

**2007 MICHIGAN
SBT Miscellaneous Credits**

Issued under authority of P.A. 228 of 1975. See instruction booklet for filing guidelines.

1. Name	2. Federal Employer ID Number (FEIN) or TR Number
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Read the instructions to determine eligibility before claiming any of these credits.

PART 1: REFUNDABLE CREDITS

- 3. Enter the **MEGA Employment Tax Credit** from the *Annual Tax Credit Certificate* 3. _____ .00
- 4. Enter the amount of **WDSB Credit** allowed by the Bureau of Worker's Disability Compensation 4. _____ .00

APPRENTICESHIP CREDIT. ENTER NAICS CODE _____

- 5. Enter all payroll and wages paid to each apprentice or special apprentice. Include the value of fringes and other payroll expenses 5.
- 6. Multiply line 5 by 50% 6.
- 7. Enter all educational costs paid for each apprentice or special apprentice during the tax year 7.
- 8. Add lines 6 and 7 8.
- 9. Enter the amount on line 8 - limited to \$1,000, \$2,000 or \$4,000 (see instructions) 9.

A	B	C

- 10. **Apprenticeship Credit.** Add line 9 across 10. _____ .00

HYBRID TECHNOLOGY RESEARCH AND DEVELOPMENT CREDIT

- 11. Enter amount from the Annual Tax Credit Certificate received from MEGA 11. _____ .00

INDUSTRIAL PERSONAL PROPERTY TAX CREDIT

- 12. Enter taxes paid in the tax year on Industrial Personal Property 12. _____ .00
- 13. **Industrial Personal Property Tax Credit.** Multiply line 12 by 15%. 13. _____ .00

TRANSFERRED JOBS CREDIT

- 14. Enter taxes paid in 2007 on property used in the performance of transferred jobs certified by MEGA 14. _____ .00

NEXT ENERGY PAYROLL CREDIT. Available only to businesses located within an alternative energy renaissance zone.

Enter the street address of property or parcel number: _____

- 15. Enter the total payroll of research, development or manufacturing employees who work primarily within the zone 15. _____ .00
- 16. **Payroll Credit.** Multiply line 15 by the income tax rate for the tax year 16. _____ .00
- 17. **Subtotal** for Apprenticeship, Hybrid Technology R&D, Industrial Personal Property, Transferred Jobs Credit and Next Energy Payroll Credits. Add lines 10, 11, 13, 14 and 16 17. _____ .00
- 18. **TOTAL REFUNDABLE CREDITS.** Add lines 3, 4 and 17. Enter here and on Form C-8000, line 53, C-8044, line 19 or 1366, line 51 and C-8020, line 8, column A 18. _____ .00

PART 2: NONREFUNDABLE CREDITS

- 19. Enter the amount from Form C-8000, line 45 19. _____ .00
- 20. Amount of the Unincorporated Credit from Form C-8000, line 46 20. _____ .00
- 21. **Tax after Unincorporated Credit.** Subtract line 20 from line 19 21. _____ .00

ENTERPRISE ZONE CREDIT. This credit is available only to certified firms located in Benton Harbor.

If this credit is not being claimed, carry the amount from line 21 to line 35.

Enter the street address of the property or parcel number: _____

- 22. Enter the average value of property located within the zone. 22. _____ .00
- 23. Multiply rentals within the zone by 8 and enter the result 23. _____ .00
- 24. Total property value within the zone. Add lines 22 and 23 24. _____ .00
- 25. Enter the average value of all Michigan property 25. _____ .00
- 26. Multiply Michigan rentals by 8 and enter the result 26. _____ .00
- 27. Add lines 25 and 26 27. _____ .00
- 28. Divide line 24 by line 27 28. _____ .00
- 29. Enter the total payroll within the zone 29. _____ .00
- 30. Enter total Michigan payroll 30. _____ .00
- 31. Divide line 29 by line 30 31. _____ .00
- 32. Add lines 28 and 31 32. _____ .00
- 33. Divide line 32 by 2. If there is only one factor, enter the amount from line 32 33. _____ .00
- 34. **Enterprise Zone Credit.** Multiply line 21 by line 33 34. _____ .00
- 35. **Tax After Enterprise Zone Credit.** Subtract line 34 from line 21. If less than zero, enter zero 35. _____ .00

MICHIGAN HISTORIC PRESERVATION CREDIT. If this credit will not be claimed, carry the amount from line 35 to line 40.

