Corporate Income Tax

STANDARD TAXPAYERS

This booklet contains information on completing a Michigan Corporate Income Tax return for calendar year 2020 or a fiscal year ending in 2021.

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- E-filing your return is easy, fast, and secure!
- Visit Treasury's Web site at **www.MIfastfile.org** for a list of e-file resources and how to find an e-file provider.

FILING DUE DATE:

CALENDAR FILERS — APRIL 30, 2021
FISCAL FILERS — THE LAST DAY OF THE FOURTH MONTH AFTER THE END OF THE TAX YEAR.

WWW.MICHIGAN.GOV/TAXES

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

Michigan Department of Treasury — 4890 (Rev. 12-20)

2020 General Information for Standard Taxpayers

Insurance Companies and Financial Institutions: See the *Corporate Income Tax (CIT) Instruction Booklet for Insurance Companies* (Form 4904) or the *CIT Instruction Booklet for Financial Institutions* (Form 4907) at **www.michigan.gov/taxes**.

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

Who Files a Standard Return?

Under the CIT, taxpayer means a C Corporation, insurance company, financial institution, or a Unitary Business Group (UBG) liable for tax, interest, or penalty. All taxpayers (described here as standard taxpayers) other than financial institutions and insurance companies with apportioned or allocated gross receipts equal to $350,000 or more and whose CIT liability is greater than $100 must file a CIT Annual Return (Form 4891). (See "Filing if Tax Year Is Less Than 12 Months" in this "General Information" section.) The law does not require the filing of the CIT return by a taxpayer whose gross receipts apportioned or allocated to Michigan are less than $350,000 or whose CIT liability is less than or equal to $100. There is not a separate form for reporting that a taxpayer has no filing requirement. However, taxpayers without a filing requirement may choose to file a return to claim a refund of the estimated payments made or create and carry forward an available business loss.

Public Law 86-272: If a taxpayer's activity is protected under Public Law (PL) 86-272, but the taxpayer wishes to claim a refund, the taxpayer must file a Form 4891. When filing this form, leave lines 12 through 41 and lines 49 through 53 blank, and include an attachment explaining the circumstances of the PL 86-272 protection. Line 42 and line 43 must be completed to report any recapture of credits.

UBGs: If all members of the UBG are claiming PL 86-272 protection, then the UBG will leave lines 12 through 41 and lines 49 through 53 blank and include a statement explaining the circumstances of the PL 86-272 protection for each member. Lines 42 and 43 of form 4891 must be completed to report any recapture of credits by the group. (Each member will leave lines 21 through 35 blank on the *CIT Data on Unitary Business Group Members*, Form 4897.) However, as long as one member of a UBG has nexus with Michigan and exceeds the protections of PL 86-272, all members of the UBG — including members protected under PL 86-272 — must be included when calculating the UBG's CIT tax base and apportionment formula. PL 86-272 will only remove income from the apportionable CIT tax base when all members of the UBG are protected under PL 86-272.

EXCEPTION: A person that would be a standard taxpayer if viewed separately is defined and taxed as a financial institution if it is owned, directly or indirectly, by a financial institution and is in a UBG with its owner. A person in this situation will report on the *CIT UBG Combined Filing Schedule for Financial Institutions* (Form 4910), which supports the *CIT Annual Return for Financial Institutions* (Form 4908).

UBGs: For a UBG (discussed in greater detail below), the $350,000 filing threshold is calculated by adding gross receipts of every member and after elimination of intercompany transactions. The tax liability threshold of $100 is determined on a group basis.

Insurance companies and financial institutions will calculate tax liability using specialized tax bases and rules, which are covered in separate booklets (see the *Insurance Company Annual Return for Corporate Income and Retaliatory Taxes* (Form 4905) and Form 4908, respectively).

Using This Booklet

This CIT booklet includes forms and instructions for all "standard taxpayers" (all filers except insurance companies and financial institutions). These forms are designed for calendar year 2019 and for a fiscal filer with a tax year ending in 2020.

Read the "General Information" section first. The Michigan Department of Treasury (Treasury) recommends taxpayers and tax preparers also review the instructions for all forms.

Overview of CIT for Standard Taxpayers

The CIT imposes a tax on all standard taxpayers with apportioned or allocated gross receipts (annualized, if applicable) equal to $350,000 or more and whose CIT liability is more than $100. The CIT tax rate is 6 percent.

The statute offers one non-refundable credit that is available for standard taxpayers. The Small Business Alternative Credit is available for qualifying standard taxpayers by calculating the credit on the *CIT Small Business Alternative Credit* (Form 4893).

For standard taxpayers, the CIT tax base is the taxpayer's federal taxable income (as defined for CIT purposes), with certain additions and subtractions.

Filing CIT Quarterly Tax Estimates

If estimated liability for the year is reasonably expected to exceed $800, a taxpayer must file estimated returns. A taxpayer may remit quarterly estimated payments by check with a *Corporate Income Tax Quarterly Return* (Form 4913) or may remit monthly or quarterly estimated payments electronically by Electronic Funds Transfer (EFT). When payments are made by EFT, Form 4913 is not required.

NOTE: Formerly, taxpayers could pay by check on a monthly or quarterly basis by remitting a check with a Combined Return for Michigan Tax (Form 160). Form 160 was replaced. The new form no longer accommodates CIT payments. As a result, Form 4913 is the only form that supports a CIT estimated payment.

Estimated returns and payments for calendar year taxpayers are due to Treasury by April 15, July 15, October 15, and January 15 of the following year. Fiscal year taxpayers should make returns and payments by the appropriate due date which is fifteen days after the end of each fiscal quarter. The sum of estimated payments for each quarter must always 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) Corporate Income Tax Division 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 Income Tax 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 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 "Michigan Tax Preparer Handbook for Electronic Filing Programs," which is available on the Treasury Web site at **www.MIfastfile.org** by clicking on "Corporate Income Tax-Michigan Business Tax," then "Corporate Income Tax Handbook" for the applicable tax year. 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:

• C Corporations — U.S. Form 1120 and Schedules D, K, 851, 940, 4562, 4797, and 8825.

• Limited Liability Companies (LLCs) — Federal forms listed above if LLC files as a C Corporation for federal return purposes.

Reference these federal forms to complete Form 4891.

Copies of certain pages from these federal forms must also be attached to the annual return filed. See the instructions for the annual return 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 (7̶).
- **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 a 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. See Revenue Administrative Bulletins (RAB) 2013-9 and 2014-5 on Treasury's Web site at **www.michigan.gov/treasury**.

Next, determine whether the taxpayer has $350,000 or more of gross receipts that are apportioned or allocated to Michigan. (See "Filing if Tax Year Is Less Than 12 Months" in this "General Information" section, if applicable.)

Gross receipts means the entire amount received by the taxpayer from any activity, whether in intrastate, interstate, or foreign commerce, carried out for direct or indirect gain, benefit, or advantage to the taxpayer or to others, with certain exceptions. Gross receipts also include the imputed gross receipts from any (unitary or non-unitary) flow-through entity that is not electing to be taxed under MBT and from which the taxpayer receives a distributive share of income or loss. The statutory definition of gross receipts is found in Michigan Compiled Laws (MCL) 206.607(4). Guidance on gross receipts can be found in the instructions for the *CIT Annual Return* (Form 4891).

Gross receipts is a worldwide figure. For a taxpayer that has nexus only with Michigan, all gross receipts are allocated to Michigan. A taxpayer that has nexus with Michigan and at least one other state or foreign country must calculate its apportionment percentage and multiply its total gross receipts by that apportionment percentage. See Form 4891, lines 9a through 9g, and accompanying instructions for this calculation. The resulting figure is the taxpayer's gross receipts apportioned to Michigan.

Gross receipts include the imputed gross receipts from any (unitary or non-unitary) flow-through entity not electing to be taxed under MBT and from which the taxpayer receives a distributive share of income or loss. The imputed gross receipts attributed to the taxpayer are the apportioned or allocated gross receipts based on the flow-through entity's apportionment percentage multiplied by the percentage of the taxpayer's share of distributive income as compared to the total distributive income of that flow-through entity.

If all of the foregoing considerations determine that a taxpayer must file a CIT return, standard taxpayers will use Form 4891 to file for CIT. It is available to all standard taxpayers, and allows for the calculation of the Small Business Alternative Credit.

For a taxpayer using Form 4891, first complete lines 1 through 39 to calculate Corporate Income Tax Before Credit. At that point, if the Small Business Alternative Credit will be claimed, complete the *CIT Small Business Alternative Credit* (Form 4893). In addition, a taxpayer that is claiming the Small Business Alternative Credit will need to complete the *Schedule of Shareholders and Officers* (Form 4894) to determine if they qualify for the credit.

After the Small Business Alternative Credit has been determined on Form 4893, line 14 or line 18, carry the figure to Form 4891, line 40. Follow the Form 4891 instructions for the remaining lines.

If preparing a UBG return for a standard taxpayer, complete the *CIT Data on Unitary Business Group Members* (Form 4897) for each member first, as this form provides the data that is required on Form 4891.

Further General Guidance

A UBG must file a combined CIT return. (For a definition of UBG, and details on filing a combined CIT return, see "UBGs and Combined Filing" in this "General Information" section.)

Producers of oil and gas must add back expenses and subtract income that was included in federal taxable income and resulted from the production of oil and gas if that production of oil and gas is subject to the Severance Tax on Oil or Gas, 1929 PA 48., and from the production of minerals if that production is subject to severance tax in PA 410 of 2012. Expenses should be added back on line 23, and income should be reported on line 30.

Businesses reporting less than 12 months must annualize gross receipts to determine whether they are required to file. (See "Filing if Tax Year Is Less Than 12 Months" in this "General Information" section for more guidance on annualization.)

If apportioned or allocated gross receipts are below the filing requirement, there is no legal obligation to file a return or pay the tax. If you are not legally required to file a return but you wish to preserve the carryforward of a business loss or claim a refund of estimated payments or flow-through withholding paid on behalf of the entity, a return must be filed. There is no form to notify Treasury that the taxpayer has no CIT filing requirement.

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

- S Corporation includes an LLC federally taxed as an S Corporation, and a member of this LLC is a shareholder.
- 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 an incorporated entity is an "officer" in this LLC.

NOTE: In this booklet, the term "corporation," used without a C refers to a C Corporation.

NOTE: A person that is a disregarded entity for federal income tax purposes, including a single member LLC or qualified subchapter S subsidiary (Q-Sub), is disregarded for purposes of CIT. If the owner of the disregarded entity files CIT, the activity of the disregarded entity must be included on that return.

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. This member is referred to throughout these instructions as the designated member (DM). 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 topics, see the Treasury Web site at **www.michigan.gov/treasury**. Revenue Administrative Bulletin (RAB) 2013-1 addresses the UBG Control Test and Relationship Tests.

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 Federal Employer Identification Number (FEIN).

Exemption Guidelines for CIT

The following may be exempt from CIT:

- Most persons who are exempt from federal income tax under the IRC.
- Nonprofit cooperative housing corporations.
- Foreign person that is domiciled in a member country of the North American free trade agreement if the foreign person is domiciled in a subnational jurisdiction that does not impose an income tax on a similarly situated person domiciled in Michigan. For purposes of this provision, foreign person is defined in MCL 206.625(5)(c).
- Domestic International Sales Corporations (DISCs) as defined in IRC 992.
- A person that is a self-insurer group operating under an agreement entered pursuant to section 611(2) of the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.611.

If a taxpayer is exempt under the first bullet above, but has unrelated business taxable income as defined in the IRC; that business activity is subject to the CIT and a return will be required if the apportioned or allocated gross receipts are $350,000 or more from the unrelated business activity.

Foreign persons that are not exempt from the CIT must calculate business income, gross receipts, CIT tax base, and the sales factor differently than domestic taxpayers. Refer to MCL 206.625(2)-(4) for details.

For a complete list of exemptions, consult the CIT (PA 38 of 2011, as amended) at **www.legislature.mi.gov**.

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

What Lead Form to File

File Form 4891 if:

- Apportioned or allocated gross receipts (annualized, if applicable) are $350,000 or more and the standard taxpayer's CIT tax liability is greater than $100.
- Apportioned or allocated gross receipts (annualized, if applicable) are less than $350,000, and:

- A refund is claimed, or
- A loss was generated during the filing period and will create a carry forward to the next year, or
- A CIT business loss carryforward from a prior year is reported (filing in this case is necessary to move the carryforward to the following year).

This list does not cover all situations. See instructions for each form for more information.

Different primary returns and instruction booklets are available for insurance companies (Form 4905) and financial institutions (Form 4908). The tax base for each of these special taxpayer categories is fundamentally different than for standard taxpayers.

Filing if Tax Year Is Less Than 12 Months

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 requirement, which forms to file, and eligibility for a Small Business Alternative Credit. Do not use annualized numbers on a return unless specified; use them only to determine annual return and estimated payment filing requirements, and qualifications for the Small Business Alternative Credit.

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 or after December 31 of any year is considered to have a tax year beginning after December of that tax year. (**NOTE:** While the examples below are for a prior tax year, the concepts apply to the current tax year.)

Example 1: A taxpayer with a federal tax year beginning on Saturday, December 28, 2020, will be treated as follows:

- 2020 tax year end of December 31, 2020.
- Due date of April 30, 2021.
- 2021 tax year beginning January 1, 2021.

Example 2: A taxpayer with a federal tax year ending on Friday, January 3, 2021, will be treated as follows:

- 2020 tax year end of December 31, 2020.
- Due date of April 30, 2021.
- 2021 tax year beginning on January 1, 2021.

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:

- 2020-21 fiscal year end will be January 31, 2021.
- Due date will be May 31, 2021.
- 2021-22 fiscal year will begin on February 1, 2021.

Annualizing

Multiply each amount required, including gross receipts, business income, and 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.

- If annualized apportioned or allocated gross receipts are $350,000 or more and the CIT tax liability is greater than $100, file an annual return.
- Annualize prior year's CIT tax liability to determine whether estimates may be based on that liability. If the prior year's annualized liability is $20,000 or less, estimates may be based on the annualized amount if paid in four equal installments.
    - **Example:** A fiscal year taxpayer with a tax year ending in June files a six-month return ending June 2014 reporting a tax liability of $9,000. Estimates for the tax year ending June 2015 may be based on the annualized liability of $18,000. Estimates must be paid in four equal installments of $4,500.

See appropriate forms (*CIT Small Business Alternative Credit* (Form 4983), and *CIT Schedule of Shareholders and Officers* (Form 4894)) for annualization instructions pertaining to the Small Business Alternative Credit.

Due Dates of Annual Returns

For the 2019 calendar year, all annual returns are due April 30, 2020. All fiscal filers with a federal tax year ending in 2020, will be required to file the 2019-2020 fiscal year return by the last day of the fourth month after the end of the tax year. **An extension of time to file is not an extension of time to pay.**

Additional Filing Time

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

Filing a federal extension request with the IRS does not automatically grant 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 are received, Treasury will grant an extension of eight months to file the tax return.

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* (Form 4892) that is applicable for that year and attach a separate sheet 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, 2020	6.4%	0.0001749
July 1, 2020	5.63%	0.0001538
January 1, 2021	4.25%	0.0001164

For a list of interest rates, click on "Reports and Legal Resources" on the Treasury Web site at **www.michigan.gov/treasury/**. Interest rates are updated in Revenue Administrative Bulletins (RABs).

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 sequence order) and use a clip in the upper-left corner or rubber band the pages together. (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: 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 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

An address change or business discontinuance can be reported online by using Michigan Treasury Online (MTO), Business Tax Services. See **www.michigan.gov/mtobusiness** for information. In the alternative, *Notice of Change or Discontinuance* (Form 163), can be found online at **www.michigan.gov/treasuryforms**.

Mail correspondence to:

Michigan Department of Treasury
Business Taxes Division, CIT Unit
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 Service by calling 711.

Revenue Administrative Bulletins (RABs)

Treasury provides updates via RABs on the Treasury Web site at **www.michigan.gov/treasury/**. Currently relevant RABs for the CIT are:

- 2013-9, CIT Definition of "Actively Solicits"
- 2013-1, CIT Unitary Business Group Control Test and Relationship Tests
- 2014-5, Michigan CIT Nexus Standards
- 2015-20, Where Benefit of Services is Received
- 2020-18, Interest Rate

Sourcing of Sales to Michigan under the Corporate Income Tax (CIT)

TANGIBLE AND REAL PROPERTY

Sale of tangible personal property

Property is shipped or delivered, or, in the case of electricity and gas, the contract requires the property to be shipped or delivered, to any purchaser within this State based on the ultimate destination at the point that the property comes to rest regardless of the free on board point or other conditions of the sales. Property stored in transit for 60 days or more prior to receipt by the purchaser or the purchaser's designee, or in the case of a dock sale not picked up for 60 days or more, shall be deemed to have come to rest at this ultimate destination. Property stored in transit for fewer than 60 days prior to receipt by the purchaser or the purchaser's designee, or in the case of a dock sale picked up before 60 days, is not deemed to have come to rest at this ultimate destination.

