance companies always file separately.)

6	“Standard” taxpayers not owned by a financial institution. (Financial institutions and “standard” taxpayers are not included on the same combined return.)
7	Other.

If you have questions, call the Michigan Department of Treasury, Technical Services Division, at (517) 636-4230, to discuss an appropriate entry.

Line 29E: If this person has nexus with Michigan, check this box.

Line 29F: Enter this person’s six-digit 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 U.S. Schedule K of U.S. Form 1120.

Part 4: Persons Included in the Prior Combined Return, but Excluded From Current Return

The purpose of Part 4 is to assist Treasury in tracking membership changes of a UBG from year to year. If the reason the person 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 person on line 29, and do not enter it here.

Line 30C: Reason codes for a person being included in last year’s return but not on the combined return for financial institutions supported by this form:

10	The person no longer meets the control test but the ownership interest is still greater than zero.
12	The person no longer meets the control test and the ownership interest is zero.
14	Before the beginning of the filing period for this return, the person ceased to exist due to dissolution.
16	Before the beginning of the filing period for this return, the person 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.

Other Supporting Forms and Schedules

For each member that files a separate federal return, attach copies of the same pages of that member’s federal return as are required for a separate filer in similar circumstances. See the “Attachments” section of Form 4908 instructions for guidance on required pages of federal returns.

If some or all members reporting on the current combined return are also members of a federal consolidated group, each member will prepare its portion of this Form 4910 on the basis of a pro forma federal return. In this case, attach a copy of the applicable pro forma form and schedules as listed in the “Attachments” section of Form 4908 instructions.

NOTE: A person that is a disregarded entity for federal tax purposes, including a single member LLC or Q-Sub, must file as if it were a sole proprietorship if owned by an individual, or a branch or division if owned by another business entity.

Include completed Form 4910 as part of the tax return filing.

2012 Supplemental Instructions for Financial Institution Members in Unitary Business Groups (UBGs)

NOTE: These instructions for Unitary Business Groups (UBGs) are meant to supplement general instructions and form-specific instructions for financial institution taxpayers of the Corporate Income Tax (CIT), not to replace them.

Standard taxpayers and *standard members* refer to all taxpayers or UBG members, respectively, other than financial institutions or insurance companies. Standard members of a UBG should see the “Supplemental Instructions for Standard Members in UBGs” section in the *CIT Forms and Instructions for Standard Taxpayers* (Form 4907).

There is not a corresponding supplement for insurance companies because, although they can be members of a UBG, they do not file combined returns.

Introductory pages of this CIT instruction booklet contain general information designed to assist in identifying the existence and membership of a UBG. The following instructions address:

- Filing combined returns by different member types within a UBG.
- Understanding the role of the Designated Member (DM).
- For each type of UBG member that is reported on a combined return (standard and financial institution), there is a required form that collects data that is necessary for preparation of a combined return:
 - The *CIT Unitary Business Group Affiliates Excluded from the Return of Standard Taxpayers* (Form 4896) and *CIT Data on Unitary Business Group Members* (Form 4897) support a combined return of standard members to be filed on the *CIT Annual Return* (Form 4891).
 - The *CIT Unitary Business Group Combined Filing Schedule for Financial Institutions* (Form 4910) supports a combined return of financial institution members to be filed on the *CIT Annual Return for Financial Institutions* (Form 4908).

Guidance that is specific to only one form is contained in the instructions for that form, in sections titled either “Special Instructions for Unitary Business Groups” or simply “UBGs.” Following are instructions that apply to more than one form.

Special Instructions and the Designated Member

Special Instructions for the Annual Return

By definition, a UBG can include standard members, insurance companies, and financial institutions. However, in some cases not all members of the UBG will be included on the same return. All standard members in a UBG (except those owned by and unitary with a financial institution) file a single combined return on Form 4891. Financial institution members of a UBG (including any standard member owned by and unitary with a financial institution in the group) file a combined return on Form 4908. Insurance company members of a UBG each file separately on Form 4905.

Before completing a combined return, UBGs should first

complete Form 4896 and Form 4897 or Form 4910. These forms are used to gather data from each member included in the combined filing schedule, and eliminate intercompany transactions where applicable, to support the primary return. Insurance companies that are part of a UBG will each file a separate Form 4905, but should be listed as an excluded affiliate with an incompatible tax base on Form 4896 or Form 4910, as applicable.