36. Total available credit. Enter the amount from Form 3581, line 11	36.	_____	.00
37. Recapture of Michigan Historic Preservation Credit.	37.	_____	.00
38. Subtotal. Subtract line 37 from line 36	38.	_____	.00
39. Michigan Historic Preservation Credit. Enter amount from line 35 or 38, whichever is smaller	39.	_____	.00
40. Tax After Michigan Historic Preservation Credit. Subtract line 39 from line 35. (If line 39 is negative, add its positive value to line 35.)	40.	_____	.00
41. Credit forward to MBT. If line 38 is greater than line 35, enter the difference	41.	_____	.00

LOW-GRADE HEMATITE PELLETT CREDIT. If this credit will not be claimed, carry the amount from line 40 to line 46.

42. Current year credit. Enter the number of long tons _____ x \$1.00	42.	_____	.00
43. Enter any unused credit from the previous year	43.	_____	.00
44. Total available credit. Add lines 42 and 43	44.	_____	.00
45. Low-grade Hematite Pellet Credit. Enter the amount from line 40 or line 44, whichever is smaller	45.	_____	.00
46. Tax After Low-grade Hematite Pellet Credit. Subtract line 45 from line 40. If less than zero, enter zero	46.	_____	.00
47. Credit forward to MBT. If line 44 is greater than line 40, enter the difference	47.	_____	.00

NEXT ENERGY BUSINESS ACTIVITY CREDIT. If this credit will not be claimed, carry the amount from line 46 to line 50.

48. Available Credit. Enter the Next Energy Business Activity Credit from the Certificate issued by the MEDC	48.	_____	.00
49. Next Energy Credit. Enter amount from line 46 or line 48, whichever is smaller	49.	_____	.00
50. Tax After Next Energy Credit. Subtract line 49 from line 46. If less than zero, enter zero	50.	_____	.00

PHARMACEUTICAL CREDIT. If this credit will not be claimed, carry the amount from line 50 to line 65.

51. Qualified Research Expenses (QRE) for pharmaceutical business activity in Michigan for 2007	51.	_____	.00
52. QRE for pharmaceutical business activity in Michigan (2006)	52.	_____	.00
53. QRE for pharmaceutical business activity in Michigan (2005)	53.	_____	.00
54. QRE for pharmaceutical business activity in Michigan (2004)	54.	_____	.00
55. Add lines 52, 53 and 54	55.	_____	.00
56. Average QRE for 3 preceding years. Divide line 55 by 3	56.	_____	.00
57. Increased QRE. Subtract line 56 from line 51	57.	_____	.00
58. Multiply line 57 by 6.5% (0.065)	58.	_____	.00
59. Multiply line 56 by 200% (2.00)	59.	_____	.00
60. Available Credit. Enter the lesser of lines 58 or 59	60.	_____	.00
61. Enter any unused credit from the previous year	61.	_____	.00
62. Enter amount of credit assigned to taxpayer from another taxpayer	62.	_____	.00
63. Total available credit. Add lines 60, 61 and 62	63.	_____	.00
64. Pharmaceutical Credit: Enter the amount from line 50 or line 63, whichever is smaller	64.	_____	.00
65. Tax After Pharmaceutical Credit. Subtract line 64 from line 50. If less than zero, enter zero	65.	_____	.00
66. Credit forward to MBT. If line 63 is greater than line 50, enter the difference	66.	_____	.00

QUALIFIED START-UP BUSINESS CREDIT. To claim this credit you must attach a certification letter from MEDC.

If this credit will not be claimed, carry the amount from line 65 to line 70.

67. If a certification letter is attached, enter the amount from line 65	67.	_____	.00
68. Recapture of Qualified Start-Up Business Credit	68.	_____	.00
69. Subtotal. Subtract line 68 from line 67	69.	_____	.00
70. Tax After Qualified Start-Up Business Credit. Subtract line 69 from line 65 (If line 69 is negative, add its positive value to line 65.)	70.	_____	.00

DONATED AUTOMOBILE CREDIT. If this credit will not be claimed, carry the amount from line 70 to line 72.

