

2012 MICHIGAN Composite Individual Income Tax Return

Issued under authority of Public Act 281 of 1967.

This return is due April 15, 2013. Type or print clearly in blue or black ink.

For 2012 or taxable year beginning: and ending:

1. Name of Partnership, S Corporation or Other Flow-Through Entity		2. Federal Employer Identification Number (FEIN)	
3. Mailing Address (Number, Street or P.O. Box)			
4. City or Town		State	ZIP Code

NOTE: Pages 1 - 4 of the U.S. Forms 1065 or 1120S, Form MI-1040H and a completed schedule(s) of participants and nonparticipants must be attached to this return. See instructions.

5. Ordinary income (loss) from U.S. Form 1065, line 22, or U.S. Form 1120S, line 21	5.		00
6. Additions from line 33, page 2	6.		00
7. Subtotal. Add lines 5 and 6	7.		00
8. Subtractions from line 36, page 2	8.		00
9. Total income subject to apportionment. Subtract line 8 from line 7	9.		00
10. Apportionment percentage from MI-1040H (see instructions.)	10.		%
11. Total Michigan apportioned income. Multiply line 9 by the percentage on line 10	11.		00
12. Michigan allocated income or (loss) from line 41, page 2	12.		00
13. Total Michigan income. Add lines 11 and 12	13.		00
14. Michigan income attributable to Michigan residents	14.		00
15. Michigan income attributable to nonparticipating members	15.		00
16. Michigan income attributable to participants	16.		00
17. Exemption allowance from line 47, page 2	17.		00
18. SEP, SIMPLE or qualified plan deductions from line 50, page 2	18.		00
19. Add lines 17 and 18	19.		00
20. Taxable income. Subtract line 19 from line 16	20.		00
21. Tax due. Multiply line 20 by 4.33% (0.0433)	21.		00
22. Michigan extension payments	22.		00
23. Withholding tax payments attributable to participants from Schedule A, Column 3	23.		00
24. If line 22 plus line 23 is less than line 21, enter TAX DUE. Include interest _____ and penalty _____, if applicable	24.		00
25. If line 22 plus line 23 is more than line 21, enter REFUND	25.		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. I have obtained the required Power of Attorney from each of the members of this composite return and my firm will resolve the issue of any tax liability.		PREPARER CERTIFICATION. I declare under penalty of perjury that this return is based on all information of which I have any knowledge.	
Filer's Signature	Date	Preparer's Name, Address, PTIN and/or FEIN	
<input type="checkbox"/> By checking this box, I authorize Treasury to discuss my return with my preparer.			

Mailing: Make check payable to "State of Michigan." Write the firm's FEIN, "Composite Return" and tax year on the check.

Pay. Mail your check and return to:
 Michigan Department of Treasury
 P.O. Box 30207
 Lansing, MI 48909

Refund or zero return. Mail your return to:
 Michigan Department of Treasury
 P.O. Box 30058
 Lansing, MI 48909

Name of Partnership, S Corporation or Other Flow Through Entity	Federal Employer Identification Number
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ADDITIONS (see instructions)

26. Net income (loss) from rental real estate activities.....	26.		00
27. Net income (loss) from other rental activities	27.		00
28. Portfolio Income (loss) (see instructions):			
a. Interest income	28a.		00
b. Dividend income	28b.		00
c. Royalty income	28c.		00
d. Net short-term capital gain (loss) (from U.S. <i>Schedule K</i>).....	28d.		00
e. Net long-term capital gain (loss) (from U.S. <i>Schedule K</i>).....	28e.		00
f. Other portfolio income	28f.		00
29. Net gain (loss) under Section 1231	29.		00
30. Other income from U.S. <i>Schedule K</i>	30.		00
31. State or local taxes measured by income.....	31.		00
32. Other miscellaneous additions (attach schedule).....	32.		00
33. Total additions. Add lines 26 through 32. Enter here and on line 6	33.		00

SUBTRACTIONS (see instructions)

34. Income (loss) from other partnerships, S corp. and fiduciaries	34.		00
35. Other miscellaneous subtractions (attach schedule).....	35.		00
36. Total subtractions. Add lines 34 and 35. Enter here and on line 8	36.		00

MICHIGAN ALLOCATED INCOME OR (LOSS)

37. Guaranteed payments to participants for services performed in Michigan.....	37.		00
38. Income attributable to other Michigan partnerships, S corporations or fiduciaries	38.		00
39. Net Michigan capital gains (losses) not subject to apportionment (from U.S. <i>Schedule D</i>)	39.		00
40. Other Michigan allocated income (loss) (see instructions).....	40.		00
41. Total Michigan allocated income (loss). Add lines 37 through 40. Enter here and on line 12	41.		00