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

Sale, lease, rental or licensing of real property

Property is located in this State.

Lease or rental of tangible personal property

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

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

Lease or rental of mobile transportation property owned by the taxpayer

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

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

INTANGIBLE PROPERTY (IN GENERAL)

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

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

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

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

SALES FROM PERFORMANCE OF SERVICES (IN GENERAL)

Receipts from performance of services, in general

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

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

For more information regarding how a taxpayer determines where the recipient of services performed receives the benefit of those services and on other CIT topics, see the Michigan Department of Treasury (Treasury) Web site at **www.michigan.gov/treasury/**. Review "Corporate Income Tax" under "Taxes." Treasury also posts updates via Revenue Administrative Bulletin (RAB). Also see RAB 2015-20, Where Benefit of Services is Received,

FINANCIAL SERVICES

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

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

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

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

of employee benefit plans that have accounts in a regulated investment company

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

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

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

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

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

Only if one or more of the following apply:

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

Interest from loans secured by real property

Property is located in this State.

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

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

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

Interest from a loan not secured by real property

Borrower is located in this State*

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

Borrower is located in this State*

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

Billing address of the cardholder is located in this State

Sale of credit card or other receivables

Billing address of the customer is located in this State

Credit card issuer's reimbursements fees

Billing address of the cardholder is located in this State.

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

Commercial domicile of the merchant is located in this State.

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

Real property is located in this State.

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

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

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

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

Borrower is located in this State.*

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

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

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

- Interest, dividends, and other income from investment assets and activities and from trading assets and activities, including, but not limited to, investment securities; trading

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

account assets; federal funds; securities purchased and sold under agreements to resell or repurchase; options; futures contracts; forward contracts; notional principal contracts such as swaps; equities; and foreign currency transactions are in this State if the average value of the assets is assigned to a regular place of business of the taxpayer within this State.

  - Interest from federal funds sold and purchased and from securities purchased under resale agreements and securities sold under repurchase agreements are in this State if the average value of the assets is assigned to a regular place of business of the taxpayer within this State.
  - Amount of receipts and other income from investment assets and activities is in this State if assets are assigned to a regular place of business of the taxpayer within this State.

- Amount of receipts from trading assets and activities, including, but not limited to, assets and activities in the matched book, in the arbitrage book, and foreign currency transactions, but excluding amounts otherwise sourced in this section, are in this State if the assets are assigned to a regular place of business of the taxpayer within this State.

TRANSPORTATION SERVICES

Receipts from transportation services

Generally, receipts will be proportioned based on the ratio that revenue miles of the person in this State bear to the revenue miles of the person everywhere. *Revenue mile* means the transportation for consideration of 1 net ton in weight or 1 passenger the distance of 1 mile.

For transportation services that source sales based on revenue miles, enter a sales amount on Form 4891, Line 9a, by multiplying total sales of the transportation service by the ratio of Michigan revenue miles over revenue miles everywhere for that type of transportation service. *Revenue mile* means the transportation for a consideration of one net ton in weight or one passenger the distance of one mile.

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

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

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

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

$$\frac{\text{Michigan Ton Miles}}{\text{Total Ton Miles}} \times \text{Receipts from Transportation of Property} + \frac{\text{Michigan Passenger Miles}}{\text{Total Passenger Miles}} \times \text{Receipts from Transportation of Passengers}$$

$$= \text{Michigan Sales from Transportation Services}$$

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

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

NOTE: Only transportation services are sourced using revenue miles. To the extent the taxpayer has business activities or revenue streams not from transportation services, those receipts should be sourced accordingly.

TELECOMMUNICATIONS SERVICES

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

Sale of telecommunications service or mobile telecommunications service, in general

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

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

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

Call both originates and terminates in this State.

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

Sale of postpaid telecommunications service

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

Sale of prepaid telecommunications service or prepaid mobile telecommunications service

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

Recharging a prepaid telecommunications service or mobile telecommunications service

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

Sale of private communication services

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

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

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

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

Sale of billing services and ancillary services for telecommunications service

Based on the location of the purchaser's customers.

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

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

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

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

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

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

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

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

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

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

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

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

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

OTHER

Default for all other receipts not otherwise sourced here

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

This form cannot be used as an amended return; use the *CIT Amended Return* (Form 4892).

2020 MICHIGAN Corporate Income Tax Annual Return

Issued under authority of Public Act 38 of 2011.

1. Return is for calendar year 2020 or for tax year beginning: (MM-DD-YYYY) and ending: (MM-DD-YYYY)

2. Taxpayer Name (print or type)		3. Federal Employer Identification Number (FEIN)	
4. Street Address			
City	State	ZIP/Postal Code	Country Code
5. NAICS (North American Industry Classification System) Code	6. If a Final Return, Enter Effective End Date	8. ☐ Check if a special sourcing formula for transportation services is used in the sourcing of Sales to Michigan.	
7a. ☐ Check if Filing Michigan Unitary Business Group Return. (Include Form 4896, if applicable, and Form 4897.)	7b. Affiliated Group Election year (MM-DD-YYYY)		

Important: If the tax liability on line 41 is less than or equal to $100, or the gross receipts on line 11 are less than $350,000, you are not required to file this return or pay the tax. Short period filers, see instructions.

9. Apportionment Calculation — If any amount in line 9a through 9e is zero, enter zero. **All lines must be completed.**

a.	Michigan sales of the corporation/Unitary Business Group (UBG) (if no Michigan sales, enter zero)	9a.	00
b.	Proportionate Michigan sales from unitary Flow-Through Entities (FTEs) (include Form 4900)	9b.	00
c.	Michigan sales. Add lines 9a and 9b	9c.	00
d.	Total sales of the corporation/UBG	9d.	00
e.	Proportionate total sales from unitary FTEs (include Form 4900)	9e.	00
f.	Total sales. Add lines 9d and 9e	9f.	00
g.	Apportionment percentage. Divide 9c by 9f	9g.	%

10. a.	Gross receipts from corporate activities (see instructions)	10a.	00
10. b.	Apportioned gross receipts from FTEs	10b.	00
11.	**REQUIRED:** Total gross receipts for filing threshold purposes. Multiply line 10a by line 9g, and add line 10b	11.	00

PART 1: CORPORATE INCOME TAX

Unitary Business Groups: Amounts reported for all members on Form 4897 must be summed and carried to the corresponding line on Form 4891.

12.	Federal taxable income. (Amount includes agricultural activities. See instructions.)	12.	00
13.	Domestic production activities deduction based on IRC § 199 reported on federal Form 8903, to the extent deducted from federal taxable income	13.	00
14.	Miscellaneous (see instructions)	14.	00
15.	Adjustments due to decoupling of Michigan depreciation from IRC § 168(k). If adjustment is negative, enter as negative:		
a.	Net bonus depreciation adjustment	15a.	00
b.	Gain/loss adjustment on sale of eligible depreciable asset(s)	15b.	00
c.	Add lines 15a and 15b. If negative, enter as negative	15c.	00
16.	Add lines 12, 13, 14 and 15c. If negative, enter as negative	16.	00
17.	For a UBG, total group eliminations from business income (see instructions). All other filers, enter zero	17.	00
18.	**Business Income.** Subtract line 17 from line 16. (UBGs, see instructions.) If negative, enter as negative	18.	00

Additions to Business Income

19.	Interest income and dividends derived from obligations or securities of states other than Michigan	19.	00
20.	Taxes on or measured by net income including tax imposed under CIT	20.	00
21.	Any carryback or carryover of a federal net operating loss (enter as a positive number)	21.	00
22.	Royalty, interest, and other expenses paid to a related person that is not a UBG member of this taxpayer	22.	00
23.	Expenses from the production of oil and gas, and/or minerals (see instructions)	23.	00
24.	Miscellaneous (see instructions)	24.	00
25.	Total Additions to Income. Add lines 19 through 24	25.	00
26.	**Corporate Income Tax Base After Additions.** Add lines 18 and 25. If negative, enter as negative	26.	00

Continue and sign on Page 2

Taxpayer FEIN

PART 1: CORPORATE INCOME TAX (Continued)

Subtractions from Business Income

27.	Income from non-unitary FTEs (Enter loss as negative; include Form 4898; see instructions)	27.	00
28.	Dividends and royalties received from persons other than U.S. persons and foreign operating entities	28.	00
29.	Interest income derived from United States obligations	29.	00
30.	Income from the production of oil and gas, and/or minerals (see instructions)	30.	00
31.	Miscellaneous (see instructions)	31.	00
32.	Total Subtractions from Income. Add lines 27 through 31	32.	00
33.	**Corporate Income Tax Base.** Subtract line 32 from line 26. If negative, enter as negative	33.	00
34.	Apportioned Corporate Income Tax Base. Multiply line 33 by percentage on line 9g	34.	00
35.	Apportioned Income from non-unitary FTEs from Form 4898 (see instructions)	35.	00
36.	Total apportioned Corporate Income Tax Base. Add line 34 and line 35	36.	00
37a.	Available CIT business loss carryforward (see instructions). Enter as positive	37a.	00
37b.	☐ Check if any loss on line 37a was acquired in this filing period in an IRC 381(a)(1) or (2) transaction (see instructions)		
38.	Subtract line 37a from line 36. If negative, enter here as negative. A negative number here is the available business loss carryforward to the next filing period (see instructions)	38.	00
39.	**Corporate Income Tax Before Credit.** Multiply line 38 by 6% (0.06). If less than zero, enter zero	39.	00

PART 2: TOTAL CORPORATE INCOME TAX

40.	Small Business Alternative Credit (SBAC) from Form 4893, line 14 or line 18, whichever applies	40.	00
41.	**Tax Liability after SBAC.** Subtract line 40 from line 39. If less than or equal to $100, enter zero. If apportioned or allocated gross receipts are less than $350,000, enter zero (see instructions)	41.	00
42.	Total Recapture of Certain Business Tax Credits from Form 4902	42.	00
43.	Total Tax Liability. Add lines 41 and 42	43.	00

PART 3: PAYMENTS AND TAX DUE

UBGs include on lines 44 through 46 payments from all members as reported on Form 4897.

44.	Overpayment credited from prior period return (MBT or CIT)	44.	00
45.	Estimated tax payments	45.	00
46.	Tax paid with request for extension	46.	00
47.	Payment total. Add lines 44 through 46	47.	00
48.	**TAX DUE.** Subtract line 47 from line 43. If less than zero, leave blank	48.	00
49.	Underpaid estimate penalty and interest from Form 4899, line 38	49.	00
50.	Annual Return Penalty (see instructions)	50.	00
51.	Annual Return Interest (see instructions)	51.	00
52.	**PAYMENT DUE.** If line 48 is blank, go to line 53. Otherwise, add lines 48 through 51	52.	00

PART 4: REFUND OR CREDIT FORWARD

53.	Overpayment. Subtract lines 43, 49, 50 and 51 from line 47. If less than zero, leave blank (see instructions)	53.	00
54.	**CREDIT FORWARD**. Amount on line 53 to be credited forward and used as an estimate for next CIT tax year	54.	00
55.	**REFUND.** Subtract line 54 from line 53	55.	00

Taxpayer Certification. *I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge.*	**Preparer Certification.** *I declare under penalty of perjury that this return is based on all information of which I have any knowledge.*
☐ By checking this box, I authorize Treasury to discuss my return with my preparer.	Preparer's PTIN, FEIN or SSN
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 52. 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 4891
Corporate Income Tax Annual Return

Purpose

To calculate the Corporate Income Tax (CIT) for standard taxpayers. Insurance companies should file the *Insurance Company Annual Return for Michigan Corporate Income and Retaliatory Taxes* (Form 4905) and Financial Institutions should file the *CIT Annual Return for Financial Institutions* (Form 4908).

A *standard taxpayer* is an entity that is a C Corporation, an entity that has elected to be taxed federally as a C Corporation for the tax year, or a Unitary Business Group (UBG) that includes members that are C Corporations or entities that have elected to be taxed federally as a C Corporation for the tax year.

Instructions for UBGs

NOTE: UBGs must complete a copy of the *Michigan Corporate Income Tax Data on Unitary Business Group Members* (Form 4897) for each member of the UBG before completing Form 4891. Amounts reported for all members on Form 4897 must be summed and carried to the corresponding line on Form 4891.

Under the CIT, *corporation* means an entity that is a C Corporation or has elected to file federally as a C Corporation for the tax year. A *taxpayer* is a corporation, an insurance company, a financial institution, or a UBG that is liable for tax, interest, or penalty.

A *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:

- **Control Test:** 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
- **Relationship Test:** 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.

United States person is defined in the Internal Revenue Code (IRC) § 7701(a)(30).

A *foreign operating entity* means a United States corporation that would otherwise be a part of a UBG that is taxable in Michigan; has substantial operations outside the United States, the District of Columbia, any territory or possession of the United States except for the commonwealth of Puerto Rico, or a political subdivision of the foregoing; and at least 80 percent of its income is active foreign business income as defined in IRC § 871(*l*)(1)(B)(*ii*).

A UBG may alternatively be determined by making an *Affiliated Group Election*.

In Michigan, a UBG with members that are corporations must file Form 4891. A Designated Member (DM) must file the return on behalf of the standard members of the group. In a parent-subsidiary controlled group, the controlling member must serve as DM if it has nexus with Michigan. If it does not have nexus with Michigan, the controlling member may appoint any member with nexus to serve as DM. When filling out the forms supporting this return, fields that require "taxpayer" information should be filled with the name and Federal Employer Identification Number (FEIN) of the DM.

Tax Year of a UBG: 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 standard members: Member A, the DM with a calendar tax year, and Members B and C with fiscal years ending March 31 and September 30, respectively. Taxpayer ABC's tax year is that of its DM. For this group in 2013, that annual return will include Member A's calendar year ending December 31, 2013, the tax year of Member B ending March 31, 2013, and the tax year of Member C ending September 30, 2013.

The gross receipts of a UBG is the sum of the gross receipts of each member included in the UBG, other than a person subject to the tax as an insurance company or financial institution, less any gross receipts arising from transactions between members included in the UBG. Gross receipts of each member should reflect the accounting method that member used to compute its federal taxable income.

The business income of a UBG is the sum of the business income of each member included in the UBG, other than a person subject to the tax as an insurance company or financial institution, less any items of income and related deductions arising from transactions (including dividends) between members included in the UBG. Business income of each member should reflect the accounting method that member used to compute its federal taxable income.

In general, components used to determine tax liability relate to the group as a single taxpayer, not to the individual members that comprise the group. Exceptions to this general rule are noted in instructions to the applicable forms. The group of members on the combined return is treated as the taxpayer (a distinct entity) for purposes of the Income Tax Act.

Additional information can be found at **www.michigan.gov/taxes**. Select "Business Taxes" from the items near the top of the page, and click on "Corporate Income Tax." Also review Revenue Administrative Bulletin (RAB) 2018-12, *Unitary Business Group Control Test And Relationship Tests*. Click on "Reports and Legal" from the items near the top of the page, then click on "Revenue Administrative Bulletins."

Also see "Notice to Taxpayers Regarding Labelle Management Inc v Department of Treasury." This notice is found under

"News and Information" at **www.michigan.gov/taxes**.

Taxpayer Certification

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

The Affiliated Group Election

The affiliated group election allows a group of persons that satisfy the definition of "affiliated group," (see below) to elect to be treated as a UBG under the CIT even if those persons do not satisfy the relationship test of MCL 206.611(6). The relationship test is discussed in the Instructions for UBGs on this form and online at **www.michigan.gov/taxes**.

The term "affiliated group" means that term as defined in section 1504 of the IRC **except that** 1) the term includes all United States persons that are corporations, insurance companies, or financial institutions, other than a foreign operating entity, and 2) the entities listed in (1) are commonly owned, directly or indirectly, by any member of such affiliated group and other members of which more than 50 percent of the ownership interests with voting rights or ownership interests that confer comparable rights to voting rights of the member is directly or indirectly owned by a common owner or owners.

A taxpayer makes the election by affirmatively indicating so on the annual return (see line 7b). The affiliated group members are treated as members of a UBG for all purposes. However, the affiliated group election does not affect the determination of the flow-through entities with which the taxpayer is unitary for apportionment purposes. **Once an election is made, it is irrevocable and binding for the tax year plus the next 9 tax years.** See MCL 206.691(2) for more information.

General Instructions

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

For periods less than 12 months, see the "General Information for Standard Taxpayers" section in the Michigan CIT for Standard Taxpayers booklet (Form 4890).