71. Enter 50% of the Value of Donated Vehicle from attached Form 4284, <i>Donor Tax Credit Certificate for Donated Automobile</i> , or \$100, whichever is smaller	71.	_____	.00
72. Tax After Donated Automobile Credit. Subtract line 71 from line 70. If less than zero, enter zero	72.	_____	.00

CREATED JOBS CREDIT. If this credit will not be claimed, carry the amount from line 72 to line 75.

73. Enter any unused credit from prior years	73.	_____	.00
74. Created Jobs Credit. Enter the amount from line 72 or 73, whichever is smaller	74.	_____	.00
75. Tax After Created Jobs Credit. Subtract line 74 from line 72	75.	_____	.00
76. Credit forward to MBT. If line 73 is greater than line 72, enter the difference	76.	_____	.00
77. Enter the subtotal of the Apprenticeship, Hybrid Technology R&D, Industrial Personal Property, Transferred Jobs and Next Energy Payroll Credits from line 17	77.	_____	.00
78. Tax After Apprenticeship, Hybrid Technology R&D, Industrial Personal Property, Transferred Jobs and Next Energy Payroll Credit. Subtract line 77 from line 75. If less than zero, enter zero	78.	_____	.00

“OLD” BROWNFIELD CREDIT. If this credit will not be claimed, carry the amount from line 78 to line 83.

Enter the street address of the property or parcel number: _____

79. Enter any unused credit from the previous years	79.	_____	.00
80. Recapture of Old Brownfield Credit.	80.	_____	.00
81. Subtotal. Subtract line 80 from line 79.	81.	_____	.00
82. Old Brownfield Credit. Enter the amount from line 78 or line 81, whichever is smaller	82.	_____	.00
83. Tax After Old Brownfield Credit. Subtract line 82 from line 78. (If line 82 is negative, add its positive value to line 78.)	83.	_____	.00
84. Credit forward to MBT. If line 81 is greater than line 78, enter the difference	84.	_____	.00

RENAISSANCE ZONE CREDIT. If this credit will not be claimed, carry the amount from line 83 to line 86. If claiming this credit, complete the Renaissance Zone Worksheet on page 4 of this form.

85. Renaissance Zone Credit. Enter the amount from the Renaissance Zone Worksheet, line 24A or 24B, whichever applies	85.	_____	.00
86. Tax After Renaissance Zone Credit. Subtract line 85 from line 83. If less than zero, enter zero	86.	_____	.00
87. If a WDSB Credit is being claimed, enter the amount from line 4	87.	_____	.00
88. Tax After WDSB Credit. Subtract line 87 from line 86. If less than zero, enter zero.	88.	_____	.00

“NEW” BROWNFIELD CREDIT. If this credit will not be claimed, carry the amount from line 88 to line 95.

89. Enter the amount of available credit from the <i>SBT Brownfield Redevelopment Credit Certificate of Completion</i> , or the amount of credit from the <i>SBT Brownfield Credit Assignment</i> form	89.	_____	.00
90. Enter any unused credit from the previous years	90.	_____	.00
91. Total Available Credit. Add lines 89 and 90	91.	_____	.00
92. Recapture of New Brownfield Credit.	92.	_____	.00
93. Subtotal. Subtract line 92 from line 91.	93.	_____	.00
94. New Brownfield Credit. Enter the amount from line 88 or 93, whichever is smaller	94.	_____	.00
95. Tax After New Brownfield Credit. Subtract line 94 from line 88. (If line 94 is negative, add its positive value to line 88.)	95.	_____	.00
96. Credit forward to MBT. If line 93 is greater than line 88, enter the difference	96.	_____	.00

MEGA BUSINESS ACTIVITY CREDIT. If this credit will not be claimed, carry the amount from line 95 to line 101.