EXEMPTION ALLOWANCE

42. Number of participants included in this agreement	42.		
43. Multiply line 42 by \$3,763 (exemption allowance).....	43.		00
44. Total Michigan income from line 13	44.		00
45. Total Income from Total Income Worksheet, page 7	45.		00
46. Percent of income attributable to Michigan. Divide line 44 by line 45. (must be between 0 and 100%).....	46.		%
47. Apportioned exemption allowance. Multiply line 43 by the percentage on line 46. Enter here and on line 17	47.		00

SEP, SIMPLE OR QUALIFIED PLAN DEDUCTIONS (PARTNERS ONLY)

48. SEP, SIMPLE or qualified plan deductions for participants (attach schedule).....	48.		00
49. Percent of income attributable to Michigan from line 46.....	49.		%
50. SEP, SIMPLE or qualified plan deductions attributable to Michigan. Multiply line 48 by the percentage on line 49. Enter here and on line 18	50.		00

Name of Partnership, S Corporation or Other Flow Through Entity	Federal Employer Identification Number
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SCHEDULE A: SCHEDULE OF PARTICIPANTS

	Column 1: Distributive Share of Michigan Income	Column 2: Distributive Share of Michigan Tax	Column 3: Withholding Paid on Behalf of the Participant *	
Recipient FEIN/SSN			3a: Payer FEIN	3b: Withholding
Recipient Name and Address				
Recipient FEIN/SSN			3a: Payer FEIN	3b: Withholding
Recipient Name and Address				
Recipient FEIN/SSN			3a: Payer FEIN	3b: Withholding
Recipient Name and Address				
Recipient FEIN/SSN			3a: Payer FEIN	3b: Withholding
Recipient Name and Address				
Recipient FEIN/SSN			3a: Payer FEIN	3b: Withholding
Recipient Name and Address				
<input type="checkbox"/> Check here if additional page(s) used. Enter totals from additional page(s), if applicable.				
Total columns 1, 2 and 3b. Carry total from Column 1 to line 16, and Column 3b to line 23, on your Composite return				

*** Do not include withholding claimed on any other Michigan composite return or refunded on any Michigan Annual Flow-Through Withholding Reconciliation Return (Form 4918).**

Name of Partnership, S Corporation or Other Flow Through Entity	Federal Employer Identification Number
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SCHEDULE B: SCHEDULE OF NONPARTICIPANTS

	Column 1: Distributive Share of Michigan Income	Column 2: Withholding Paid on Behalf of the Nonparticipant *	
Recipient FEIN/SSN		2a: Payer FEIN	2b: Withholding
Recipient Name and Address			
Recipient FEIN/SSN		2a: Payer FEIN	2b: Withholding
Recipient Name and Address			
Recipient FEIN/SSN		2a: Payer FEIN	2b: Withholding
Recipient Name and Address			
Recipient FEIN/SSN		2a: Payer FEIN	2b: Withholding
Recipient Name and Address			
Recipient FEIN/SSN		2a: Payer FEIN	2b: Withholding
Recipient Name and Address			
<input type="checkbox"/> Check here if additional page(s) used. Enter totals from additional page(s), if applicable.			
Total columns 1 and 2b. Carry total from Column 1 to line 15 on your Composite return.			

* Do not include withholding claimed on any other Michigan composite return or refunded on any *Michigan Annual Flow-Through Withholding Reconciliation Return (Form 4918)*.

Name of Partnership, S Corporation or Other Flow Through Entity	Federal Employer Identification Number
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SCHEDULE C: SCHEDULE OF MICHIGAN RESIDENTS

	Column 1: Distributive Share of Michigan Income	Column 2: Withholding Paid on Behalf of the Resident*	
Recipient FEIN/SSN		2a: Payer FEIN	2b: Withholding
Recipient Name and Address			
Recipient FEIN/SSN		2a: Payer FEIN	2b: Withholding
Recipient Name and Address			
Recipient FEIN/SSN		2a: Payer FEIN	2b: Withholding
Recipient Name and Address			
Recipient FEIN/SSN		2a: Payer FEIN	2b: Withholding
Recipient Name and Address			
Recipient FEIN/SSN		2a: Payer FEIN	2b: Withholding
Recipient Name and Address			
<input type="checkbox"/> Check here if additional page(s) used. Enter totals from additional page(s), if applicable.			
Total columns 1 and 2b. Carry total from Column 1 to line 14 on your Composite return			

* Do not include withholding claimed on any other Michigan composite return or refunded on any *Michigan Annual Flow-Through Withholding Reconciliation Return (Form 4918)*.