Every standard taxpayer with nexus in Michigan and with apportioned or allocated gross receipts of $350,000 or more and whose CIT tax liability is greater than $100 must file an annual CIT return. (The gross receipts filing threshold does not apply to insurance companies or financial institutions.) Businesses that operate less than 12 months must annualize their gross receipts to determine if a filing requirement exists. For a UBG, the $350,000 filing threshold is calculated **after** elimination of intercompany transactions. See the instructions for line 11 on calculating gross receipts for filing theshold purposes.

If the taxpayer is operating business for a period less than 12 months, the apportioned or allocated gross receipts for filing purposes must be annualized and then compared to the $350,000 threshold.

UBGs: Complete Form 4897 and, if necessary, Form 4896 before beginning Form 4891. Answer lines 1 through 7 of Form 4891 as they apply to the DM.

Amended Returns: To amend a current or prior year annual return: complete the *CIT Amended Annual Return* (Form 4892) that is applicable for the year that is being amended. Include a copy of an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document, if applicable. Complete and file all schedules, all forms and all attachments filed with the original return, even if not amending information on those schedules. **Do not include a copy of the original return with the amended return.**

Refund Only: If apportioned or allocated gross receipts are less than $350,000 and there is no recapture of any credits, and the taxpayer is filing Form 4891 to claim a refund of estimates paid, skip lines 12 through 43 and lines 49 through 53.

UBGs: If combined apportioned or allocated gross receipts of all members is less than $350,000 **after** eliminations and there is no recapture of any credits and the taxpayer is filing Form 4891 solely to claim a refund of estimates paid, the UBG may follow the "Refund Only" instructions for claiming a refund. However, the DM must include a Form 4896, if necessary, and a Form 4897 for each member included in the UBG.

Public Law 86-272: If a taxpayer's business activity is protected under Public Law (PL) 86-272, and the taxpayer wishes to claim a refund, the taxpayer must file a Form 4891. When filing this form, leave lines 12 through 41 and lines 49 through 53 blank and include an attachment explaining the circumstances of the PL 86-272 protection. Lines 42 and 43 must be completed to report any recapture of credits.

UBGs: If all members of the UBG are claiming PL 86-272 protection, then the UBG will leave lines 12 through 41 and lines 49 through 53 blank and include a statement explaining the circumstances of the PL 86-272 protection for each member. Lines 42 and 43 must be completed to report any recapture of credits. However, as long as one member of a UBG has nexus with Michigan and exceeds the protections of PL 86-272, all members of the UBG — including members protected under PL 86-272 — must be included when calculating the UBG's Corporate Income Tax base and apportionment formula. As a result, all UBG members must complete Form 4897 for the purpose of this return. Members with PL 86-272 protection are not taxable; however, PL 86-272 will only remove income from the apportionable CIT tax base when all members of the UBG are protected under PL 86-272.

Line-by-Line Instructions

Lines not listed are explained on the form.

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

Tax year means the calendar year, or the fiscal year ending during the calendar year, on which the tax base of a taxpayer is computed. If a return is made for a part of a year, tax year means the period for which the return is made. 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. If a UBG, enter the name of the DM.

Line 3: Use the taxpayer's FEIN. Be sure to use the same account number on all forms. Also, the taxpayer's FEIN from line 3 must be repeated in the proper location on page 2.

NOTE: Unless already registered, taxpayers must register with the Michigan Department of Treasury before filing a tax return. Taxpayers are encouraged to register online at **www.michigan.gov/businesstaxes**. Taxpayers that register with Treasury online receive their registration confirmation within seven days.

If the taxpayer does not have an FEIN, the taxpayer must obtain an FEIN before filing the CIT. The Web site **www.michigan.gov/businesstaxes** provides information on obtaining an FEIN (under "New Business Registration").

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

UBGs: Enter the FEIN of the DM for this UBG.

Line 4: Enter the complete address, including the two-letter country code. See the list of country codes in Form 4890.

NOTE: Any correspondence regarding the return filed and/or refund will be sent to the address provided on this form. 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) with Treasury.

UBGs: Enter the address of the DM for this UBG.

FOREIGN FILERS: Complete the address fields as follows:

Address: Enter the postal address for this taxpayer.

City: Enter the city name for this taxpayer. DO NOT include the country name in this field.

State: Enter the two-letter state or province abbreviation. If there is no applicable two-letter abbreviation, leave this field blank.

ZIP/Postal Code: Enter the ZIP Code or Postal Code.

Country Code: Enter the two-letter country code provided in Form 4890.

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

UBGs: Enter here the NAICS code for the principal activity of the group. If no principal activity is available, enter the NAICS code used when filing the DM's federal Form 1120, Schedule K.

Line 6: Enter the date, if applicable, on which the taxpayer discontinued its business in Michigan or went out of existence.

NOTE: If the taxpayer is still subject to another tax administered by Treasury, or continues to exist but has stopped doing business in Michigan, do not use this line. A discontinuance may be processed by updating the account by using the Michigan Treasury Online (MTO) Web site. Visit **michigan.gov/mtobusiness** for more information.

UBGs: Leave this line blank. This information will be included, if needed, on Form 4897.

Line 7a: Check this box if filing a UBG return and include a Form 4897 for every member (including the DM) whose activity is included in this UBG return. Also file a Form 4896, if necessary.

NOTE: Every UBG **must check** this box, regardless of whether it has elected under PA 266 of 2013, as described in the line 7b instructions.

Line 7b: Enter here the end date — in an MM-DD-YYYY format — **of the tax year in which the affiliated group election is first made**. The election lasts 10 years and is irrevocable.

Calendar year filers that made this election beginning 2013, and fiscal filers that made this election beginning with the 2013-14 fiscal year, completed the *Michigan Corporate Income Tax Affiliated Group Election to File as a Unitary Business Group* (Form 5114) to make the election. Enter here the end date — in an MM-DD-YYYY format — of the tax year for which Form 5114 was filed.

Taxpayers that first make this election beginning calendar year 2014 or later **do not use Form 5114**, which is now discontinued. Instead, make the election on this line of the return filed for the first year of the election, by entering the end date of that filing period in an MM-DD-YYYY format.

Line 8: Check this box if the taxpayer has sales from transportation services. Taxpayers that check this box also must complete lines 9a through 9g. To calculate Michigan Sales from Transportation Services, see the instructions for line 9 and the table in the "Sourcing of Sales to Michigan" section of the general instructions in Form 4890.

UBGs: If at least one member of the UBG has sales from transportation services, check this box.

Line 9: For a Michigan-based taxpayer, all sales are Michigan sales unless the taxpayer is subject to tax in another state or foreign country. A taxpayer is subject to a tax in another state or foreign country if the taxpayer is subject to a business privilege tax, a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, a corporate stock tax, or if the state or foreign country has jurisdiction to subject the taxpayer to one or more of the above listed taxes, regardless of whether the tax is actually imposed on the taxpayer.

The CIT is based only on business activity apportioned or allocated to Michigan. A taxpayer that is not subject to tax in one other state or foreign country is subject to CIT on its entire corporate income tax base.

If the taxpayer is able to apportion its tax base, then its tax base will be apportioned to Michigan based on sales. *Sale* or *Sales* means the amounts received by the taxpayer as consideration from the following:

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

Complete the Apportionment Calculation using amounts for the taxpayer's business activity only. Do not include amounts received from an interest in a Partnership, S Corporation, or LLC.

Use the information in the "Sourcing of Sales to Michigan" section of the general instructions in Form 4890.

NOTE: Only transportation services are sourced using revenue miles. To the extent the taxpayer has business activities or revenue streams not from transportation services, those sales should be sourced according to the applicable guidance in the "Sourcing of Sales to Michigan" section of Form 4890.

Line 9a-9e: NOTE: If any amount in line 9a through 9e is zero, enter zero. All lines must be completed.

Line 9a: Enter the Michigan sales that are directly attributable to the taxpayer.

Transportation services that source sales based on revenue miles: Enter on this line the taxpayer's total sales multiplied by the ratio of Michigan revenue miles over revenue miles everywhere as provided in the "Sourcing of Sales to Michigan" chart for that type of transportation service. Revenue mile means the transportation for consideration of one net ton in weight or one passenger the distance of one mile.

UBGs: Enter on this line the entire amount of Michigan sales of all members in the group after eliminations. For more information see the instructions for Form 4897.

For each member reported on Form 4897, calculate the member's Michigan sales as follows: from the amount reported on Form 4897, line 13, subtract the amount reported on Form 4897, line 15. Add the calculated Michigan sales amount of all members of the group, and enter the total sum here.

Taxpayers that have a unitary relationship with a Flow-Through Entity (FTE), but are not part of a CIT unitary group of corporations (i.e., line 7a is not checked): Do not include on this line Michigan sales made by the taxpayer to an FTE that is unitary with the taxpayer and is included on *FTEs that are Unitary with the Taxpayer* (Form 4900). In other words, enter this line net of eliminations with the FTE. For more information on eliminations, see the instructions to line 17.

An *FTE* is an entity that, for the applicable tax year, is treated as a subchapter S Corporation under section 1362(a) of the IRC, a general partnership, a trust, 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.

A taxpayer is unitary with an FTE if the taxpayer:

- Owns or controls, directly or indirectly, more than 50% of the ownership interests with voting rights (or ownership interests that confer comparable rights to voting rights) of the FTE; AND
- The taxpayer and FTE have activities or operations which result in a flow of value between the taxpayer and the FTE, or between the FTE and another FTE unitary with the taxpayer, or has business activities or operations that are integrated with, are dependent upon, or contribute to each other.

The determination of whether a taxpayer is unitary with an FTE is made at the taxpayer level. If the taxpayer at issue is a UBG, the ownership requirement will be made at the UBG level. So, if the combined ownership of the FTE by the UBG is greater than 50%, then the ownership requirement will be satisfied.

NOTE: PA 266 of 2013 authorizes an affiliated group election that applies an alternate test for finding a unitary relationship between corporations. This act DID NOT create a corresponding "affiliated group" test for finding a unitary relationship between a corporation and an FTE. The existence of a unitary relationship between a corporation and an FTE is still based exclusively on the two-part test described in the preceding bullet points.

Line 9b: If the taxpayer is unitary with an FTE or FTEs, enter on this line the total proportionate amount of Michigan sales attributed to these flow-through entities in column J on Form 4900. For more information see the instructions for Form 4900. If an amount is entered on this line, then Form 4900 must be completed and included with the filing of this form.

UBGs: Enter on this line the entire amount of total Michigan sales attributed to all flow-through entities that are unitary with a member of the group. For each member of the group, add the amount reported on Form 4897, line 14, of all members of the group, and enter the sum here.

Line 9d: Enter the total sales that are directly attributable to the taxpayer.

Transportation services that source sales based on revenue miles: Enter on this line the total sales that are directly attributable to the taxpayer.

NOTE: Only transportation services are sourced using revenue miles. To the extent the taxpayer has business activities or revenue streams not from transportation services, those sales should be sourced according to the applicable guidance in the "Sourcing of Sales to Michigan" section of Form 4890.

UBGs: Enter on this line the entire amount of total sales of all members in the group after eliminations. For more information see the instructions for Form 4897. For each member reported on Form 4897, calculate the member's total sales as follows:

from the amount reported on Form 4897, line 16, subtract the amount on Form 4897, line 18. Add the calculated total sales amount of all members of the group, and enter the total here.

Taxpayers that have a unitary relationship with an FTE, but are not part of a CIT unitary group of corporations (i.e., line 7a is not checked): Do not include on this line sales made by the taxpayer to an FTE that is unitary with the taxpayer and is included on Form 4900. In other words, enter this line net of eliminations with the FTE. For more information on eliminations, see the instructions to line 17.

Line 9e: If the taxpayer is unitary with an FTE or FTEs, enter on this line the total proportionate amount of total sales attributed to these FTEs in column O on Form 4900. For more information see the instructions for Form 4900. If an amount is entered on this line, then Form 4900 must be completed and included with the filing of this form.

UBGs: Enter on this line the entire amount of total sales attributed to all flow-through entities that are unitary with a member of the group. Add the amount reported on Form 4897, line 17 of all members of the group, and enter the sum here.

Line 10a: Enter the amount of total, unapportioned gross receipts received by the taxpayer. **DO NOT** include flow-through gross receipts on this line.

Gross receipts means the entire amount received by the taxpayer from any activity, whether in intrastate, interstate, or foreign commerce, carried out for direct or indirect gain, benefit, or advantage to the taxpayer or to others, with certain exceptions. Use the checklist in the instructions to line 10b as a guide to be sure receipts have been totaled correctly. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce gross receipts not identified by the checklist.

Non-UBG taxpayers reporting for a period of less than 12 months: Report actual gross receipts on this line.

UBGs: Enter on this line the entire amount of gross receipts of all members in the group **after** eliminations. For each member reported on Form 4897, calculate the member's gross receipts net of eliminations as follows: from the amount reported on Form 4897, line 19a, subtract the amount reported on Form 4897, line 19b. Combine the resulting gross receipts net of eliminations amounts of all members of the group, and enter the total here.

UBG members reporting for a period of less than 12 months must report actual gross receipts on Form 4897 line 19a, and then annualize their gross receipts net of eliminations on a member by member basis. For each member reporting a period of less than 12 months, from the amount reported on Form 4897, line 19a, subtract line 19b, and annualize the result using that member's number of months reported in the group's tax year. Once all applicable members' gross receipts net of elimination are annualized, carry the sum of all members' gross receipts net of eliminations, annualized as applicable, to Form 4891, line 10a.

Line 10b: Enter the allocated or apportioned imputed gross receipts from all unitary or non-unitary FTEs from which the taxpayer receives a distributive share of income.

EXCEPTION: Do not include imputed gross receipts from any FTE in which the taxpayer is a non-unitary owner, and the FTE has made a valid election to file the Michigan Business Tax (MBT) for a tax year that ends with or within the taxpayer's tax year. See instructions for line 12 for explanation of 2013 PA 233.

Single filers, use the "Worksheet on Flow-Through Gross Receipts" (at the end of the following "Gross Receipts Checklist") to calculate the imputed apportioned or allocated gross receipts from each FTE.

UBGs: Add the amount on Form 4897, line 20, reported for all members of the group, and enter the sum here. UBG members reporting a period of less than 12 months with this group return must annualize their apportioned FTE gross receipts on a member by member basis. Use each member's number of months reported in the group's tax year. Once all applicable members' FTE gross receipts are annualized, carry all members' gross receipts from line 20 of Form 4897 to line 10b.

Gross Receipts Checklist

NOTE: This checklist is not intended to be all encompassing.

Receipts include, but are not limited to:

- Receipts (sales price) from the sale of assets used in a business activity.
- Sale of products.
- Services performed.
- Gratuities stipulated on a bill.
- Sales tax collected on the sale of tangible personal property.
- Dividend and interest income.
- Gross commissions earned.
- Rents.
- Royalties.
- Professional services provided.
- Sales of scrap and other similar items.
- Receipts from the production of oil and gas.
- Client reimbursed expenses not obtained in an agency capacity.

Receipts exclude:

- Proceeds from sales by a principal that are collected in an agency capacity solely on behalf of the principal and delivered to the principal.
- Amounts received as an agent solely on behalf of the principal that are expended by the taxpayer under certain circumstances.
- Amounts excluded from gross income of a foreign corporation engaged in the international operation of aircraft under section 883(a) of the IRC.
- Amounts received by an advertising agency used to acquire advertising media time, space, production, or talent on behalf of another person.
- Amounts received by a person that manages real property owned by a client that are deposited into a separate account kept in the name of the client and that are not reimbursed and are not indirect payments for management services provided to that client.

- Proceeds from the original issue of stock, equity instruments, or debt instruments.
- Refunds from returned merchandise.
- Cash and in-kind discounts.
- Trade discounts.
- Federal, State or local tax refunds.
- Security deposits.
- Payment of the principal portion of loans.
- Value of property received in a like-kind exchange.
- Proceeds from a sale, transaction, exchange, involuntary conversion, or other disposition of tangible, intangible, or real property that is a capital asset as defined in section 1221(a) of the IRC or land that qualifies as property used in the trade or business as defined in section 1231(b) of the IRC, less any gain from the disposition to the extent that gain is included in federal taxable income.
- Proceeds from an insurance policy, settlement of a claim, or judgment in a civil action, less any proceeds that are included in federal taxable income.
- Proceeds from the taxpayer's transfer of an account receivable, if the sale that generated the account receivable was included in gross receipts for federal income tax purposes. This provision will not apply to a taxpayer that both buys and sells any receivables during the tax year.