97. Enter the MEGA Business Activity Credit from the Annual Tax Credit Certificate	97.	_____	.00
98. Enter any unused credit from the previous years	98.	_____	.00
99. Total Available Credit. Add lines 97 and 98	99.	_____	.00
100. MEGA Business Activity Credit. Enter the amount from line 95 or line 99, whichever is smaller	100.	_____	.00
101. Tax After MEGA Business Activity Credit. Subtract line 100 from line 95. If less than zero, enter zero ...	101.	_____	.00
102. Credit forward to MBT. If line 99 is greater than line 95, enter the difference	102.	_____	.00

TOTAL NONREFUNDABLE CREDITS

103. Add lines 34, 39, 45, 49, 64, 69, 71, 74, 82, 85, 94 and 100. Enter here and on Form C-8000, line 47 or Form 1366, line 29	103.	_____	.00
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RENAISSANCE ZONE CREDIT WORKSHEET

1. Tax liability before Renaissance Zone Credit. Enter the amount from C-8000MC, line 83 1. _____ .00
 Enter the street address of the property or parcel number and the name of the zone or subzone that the property is included in: _____

Business Activity Factor:

2. Enter the average value of property located within the zone 2. _____ .00
 3. Multiply rentals within the zone by 8 and enter the result 3. _____ .00
 4. Total property value within the zone. Add lines 2 and 3 4. _____ .00
 5. Enter the average value of all Michigan property 5. _____ .00
 6. Multiply Michigan rentals by 8 and enter the result 6. _____ .00
 7. Add lines 5 and 6 7. _____ .00
 8. Divide line 4 by line 7 8. _____ %
 9. Enter total payroll for services performed within the zone 9. _____ .00
 10. Enter total Michigan payroll 10. _____ .00
 11. Divide line 9 by line 10 11. _____ %
 12. Add lines 8 and 11 12. _____ %
 13. Business Activity Factor. Divide line 12 by 2. If there is only one factor, enter the amount from line 12 13. _____ %
 14. Credit based on the Business Activity Factor. Multiply line 13 by line 1 14. _____ .00

Adjusted services performed in the Renaissance Zone:

15. Enter the amount on line 9 15. _____ .00
 16. Enter the depreciation added to tax base for property exempt under MCL 211.7ff. Claim depreciation for property exempt in the tax year and claim depreciation for new property* that will be exempt in the immediately following tax year 16. _____ .00
 17. Add lines 15 and 16 17. _____ .00
 18. Partnerships, LLCs, S Corporations and individuals only:
 A. Enter business income. If less than zero, enter zero 18A. _____ .00
 B. Enter apportionment factor 18B. _____ %
 C. Enter amount from line 13 18C. _____ %
 D. Multiply line 18A by line 18B by line 18C 18D. _____ .00
 E. Add lines 17 and 18D 18E. _____ .00

19. Adjusted Services:

A. Enter the amount from line 17, or, if taxpayer is a Partnership, LLC, S Corp or Individual, amount from line 18E 19A. _____ .00
 B. Multiply line 19A by 10% (.10) 19B. _____ .00
 20. Credit for businesses first located within a Renaissance Zone after November 30, 2002. Enter lesser of line 14 or line 19B 20. _____ .00

Renaissance Zone Credit for Businesses first located within a Renaissance Zone before December 1, 2002 ONLY

21 A. Enter Renaissance Zone Credit allowed in 2002 21A. _____ .00
 B. Total payroll for services performed within the Zone in 2002 21B. _____ .00
 C. Depreciation for property exempt under MCL 211.7ff claimed in 2002 21C. _____ .00
 D. Add lines 21B and 21C 21D. _____ .00
 E. Subtract line 21D from line 17. If less than zero, enter zero 21E. _____ .00
 F. Multiply line 21E by 2% (.02) 21F. _____ .00
 G. Add lines 21A and 21F 21G. _____ .00
 22. Enter the lesser of line 14 or line 21G 22. _____ .00
 23. Enter the amount from line 20 23. _____ .00
 24 A. **Renaissance Zone Credit.** Enter the greater of lines 22 or 23 here 24A. _____ .00
 B. **Reduced Renaissance Zone Credit.** Use the Reduced Credit Table below to find the reduced credit percentage. Multiply line 24A by _____ %. 24B. _____ .00
 Enter line 24A or 24B, whichever applies, on C-8000MC, line 85.