The Designated Member (DM)

A UBG combined return of financial institutions is filed under the name and Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number of the DM of the financial institution group. Designated Member means a UBG member that has nexus with Michigan and will file the combined CIT return on behalf of the financial institution members of the group. In a brother-sister controlled group, any member with nexus may be designated to serve as DM. In a parent-subsidiary controlled group or a combined controlled group (an interlocking combination of a parent-subsidiary group and a brother-sister group), the controlling member must serve as DM if it has nexus with Michigan. If it does not have nexus, the controlling member may appoint any member with nexus with Michigan to serve as 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 members and financial institutions, the UBG will have two DMs (one for the standard members completing Form 4891 and related forms, and one for the financial institution members completing Form 4908 and related forms).

If the standard members are owned by a financial institution, they will file on the financial UBG return, Form 4910.

NOTE: If the UBG filed in MBT in 2011 and is now filing under CIT, the UBG must use the same DM if the DM still has nexus, is a C corporation, and is still a member of the UBG. If the DM no longer has nexus, is not a C corporation, or is no longer a member of the UBG, then the UBG must select a new DM using the rules laid out in these instructions.

NOTE: If a credit forward was created on the final 2011 MBT return under a DM on a UBG return and that DM no longer has a filing requirement under CIT because they are not a C corporation, then that DM under MBT will need to request that the credit forward created on the final 2011 MBT unitary return be refunded. This request can be made by filing an amended final 2011 MBT unitary return under that DM in MBT or by sending a written request to the Department. This only pertains to the final 2011 MBT unitary return where the DM under MBT was not a C corporation. If the DM in MBT is no longer the DM in CIT due to no longer having nexus or no longer being a member of the UBG, the credit forward created under the DM in MBT can still be claimed in CIT by that entity that was the previous DM under MBT.

Role of the DM: The DM speaks, acts, and files the CIT return on behalf of the group for CIT purposes. Only the DM may file a valid extension request for the group. Treasury maintains the group's CIT tax data (e.g., prior CIT returns, overpayment credit forward) under the DM's name and account number. The DM must be of the same taxpayer type (standard or financial institution) as the members for which it files a combined return.

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

Recapture of Certain Credits

Recapture of credits, must be earned and calculated based on actions performed on or after January 1, 2012, regardless of the method selected for the tax calculation.

Effects of Members Joining a Group

When an entity becomes a member of a UBG part way through the member's tax year, for CIT purposes the new member will experience a short tax year beginning on the date the member joins the group, even if it does not have a short period for federal purposes.

For both the UBG return and the new member's separate short period return, tax bases will be calculated using actual numbers from the applicable short period of the new member.

Effects of Members Leaving a Group

When a member of a UBG ceases to be a member part way through the member's tax year, for CIT purposes the departing member will experience a short tax year ending on the departure date, even if it does not have a short period for federal purposes.

For both the UBG return and the departing member's separate short period return, tax bases will be calculated using actual numbers from the applicable short period of the departing member.

Other UBG-Related Issues

An affiliated person that is excluded from membership in a UBG because it is a foreign person, which has nexus and meets the applicable filing threshold, must file a separate CIT return.

Further Guidance

More information on UBGs, and other CIT issues, is found on the Treasury Web site at www.michigan.gov/taxes. (Click on the "Corporate Income Tax" on the left side of the page.) Treasury will post updates here and via Revenue Administrative Bulletin (available on the "Reference Library" link on the left side of the page).

2012 Supplemental Instructions for Fiscal Corporate Income Tax (CIT) Filers — Financial Institutions

NOTE: These instructions for fiscal year financial institution CIT filers are meant to supplement the general instructions, not to replace them.

A financial institution with a fiscal year beginning in 2011 and ending in 2012 must file two short period returns; one to report its final Michigan Business Tax (MBT) liability, for the period from the beginning of its 2011-12 fiscal year through December 31, 2011, and the other to report its initial Corporate Income Tax (CIT) liability, for the period from January 1, 2012, to the ending of its 2011-12 fiscal year.

A fiscal filer should use these forms to complete its initial CIT return. The following instructions pertain only to the fiscal filer's initial CIT short period return.

Computing the Initial Return for a Period of Less Than 12 Months

All standard practices pertaining to the qualification and adjustments on filings for a period less than 12 months, as detailed in the General Information section of the *CIT Forms and Instructions for Financial Institutions* (Form 4907), will apply.

Due Date

All 2011-2012 fiscal year taxpayers will file a short-period return from January 1, 2012 to the end of their 2011-2012 fiscal year. This return has been granted an automatic extension to the same date as the 2012 calendar year returns, which is April 30, 2013. 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 filing period.

Federal Returns

For the initial year under the CIT, if filing a short period 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.

Additional Instructions for Specific Forms

Forms not addressed here need no supplemental instructions.

CIT Annual Return for Financial Institutions (Form 4908)

Fiscal year financial institutions are required to use the annual method for their initial CIT return.