WORKSHEET ON FLOW-THROUGH GROSS RECEIPTS

A taxpayer must complete the following calculation for each Flow-Through Entity (FTE), whether unitary or not, that does not elect to file an MBT return for this tax year and from which the taxpayer receives distributive share of income. The amount in line 5 of this worksheet for each FTE must be added, and the sum carried to Form 4891, line 10b.

Do not include imputed gross receipts from any FTE in which the taxpayer is a non-unitary owner and the FTE has made a valid election to file the MBT for a tax year that ends with or within this member's tax year.

1. FTE's gross receipts that fall with or within the taxpayer's tax year included in this return	1.		00
2. Percentage of the FTE's income or loss received by the taxpayer.....................................	2.		%
3. Gross receipts amount before apportionment. Multiply line 1 by line 2	3.		00
4. FTE's apportionment percentage (Michigan sales divided by total sales)*...............	4.		%
5. Flow-through gross receipts to be imputed to the taxpayer. Multiply line 3 by line 4	5.		00

*Line 4: If the FTE is unitary with the taxpayer, use the apportionment percentage from line 9g. Otherwise, use the FTE's apportionment percentage.

Line 11: Calculate the taxpayer's total apportioned gross receipts for filing threshold by multiplying Line 10a by the percentage on Line 9g, and adding that amount to Line 10b. **Do not** leave this field blank.

Gross Receipts Filing Threshold: Taxpayers with allocated or apportioned gross receipts of less than $350,000 do not have to file a CIT return and do not have to pay the tax imposed by the CIT. For periods less than 12 months, this amount must be annualized. To annualize this amount, multiply the taxpayer's total apportioned or allocated gross receipts by 12 and divide the result by the number of months in the taxpayers' tax year. **Do not** enter annualized figures on this line.

UBGs: Calculate the apportioned gross receipts for filing threshold purposes by multiplying the amount on line 10a by the apportionment percentage on line 9g, and adding to that product the amount on line 10b. Because amounts entered on lines 10a and 10b represent the sum of annualized member figures (when applicable), no further annualization is required on line 11.

PART 1: CORPORATE INCOME TAX

Line 12: Federal taxable income, as reported on this line, is defined for CIT purposes to include carryback and carryover of federal net operating losses. Note that these amounts will be added back, for CIT purposes, in the Additions to Business Income section, below.

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

Agricultural activities: Include income from agricultural activities on line 12. Farm activity by entities subject to the CIT is not exempt.

Exempt income (loss) from certain flow-through entities (FTEs): 2013 Public Act 233 provides that, in the case of an FTE that made the election to remain taxable under the MBT, each member of the FTE that does not file as a member of a unitary business group with the FTE shall disregard all items attributable to that member's ownership interest in the electing FTE for all purposes of the CIT. If the taxpayer filing this form owns an interest in an FTE that files an MBT return for the FTE's tax year that ends with or within this taxpayer's tax year, the taxpayer's distributive share of income (loss) from such FTE will be exempt from the taxpayer's corporate income tax. However, **do not exclude the exempt income (loss) on line 12**. The corporate income tax base attributable to such FTE will be removed via Form 4891, line 27, and Form 4898.

UBGs: Add Form 4897, line 21, of all members and enter sum here.

Line 13: Generally, IRC 199 was repealed effective for tax years beginning after December 31, 2017. Therefore, most taxpayers will leave this line blank. However, the federal deduction can still be taken in limited circumstances or it's possible that a member of a UBG return includes in this return its tax year beginning before January 1, 2018. In any case, to the extent a deduction was taken in this tax year's federal taxable income, report that deduction here.

UBGs: Add Form 4897, line 22, of all members and enter sum here.

Line 14: There are currently no miscellaneous items to be entered on this line. Leave this line blank.

Line 15: Adjustments are required for all assets placed into service after December 31, 2007, for which bonus depreciation was taken.

UBGs: Add Form 4897, line 24, of all members and enter sum here.

Line 15a: For the computation of business income for CIT, persons who claimed a federal bonus depreciation deduction under IRC § 168(k) on property first placed in service in 2008 or later must calculate the net bonus depreciation adjustment on those assets as follows: net bonus depreciation adjustment in tax year equals the total federal depreciation claimed in tax year less the total amount of depreciation that would be claimed in the federal return in the tax year if the person had elected not to utilize the bonus depreciation allowance under IRC § 168(k). A person may not elect IRC § 179 expensing of an asset for MBT or CIT purposes if it did not elect to use IRC § 179 for that asset federally.

Line 15b: For the computation of business income for CIT purposes, persons who claimed a federal bonus depreciation deduction under IRC § 168(k) on property first placed in service in 2008 or later and subsequently disposed of that property in the current tax year must calculate the gain/loss adjustment on the sale of those assets as follows: gain/loss adjustment in tax year equals the total amount of federal depreciation that would be claimed on the federal return over the years (starting the year the asset was placed in service and ending in the current tax year) if the person had elected not to utilize the bonus depreciation allowance under IRC § 168(k) on the property being disposed LESS the total federal depreciation claimed over the years (starting the year asset was placed in service and ending in the current tax year). A person may not elect IRC § 179 expensing of an asset for MBT or CIT purposes if it did not elect to use IRC § 179 for that asset federally.

Line 15c: **UBGs:** Add Form 4897, line 24c, of all members and enter sum here.

Line 17: **UBGs:** Add Form 4897, line 25, of all members and enter sum here.

NOTE: Elimination, where required, applies to transactions between any members of the UBG. For example, if the UBG includes standard taxpayers (not owned by and unitary with a financial institution in the UBG), an insurance company, and two financial institutions, transactions between a standard taxpayer member and an insurance or financial member are eliminated whenever elimination is required, despite the fact that the insurance and financial members are not reported on the combined return filed by standard taxpayer members.

However, there is no elimination with an otherwise related entity if the related entity is excluded from the UBG. For example, consider a group with a U.S. parent, a U.S. subsidiary, and a foreign operating entity subsidiary that would otherwise be a UBG, but the foreign operating entity is excluded from the UBG by definition. The U.S. parent filing a UBG return may not eliminate intercompany transactions between itself and the foreign operating entity.

If a transaction between two members of a UBG is reported on the group's current return by one member but reported on the preceding or succeeding group return by the other member (due to differing year ends or accounting methods of the members), the side of that transaction that is included in the group's current filing period must be eliminated. The other side of the same transaction will be eliminated on the group return for the filing period in which the other member reports the transaction.

Additions to Business Income

Line 19: Enter any interest income and dividends from bonds and similar obligations or securities of states other than Michigan and their political subdivisions in the same amount that was excluded from federal taxable income (as defined for CIT purposes). Reduce this addition by any expenses related to the foregoing income that were disallowed on the federal return by IRC § 265 and § 291.

UBGs: Add Form 4897, line 27 of all members and enter sum here.

Line 20: Enter all taxes on, or measured by, net income including city and state taxes, Foreign Income Tax, and Federal Environmental Tax claimed as a deduction on the taxpayer's federal return. This would include the tax imposed under the CIT to the extent claimed as a deduction on the taxpayer's federal return that includes the tax period on this return. This includes, to the extent deducted in arriving at federal taxable income (as defined for CIT purposes), the Business Income Tax portion of the MBT.

UBGs: Add Form 4897, line 28, of all members and enter sum here.

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

UBGs: Add Form 4897, line 29, of all members and enter sum here.

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

- Is a pass through of another transaction between a third party and the related person with comparable rates and terms.
- Results in double taxation. For this purpose, double taxation exists if the transaction is subject to tax in another jurisdiction.
- Is unreasonable as determined by the state treasurer.
- The related person (recipient of the transaction) is organized under the laws of a foreign nation which has in force a comprehensive income tax treaty with the United States.

UBGs: Add Form 4897, line 30, of all members and enter sum here.

Line 23: Enter on this line the expenses included on line 12 that resulted from the production of oil and gas if that production of oil and gas is subject to Michigan severance tax on oil or gas in 1929 PA 48. Also enter expenses related to the income derived from a mineral to the extent that income is included on line 30 and that expense was deducted in arriving at federal taxable income.

UBGs: Add the amount on Form 4897, line 31 of all members and enter the sum here.

Line 24: There are currently no miscellaneous items to be entered on this line. Leave this line blank.

Subtractions from Business Income

Subtractions are generally available to the extent included in arriving at federal taxable income (as defined for CIT purposes).

Line 27: Complete all other subtractions from business income, lines 28 through 31, before completing line 27. Enter on this line the sum of all entries in Column C of *Non-Unitary Relationships with Flow-Through Entities* (Form 4898). If an amount is entered on this line, Form 4898 must be completed and included with the filing of this form.

To calculate apportionment properly, line 27 removes from the corporate income tax base the taxpayer's distributive share of income (loss) attributable to a non-unitary flow-through entity (FTE). Income or loss received as a distributive share from a non-unitary FTE is subtracted here (prior to apportionment of the CIT tax base on line 34), and apportioned on Form 4898 according to the FTE's apportionment factor. The resulting amount from Form 4898 is then added back on line 35.

Flow-through entity means an entity that for the applicable tax year is treated as a subchapter S corporation under section 1362(a) of the IRC, a general partnership, a trust, a limited partnership, a limited liability partnership, or a limited liability company, that for the tax year is not taxed as a C corporation for federal income tax purposes.

See the General Information section of the instructions for Form 4898 for an explanation of FTEs with which a taxpayer is not unitary.

UBGs: The amount entered on line 27 must equal the sum of all entries in Column C of all Forms 4898 that were filed by the UBG. The amount also will equal the sum of all group members' Forms 4897, line 32.

Line 28: Enter, to the extent included in federal taxable income (as defined for CIT purposes), any dividends and royalties received from persons other than United States persons and foreign operating entities, including, but not limited to, amounts determined under IRC § 78 or IRC § 951 to 965.

NOTE: To the extent deducted in arriving at federal taxable income, any deduction under IRC 250(a)(1)(B) should be added back on this line (i.e., netted against subtractions made on this line).

UBGs: Add Form 4897, line 33, of all members and enter sum here.

Line 29: To the extent included in federal taxable income (as defined for CIT purposes), deduct interest income derived from United States obligations.

UBGs: Add Form 4897, line 34, of all members and enter sum here.

Line 30: Enter on this line income from the production of oil and gas if that production of oil and gas is subject to Michigan severance tax on oil and gas in 1929 PA 48, to the extent that income was included in federal taxable income. Also enter income derived from a mineral to the extent included in federal taxable income.

UBGs: Enter here the sum of Form 4897, line 35 of all members.

Line 31: Eligible licensed marihuana trades or businesses may subtract ordinary and necessary expenses paid or incurred during the tax year that would be allowed if section 280E of the internal revenue code were not in effect. Under the Michigan Regulation and Taxation of Marihuana Act (which allows for what is often referred to as "recreational" or "adult use" marihuana), a marihuana establishment licensed under that act is allowed a deduction from Michigan income tax for certain expenses not allowed in arriving at federal taxable income. IRC 280E prohibits a deduction for any amount paid or incurred in carrying on a trade or business that consists of trafficking in Schedule I and II controlled substances (e.g., marihuana). However, the IRC is also structured to recognize the cost of goods sold before reaching gross profit, regardless whether taxpayer is in the business of trafficking in marihuana. Therefore, any expenses related to cost of goods sold (and any other expenses already allowed in reaching federal taxable income) may not be subtracted from the Michigan base.

There are no other miscellaneous subtractions that can be entered on this line.

Line 35: Enter on this line the sum of entries from Column E of Form 4898. If an amount is entered on this line, Form 4898 must be completed and included with the filing of this form.

UBGs: The amount entered on Line 35 must equal the sum of all entries in Column E of all Forms 4898 that were filed by the UBG.

Line 37a: Enter any unused CIT business loss carryforward that was reported on the CIT return for the immediately preceding tax period on the appropriate group member copy of this form as explained below. Only CIT business loss incurred after December 31, 2011, may be entered on this line.

Business loss means a negative business income tax base after allocation or apportionment. The business loss will be carried forward to the year immediately succeeding the loss year as an offset to the allocated or apportioned Business Income Tax base, then successively to the next nine taxable years following the loss year or until the business loss is used up, whichever occurs first, but for not more than ten taxable years after the loss year.

Under PA 13 of 2014, a taxpayer that acquires the assets of another corporation in a transaction described under section 381(a)(1) or (2) of the Internal Revenue Code (IRC) may deduct any CIT business loss carryforward attributable to that other corporation. Losses acquired via IRC § 381(a) (1) or (2) are reported on this line.

NOTE: CIT business loss carryforward is not the same as a federal net operating loss carryover or a Michigan Business Tax (MBT) business loss carryforward, neither of which can be claimed as a deduction on a CIT return.

UBGs: If the group created a business loss carryforward in a preceding CIT tax period, Treasury will have maintained that carryforward on the DM's account. Enter unused carryforwards of this type from line 11 of the DM's copy of Form 4897.

If a member created a CIT business loss carryforward from a CIT tax period prior to joining the UBG, Treasury will maintain that carryforward on that member's account, subject to use by the group, until it is fully consumed or that member leaves the group. Enter unused carryforwards of this type on the copy of Form 4897 filed for the member that brought the carryforward to the group.

Business loss carryforward consumed on a return is always the oldest available on that return, regardless of whether the oldest business loss carryforward was generated by the group, brought by an incoming member, or acquired by a member of the group via IRC § 381. For a business loss carryforward acquired via IRC § 381 transaction, the years of carryforward consumed before acquisition should be counted when determining the carryforward period remaining. Business loss carryforward of a UBG, including business loss carryforward brought by an incoming member and business loss carryforward acquired by the group or its members via IRC § 381, ages according to the tax years of the group, rather than tax years of any particular member.

If two members each created carryforwards that are the same age, and together they exceed the amount allowable in this filing period, those members' respective carryforwards are used in proportion to the amount they contributed to the group. If a member that generated a carryforward in a prior period leaves the group, that member will take with it an amount equal to the group's remaining carryforward from that period multiplied by the amount that member contributed relative to the total amount contributed by all group members for the carryforward in that same period. It is important to review a carryforward for the possibility that some or all of it has expired, or that some or all of it was withdrawn from the group by a departing member.

Line 37a is the amount of the business loss carryforward that may be claimed in this filing period. See the "Supplemental Instructions for Standard Members in UBGs" in Form 4890 for more information on the effects of members leaving or joining a UBG.

Line 37b: Check this box if any of the business loss reported on line 37a was distributed or transferred to this taxpayer in an IRC 381(a) transaction during this filing period. Attach to the return a statement of the name, FEIN, business loss amount of each such distributor or transferor corporation, and year the business loss was created.

Line 38: Subtract line 37a from line 36. Any negative amount on line 38 is a CIT business loss which may be carried forward to the next filing period, except to the extent that all or some portion of this business loss has exceeded its usable life of ten tax years.

PART 2: TOTAL CORPORATE INCOME TAX

Line 41: IMPORTANT: If apportioned or allocated gross receipts are less than $350,000, enter zero on this line. If a business operated less than 12 months, annualize gross receipts to determine if a filing requirement exists. For instructions on how to calculate the taxpayer's allocated or apportioned gross receipts, see the instructions to Line 11.

NOTE: If calculated annual liability is less than or equal to $100, enter zero.

UBGs: If apportioned or allocated gross receipts **after** intercompany eliminations are less than $350,000, enter zero on this line. For guidance on how to calculate the taxpayer's allocated or apportioned gross receipts, see the instructions to Line 11.

Line 42: Enter the amount of recapture from line 17 of Form 4902. A taxpayer subject to recapture is required to report and pay the amount of recapture due regardless of whether the taxpayer has $350,000 or more of apportioned or allocated gross receipts.

PART 3: PAYMENTS AND TAX DUE

Line 45: Enter the total estimated CIT tax paid with the *CIT Quarterly Tax Return* (Form 4913) or the amount of estimated CIT tax paid through Electronic Funds Transfer. Include all payments made on returns that apply to the tax year included in this return. For example, calendar year filers include money paid with the above listed returns for return periods January through December.

UBGs: Include all applicable estimated payments made by the members of the UBG for the tax year included in this return. The amount entered on this line will equal the sum of Form 4897, line 37, for all members.

Line 49: If penalty and/or 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 Form 4899, Treasury will compute penalty and interest and bill for payment.

Line 50: Enter the overdue tax penalty. Use the following "Overdue Tax Penalty" worksheet. Refer to the "Computing Penalty and Interest" section in Form 4890 to determine the appropriate penalty percentage.

WORKSHEET – OVERDUE TAX PENALTY

A. Tax due from Form 4891, line 49		00
B. Late/extension or insufficient payment penalty percentage		%
C. Multiply line A by line B		00

Carry amount from line C to Form 4891, line 50.