Reduced Credit Table. During the last three years of a zone's designation, the credit must be reduced. The reduced credit is:

- 75 percent for the tax year that is two years before the final year of designation as a renaissance zone.
- 50 percent for the tax year immediately preceding the final year of the designation as a renaissance zone.
- 25 percent for the tax year that is in the final year of designation as a renaissance zone.

* i.e., property that has not been subject to, or exempt from the collection of taxes under the General Property Tax Act and has not been subject to, or exempt from ad valorem property taxes levied in another state, except that receiving an exemption as inventory property does not disqualify property.

Instructions for Form C-8000MC, Miscellaneous Credits

(Fiscal filers, see supplemental instructions on page 75)

Purpose: To allow eligible taxpayers to claim the Michigan Economic Growth Authority (MEGA), Workers' Disability Supplemental Benefit (WDSB), Apprenticeship, Hybrid Technology Research and Development, Industrial Personal Property, Transferred Jobs, Next Energy, Enterprise Zone, Michigan Historic Preservation, Low Grade Hematite Pellet, Pharmaceutical, Qualified Start-Up Business, Donated Automobile, Created Jobs, Renaissance Zone and Brownfield credits. Review the descriptions carefully before claiming a credit as there are strict eligibility requirements. Follow the instructions on the form for each credit.

Ⓢ **Note:** Fiscal year returns must be adjusted to capture only activity prior to 2008. See supplemental instructions for fiscal year filers on page 75.

PART 1: Refundable Credits

The MEGA Employment Tax Credit promotes economic growth and jobs in Michigan. Projects must be certified by MEGA. Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the *Annual Tax Credit Certificate* to the return to substantiate a claim. The credit will be disallowed if the certificate is not attached. For more information, call the Michigan Economic Development Corporation (MEDC) at (517) 373-9808 or visit the MEDC Web site at medc.michigan.org/miadvantage/incentives.

The WDSB Credit is available to self-insured employers only for the amount authorized by the Department of Labor and Economic Growth (DLEG) during the tax year. The authorization date and the amount of credit are on the credit list (LW06401-Z04) given to taxpayers by DLEG. Attach a copy of the credit list(s) to the return to substantiate claims. For more information on WDSB credit eligibility, call DLEG, Bureau of Workers' Disability Compensation, at (517) 322-1879 or (888) 396-5041 or visit the DLEG Web site at www.michigan.gov/wca.

The Apprenticeship Credit encourages businesses to hire and provide training to qualified students. The credit equals 50 percent of the payroll expenses paid for the benefit of an apprentice in a qualified program *plus* 100 percent of the cost of classroom instruction and related expenses. Apprentices must be 16-19 years old and enrolled in either high school or a GED program. For tax years beginning after December 31, 2003, the maximum credit allowed annually per apprentice is \$4,000 for companies

classified as a tool and die company under the North American Industrial Classification System (NAICS), and \$2,000 for all other companies. In addition, NAICS classified tool and die companies will be allowed a credit of up to \$1,000 annually for qualified expenses incurred in the training of each special apprentice. A special apprentice is not an apprentice as defined above, but is a Michigan resident, 16 - 24 years of age, and is trained through a program that meets all statutory criteria.

To substantiate claims, attach a copy of an approved federal form *ETA 671* to the return for each apprentice. For more information, call the U.S. Department of Labor, Bureau of Apprenticeship and Training, at (517) 377-1746 or visit Michigan's School-to-Registered Apprenticeship Program and Tax Credit Web site at www.michigan.gov/mdcd and click on "Program Fact Sheets."

The Hybrid Technology Research and Development Credit is for tax years beginning on or after January 1, 2006. A taxpayer that is engaged in research and development of a qualified technology can claim a credit against the SBT equal to 3.9 percent of the compensation for services performed in a qualified facility and paid to employees at the facility in the tax year. The taxpayer must have entered into an agreement with the Michigan Economic Growth Authority (MEGA) before April 1, 2007. Each year, approved businesses receive a certificate from MEGA showing the total amount of tax credit allowed. Attach the *Annual Credit Certificate* to the return to substantiate a claim. The credit will be disallowed if the certificate is not attached. The maximum credit that any one taxpayer may claim in a single year is \$3.0 million. For more information, call the Michigan Economic Development Corporation (MEDC) at (517) 373-9808 or visit the MEDC Web site at medc.michigan.org/miadvantage/incentives.