Instructions for Form 807, Michigan Composite Individual Income Tax Return

Filing a Return

A flow-through entity (FTE) is defined as an S corporation, a general partnership, a limited partnership, a limited liability partnership, or a limited liability company that is not taxed as a C corporation for federal income tax purposes. An FTE that does business in Michigan and that is filing on behalf of two or more nonresident individual or trust partners, shareholders, or members may file this return. An FTE in a tiered structure may also be eligible to file a composite return (see below). An FTE may not file on behalf of a member that is a C corporation or a member that files federally as C corporation.

The individual income tax filing obligation of a member is satisfied when the member participates in a composite filing so long as the member has no other Michigan-sourced income.

The filing entity and participating members must agree to comply with the Michigan Department of Treasury (Treasury) rules described below.

Tiered Entities

A flow-through entity is in a tiered structure if it has one or more members that are other FTEs. A tiered structure consists of a source FTE and one or more intermediate FTEs. In this arrangement, the intermediate FTE receives income from the source FTE and the income is passed through to the intermediate FTE's members. When a source FTE files a composite return on behalf of its nonresident individual and trust members, an intermediate FTE may elect to participate in the composite filing. An intermediate FTE may participate only to the extent that the ultimate members in its tiered structure are nonresident individuals or trusts.

Participation Requirements

The composite return is an individual income tax return and should be filed only on behalf of nonresident members subject to the individual income tax.

A member may **not** participate in this composite return in any of the following cases:

- If member was a Michigan resident (full-year or part-year).
- If member wishes to claim more than one Michigan exemption.
- If member is a C corporation or has elected to file federally as a C corporation.
- If member is an intermediate FTE and filer cannot identify the name, address, account number, distributive share of Michigan income and withholding paid on behalf of the ultimate member(s) of the intermediate FTE. An intermediate FTE member may not participate on behalf of an ultimate member that is a Michigan resident, a C corporation, or an entity that has elected to file federally as a C corporation.

A composite return cannot be filed if less than two members elect to participate in the composite filing.

Due Date of Return

The composite return for any tax period ending in 2012 is due April 15, 2013. The return for any period ending in 2013 will be due April 15, 2014.

If the firm cannot file by the due date, a request for an extension can be filed before the original due date. See "Requesting an Extension" on this page.

Withholding Tax Payments

Flow-through entities are required to make withholding tax payments on behalf of all nonresident members (both participating and nonparticipating).

There are separate requirements to withhold on members that are corporations and other flow-through entities. For more information on these requirements, see the instructions to *Annual Flow-Through Withholding Reconciliation Return* (form 4918) or visit www.michigan.gov/taxes.

Flow-through entities that are on a calendar year basis must withhold and file quarterly by April 15, July 15, October 15, and January 15. Flow-through entities that are not on a calendar year must withhold and file quarterly returns on the appropriate due dates that, in the taxpayer's fiscal year, correspond to the calendar year. Fiscal year filer due dates apply regardless of the tax years of the members.

Beginning January 1, 2012 the payment of flow-through withholding tax is remitted on the *Flow-Through Withholding Quarterly Return* (Form 4917) Flow-through withholding is no longer submitted on a *Combined Return for Michigan Taxes* (Form 160).

Note: *Annual Withholding Reconciliation Return* (Form 4918) has replaced the *Annual Return for Sales, Use, and Withholding* (Form 165) for flow-through withholding and must be filed annually by all flow-through entities who are submitting withholding payments.

Requesting an Extension

The filer may request an extension of time to file by sending payment of the estimated annual liability to Treasury with a copy of the *Application for Extension of Time to File Michigan Tax Returns* (Form 4). A separate Michigan extension must be filed even if the company files a federal extension. **An extension of time to file is NOT an extension of time to pay.**

When completing the extension form, check "Fiduciary Tax (includes Composite Filers)" in box 1, and use the company's name and Federal Employer Identification Number (FEIN). Follow these special instructions to make sure your account is credited properly.

Payment of the estimated annual liability must have been previously made with the extension application. When you file your composite return, attach a copy of your extension application to it.

Signing Return/Correspondence

By signing the *Michigan Composite Individual Income Tax Return* (Form 807), the signing partner or officer declares that the filer has power of attorney from each participant to file a composite return on his or her behalf. Treasury will mail refund checks, assessments and all correspondence to the filing company at the address indicated on the return. The filing company must agree to be responsible for the payment of any additional tax, interest and penalties as finally determined. Issues involving the tax liability reported on a composite return will be resolved with the filing company. In unusual circumstances, Treasury may contact the participants.