Line 51: Enter the overdue tax interest. Use the following "Overdue Tax Interest" worksheet. Refer to the "Computing Penalty and Interest" section in Form 4890 to determine the appropriate penalty percentage.

WORKSHEET – OVERDUE TAX INTEREST

A. Tax due from Form 4891, line 49.........		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 4891, line 51.

Line 51 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 4890, 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 line 51.

PART 4: REFUND OR CREDIT FORWARD

Line 53: If the amount of the tax overpayment, less any penalty and interest due on lines 49, 50 and 51 is less than zero, enter the difference (as a positive number) on line 52. If the amount is greater than zero, enter on this line.

NOTE: If an overpayment exists, a taxpayer may 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 54 and 55 as applicable.

Line 54: If the taxpayer anticipates a CIT liability in the filing period subsequent to this return, some or all of any overpayment from line 53 may be credited forward to the next tax year as an estimated payment. Enter on this line the desired amount to use as an estimate for the next CIT tax year.

Line 55: Enter the amount of refund requested.

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

Other Supporting Forms and Schedules

Federal Forms: Include copies of these forms with the return.

- **C Corporations:** Federal Form 1120 (pages 1 through 6), Schedule D, Form 851, Form 965, Form 4562, Form 4797, and Form 5471. If filing as part of a consolidated federal return, attach a pro forma or consolidated schedule.
- **Limited Liability Companies:** Attach appropriate schedules listed above if the business has elected to be taxed as a C Corporation.
- **Federally Exempt Entities:** In certain circumstances, a federally tax exempt entity must file a CIT return. In those cases, attach federal Form 990-T (pages 1 through 5).

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

Attachment 2

2020 MICHIGAN Corporate Income Tax Small Business Alternative Credit

Issued under authority of Public Act 38 of 2011.

Taxpayer Name	Federal Employer Identification Number (FEIN)

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

- Gross receipts exceed $20,000,000;
- Adjusted business income after loss adjustment exceeds $1,444,300;
- Any shareholder or officer has allocated income after loss adjustment of over $180,000, as determined on the *CIT Schedule of Shareholders and Officers* (Form 4894).
- Compensation and director fees of a shareholder or officer exceed $180,000.

The Small Business Alternative Credit must be reduced if any of the following conditions exist (see Reduced Credit Table at bottom of the page):

- Any shareholder or officer has allocated income after loss adjustment of over $160,000 but not over $180,000, as determined on Form 4894.
- Gross receipts exceed $19,000,000 but are not more than $20,000,000.

NOTE: All taxpayers claiming the Small Business Alternative Credit must include Form 4894.

1. Gross Receipts (see instructions) ..... 1. ______ 00
2. Tax liability prior to this credit from Form 4891, line 39 ..... 2. ______ 00

Adjusted Business Income

3. Business Income (see instructions) ..... 3. ______ 00
4. Carryback or carryover of a capital loss. Enter as a positive number (see instructions) ..... 4. ______ 00
5. Carryback or carryover of a federal net operating loss from Form 4891, line 21. Enter as a positive number ..... 5. ______ 00
6. Subtotal. Add lines 3, 4 and 5 ..... 6. ______ 00
7. Compensation and director fees of active shareholders from Form 4894, line 1 ..... 7. ______ 00
8. Compensation and director fees of officers from Form 4894, line 2 ..... 8. ______ 00
9. Adjusted Business Income. Add lines 6, 7, and 8 ..... 9. ______ 00

Small Business Alternative Credit Calculation

10. Small Business Alternative Tax. Multiply line 9 by 1.8% (0.018). If less than zero, enter zero ..... 10. ______ 00
11. **Small Business Alternative Credit**. Subtract line 10 from line 2. If less than zero, enter zero ..... 11. ______ 00
12. Allocated income used for reduction (see instructions) ..... 12. ______ 00
13. Reduction percentage from Reduced Credit Table at bottom of this page (based on amount from line 12) ..... 13. ______ %
14. **Reduced Credit.** Multiply the percentage on line 13 by the credit on line 11. If gross receipts from line 1 are less than or equal to $19,000,000, carry amount to Form 4891, line 40 (see instructions) ..... 14. ______ 00

Reduction Based on Gross Receipts

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

15. Excess gross receipts. Subtract $19,000,000 from line 1 ..... 15. ______ 00
16. Excess percentage. Divide line 15 by $1,000,000 (enter as a percentage) ..... 16. ______ %
17. Allowable percentage. Subtract line 16 from 100% ..... 17. ______ %
18. **Small Business Alternative Credit.** Multiply the percentage on line 17 by the credit on line 14. Carry amount to Form 4891, line 40 ..... 18. ______ 00

REDUCED CREDIT TABLE

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

* See instructions for tax years less than 12 months.

Instructions for Form 4893
Michigan Corporate Income Tax (CIT) Small Business Alternative Credit

Purpose

To allow taxpayers to calculate the Small Business Alternative Credit (SBAC). The credit is calculated here and then carried to the *CIT Annual Return* (Form 4891).

The *CIT Schedule of Shareholders and Officers* (Form 4894) also must be filed with a return to qualify for the SBAC. An SBAC claimed on Form 4893 will be denied if Form 4894 is not included with the return.

A taxpayer is disqualified from taking the SBAC under certain circumstances, which are detailed below. Financial institutions and insurance companies are not eligible for this credit.

NOTE: A person that is a disregarded entity for federal income tax purposes under the Internal Revenue Code shall be classified as a disregarded entity for the purposes of filing the CIT annual return.

Eligibility for the SBAC

Taxpayers are not eligible for the SBAC if any of the following conditions exist:

- Gross receipts exceed $20,000,000.
- Adjusted business income after loss adjustment exceeds $1,444,300 for Corporations (and LLCs federally taxed as such).
- Any shareholder or officer has allocated income after loss adjustment of over $180,000, as determined on Form 4894.

In addition, the SBAC is reduced if any of the following conditions exist:

- Gross receipts exceed $19,000,000 but are not more than $20,000,000.
- A shareholder or an officer has allocated income after loss adjustment of more than $160,000 but not over $180,000. This reduction is based on the officer/shareholder with the largest allocated income.

Allocated income is the greater of either:

(a) A shareholder or officer's compensation and director fees from Form 4894, column L, or

(b) A shareholder's compensation, director fees, and share of business income (or loss) after loss adjustment, from Form 4894, column N.

If either (a) or (b) is greater than $180,000 for any shareholder or officer, the taxpayer is not eligible for the SBAC. In addition, if either (a) or (b) is over $160,000 but not more than $180,000 for any shareholder or officer, the taxpayer must reduce the SBAC based on the officer or shareholder with the largest allocated income.

NOTE: Taxpayers leasing employees from professional employer organizations must include the compensation of officers (of the operating company) and shareholders who receive compensation in determining the eligibility for the SBAC even though their compensation is paid by the professional employer organization.

Tax Years Less Than 12 Months

If the reported tax year is less than 12 months, gross receipts, adjusted business income, and shareholders' and officers' allocated income must be annualized to determine eligibility and reduction percentage. Where those same amounts are reported on SBAC forms, they are **reported on forms as actual, not annualized, amounts.** If annualized gross receipts exceed $19,000,000 but do not exceed $20,000,000, annualize amounts to compute the Reduction Based on Gross Receipts, lines 15 through 18.

NOTE: If a shareholder owned stock for less than the entire tax year of the corporation, or an officer served as an officer less than the entire tax year:

- For purposes of determining credit disqualifiers and credit reduction, compensation and director fees must be annualized. The determination of credit disqualifiers and credit reduction is performed off-form.
- For purposes of determining active shareholders, compensation, director fees, and dividends must be annualized. The determination of active shareholders is performed off-form.

Annualizing

Where annualization applies (see above **NOTE**), multiply each applicable amount, total gross receipts, adjusted business income, and allocated income, by 12 and divide the result by the number of months in the tax year. Generally, a business counts a month if the business operated for more than half the days of the month. If the tax year is less than one month, consider the tax year to be one month for the purposes of the calculation.

Loss Adjustment

If the adjusted business income was less than zero in any of the five tax years immediately preceding the tax year for which a taxpayer is claiming an SBAC and an SBAC was received for that same tax year, the taxpayer may be able to reduce the current year's adjusted business income or allocated income amounts by the loss. See *CIT Loss Adjustment for the Small Business Alternative Credit* (Form 4895) for more details.

If the SBAC is reduced or eliminated because gross receipts exceed $19,000,000, a loss adjustment cannot be used to prevent that reduction or elimination. Similarly, if the SBAC is reduced or eliminated due to compensation reported on Form 4894, column L, a loss adjustment cannot be used to prevent that result.

Special Instructions for Unitary Business Groups (UBGs)

UBGs calculate the gross receipts and adjusted business income disqualifiers at the UBG level **AFTER** intercompany eliminations. For a UBG to claim an SBAC, each member of the UBG that is a corporation, as that term is defined under the CIT, must file Form 4894.

The allocated income disqualifier is based on all items paid or allocable to a shareholder or officer by all members of the UBG. All items paid or allocable to a single individual must be combined when calculating this disqualifier.

In addition, a disqualifier applies to a UBG if such disqualifier applies to any member of that UBG. For example, a UBG is disqualified from taking the SBAC if that UBG includes a member for which the allocated income of a shareholder after loss adjustment is in excess of $180,000. The reduction percentages for the credit also apply to the entire group if they apply to one member.

For more information on UBGs, see the "Supplemental Instructions for UBGs" in the *Corporate Income Tax Forms and Instructions for Standard Taxpayers* (Form 4890).

Line-by-Line Instructions

Lines not listed are explained on the form.

Taxpayer Name and Account Number: Enter taxpayer name and account number as reported on page 1 of Form 4891.

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

Line 1: Enter amount from Form 4891, line 10a. This line must be completed.

Non-UBG taxpayers reporting a tax year of less than 12 months must annualize the amount on Form 4891, line 10a, and report the result here. For guidance, see the "Annualizing" section at the beginning of these instructions.

UBG taxpayers reporting a tax year of less than 12 months will report on this line the amount from Form 4891, line 10a. For UBGs with a member(s) reporting a period of less than 12 months, Form 4891, line 10a, reflects the already annualized gross receipts after eliminations for purposes of the SBAC.

Adjusted Business Income

Line 3: In general, enter business income from Form 4891, line 18. Exclude distributive share of business income from a flow-through entity (FTE) that files a Michigan Business Tax (MBT) return for its tax year that ends with or within this taxpayer's tax year. The distributive share of business income from FTEs that is being excluded must be appropriately reported on the *Corporate Income Tax: Non-Unitary Relationships with Flow-Through Entities* (Form 4898), columns A through C only.

NOTE: The adjusted business income (ABI) disqualifier is based on annualized ABI, but the credit calculations performed here are based on actual ABI.

UBGs: Combine all business income for all members from *CIT Data on Unitary Business Group Members* (Form 4897), line 26.

Line 4: Enter, to the extent deducted in determining federal taxable income (as defined for CIT purposes), a carryback or carryover of a capital loss from Schedule D of federal Form 1120. Enter as a positive number.

UBGs: Combine for all members all carryback or carryover of a capital loss, to the extent deducted in determining federal taxable income (as defined for CIT purposes), from Form 4897, line 12, and enter on line 4. Enter as a positive number.

SBAC Calculation

Line 12: The SBAC is reduced if a shareholder or an officer has allocated income after loss adjustment of more than $160,000 but not more than $180,000. This reduction is based on the officer/shareholder with the largest allocated income. Enter the allocated income of the shareholder or officer with the highest allocated income after loss adjustment, even if that amount is $160,000 or less. Enter the highest value on Form 4894, Column N.

If loss adjustment is successfully applied to fully or partially cure a shareholder's allocated income disqualifier, enter on line 12 the number from Form 4895, line 12.

Line 13: For a taxpayer whose shareholders and officers all have allocated income after loss adjustment of $160,000 or less, enter 100 percent. All other taxpayers, see the table at the bottom of page 1 of this form to determine what percent to enter on this line.

Line 14: All taxpayers must complete this line. Multiply Line 11 by the percentage on Line 13 and enter that amount on this line.

If gross receipts from line 1 are $19,000,000 or less, carry the amount on line 14 to Form 4891, line 40.

Reduction Based on Gross Receipts

Complete this section if gross receipts on Line 1 are more than $19,000,000 but not more than $20,000,000.

Line 17: For a result less than zero, enter zero.

Include completed Form 4893 as part of the tax return filing. Form 4894 must be included with the filing of Form 4893.

Attachment 3

2020 MICHIGAN Corporate Income Tax Schedule of Shareholders and Officers

For all Corporations claiming the Small Business Alternative Credit

Issued under authority of Public Act 38 of 2011.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN)
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN)

PART 1: QUALIFYING DATA FOR THE SMALL BUSINESS ALTERNATIVE CREDIT.

Complete Part 2 and Part 3 before completing Part 1. See instructions for definition of active shareholder.

1. Compensation and director fees of active shareholders. Add amounts in Part 2, column L, for each active shareholder. Enter here and on Form 4893, line 7 .... 1. ______ 00
2. Compensation and director fees of officers. Add amounts in Part 2, column L, for each officer who is not an active shareholder. Enter here and on Form 4893, line 8 .... 2. ______ 00

PART 2: SHAREHOLDERS AND OFFICERS. See instructions.

3. A Identifying Number	B Name of shareholder (including corporation, trust, partnership, or family member who is a shareholder through attribution) or officer (Last, First, Middle)	C FEIN or Social Security Number	D Enter (X) if an officer	E % Stock directly owned		F % Stock with attribution		G % Stock from Col. F less any attribution between two active shareholders	
					%		%		%
					%		%		%
					%		%		%
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					%		%		%
					%		%		%
					%		%		%
					%		%		%
Percent of stock (not listed above) owned by shareholders (including through attribution) who own less than 10% and receive no compensation or directors' fees					%				
			Total:	100	%				

+ 0000 2020 18 01 27 1

Continue on Page 2

FEIN	
UBG Member FEIN	

PART 2: SHAREHOLDERS AND OFFICERS — Continued

3. H Identifying Number	I Dividends (used to determine active shareholders)	J Salaries, wages and director fees	K Employee insurance plans, pensions, etc.	L Total compensation and director fees for officers and/or share-holders. Add columns J and K.	M Share of business income/loss	N Total shareholder/officer income. Add columns L and M.

If more space is needed to complete Part 2, include additional copies of Form 4894. Repeat the taxpayer name and FEIN at the top of every copy of page 1, and carry over the FEIN to the top of page 2. (See instructions.)

IMPORTANT NOTE ON COMPLETING THIS FORM: If filing this form for a short-period return, or if reporting a part-year shareholder or officer:

- Compensation, director fees, and dividends of each individual must be entered on this form as the actual amount received during the period.
- For purposes of determining the credit disqualifiers, compensation and director fees must be annualized.
- For purposes of determining active shareholders, compensation, director fees, and dividends must be annualized.

Continue on Page 3

FEIN
UBG Member FEIN

PART 3: LIST OF FAMILY MEMBERS AND THEIR CORRESPONDING RELATIONSHIPS

Part 3 is used to report attributable family relationships between individual shareholders. An attributable family relationship is defined as either a spouse, parent, child, or grandchild. In Part 3, column O, list each individual shareholder from Part 2, using the same Member Number references from Part 2, column A. For each shareholder listed in column O:

- If an attributable family relationship exists with another shareholder, report that other shareholder's Member Number in the appropriate column, P through S.
- If no attributable family relationship exists between the shareholder in column O and any other shareholder, enter "X" in column T.

4. O Identifying Number	P Spouse	Q Parent	R Child	S Grandchild	T Enter (X) if No Attributable Relationship

If more space is needed to complete Part 3, include additional copies of Form 4894. Repeat the taxpayer name and FEIN at the top of every copy of page 1, and carry over the FEIN to the top of page 3. (See instructions.)

Instructions for Form 4894
Corporate Income Tax (CIT) Schedule of Shareholders and Officers
For all Corporations claiming the Small Business Alternative Credit

Purpose

To determine eligibility of corporations to qualify for the Small Business Alternative Credit (SBAC). **This form must be included when filing *CIT Small Business Alternative Credit* (Form 4893).**

Corporation means a taxpayer that is required or has elected to file as a C Corporation under the Internal Revenue Code (IRC). Corporation includes a Limited Liability Company that has elected to be taxed federally as a C Corporation.

Special Instructions for Unitary Business Groups (UBGs)

The allocated income disqualifier is based on all items paid or allocable to a shareholder or officer by all members of the UBG. All items paid or allocable to a single individual must be combined when calculating this disqualifier.

General Instructions

If claiming the SBAC, complete this form and include it as part of the annual return to report:

- Shareholder and corporate officer qualifications for the SBAC;
- Compensation and director fees of active shareholders and all officers for the computation of the SBAC.