The Industrial Personal Property Credit is equal to 15 percent of personal property tax paid on industrial personal property. "Industrial personal property" means property classified as industrial personal property under MCL 211.34c. This credit is limited to taxes actually paid (cash basis) in 2007 and levied after 2005. Attach a copy(s) of the Summer and/or Winter Tax Statement (bill) upon which the credit is based and proof the tax was paid in 2007. The statement must show the classification of the property as "Industrial Personal Property." If the statement does not reflect that, you must attach a letter or other documentation to substantiate your claim.

To qualify for the credit a taxpayer must file the statement of personal property described under MCL 211.19 by February 20. The statement filed on or before February 20, 2007 relates to property taxes that will be levied on industrial personal property on July 1, 2007 and December 1, 2007.

A lessee of property may not claim credit for taxes it is paying on behalf of the owner/lessor.

The Transferred Jobs Credit is equal to 100 percent of the property tax paid on tangible personal property used in the performance of jobs transferred to Michigan. "Transferred jobs" are defined as jobs that involve high-technology activity or manufacturing, previously were located in another state or country, and were moved to Michigan in the tax year in which the credit is claimed or in the immediately preceding tax year.

A new position will not qualify as a transferred job if the employee was already working for the taxpayer in Michigan, or for a related entity, or for an entity with which the taxpayer files an SBT consolidated return. The transferred job must also come with benefits that include health and prescription coverage.

If a taxpayer does not maintain the reported job levels for three years it must add back a percentage of the credit according to when the reduction in jobs occurs.

Important: Personal property taxes used to calculate this credit can not also be considered in calculating the Industrial Personal Property Tax Credit.

Approved businesses will receive a certificate from MEGA specifying the taxable value of the qualified property. You must attach the certificate to the return, as well as a copy(s) of the Summer and/or Winter Tax Statement (bill) upon which the credit is based and proof the tax was paid in 2007. You must also attach a statement reconciling the tax bill(s) with the MEGA certificate.

The Next Energy Payroll Credit provides a payroll credit to qualified businesses located within an alternative energy renaissance zone. Qualified businesses must be engaged solely in the research, development or manufacturing of an alternative energy technology. The credit is equal to the payroll amount for the tax year attributable to employees who are working on alternative energy-related research, development or manufacturing and whose regular place of employment is within the zone, multiplied by the income tax rate for that year.

PART 2: Nonrefundable Credits. An unused carryforward from an SBT credit may be applied

against the Michigan Business Tax (MBT) liability for the 2008 and 2009 tax years only, unless specified separately.

The Enterprise Zone Credit was created to encourage businesses to locate and expand in areas with high unemployment, low income, high property taxes and low property value. A certified business is eligible for a credit equal to the amount of tax liability attributable to business activity in the enterprise zone for ten years from the date the business was certified. The only certified enterprise zone eligible for this credit is in Benton Harbor. No new applications are being accepted for this credit. Be sure to enter the street address or the parcel number of the property before beginning the calculation. For more information, see Revenue Administrative Bulletin 1993-10 or call the MEDC at (517) 373-9808.

The Michigan Historic Preservation Credit provides tax incentives for homeowners, commercial property owners and businesses to rehabilitate historic resources located in Michigan. The credit is based upon the qualified expenditures made for rehabilitating historic resources.

Form 3581, *Michigan Historic Preservation Tax Credit*, must be attached as well as all attachments requested on that form. Complete and attach Form 3614, *Michigan Historic Preservation Tax Credit Assignment*, if the credit is being assigned.

① **Note:** An unused carryforward of this credit may be claimed against the tax imposed under the MBT for the years the carryforward would have been available under the SBT. Maximum 10 years.

① **Note:** If the resource is sold or the Certification of Completed rehabilitation is revoked less than five years after the credit is claimed, a percentage of the credit will be subject to recapture. If the credit has been assigned, the recapture is the responsibility of the assignee. The percentages below apply to the years subsequent to the year in which the credit was claimed.