Under the annual method, the initial (short period) CIT return will report data from the 2011-2012 fiscal year from January 1, 2012 to the end of their 2011-2012 fiscal year on Form 4908 lines 10 through 12, 15a and 15b prorated by a fraction. The numerator of the fraction will be the number of months in

the 2011-12 fiscal year that are in 2012. The denominator will be the number of months in the 2011-12 fiscal year (typically 12). The number of months used for the numerator should correspond to the number of months reported for the tax year on line 1.

Line 1: Enter the beginning date as January 1, 2012. Fiscal filers, enter the ending date that corresponds to the taxable period as reported to the Internal Revenue Service. Enter all dates in MM-DD-YYYY format.

Unitary Business Groups (UBGs): Regardless of whether the Designated Member (DM) is a fiscal year filer or calendar year filer, all fiscal year financial institutions must use the annual method to compute their initial CIT tax liability. See the *CIT Unitary Business Group Combined Filing Schedule for Financial Institutions* (Form 4910) instructions for more details.

PART 1

The following tax base calculation involves a five year average of net capital. Enter data from the current year and four most recent MBT tax years to complete the five year table.

For purposes of this table, treat a partial year as a full year. If the current and four preceding tax periods include any short periods, the years printed in column headings for this part will not apply accurately.

CIT Unitary Business Group Combined Filing Schedule for Financial Institutions (Form 4910)

Line 1: In Part 1A, identify group members whose federal tax periods end within the filing period of the DM.

Part 2B: For the initial CIT return, members of a UBG who are fiscal filers will file the Form 4910 for the period January 1, 2012 to the end of the 2011-2012 fiscal year using the annual method. Under the annual method, the initial (short period) CIT return will report data from the 2011-2012 fiscal year from January 1, 2012 to the end of their 2011-2012 fiscal year on Form 4910 lines 14 through 16, 19a and 19b prorated by a fraction. The numerator of the fraction will be the number of months in the 2011-12 fiscal year that are in 2012. The denominator will be the number of months in the 2011-12 fiscal year (typically 12).

Line 6: For members with a fiscal tax year ending in 2012, enter the beginning date as January 1, 2012. Fiscal filers, enter the ending date that corresponds to the taxable period as reported to the Internal Revenue Service.

Line 7: This line 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 or satisfaction of the UBG relationship test. Do not include in line 7 any member that uses a fiscal year and that reports on this combined return all of its activity from January 1, 2012 to the end of its 2011-2012 fiscal year.

CIT Schedule of Recapture of Certain Business Tax Credits (Form 4902)

Recapture of credits, must be earned and calculated based on actions performed on or after January 1, 2012, regardless of the method selected for the tax calculation.

Application for Extension of Time to File Michigan Tax Returns (Form 4)

A fiscal year CIT taxpayer must file a short-year return accounting for activity from January 1, 2012 to the end of its 2011-12 federal tax year. The filing deadline for this initial CIT short-year return has been automatically extended to the same date as the 2012 calendar year returns, which is April 30, 2013. Despite the automatic extension granted by Treasury for the 2012 short period, any payment that typically would be paid with an extension request must be remitted with a completed Form 4 to avoid extension penalty and interest. If no additional tax is owed, the filing of the form is not necessary. An extension of time to file is not an extension of time to pay.

For taxpayers with a fiscal year ending after April 30, 2012, this automatic extension to April 30, 2013, will not reach as far as a conventional extension requested by Form 4. A taxpayer in this category that desires an extension beyond April 30, 2013, must file Form 4 for its 2012 short period.

Line 1: Fiscal Year Filers requesting an extension for the portion of their CIT activity for the short-year ending in 2012 must check the “Corporate Income Tax” box. Checking this box DOES NOT commit the taxpayer with certificated credits under MBT to file a CIT return; that commitment is made when the taxpayer files the tax return for that short-period. Regardless of whether an MBT or CIT return is ultimately filed, if the tax due is underestimated and sufficient payment is not paid with the application for extension, penalty and interest will be due on the unpaid or underpaid amount. See the Form 4 instructions for additional information on Penalty and Interest.

The initial CIT short period ending in 2012 will be granted an automatic extension to the same date as the 2012 calendar year returns, which is April 30, 2013. **However, an extension of time to file is not an extension of time to pay.** An extension request form need not be filed for the 2012 short period unless required to transmit payment of any tax that would be due with the annual return for that short period. 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 filing period.

Financial institutions are subject to the CIT regardless of whether they are taxed as a C Corporation or an S Corporation. If the financial institution is an S Corporation, it may be subject to Flow-Through Withholding as provided in Part 3 of the Income Tax Act of 1967. See the *Flow-Through Withholding Quarterly Return* (Form 4917) for guidance. Michigan tax forms are available online at www.michigan.gov/taxes.

Country Codes

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

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