Officer means an officer of a corporation including all of the following:

(i) The chairperson of the board.

(ii) The president, vice president, secretary, or treasurer of the corporation or board.

(iii) Persons performing similar duties and responsibilities to persons described in subparagraphs (i) and (ii), that include, at a minimum, major decision making.

Shareholder means a person who owns outstanding stock in a corporation or is a member of a business entity that files as a corporation for federal income tax purposes. An individual is considered the owner of the stock, or the equity interest in a business entity that files as a corporation for federal income tax purposes, owned directly or indirectly, by or for family members as defined by IRC § 318(a)(1).

A *family member*, as defined by IRC § 318(a)(1), includes spouses, parents, children and grandchildren.

NOTE: Rules of attribution in IRC § 318(a)(1) do not differentiate between an adult and a minor child.

Outstanding stock means all stock of record, regardless of class, value, or voting rights, but outstanding stock does not include treasury stock.

All attributable family members of persons directly owning stock during the tax year must be listed in Parts 2 and 3.

Tax Years Less Than 12 Months

If the reported tax year is less than 12 months, shareholders' and officers' allocated income must be annualized to determine eligibility and reduction percentage. Where those same amounts are reported on SBAC forms, they are reported on forms as actual, not annualized, amounts.

NOTE: If a shareholder owned stock for less than the entire tax year of the corporation, or an officer served as an officer less than the entire tax year:

- For purposes of determining credit disqualifiers and credit reduction, compensation and director fees must be annualized. The determination of credit disqualifiers and credit reduction is performed off-form.
- For purposes of determining active shareholders, compensation, director fees, and dividends must be annualized. The determination of active shareholders is performed off-form.

Annualizing

Where annualization applies (see above NOTE), multiply each applicable amount by 12 and divide the result by the number of months in the tax year. Generally, a business counts a month if the business operated for more than half the days of the month. If the tax year is less than one month, consider the tax year to be one month for the purposes of the calculation.

Line-by-Line Instructions

Lines not listed are explained on the form.

Taxpayer Name and Account Number: Enter name and account number as reported on page 1 of the *CIT Annual Return* (Form 4891). Also, the taxpayer Federal Employer Identification Number (FEIN) from the top of page 1 must be repeated in the proper location on pages 2 and 3.

UBGs: Complete one form for each member that is a standard member (i.e., not an insurance company or financial institution). Enter the Designated Member (DM) name in the Taxpayer Name field and the member to whom the schedule applies on the line below. On the copy filed to report the DM's data (if applicable), enter the DM's name and account number on each line. Also, the DM's FEIN and the member's FEIN from the top of page 1 must be repeated in the proper location on pages 2 and 3.

PART 1: QUALIFYING DATA FOR THE SMALL BUSINESS ALTERNATIVE CREDIT

NOTE: Parts 2 and 3 must be completed before Part 1.

NOTE: If more than one Form 4894 is included for a filer, sum the totals for lines 1 and 2 on the top form.

Line 1: Add compensation and director fees (column L) of all active shareholders and enter the result on line 1 and on Form 4893, line 7. Report on line 1 and on Form 4893, line 7 actual, not annualized, amounts.

An *active shareholder*:

- Is a shareholder of the corporation, including through attribution, AND
- Owns at least 5 percent of outstanding stock, including through attribution (column F = 5 percent or more), AND
- Receives at least $10,000 in compensation, director fees, or dividends from the business (sum of columns I and L = $10,000 or more). Important: For short-period returns or a part-year shareholder, compensation, director fees, and dividends of each individual must be annualized to meet this requirement. Perform annualized calculations off-form.

Line 2: Add compensation and director fees (column L) of all corporate officers who are not active shareholders and enter the result on line 2 and on Form 4893, line 8. To determine which officers are not active shareholders, use the definition of active shareholders under line 1.

PART 2: SHAREHOLDERS AND OFFICERS

Line 3 (Columns A through N): In column A, assign numbers (beginning with 1) to all shareholders and officers in order of percentage of stock ownership (percentage in column G), starting with the highest percentage first. Repeat this numbering in Part 2, column H, and Part 3, column O. It is essential that this numbering system is followed. All shareholders' family members, as defined by IRC § 318(a)(1), are considered shareholders and must be listed in Parts 2 and 3.

See definitions of officer, shareholder, family member, and outstanding stock in the general instructions for this form.

If more lines are needed for listing the shareholders and officers, include additional copies of this form. Complete the taxpayer name and account number on each copy (and UBG member if applicable), and lines 3 and 4 as necessary. If using more than one copy of the form, continue the sequential numbering system for the Member Number in columns A, H, and O.

Columns B and C: Identify each shareholder and corporate officer by name and Social Security number. Corporations, Trusts, and Partnerships should be identified using the FEIN.

NOTE: Column C: An individual or foreign entity that does not have a Social Security number or FEIN may enter in Column C "APPLD FOR" (an abbreviation for "applied for") or "FOREIGNUS" (an abbreviation for "foreign filer").

Column E: Enter the percentage of outstanding stock each shareholder or corporate officer owns directly. If a shareholder owned stock for a period less than the corporation's tax year, multiply that shareholder's percentage of ownership by the number of months owned and divide the result by the number of months in the corporation's tax year.

Taxpayers must account for 100 percent of the stock. If it is not accounted for, processing of the return may be delayed.

Column F: Enter the percentage of outstanding stock each shareholder owns, including through attribution of ownership from family members under IRC § 318(a)(1).

ATTRIBUTION EXAMPLE:

Larry David Stone	Husband of Betty Stone, Father of Mary Stone, Stepfather of Tammie Rock, Step Grandfather of Kathy Rock
Betty Ann Stone	Daughter of Bob Pebble, Wife of Larry Stone, Mother of Tammie Rock, Stepmother of Mary Stone, Grandmother of Kathy Rock
Mary Elizabeth Stone	Daughter of Larry Stone, Stepdaughter of Betty Stone
Tammie Marie Rock	Daughter of Betty Stone, Stepdaughter of Larry Stone, Spouse of Steve Rock, Mother of Kathy Rock, Granddaughter of Bob Pebble
Steve Carl Rock	Spouse of Tammie Rock, Father of Kathy Rock, Brother of Mike Rock
Kathy Evelyn Rock	Daughter of Tammie and Steve Rock, Granddaughter of Betty Stone, Step Granddaughter of Larry Stone
Mike Joseph Rock	Brother of Steve Rock
Bob Kenneth Pebble	Father of Betty Stone, Grandfather of Tammie Rock
Terry Robert Marble	Friend

Part 2: Shareholders and officers - See instructions

3. A Member Number	B Name of shareholder (including corporation, trust, partnership, or family member who is a shareholder through attribution) or officer (Last, First, Middle)
1	Stone, Larry David
2	Stone, Betty Ann
3	Stone, Mary Elizabeth
4	Rock, Tammie Marie
5	Rock, Steve Carl
6	Rock, Kathy Evelyn
7	Rock, Mike Joseph
8	Pebble, Bob Kenneth
9	Marble, Terry Robert

Part 3: List of family members and their corresponding relationship type

4. O Member Number	P Spouse	Q Parent	R Child	S Grandchild	T Check (X) if No Attributable Relationship
1	2		3		
2	1	8	4	6	
3		1			
4	5	2	6		
5	4		6		
6		4-5			
7					X
8			2	4	
9					X

Column G: When reporting ownership of a person who is an active shareholder, do not include in Column G any stock ownership attributed to this person from another active shareholder. See definition of active shareholders in the Part 1 instructions. For the purposes of determining disqualification from the SBAC, an active shareholder's share of business income is not attributed to another active shareholder.

EXAMPLE: In this case, the husband and daughter are active shareholders because their total compensation, director fees, and dividends from the business are greater than $10,000 and they own more than 5% of stock (column E). The wife and son are not active because their total compensation, director fees, and dividends from the business are less than $10,000 (even though they own more than 5% of stock).

Stock Percentage			
	Column E	Column F	Column G
Husband *(active)*	40%	100% *(all shareholders)*	70% *(husband/wife/son)*
Wife *(inactive)*	10%	100% *(all shareholders)*	100% *(all shareholders)*
Son *(inactive)*	20%	70% *(husband/ wife/son)*	70% *(husband/wife/son)*
Daughter *(active)*	30%	80% *(husband/ wife/daughter)*	40% *(wife/daughter)*

Column I: Enter total dividends received by each shareholder during the tax year from this business (used to determine active shareholders).

Column J: Enter salaries, wages, and director fees that are attributable to each shareholder or corporate officer. Compensation paid by a professional employer organization to the officers of a client (if the client is a corporation) and to employees of the professional employer organization who are assigned or leased to and perform services for a client must be included in determining the eligibility of the client for this credit.

NOTE: If a shareholder owned stock for less than the entire tax year of the corporation, or an officer served as an officer less than the entire tax year, report only the salaries, wages and director fees attributable while serving as an officer or shareholder. These amounts must be annualized when determining disqualifiers, but should be reported as actual amounts on this form.

NOTE: All compensation must be included, whether or not the shareholder or corporate officer worked in Michigan.

Column K: Enter employee insurance payments and pensions that are attributable to each shareholder or officer.

NOTE: If a shareholder owned stock for less than the entire tax year of the corporation, or an officer served as an officer less than the entire tax year, report only the employee insurance payments, pensions, etc., that are attributable while serving as an officer or shareholder. These amounts must be annualized when determining disqualifiers, but should be reported as actual amounts on this form.

NOTE: All insurance and pension payments must be included, whether or not the shareholder or corporate officer worked in Michigan.

Column M: Multiply the percentage in column G by line 6 on Form 4893.

UBGs: Multiply the percentage in column G by the sum of lines 12, 26 and 29 from the *CIT Data on UBG Members* (Form 4897).

For Tax Years Less Than 12 Months: Shareholder compensation must be annualized when determining disqualifiers, but should be reported as actual amounts on this form.

PART 3: LIST OF FAMILY MEMBERS AND THEIR CORRESPONDING RELATIONSHIPS

Columns P through S represent relationships affected by attribution.

For each shareholder listed in Part 2, column A, enter the corresponding number of the shareholder's spouse, parent, child, or grandchild, if any, listed in Part 2, column A.

If more than one number is entered in boxes P through S, separate numbers with a dash. For example, if a family member has three children, each child's member number should appear in the "Child" column with dashes separating them ("2-3-4").

Do not use a dash to imply included numbers (such as "5-8" meaning "5 through 8"), but instead include each member number ("5-6-7-8"). Do not use commas.

EXAMPLE (SEE THE ATTRIBUTION EXAMPLE ON THE PREVIOUS PAGE): Kathy Rock's (6) parents (4 and 5) work for the company. Kathy will list "4-5" in column Q.

NOTE: If the space provided in the line 4 columns is not adequate to list all of the corresponding relationships, include a separate sheet of paper with the member number from column O, the corresponding relationship, and the number of the member(s) with that relationship.

Column T: Check column T for each shareholder for whom columns P through S are blank (no attributable relationship exists).

Include completed Form 4894 as part of the tax return filing.

Attachment 4

2020 MICHIGAN Corporate Income Tax Loss Adjustment for the Small Business Alternative Credit

Issued under authority of Public Act 38 of 2011.

Taxpayer Name	Federal Employer Identification Number (FEIN)

Use this form to qualify for an otherwise disallowed or reduced Small Business Alternative Credit by adjusting current year adjusted business income (ABI) and/or allocated income. This is available only if a taxpayer had a negative adjusted business income in any of the five tax years ("loss year") immediately preceding this tax year and received a Michigan Business Tax Small Business Alternative Credit or Corporate Income Tax Small Business Alternative Credit in the loss year. Unitary Business Groups (UBGs), see instructions.

PART 1: CURRENT YEAR AMOUNTS FOR ABI DISQUALIFIER

Use this section to determine amount of loss adjustment to business income needed to qualify for the Small Business Alternative Credit.

Adjusted Business Income Disqualifier

1.	Adjusted Business Income from Form 4893, line 9	1.		00
2.	Business Income Disqualifier	2.	1,444,300	00
3.	Loss adjustment needed. Subtract line 2 from line 1. If less than zero, enter zero	3.		00

PART 2: AVAILABLE LOSS FOR ABI DISQUALIFIER

Read instructions before completing Part 2. Use Part 2 to determine the loss available from the five preceding periods. Do not enter a negative sign in front of the loss amounts in lines 5 through 10.

Complete line 4 with the end dates of the five preceding tax periods (oldest to the left). Then complete lines 5 through 10, one column at a time beginning with the oldest, but completing only those columns representing periods that reported a loss (either generated or used) AND received a Small Business Alternative Credit. UBGs, see instructions.

4. Tax year end date (MM-DD-YYYY)					
5. Adjusted business income					
6. Loss used on prior returns					
7. Loss available for current return					
8. Loss adjustment needed for current return					
9. Additional loss adjustment needed					
10. Loss adjustment carryforward					

Continue on Page 2

Taxpayer FEIN

PART 3: CURRENT YEAR AMOUNTS FOR SHAREHOLDER ALLOCATED INCOME DISQUALIFIER

UBGs, see special instructions on using member data to complete Part 3 and the "Loss Adjustment for a Shareholder with Multiple Allocations" worksheet.

Shareholder Allocated Income Disqualifier: $180,000

11.	Enter the amount from Form 4893, line 6 (see instructions)	11.	00
12.	Shareholder Allocated Income Disqualifier (See chart in instructions)	12.	00
13.	Enter compensation and director fees from Form 4894, line 3, column L, of the shareholder creating the disqualifier or reduction*	13.	00
14.	Subtract line 13 from line 12. If less than zero, see instructions	14.	00
15.	Divide line 14 by the percent of ownership from Form 4894, line 3, column G, for the shareholder on line 13	15.	00
16.	Loss adjustment needed. Subtract line 15 from line 11	16.	00

* **Note:** If compensation exceeds $180,000 for any shareholder or officer, a Small Business Alternative Credit cannot be claimed nor can a loss adjustment be used to reduce compensation from Form 4894, line 3, column L. A shareholder of a UBG member must combine all items paid or allocable by all members of the UBG.

PART 4: AVAILABLE LOSS FOR SHAREHOLDER ALLOCATED INCOME DISQUALIFIER

Read instructions before completing Part 4. Use Part 4 to determine the loss available from the five preceding periods. Do not enter a negative sign in front of the loss amounts in lines 18 through 23. UBGs, see special instructions on using member data to complete Part 4 and the "Loss Adjustment for a Shareholder with Multiple Allocations" worksheet.

Complete line 17 with the end dates of the five preceding tax periods (oldest to the left). Then complete lines 18 through 23, one column at a time beginning with the oldest, but completing only those columns representing periods that reported a loss (either generated or used) AND received a Small Business Alternative Credit.

17. Tax year end date (MM-DD-YYYY)					
18. Adjusted business income					
19. Loss used on prior returns					
20. Loss available for current return					
21. Loss adjustment needed for current return					
22. Additional loss adjustment needed					
23. Loss adjustment carryforward					

Instructions for Form 4895, Corporate Income Tax (CIT) Loss Adjustment for the Small Business Alternative Credit

Purpose

To reduce the adjusted business income (ABI) or shareholder allocated income to qualify for the Small Business Alternative Credit (SBAC) or minimize the reduction percentage required.

If the ABI was less than zero in any of the five years immediately preceding the tax year for which the credit is being claimed, and the taxpayer received an SBAC under the Michigan Business Tax (MBT), or an SBAC under the Corporate Income Tax (CIT) for that same year, the taxpayer may adjust for the loss before figuring eligibility for the current year SBAC. Business income for credit purposes is adjusted by using available loss from prior years on a first-in, first-out basis until those losses are consumed (by use) or extinguished (by age). A loss adjustment will not affect a reduction to or elimination of the SBAC based on gross receipts that exceed $19,000,000. Also, it will not change the amount of compensation in column L on the *CIT Schedule of Shareholders and Officers* (Form 4894).

Instructions for Unitary Business Groups (UBGs)

The ABI threshold must be calculated by the UBG by combining the ABIs of its members. Likewise, to reduce an ABI disqualifier of the UBG, loss adjustment must be calculated on a group level and used against the group's ABI. Loss used at the group level is independent of the loss available at the member level.

NOTE: The usage of loss adjustment for one disqualifier does not affect the available loss adjustment for the other disqualifier. This form will accommodate the separate maintenance of loss adjustment available for the UBG for both the ABI and allocated income disqualifiers.

For years in which a member was not part of the UBG, the UBG will use that member's available loss from those separate years on a first-in, first-out basis until those losses are consumed or extinguished.

Adjusted Business Income Disqualifier

This disqualifier is calculated at the group level. If the UBG has a group wide ABI that exceeds $1,444,300 then the entire UBG is disqualified.