- 100 percent - If less than 1 year
- 80 percent - If at least 1 year, but less than 2 years
- 60 percent - If at least 2 years, but less than 3 years
- 40 percent - If at least 3 years, but less than 4 years
- 20 percent - If at least 4 years, but less than 5 years

Questions regarding federal and state certification may be directed to the State Historic Preservation Office (SHPO) at (517) 373-1630. For additional information, visit the SHPO Web site at www.michigan.gov/shpo. Information about Federal Historic Preservation Tax Incentives is available at www2.cr.nps.gov.

The Low-Grade Hematite Pellet Credit provides a credit equal to \$1 per long ton of qualified low-grade hematite pellets consumed in an industrial or manufacturing process that is the business activity of the taxpayer. This credit shall be based on low-grade hematite pellets consumed on or after January 1, 2000. If the credit exceeds the tax liability, the excess may be carried forward. Assuming the 5-year limitation has not yet been reached, an unused carryforward may be applied against the MBT liability for 2008 and 2009 only.

The Next Energy Business Activity Credit allows an eligible taxpayer to claim a credit for certain qualified business activity if certified under the Michigan Next Energy Authority Act.

“Qualified business activity” is research, development or manufacturing of an alternative energy marine propulsion system, an alternative energy system, an alternative energy vehicle or alternative energy technology (as defined in the Act) or renewable fuel. The credit for a tax year is equal to the amount by which the taxpayer’s SBT liability attributable to qualified business activity for the tax year exceeds the taxpayer’s baseline tax liability attributable to qualified business activity. Attach the certificate issued by MEDC for this credit to the return to substantiate a claim.

For more information, call the MEDC at (517) 373-9808 or visit their Web site at medc.michigan.org/miadvantage/incentives.

The Pharmaceutical Credit provides a credit for qualified research expenses (as defined in section 41 of the IRC) related to the taxpayer’s pharmaceutical-based business activity in Michigan. Eligible taxpayers must be primarily engaged in manufacturing, research, development and sale of pharmaceuticals; have at least 8,500 employees in Michigan whose primary place of employment is within a 100-mile radius of each other, where at least 5,000 of these Michigan employees must be engaged primarily in research and development of pharmaceuticals. If the credit exceeds the tax liability for the year, the excess may be carried forward. Assuming the 7-year limitation has not been reached, an unused carryforward may be applied against the MBT liability for 2008 and 2009 only. Complete and attach Form 4079, *Michigan Pharmaceutical Credit Assignment*, if the credit is being assigned.

The Qualified Start-Up Business Credit provides a credit for small, relatively new taxpayers with substantial research and development activity. For a qualified taxpayer, the credit is equal to the taxpayer’s SBT liability for the year. To qualify, a

taxpayer must apply to and obtain certification from MEDC, and attach that certificate to its SBT return. The application form is on the MEDC Web site (medc.michigan.org/miadvantage/incentives); call (517) 373-9808 for more information. Criteria generally are as follows:

- Fewer than 25 full-time equivalent employees
- Sales of less than \$1,000,000 in the year for which the credit is claimed
- Not publicly traded
- Research and development make up at least 15 percent of its expenses in the year of the credit
- During the immediately preceding seven years was in one of the first two years of contribution liability under the Michigan Employment Security Act.

① **Note:** A company claiming the Qualified Start-Up Business Credit must pay back a portion of the credit if they move out of the state within three years after the last tax year in which the credit was taken. The following amounts must be added to the tax liability:

- 100 percent of the total of all credits claimed if the move is within the first tax year after the last tax year for which a credit is claimed.
- 67 percent of the total of all credits claimed if the move is within the second tax year after the last tax year for which a credit is claimed.
- 33 percent of the total of all credits claimed if the move is within the third tax year after the last tax year for which a credit is claimed.

The Donated Automobile Credit is a nonrefundable credit equal to 50 percent of the fair market value of an automobile donated to a qualified organization that intends to provide the auto to a qualified recipient for transportation to work. A qualified organization is one certified by the Department of Treasury for this credit. The maximum credit for a year is \$100. Attach Form 4284, *Donor Tax Credit Certificate*, to substantiate this credit.

The Created Jobs Credit was available for years beginning in 2005. The credit carryforwards from credits that were previously approved may still be applied against the current tax liability until the credit is used up or the 10-year limitation has been reached. Assuming the 10-year limitation has not been reached, an unused carryforward from this SBT credit may be applied against the MBT liability for the 2008 and 2009 tax years only.

