

2019 MICHIGAN Schedule of Corporate Income Tax Liability for a Michigan Business Tax Insurance Filer

Issued under authority of Public Act 36 of 2007 and PA 39 of 2011.

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| Taxpayer Name (print or type) | Federal Employer Identification Number (FEIN) |
|-------------------------------|---|

PART 1: CERTIFICATED NONREFUNDABLE CREDITS

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|---|-----|--|----|
| 1. Tax Before Nonrefundable Credits from Form 4588, line 23 | 1. | | 00 |
| 2. Noncertificated nonrefundable credits (see instructions)..... | 2. | | 00 |
| 3. Tax After noncertificated nonrefundable credits. Subtract line 2 from line 1. If less than zero, enter zero | 3. | | 00 |
| 4. Available Renaissance Zone Credit (see instructions)..... | 4. | | 00 |
| 5. Renaissance Zone Credit. Enter lesser of line 3 or 4 | 5. | | 00 |
| 6. Tax After Renaissance Zone Credit. Subtract line 5 from line 3 | 6. | | 00 |
| 7. Available Historic Preservation Credit Net of Recapture from Form 4596, line 18b. If negative, enter as a negative number..... | 7. | | 00 |
| 8. Historic Preservation Credit Net of Recapture. Enter lesser of line 6 or 7..... | 8. | | 00 |
| 9. Tax After Historic Preservation Credit Net of Recapture. Subtract line 8 from line 6..... | 9. | | 00 |
| 10. Available Brownfield Redevelopment Credit from Form 4596, line 20 | 10. | | 00 |
| 11. Brownfield Redevelopment Credit. Enter lesser of line 9 or 10..... | 11. | | 00 |
| 12. Tax After Brownfield Redevelopment Credit. Subtract line 11 from line 9 | 12. | | 00 |
| 13. Film Infrastructure Credit from Form 4596, line 25..... | 13. | | 00 |
| 14. Certificated Nonrefundable Credits for CIT. Add lines 5, 8, 11, and 13 | 14. | | 00 |

PART 2: CIT LIABILITY

| | | | |
|--|-----|--|----|
| 15. Amount detailed in instructions..... | 15. | | 00 |
| 16. CIT After Certificated Nonrefundable Credits. Subtract line 14 from line 15 | 16. | | 00 |
| 17. Total Recapture of Certain Business Tax Credits for CIT from Form 4588, line 26..... | 17. | | 00 |
| 18. CIT After Recapture. Add lines 16 and 17 | 18. | | 00 |

PART 3: MBT TAX COMPARED AGAINST CIT FOR INSURANCE FILERS

| | | | |
|--|-----|--|----|
| 19. Total MBT liability from Form 4588, line 27 | 19. | | 00 |
| 20. If line 18 is greater than line 19, enter the difference. If line 19 is greater than or equal to line 18, enter zero. Carry to Form 4588, line 28..... | 20. | | 00 |

Instructions for Form 4974

Schedule of Corporate Income Tax Liability for a Michigan Business Tax Insurance Filer

Purpose

The purpose of this form is to determine the Corporate Income Tax (CIT) liability of an insurance company that files under the Michigan Business Tax (MBT). The CIT liability will be compared against the MBT liability in order to determine which liability is greater.

NOTE: A credit or recapture should not be reported on this form if it is not reported on one of the following forms:

- *Miscellaneous Credits for Insurance Companies* (Form 4596).
- *Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

NOTE: Beginning January 1, 2012, only those taxpayers with a certificated credit, which is awarded but not yet fully claimed or utilized, may elect to be MBT taxpayers.

Line-by-Line Instructions

Lines not listed are explained on the form.

Enter the taxpayer's name and Federal Employer Identification Number (FEIN) in the appropriate field.