In the Taxpayer Name field at the top of the page, enter the Designated Member's (DM's) name followed by the DM's Federal Employer Identification Number (FEIN).

To reduce the UBG's ABI disqualifier, the group will use its available loss from a prior tax year when the UBG received the SBAC, as well as a member's available loss from a tax year when it received the SBAC and was not part of the UBG (member's separate year). However, the group may not use a member's separately calculated available loss for a tax year when the member was part of the UBG under MBT to reduce the group's ABI disqualifier.

To reduce the UBG's ABI disqualifier, available loss is used on a first-in, first-out basis until those losses are consumed or extinguished. For the purposes of completing Part 2, if a member's separate year does not share a common year end with the UBG, use a separate column for that member. If some members' separate years share a common year end, total the amount of those members' available loss in a single column. Arrange all of the columns in chronological order. If additional columns are needed to accommodate the five preceding years, create and attach a table comparable to that found in lines 4 through 10. Apply to that custom table the calculations described in the form text and instructions for lines 4 through 10.

Loss adjustment used for the ABI disqualifier from a member's separately filed years should be tracked in the taxpayer's records. Any ABI loss adjustment remaining from a member's separately filed years will be available to that member in the event the member leaves the UBG prior to complete usage of the available loss adjustment by the UBG, or expiration due to age. See the "Supplemental Instructions for Standard Members in UBGs" section in Form 4890 for details.

Line-by-Line Instructions

Lines not listed are explained on the form.

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

Taxpayer Name and Account Number: Enter name and account number as reported on page 1 of the *CIT Annual Return* (Form 4891). Also, the taxpayer FEIN from the top of page 1 must be repeated in the proper location on page 2.

UBGs: Enter the DM's name in the Taxpayer Name field and FEIN in the FEIN field.

Part 1: Current Year Amounts for ABI Disqualifier

Use Part 1 and Part 3 to determine the amount of loss adjustment necessary to qualify for the SBAC.

If the taxpayer is not eligible for the credit because its ABI exceeds $1,444,300, complete lines 1 through 10.

Tax Year Less Than 12 Months: Business income and shareholder disqualifiers must be calculated on an annualized basis. Enter annualized numbers on lines 1, 11, and 13.

Annualizing

To annualize, multiply each applicable amount, ABI, or shareholder compensation, by 12 and divide the result by the number of months in the tax year.

UBGs: For UBG members reporting a period of less than 12 months with the group return, annualization is done using the member's number of months in the group's tax year. Sum the annualized member amounts (when applicable) to get the group's total annualized amount.

Part 2: Available Loss for ABI Disqualifier

Use Part 2 to determine the loss available from the five preceding years. Report the loss amount as a positive number.

Line 4: Enter each tax year end date for the five preceding tax years. Begin with the earliest year in the left column. Each short period return is treated as a separate year when determining the available loss.

Complete lines 5 through 10, one column at a time. Complete only columns for years that reported a loss (either generated or used) **and** received an SBAC. If the taxpayer did not report a loss or did not receive an SBAC for a tax year, leave that column, lines 5 through 10, blank.

Line 5: Enter (as a positive number) the negative ABI from the *CIT Small Business Alternative Credit* (Form 4893), line 9, for tax years where an SBAC was received.

For MBT years, enter the ABI from the *Michigan Business Tax Common Credits for Small Businesses* (Form 4571), line 8.

UBGs: When completing this line for a UBG, enter the sum of the following: 1) UBG's negative ABI for tax years it received the SBAC, plus, 2) a member's negative ABI for a tax year when it received the SBAC and was **not** part of the UBG. These member amounts are calculated initially at the member level but used and maintained for use in future years on the Group Copy for ABI.

Line 6: Enter the amount of loss entered on line 5 that was used as an adjustment in a prior year (including loss adjustment used in SBT years and MBT years).

UBGs: If a member's negative ABI was included on Line 5 (the member received an SBAC and was not part of the UBG in the tax year the credit was received), include any loss adjustment used by that member in a prior year to offset an ABI disqualifier (including loss adjustment used in MBT and CIT years). Also enter any groupwide loss used against the UBG's ABI disqualifier in a prior year.

Line 7: Subtract line 6 from line 5 to arrive at loss available on the current return. If less than zero, enter zero; no loss is available.

UBGs: If the group's membership has not changed, that is, no member has joined or left the group since the filing of the prior year's return, the amounts calculated on line 7 should equal the amounts on line 10 of the prior year's corresponding columns. If membership for this year is different, these amounts may not be the same. See the "Supplemental Instructions for Standard Members in UBGs" section in Form 4890 for details.

Line 8: Enter the amount from line 3, in the first column where a loss is available on line 7. In subsequent columns, enter amount from line 9 of the previous applicable column.

Line 9: If line 8 is larger than line 7, subtract line 7 from line 8. Enter here and on line 8 of the next column where a loss is available on line 7.

Line 10: If line 7 is larger than line 8, subtract line 8 from line 7. This amount is available to use in subsequent years.

NOTE: To benefit from a loss adjustment, the total loss available for the current year, line 7, must equal or exceed the loss adjustment required on line 8.

The function of this form is to demonstrate that a taxpayer that otherwise would have been disqualified from the SBAC due to ABI, or fully or partially disqualified due to owner's allocated income, after application of loss adjustment, is allowed to claim a full or partial SBAC.

If loss adjustment is successfully applied to cure an ABI disqualifier, there is no calculated figure from this form that feeds to another form. Simply ignore the apparent disqualification on Form 4893, line 9 and proceed with calculating the SBAC on the remainder of Form 4893.

If loss adjustment is successfully applied to fully or partially cure an owner's allocated income disqualifier, this will be demonstrated by the final column of line 9 being zero. In that event, carry the number from line 12 of this form to Form 4893, line 9, and proceed with the calculation there.

Part 3: Current Year Amounts for Shareholder Allocated Income Disqualifier

UBGs, see "Special Instructions for UBGs" on the following page for guidance on completing Part 3.

If the taxpayer is not eligible because a shareholder's allocated income exceeds $180,000, complete lines 11 through 23 for the shareholder(s) creating the disqualifier. The loss adjustment required is the largest amount needed to eliminate all allocated income disqualifiers.

Reduced SBAC: A reduction of the SBAC is required if a shareholder or an officer has allocated income after loss adjustment of more than $160,000. This reduction is based on the officer or shareholder with the largest allocated income. This is determined at a group level.

Any UBG that has a shareholder whose income creates a partial or complete disqualification, and that has loss available to resolve that disqualification in whole or in part, must file Form 4895. A shareholder or officer must combine all items paid or allocable to the shareholder or officer by all members of the group when calculating the allocated income disqualifier.

Complete lines 11 through 16 for the shareholder whose allocated income needs to be reduced.

NOTE: A shareholder that is paid or allocated items of income from more than one member of the UBG must calculate Part 3 using amounts from the "Loss Adjustment for a Shareholder with Multiple Allocations" worksheet later in these instructions.

Line 11: When calculating this line, the shareholder must calculate a pro forma *CIT Small Business Alternative Credit* (Form 4893), lines 3 through 9, using only the information from the member creating the disqualifier. Enter the calculated pro-forma amounts from the 4893 line 6 here on line 11.

Line 12: Form 4895 should be calculated initially using $160,000 as the disqualifier. This calculation will establish taxpayer eligibility without the need to reduce the SBAC. However, if the total loss available for the current year on line 20 does not equal or exceed the loss adjustment required on line 16, the taxpayer may still calculate a lesser loss adjustment to claim a reduced credit.

Try the calculation more than once. Substitute the numbers shown on the chart below on line 12 to maximize the claimed SBAC within the limits of available loss adjustment. If a negative number is reached on line 14, a greater disqualifier amount is needed from the disqualifier chart here on line 12. Begin this calculation with the shareholder with the highest disqualifier.

DISQUALIFIER CHART

Line 12	Eligible % of Credit
$ 160,000	100% - no reduction
$164,999	80%
$169,999	60%
$174,999	40%
$180,000	20%

Line 14: If the result is a negative number, some reduction of credit is necessary. Return to line 12 and enter the higher disqualifier amount from the chart. Continue this process until line 14 is greater than or equal to zero. This calculation establishes the maximum allowable SBAC.

Part 4: Available Loss for Shareholder Allocated Income Disqualifier

<u>**UBGs, see "Special Instructions for UBGs" that follow for guidance on completing Part 4.**</u>

Use Part 4 to determine the loss available from the five preceding years.

Line 17: Enter each tax year end date for years where loss occurred. Begin with the earliest year in the left column. Each short period return is treated as a separate year when determining the available loss.

Complete lines 18 through 23, one column at a time. Complete only columns for years that reported a loss (either generated or used) **and** received an SBAC. If the taxpayer did not report a loss or did not receive an SBAC for a tax year, leave that column, lines 5 through 10, blank.

Line 18: Enter (as a positive number) the negative ABI from Form 4893, line 9, for tax years where an SBAC was received.

For MBT years, enter the ABI from Form 4571, line 8.

Line 19: Enter the amount of loss entered on line 18 that was used as an adjustment in a prior year (including loss adjustment used in MBT years).

Line 20: Subtract line 19 from line 18 to arrive at loss available on the current return. If less than zero, enter zero; no loss is available.

If loss adjustment is successfully applied to fully or partially cure a shareholder's allocated income disqualifier, enter on Form 4893, line 12, the number from Form 4895, line 12.

Line 21: Enter the amount from line 16, in the first column where a loss is available on line 20 of the previous column.

Line 22: If line 21 is larger than 20, subtract line 20 from line 21. Enter here and on line 21 of the next column where a loss is available on line 20.

Line 23: If line 20 is larger than line 21, subtract line 21 from line 20. This amount is available to use in subsequent years.

Special Instructions for UBGs

Part 3: Special Instructions for UBGs

A shareholder that is paid or allocated items of income from more than one member of the UBG must calculate Part 3 using the Loss Adjustment for UBGs Worksheet and Instructions. If using the worksheet, enter the resulting numbers in Part 3 of Form 4895 only as instructed by these instructions and worksheet.

If more than one shareholder of the UBG has an allocated income disqualifier, begin this calculation with the shareholder with the highest disqualifier.

The worksheet should always be calculated initially using $160,000 from the disqualifier chart. This calculation will establish taxpayer eligibility without the need to reduce the SBAC. Try the calculation more than once. Substitute the numbers shown on the disqualifier chart when calculating line 8 of this worksheet to maximize the claimed SBAC within the limits of available loss adjustment.

Shareholder Loss Adjustment Worksheet for Shareholder with Multiple Allocations, Special Instructions: See the worksheet at the end of these instructions.

Part 4: Special Instructions for UBGs

This part must be completed on a member by member basis. Each member must determine its own, separately calculated loss adjustment for use against the allocated income disqualifier. This will require each member contributing to the disqualifier to calculate a pro forma Form 4893 for the purpose of completing certain line items, as noted.

Line 17: follow general instructions on a member by member basis for each member listed on line 2 of the worksheet used for Part 3.

Line 18: On a member by member, pro forma basis: enter (as a positive number) the negative ABI from Form 4893, line 9, for tax years where an SBAC was received by the group or the member. For MBT years, enter the ABI from Form 4571, line 8.

Line 19: On a member by member, pro forma basis: enter the amount of loss entered on line 18 that was used as an adjustment in a prior year (including loss adjustment used in MBT years).

Line 20: Subtract line 19 from line 18 to arrive at loss available on the current return for this member. If less than zero, enter zero; no loss is available. If loss adjustment is successfully applied to fully or partially cure a shareholder's allocated income disqualifier, enter on Form 4893, line 12, the number from Form 4895, line 12.

Line 21: Enter the amount from line 12 from the worksheet for the member, in the first column where a loss is available on line 20 of the previous column.

Line 22: If line 21 is larger than 20, subtract line 20 from line 21. Enter here and on line 21 of the next column where a loss is available on line 20. Losses can only be used on a member by member basis for this disqualifier.

Line 23: If line 20 is larger than line 21, subtract line 21 from line 20. This amount is available to use in subsequent years by the member.

Complete and file as many Part 4 schedules as required for members listed on line 2 of the worksheet used for Part 3.

Include completed Form 4895 as part of the tax return filing.

Worksheet — Loss Adjustment for a Shareholder with Multiple Allocations

Begin this worksheet with information on the shareholder that has the highest disqualifier.

Shareholder Name	Shareholder FEIN or Social Security Number

"Member 1," "Member 2," and "Member 3" will reflect the data of the UBG members allocating items or income to the shareholder listed above. Use additional worksheets if necessary, and combine the member data from all shareholder worksheets to create the shareholder total. Include all members allocating items or income to shareholder.

PART A: ALLOCATED BUSINESS INCOME AND COMPENSATION

	MEMBER 1	MEMBER 2	MEMBER 3	SHAREHOLDER TOTAL
1. Business Income, from a pro forma Form 4893, line 6, for each member. Combine the amounts for all members for the Shareholder Total Business Income, and carry to Form 4895, line 11 .... 1.				
2. Compensation, from Form 4894, line 3, column L .... 2.				
3. Percentage of Ownership in Entity, from Form 4894 line 3, column G .... 3.				

PART B: CALCULATE SHAREHOLDER DISQUALIFIER

	MEMBER 1	MEMBER 2	MEMBER 3	SHAREHOLDER TOTAL
4. Share of Business Income, per member ..... 4.				
5. Shareholder disqualifier, line 2 plus line 4 ... 5.				
6. Disqualifying amount of business income, all members. Enter the total of line 4 for all members... 6.				
7. Total disqualifier, all members. Enter the total of line 5 for all members .... 7.				

PART C: CALCULATE LOSS ADJUSTMENT NEEDED

	MEMBER 1	MEMBER 2	MEMBER 3	SHAREHOLDER TOTAL
8. Amount over disqualifier............................. 8.				
9. Percentage of disqualifier by member......... 9.				
10. Proportionate share of disqualifier by member .... 10.				
11. Amount from Form 4895, Line 15, for each member. Combine the amounts for all members, and carry the Shareholder Total to Form 4895, line 15.................................. 11.				
12. Loss Adjustment needed by member .... 12.				
13. Total Loss Adjustment needed for Shareholder. This amount should equal Form 4895, line 16..................................... 13.				

See instructions on following page

Instructions

Worksheet — Loss Adjustment for a Shareholder with Multiple Allocations

Line 1: Enter the business income allocated to shareholder by each member listed. Calculate a pro forma *CIT Small Business Alternative Credit* (Form 4893), lines 3-9, for each member listed. Enter here the pro forma Form 4893, line 6 amount for each member. Enter the total for all members and **carry to Form 4895, line 11**.

Line 2: Enter the compensation allocated to shareholder by each member listed; from Form 4894, line 3, column L.

For Tax Years Less Than 12 Months: Business Income and Shareholder compensation must be calculated on an annualized basis. Enter annualized numbers on lines 1 and 2 of the worksheet. To annualize, multiply each applicable amount, ABI, or shareholder compensation, by 12 and divide the result by the number of months in the tax year.

If a shareholder owned stock for less than the entire tax year of the corporation, or an officer served as an officer less than the entire tax year, shareholder compensation must be annualized when determining disqualifiers.

Line 3: Enter shareholder's percentage of ownership in each member listed; from Form 4894 line 3, column G.

Part B: Calculate Shareholder Disqualifier

Line 4: Multiply business income on line 1 for each member listed by shareholder's percentage of ownership of that member, from line 3. Enter resulting share of business income per UBG member.

Line 5: Add shareholder's compensation from line 2 to share of business income from line 4. Enter resulting disqualifier for shareholder per UBG member.

Part C: Calculate Loss Adjustment Needed

Line 8: Subtract the disqualifier amount from the disqualifier chart (from earlier in these form instructions) from the total amount on line 7 of the worksheet. This is the amount over disqualifier. Start the calculation with $160,000 from the chart.

If the result of this calculation is a negative number, a greater disqualifier amount is needed from the disqualifier chart. This calculation establishes the loss adjustment or SBAC reduction needed when the amount on line 7 minus the disqualifier amount from the chart is equal to or greater than zero.

Carry the disqualifer amount from the chart used to calculate this line to Form 4895, line 12.

Line 9: Divide line 4 by line 6 "total." Enter result per UBG member. This is the percentage of the disqualifier amount contributed per UBG member.

Line 10: Multiply percentage of disqualifier by member from line 9 by line 8 total, amount over disqualifier. Enter result per UBG member. This is the proportionate share of the disqualifier contributed per UBG member.

Line 11: Divide line 10 by line 3, percentage of ownership. Enter result per UBG member. Enter total for all members in the "total" column. **Enter this amount on Form 4895, line 15.**

Line 12: Subtract line 11 from line 1. This is the loss adjustment needed by member.