The Old Brownfield Credit was available for tax years that began after December 31, 1996 and before January 1, 2001. The credit carryforwards from

credits that were previously approved may still be applied against the current tax liability until the credit is used up or the 10-year limitation has been reached. Assuming the 10-year limitation has not been reached, an unused carryforward from this SBT credit may be applied against the MBT liability for the 2008 and 2009 tax years only.

① **Note:** A partial recapture of the credit is required if tangible assets used in the calculation of the credit are sold, disposed of, or transferred from the property. The recapture is equal to 10 percent of the federal basis used for determining gain or loss as of the date of the sale, disposition or transfer.

The Renaissance Zone Credit encourages businesses and individuals to move into a designated zone to help revitalize the area by providing a credit for businesses located and doing business activity within the Zone. The method of calculating the credit is different for businesses first locating and conducting business activity within a Renaissance Zone before December 1, 2002, and those businesses first locating and conducting business activity within a Renaissance Zone after November 30, 2002. Be sure to enter the street address or the parcel number of the property before beginning the calculation.

Business activities relating to a casino, including operating a parking lot, hotel, motel or retail store, cannot be used to calculate this credit. Businesses delinquent in filing or paying property tax, single business tax or city income tax as of December 31 of the prior tax year are not eligible for this credit. Taxpayers will be notified if a claimed credit is disallowed. Complete the Renaissance Zone Credit Worksheet to claim this credit.

During the last three years of a zone's designation, the credit must be reduced as follows:

- 25 percent for the tax year that is two years before the final year of designation as a renaissance zone.
- 50 percent for the tax year immediately preceding the final year of designation as a renaissance zone.
- 75 percent for the tax year that is the final year of designation as a renaissance zone.

For general information on Renaissance Zones, contact the MEDC at (517) 373-9808 or visit their Web site at medc.michigan.org/miadvantage/incentives.

For information on the SBT credit, contact the Michigan Department of Treasury, Customer Contact Division, SBT Unit, at (517) 636-4700.

The New Brownfield Credit, extended through 2007, encourages businesses to make investment on eligible Michigan property that was used or is currently used

for commercial, industrial or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete or blighted. Functionally obsolete or blighted property must be located in a qualified local governmental unit. For the purpose of this credit, the local Brownfield Redevelopment Financing Authority designates eligible property in an approved Brownfield plan.

For the credit to be valid, attach the *Certificate of Completion*, issued after the completion of the approval process, to the return. If the credit is being assigned, attach documentation verifying that the credit is valid. If the credit exceeds the tax liability for the year, the difference may be carried forward for the next ten tax years.

① **Note:** An unused credit carryforward may be claimed against the tax imposed under the MBT for the years the carryforward would have been available under the SBT, but it expires after ten years (combined SBT and MBT years).

① **Note:** The sale, disposal, or transfer to another location of **personal** property used to calculate this credit will result in an addition to the tax liability of the qualified taxpayer who was originally awarded the credit in the year in which the sale, disposal or transfer occurs. This is true even if the credit was assigned to someone else. This additional liability will be calculated by multiplying the same percentage as is used to calculate the credit (e.g., 10 percent) times the federal basis of the property used to calculate gain or loss as of the date of the sale, disposition or transfer.

PA 249 of 2003 transferred the administration of the SBT Brownfield credit program from the Department of Treasury to MEGA. For more information on the approval process, contact the MEDC at (517) 373-9808.

The MEGA Business Activity Tax Credit promotes economic growth and jobs in Michigan and includes the MEGA credit for distressed businesses. Projects must be certified by MEGA. Each year, approved businesses receive a certificate from MEGA showing the total amount of tax credit allowed. Attach the *Annual Tax Credit Certificate* to the return to substantiate a claim. The credit will be disallowed if the certificate is not attached. If the credit exceeds the tax liability for the year, the excess may be carried forward. Assuming the 10-year limitation has not been reached, an unused carryforward may be applied against the MBT liability for 2008 and 2009 only. For more information, contact MEDC at (517) 373-9808 or visit medc.michigan.org/miadvantage/incentives.

Attach this schedule to the return.