Attachments

Attach the following items to the composite return:

- A copy of the U.S. Form 1065 (5 pages) or U.S. Form 1120S (4 pages).
- A *Michigan Schedule of Apportionment* (Form MI-1040H).

Total Income Worksheet

- Completed Schedule of Participants (Schedule A) and sub-schedules for participants that are other FTEs.
- Completed Schedule of Nonparticipants (Schedule B).
- Completed Schedule of Michigan Resident Members (Schedule C).
- A statement signed by an authorized officer or general partner certifying that each participant has been informed of the terms and conditions of this program.
- A copy of Form 4, *Application for Extension of Time to File Michigan Tax Returns*, if applicable.

Schedules

Schedule A, Schedule of Participants: Complete this schedule for participating nonresident members. Do not enter withholding that has been claimed on any other Michigan composite return or that has been refunded on an *Annual Withholding Reconciliation Return* (Form 4918).

For each participating intermediate FTE included on Schedule A, attach a separate sub-schedule identifying the members of that intermediate FTE whose distributive shares are included on Schedule A. Each intermediate FTE sub-schedule must include:

- The intermediate FTE's name and FEIN.
- The intermediate FTE's members (nonresident individuals and trusts) name, address, account number, distributive share of Michigan income, and share of withholding.

If the FTE filing this return does not know the above information down to the ultimate members of an intermediate FTE participant, then that intermediate FTE member may not participate in this composite filing.

Use additional copies of Schedule A as needed. Subtotal each schedule and include a grand total of columns 1, 2, and 3b on the first page of the schedule. Carry the grand total of column 1 to Line 16. Column 2 should reconcile to line 20. Carry the grand total of line 3b to line 23.

Schedule B, Schedule of Nonparticipants: Complete this schedule for all members, other than Michigan residents, who did not participate on Schedule A. Use additional copies of Schedule B as needed. Subtotal each schedule and include a grand total of columns 1 and 2b on the first page of the schedule. Carry the grand total of column 1 to Line 15.

Schedule C, Schedule of Michigan Residents: Complete this schedule for Michigan resident members only. A Michigan resident may not participate on Schedule A. Use additional copies of Schedule C as needed. Flow-through withholding (FTW) is not required for Michigan residents. Subtotal each schedule and include a grand total of columns 1 and 2b on the first page of the schedule. Carry the grand total of column 1 to Line 14.

Tiered Structures: In some cases, the payer on Schedule A, B, or C might not be the entity filing this return; if the filer is part of a tiered structure and the source FTE paid withholding

Column A refers to Distributive Income categories from Schedule K form(s). Columns B and C refer to lines on the U.S. Form 1065 *Schedule K* and U.S. Form 1120S *Schedule K*. Column D is the list of amounts that are added to arrive at total income that is reported on Form 807, line 45.

A Distributive Income Categories	B U.S. Form 1065 <i>Schedule K</i>	C U.S. Form 1120S <i>Schedule K</i>	D Distributive Income Amounts
Ordinary income (loss) from trade or business activity	1	1	
Net income (loss) from rental real estate activity	2	2	
Net income (loss) from other rental activity	3c	3c	
Portfolio income (loss):			
Interest income	5	4	
Dividend income	6a	5a	
Royalty income	7	6	
Net short-term capital gain (loss)	8	7	
Net long-term capital gain (loss)	9a	8a	
Guaranteed payments	4		
Net gain (loss) under section 1231	10	9	
Other income (loss)	11	10	
TOTAL INCOME Add all amounts in Column D and carry total to Form 807, line 45.			

directly on behalf of a participating nonresident individual or trust by looking through the filer, enter the source FTE's FEIN as the payer.

If an intermediate FTE participates on Schedule A, enter only the portion of the intermediate FTE's distributive share of Michigan income, distributive share of tax, and withholding that is attributable to ultimate members that are nonresident individuals or trusts. If any of the intermediate FTE's income is attributable to non-participants or to Michigan residents, the remaining portion of the intermediate FTE's income, and withholding must be entered on Schedule B or Schedule C, respectively.

Line-by-Line Instructions

Lines not listed are explained on the form.

Line 10: Enter the apportionment percentage from Form MI-1040H. Beginning January 1, 2012, the apportionment method changed from three factors (payroll, property, and sales) to a single factor of sales. See MI-1040H instructions on determining the apportionment percentage and for information regarding income tax nexus standards.