PART 1: CERTIFICATED NONREFUNDABLE CREDITS

Line 2: Combine the total amount of noncertificated nonrefundable credits from Form 4596, line 6, and the amounts from Form 4596, lines 13 and 15. Enter the total combined amount, as this represents the allowable amount of noncertificated nonrefundable credits.

Line 3: Subtract line 2 from line 1. If less than zero, enter zero. This is the MBT liability after noncertificated nonrefundable credits.

Line 4: Not all Renaissance Zone credits are **certificated** credits to be reported on this form. See special instructions on the *MBT Renaissance Zone Credit Schedule* (Form 4595) to determine which Renaissance Zone credits are certificated. A certificated Renaissance Zone credit will be identified by the checkbox on line 2 of Form 4595. Only a credit of that type may be reported here. Enter credit amount from Form 4595, line 25b, for which certificated status is properly claimed on Form 4595, line 2.

If a taxpayer has activity in more than one certificated Renaissance Zone, a separate Form 4595 will be filed for each Zone. In that case, report here the combined total of credits claimed on all Forms 4595, line 25b, for which certificated status is properly claimed on Form 4595, line 2.

DO NOT use the Renaissance Zone credit amount from Form 4596 to complete this form.

Enter the available **Certificated** Renaissance Zone Credit. Not all Renaissance Zone credits are certificated credits to be reported on this form. See special instructions on Form 4595 to determine which Renaissance Zone credits are certificated. A certificated Renaissance Zone credit will be identified by

the checkbox on line 2 of Form 4595. Enter credit amount from Form 4595, line 25b, for which certificated status is properly claimed on Form 4595, line 2.

If a taxpayer has activity in more than one certificated Renaissance Zone, a separate Form 4595 will be filed for each Zone. In that case, report here the combined total of credits claimed on all Forms 4595, line 25b, for which certificated status is properly claimed on Form 4595, line 2.

DO NOT use the Renaissance Zone credit amount from Form 4573 or Form 4596 to complete this line.

Line 6: Subtract line 5 from line 3 and enter amount in field. This figure represents the MBT liability after applying the Renaissance Zone Credit.

Line 9: Subtract line 8 from line 6 and enter amount in field. This figure represents the MBT liability after applying the Historic Preservation Credit Net of Recapture.

Line 12: Subtract line 11 from line 9 and enter amount in field. This figure represents the MBT liability after applying the Brownfield Redevelopment Credit.

Line 14: Add lines 5, 8, 11 and 13. This is the total amount of Certificated Nonrefundable Credits for CIT.

PART 2: CIT LIABILITY

Line 15: Effective with tax years beginning in 2019, Public Act 222 of 2018 amends MCL 206.635, which alters the tax liability calculation of a Corporate Income Tax (CIT) filer. As a result, a Michigan Business Tax filer may need to review the CIT tax forms for the equivalent tax year to complete Form 4974.

Beginning Jan. 1, 2019, for a CIT filer, gross direct premiums attributable to qualified health insurance premiums are taxed at 0.95%. (See instructions for the "Insurance Company Annual Return for Corporate Income and Retaliatory Taxes," Form 4905, for the definition of qualified health insurance premiums.) The remaining portion of the tax base is still taxed at 1.25%.

To calculate CIT tax liability for the purpose of completing Form 4974, the taxpayer must complete a pro forma Form 4905. Complete lines 5 through 28 of Form 4905, then carry the amount from line 28 to Form 4974, line 15.

Retain a copy of the Form 4905 calculations for your records.

Line 16: Subtract line 14 from line 15. This is the amount of the CIT liability after Certificated Nonrefundable Credits.

Line 18: Add lines 16 and 17. This is the amount of CIT liability after the Recapture of Certain Business Tax Credits.

PART 3: MBT TAX COMPARED AGAINST CIT FOR INSURANCE FILERS

Line 20: Carry the amount on this line to the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588), line 28. This amount is used to calculate the tax liability for an MBT filer.

Include completed Form 4596 as part of the tax return filing.