Line 13: The amount on this line should equal the total of lines 14, 15 and 16.

Line 14: Carry the total from Column 1 of the Schedule of Michigan Resident Members, Schedule C, to this line.

Line 15: Carry the total from Column 1 of the Schedule of Nonparticipants, Schedule B, to this line.

Line 16: Carry the total from Column 1 of the Schedule of Participants, Schedule A, to this line.

Line 23: Enter the total of Flow-Through Withholding (FTW) payments made on behalf of participating members from Schedule A, column 3b. Do not enter withholding that has been claimed on any other composite return or that has been refunded on the *Annual Reconciliation of Withholding Return* (Form 4918).

Line 24: Pay. If line 22 plus line 23 is less than line 21, enter the balance of the tax due. This is the tax owed with the return. Enter any applicable penalties and interest in the spaces provided. Add tax, penalty and interest together and

enter the total on this line. Make the check payable to “**State of Michigan.**” Write the **filing company’s FEIN**, “**Composite Return**,” and the **tax year** on the front of the check. To ensure accurate processing of your return, send one check for each return type. If balance due is less than \$1, no payment is required.

Line 25: Refund. If line 22 plus line 23 exceeds line 21, your overpayment will be refunded. Treasury will not refund amounts less than \$1.

Pay, mail your completed return with payment to:

Michigan Department of Treasury
P.O. Box 30207
Lansing, MI 48909

Refund or zero return, mail your completed return to:

Michigan Department of Treasury
P.O. Box 30058
Lansing, MI 48909

Additions

Lines 26 through 30: Enter income from lines 2, 3c, 5, 6a, 7, 8, 9a, 10 and 11 of U.S. Form *1065 Schedule K* and from lines 2, 3c, 4, 5a, 5b, 6, 7, 8a, 9 and 10 of U.S. Form *1120S Schedule K*. Guaranteed payments, income attributable to other Michigan fiduciaries or flow-through entities should be allocated to Michigan on lines 37 through 40. See instructions below.

Line 31: Enter the amount of state and local income taxes that was used to determine ordinary income on U.S. Form *1065*, line 22 or U.S. Form *1120S*, line 21.

Line 32: Enter other additions to income, such as gross interest and dividends from obligations or securities of states and their political subdivisions other than Michigan.

Subtractions

Note: Charitable contributions and other amounts reported as itemized deductions on U.S. Schedule A are not allowable subtractions in determining Michigan taxable income.

Line 34: Enter income (loss) from other fiduciaries or other flow-through entities included in income. Losses must be added back. Attach a schedule showing the location of each company and amount of income attributable to each, itemized by items of ordinary, interest, dividend, rental income, etc.

Line 35: Enter amounts such as interest from U.S. obligations that are included in line 28a, and other deductions for AGI (above the line) that were not included in determining ordinary income. This includes section 179 depreciation and amounts included on line 12[c][2] of U.S. Form *1120S Schedule K* and on line 13[c][2] of U.S. Form *1065 Schedule K*. Also include pension benefits paid to nonresident partners that were included in ordinary income but are excluded from Michigan tax under *section 114 of Title 4 of the U.S. Code*. Attach a schedule of all subtractions.

Michigan Allocated Income or Loss

Line 37: Enter the portion of guaranteed payments attributable to services performed in Michigan by the nonresident participants.

Line 38: Enter income or loss from other fiduciaries or other flow-through entities attributable to Michigan that have not been reported on another composite return. Attach a schedule showing the amount of income or loss attributable to each.

Line 39: Enter gains/losses from the sale of real or personal property located in Michigan not subject to apportionment.

Line 40: Enter any other income (loss) allocated to Michigan. Include any Michigan net operating loss deduction (NOLD). Attach schedules.

The NOLD may be taken only to the extent that it is attributable to the same participating members from the loss year, and in the same proportions of ownership.

Exemption Allowance

Line 45: Enter the total income as determined using the worksheet on page 7.

Line 46: Compute the percentage of income attributable to Michigan by dividing total Michigan income (line 44) by the total income (line 45). This figure may not exceed 100 percent.

SEP, SIMPLE or Qualified Plan Subtractions (PARTNERS ONLY)

Line 48: Figure the portions of Simplified Employee Pensions (SEP), Savings Incentive Match Plan for Employees (SIMPLE), or qualified plan deduction which are attributable to the participants. Attach a schedule showing calculations.

For More Information

For more information, visit Treasury’s Web site at www.michigan.gov/taxes

Michigan tax forms are available at www.michigan.gov/treasuryforms

Federal tax forms are available at www.irs.gov