Line 13: Add line 12 for all members. Enter total disqualifier needed for shareholder. **This amount should equal Form 4895, line 16.**

If more than one shareholder of the UBG has a potential allocated income disqualifier, move on to the shareholder with the next highest disqualifier. Begin the worksheet for the next shareholder by reducing line 1 per UBG member on the second worksheet by line 12 per UBG member from the first worksheet. This initial reduction will indicate whether more loss adjustment is needed for the second shareholder with the next highest disqualifier. Complete worksheet for second shareholder. If the worksheet line 12 is negative, no additional loss adjustment is needed.

Complete and file as many Form 4895, Part 3, schedules and as many worksheets as necessary to properly calculate the loss adjustment.

Attachment 11

2020 Michigan Corporate Income Tax Unitary Business Group Affiliates Excluded from the Return of a Standard Taxpayer

Issued under authority of Public Act 38 of 2011.

Designated Member Name	Federal Employer Identification Number (FEIN)

List every C Corporation (or entity taxed federally as such), insurance company, or financial institution, with or without nexus, for which the "greater than 50%" ownership test of a Michigan Unitary Business Group (UBG) is satisfied, and which is not included on the combined standard return of the taxpayer. Using the reason codes for exclusion listed in the instructions, identify in column D why each entity is not included in the combined return. If any entity listed here is a member of an affiliated group that elects to file a consolidated return, attach a copy of federal Form 851.

1. A Number from Federal Form 851 (if applicable)	B Name	C FEIN	D Reason Code for Exclusion	E Enter (X) if Nexus with Michigan	F NAICS Code

If more space is needed, include additional copies of Form 4896. Repeat the Designated Member Name and FEIN at the top of every copy.

Instructions for Form 4896
Corporate Income Tax Unitary Business Group Affiliates Excluded from the Return of Standard Taxpayers

Purpose

The purpose of this form is to identify every C Corporation (or entity taxed federally as such), insurance company, and financial institution that meets the Unitary Business Group (UBG) control test of MCL 206.611(6) or is a member of a group for which the Affiliated Group Election of MCL 206.691(2) is applicable for the tax year but is not included on the standard group return supported by this form.

NOTE: If any entity listed on this form is a member of a federal consolidated **return**, attach a copy of federal Form 851.

Line-by-Line Instructions

Lines not listed are explained on the form.

For guidance on UBGs for the purpose of this form, see the "Supplemental Instructions for Standard Members in UBGs" section in the *Corporate Income Tax (CIT) Forms and Instructions for Standard Taxpayers* (Form 4890) and the Michigan Department of Treasury Web site at **www.michigan.gov/taxes**.

UBG 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.

The control test is satisfied when 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.

The relationship test is satisfied in one of two ways: 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.

If eligible, a UBG may alternatively be determined by way of an ***Affiliated Group Election*** (see instructions for Form 4891 for the CIT definition of an affiliated group, and for eligibility and other details about the election). The "greater than 50% test" for the affiliated group may be different than the traditional control test discussed above, and the affiliated group is determined without regard to the relationship test discussed above.

The purpose of this form is to identify entities for which the ownership test is satisfied, but which are not included on the combined return supported by this form, either because the relationship test is not satisfied (which is not applicable to a UBG by affiliated group election) or because the entity is excluded by statute from the UBG or from the standard combined return. A member whose business activity is not included in the current combined return because its tax year ends after the filing period of the UBG should also be listed here.

NOTE: A taxpayer that is a UBG must file a combined return using the tax year of the Designated Member (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 standard members: Member A, the DM with a calendar tax year, and Members B and C with fiscal years ending March 31 and September 30, respectively. Taxpayer ABC's tax year is that of its DM.

Line 1A: If an entity being listed here is listed on federal Form 851, enter the identifying number for that entity that is called "Corp. No." at the left edge of pages 1, 2, and 3 of federal Form 851.

Line 1D: Reason codes for affiliates being excluded from the current combined return:

1	Lacks business activities resulting in a flow of value or integration, dependence or contribution to 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 with nexus always file separately.)
6	Financial institution. (Financial institutions and standard taxpayers generally are not included on the same combined return.)
9	Other.
***NOTE:** Reason code number 1 does not apply to a member of an affiliated group that has made the Affiliated Group Election.	

A taxpayer is required to retain records to substantiate the reason(s) for a member's exclusion from the UBG return.

If you have questions, call Treasury, Technical Services Section, at 517-636-4230, to discuss an appropriate entry.

Line 1E: If this entity has nexus with Michigan, enter an "X" in this box.

Line 1F: 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 federal Form 1120, Schedule K; or federal Form 1120S.

Include completed Form 4896 as part of the tax return filing.

Attachment 10

2020 MICHIGAN Corporate Income Tax Data on Unitary Business Group Members

Issued under authority of Public Act 38 of 2011.

Complete a separate copy of this schedule for each standard taxpayer member of the UBG, with or without nexus.

1. Designated Member Name				2. Designated Member FEIN
3. Member Name				4. Member FEIN
5. Member Street Address				6a. ☐ Check if a special sourcing formula for transportation services is used in the sourcing of Sales to MI / 6b. ☐ Check if a new member.
City	State	ZIP/Postal Code	Country Code	

	Beginning	Ending	
7. Federal tax period included in return (MM-DD-YYYY)			9a. ☐ Check if nexus with Michigan. / 9b. ☐ Check if member only by Affiliated Group Election.
8. If part-year member, enter membership dates (MM-DD-YYYY)			10. NAICS (North American Industry Classification System) Code

Business and Capital Loss Carryforward — Lines 11 and 12, enter as a positive number.

11.	DM or new member: Available CIT business loss carryforward from previous period's CIT return (see instr.)	11.	00
12.	Carryback or carryover of a capital loss	12.	00

Sales and Gross Receipts

13.	Michigan sales. (If no Michigan sales, enter zero.)	13.	00
14.	Proportionate Michigan sales from unitary Flow-Through Entities (FTEs)	14.	00
15.	Michigan sales eliminations (see instructions)	15.	00
16.	Total sales	16.	00
17.	Proportionate total sales from unitary FTEs	17.	00
18.	Total sales eliminations (see instructions)	18.	00
19a.	Gross receipts from corporate activities (see instructions)	19a.	00
19b.	Group eliminations from gross receipts for this member (see instructions)	19b.	00
20.	Apportioned gross receipts from FTEs	20.	00

Member Business Income

21.	Federal taxable income (Amount includes agricultural activities. See instructions.)	21.	00
22.	Domestic production activities deduction based on IRC § 199 (see instructions)	22.	00
23.	Miscellaneous (see instructions)	23.	00
24.	Adjustments due to decoupling of Michigan depreciation from IRC § 168(k). If negative, enter as negative:		
	a. Net bonus depreciation adjustment 24a. 00		
	b. Gain/loss adjustment on sale of eligible depreciable asset(s) 24b. 00		
	c. Add lines 24a and 24b. If negative, enter as negative	24c.	00
25.	Group eliminations from business income for this member (see instructions)	25.	00
26.	**Business Income**. Add lines 21, 22, 23 and 24c, and subtract line 25. If negative, enter as negative	26.	00

Additions to Business Income

27.	Interest income and dividends derived from obligations or securities of states other than Michigan	27.	00
28.	Taxes on or measured by net income including tax imposed under CIT	28.	00
29.	Any carryback or carryover of a federal net operating loss (enter as a positive number)	29.	00
30.	Royalty, interest, and other expenses paid to a related person that is not a member of this UBG	30.	00
31.	Miscellaneous (see instructions)	31.	00

Subtractions from Business Income

32.	Income from non-unitary FTEs (Enter loss as negative; include Form 4898; see instructions)	32.	00
33.	Dividends and royalties received from persons other than U.S. persons and foreign operating entities	33.	00
34.	Interest income derived from United States obligations	34.	00
35.	Miscellaneous (see instructions)	35.	00

Payments

36.	Overpayment credited from prior period return (MBT or CIT)	36.	00
37.	Estimated tax payments	37.	00
38.	Tax paid with request for extension	38.	00

Instructions for Form 4897
Corporate Income Tax (CIT) Data on Unitary Business Group Members

Purpose

The purpose of this form is to gather tax return data on a separate basis for each standard member included in the combined return.

Refund Only: If combined apportioned or allocated gross receipts of all members (after eliminations) is less than $350,000, or if total annual liability of all members is less than or equal to $100, and the taxpayer is filing the *CIT Annual Return* (Form 4891) solely to claim a refund of payments made, the *CIT Unitary Business Group Affiliates Excluded from the Return of Standard Taxpayers* (Form 4896), if applicable, and Form 4897 must be included. The Designated Member (DM) must complete a separate copy of Form 4897 for each member of the Unitary Business Group (UBG), and one copy of Form 4896 if applicable. See Form 4891 for instructions on completing that form.

Member information from Form 4897 will be totaled and carried to Form 4891 of the UBG's return. (For the relationships between lines on this form and lines on Form 4891, see the "Totaling Member Information" chart at the end of these form instructions.)

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 FEIN.

General Information About UBGs in CIT

For information on determining the existence of a UBG, see the General Instructions in the *CIT Forms and Instructions for a Standard Taxpayer* (Form 4890), in the section titled "Determining the Existence and Membership of a UBG."

Line-by-Line Instructions

NOTE: The DM also must complete a copy of Form 4897 using its own data.

NOTE: Any member that does not file a separate federal return (e.g., a member that also is a member of an affilated group that elects to file a federal consolidated return) must prepare a pro forma federal return or equivalent schedule and use it as the basis for preparing its portion of the CIT return.

NOTE: If any member of the group is reporting a period of less than 12 months with this group return, annualize gross receipts for that member and combine those annualized gross receipts with the gross receipts of the UBG to determine if a filing requirement exists for the group. **Do not** enter annualized amounts on this form. Annualized amounts will be entered on Form 4891 for the group.

Part 1: Member Identification

Include a separate copy of Form 4897 for each member, including the DM, whose business activity is required to be reported on the combined return supported by this form. If a member (other than the DM) has two or more tax periods ending with or within the filing period of the return, use a separate copy of Form 4897 for each of that member's periods.

FOREIGN MEMBERS: Complete the address fields as follows:

> **Address:** Enter the street address for this taxpayer.
>
> **City:** Enter the city name for this taxpayer. DO NOT include the country name in this field.
>
> **State:** Enter the two-letter state or province abbreviation. If there is no applicable two-letter abbreviation, leave this field blank.
>
> **ZIP/Postal Code:** Enter the ZIP Code or Postal Code.
>
> **Country Code:** Enter the two-letter country code provided in this tax booklet.

Line 6a: Check this box if the taxpayer has receipts from transportation services. To calculate Michigan Sales from Transportation Services, see the instructions in Form 4891, line 9, and the "Sourcing of Sales to Michigan" section of the general instructions in Form 4890.

Line 7: List the member's tax year for federal income tax purposes from which business activity is being reported on this copy of Form 4897.

Line 8: If 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. If this member was not a member of the UBG 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 it was a member of the UBG. 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 for the portion of its federal year during which it was a UBG member, and use that pro forma return as the basis for reporting the tax data.

Line 9a: If this member has nexus with Michigan, check this box (with an X).

Line 9b: For informational and statistical purposes, check (with an X) this box if the following two conditions exist:

1) The group to which this member belongs is a UBG by way of the Affiliated Group Election (line 7b on Form 4891 is filled), AND
2) The member for which this form is being filed does NOT meet both the UBG relationship and traditional control tests.

See the instructions for Form 4891 for further information about the election. If this box is checked, Form 4891, line 7 **MUST** contain a date. Once an election is made, every person that meets the definition of "affiliated group," which includes meeting the affiliated group ownership test, is a member of the UBG by way of the Affiliated Group Election (i.e., criterion #1 is met). The ownership test for an affiliated group may be different than the control test for non-affiliated group UBGs. Further, the determination of members of a CIT affiliated group is made without regard to whether the relationship test is met. For informational and statistical purposes, please indicate whether the member for which this form is filed would meet the traditional UBG tests had the group not made the Affiliated Group Election.

Line 10: Enter the member'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/.** Enter the same NAICS code used when filing Schedule K of federal Form 1120.

Line 11: Enter any unused CIT business loss carryforward that was reported on the CIT return for the immediately preceding tax period on the appropriate group member copy of this form as explained on the bulleted section below. Only CIT business losses that were incurred after December 31, 2011 may be entered on this line.

Business loss means a negative business income tax base after allocation or apportionment. The business loss will be carried forward to the year immediately succeeding the loss year as an offset to the allocated or apportioned Business Income Tax base, then successively to the next nine taxable years following the loss year or until the loss is used up, whichever occurs first, but for not more than ten taxable years after the loss year.

Under PA 13 of 2014, a taxpayer that acquires the assets of another corporation in a transaction described under section 381(a)(1) or (2) of the Internal Revenue Code (IRC) may deduct any CIT business loss carryforward (hereinafter, loss carryforward) attributable to that other corporation. Losses acquired via IRC § 381 (a) (1) or (2) are reported on this line by the member identified in the bulleted section below.

- **On the DM's copy of this form:** Enter loss carryforward from the group's immediately preceding Form 4891, less any part of that carryforward subsequently taken by departing members (see below), plus any loss acquired by the group via IRC § 381 (as defined above). Attach a list of all loss corporations whose losses were acquired in this manner by this UBG during the filing period. Provide name and FEIN of acquiring member, name and FEIN of loss corporation, and loss amount for each loss corporation.
- **On a non-DM member's copy of this form:** Only a member that joined the group in the current tax year may report a loss carryforward on its copy of this form. Report the loss carryforward that the member brings into the group. If the incoming member was part of another UBG in the tax year immediately prior to the current year, the loss carryforward that it brings into the current year group refers to the incoming member's share of its former group's total loss carryforward reported on the former group's immediately preceding Form 4891. If the incoming member was not part of a UBG in the tax year immediately prior to the current year, the loss carryforward that it brings into the current year's group refers to the amount reported on the immediately preceding Form 4891 filed by that member on a stand alone basis.

When a new, incoming member created a CIT business loss carryforward from a CIT tax period prior to joining the current tax year UBG, the carryforward on that member's account will be used by the current year group until it is fully consumed (or that member leaves the group). This will be based upon accurate reporting of the incoming member's loss carryforward on its copy of the current year group's Form 4897, line 11, as explained in the bulleted section of the line 11 instructions. When a member that generated a business loss carryforward in a prior period leaves the group, that member will take with it an amount equal to the group's remaining business loss carryforward from that period multiplied by the amount that member contributed and divided by the total amount contributed by all group members for the carryforward in that same period.

If these instructions are not followed carefully, business loss carryforward available for use by the group in the current filing period will be miscalculated. It is important to review a business loss carryforward for the possibility that some or all of it has expired, or that some or all of it was withdrawn from the group by a parting member.

Loss carryforward consumed on a return is always the oldest available on that return, regardless of whether the oldest loss was generated by the group, brought by an incoming member, or acquired by a member of the group via IRC § 381. For a loss acquired via IRC § 381 transaction, the years of carryforward consumed before acquisition should be counted when determining the carryforward period remaining. Loss carryforward of a UBG, including loss carryforward brought by an incoming member and loss carryforward acquired by the group or its members via IRC § 381, ages according to the tax years of the group, rather than tax years of any particular member.

NOTE: CIT business loss carryforward is not the same as a federal net operating loss carryover or a Michigan Business Tax (MBT) business loss carryforward, neither of which can be claimed as a deduction on a CIT return.

Additional instruction is found in the "Supplemental Instructions for Standard Members in UBGs" section in Form 4890.

Line 12: Enter, to the extent deducted in determining federal taxable income (as defined for CIT purposes), a carryback or carryover of a capital loss from Schedule D of federal Form 1120. Enter as a positive number.

Line 13: *Sale* or *Sales* means amounts received by a member as consideration from the following:

- Transfer of title to, or possession of, property that is stock in trade or other property of a kind which would properly be included in the inventory of the member if on hand at the close of the tax period, or property held by the member primarily for sale to customers in the ordinary course of its trade or business. For intangible property, the amounts received will be limited to any gain received from the disposition of that property.
- Performance of services that constitute business activities.

- Rental, leasing, licensing, or use of tangible or intangible property, including interest, that constitutes business activity.
- Any combination of business activities described above.
- For a member not engaged in any other business activities, sales include interest, dividends, and other income from investment assets and activities and from trading assets and activities.

All sales are Michigan sales unless the member is subject to tax in another state or foreign country. A member is subject to a tax in another state or foreign country if, in that state or foreign country, the member is subject to a business privilege tax, a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, a Corporation stock tax, or a tax of the type imposed under the Income Tax Act, or that state has jurisdiction to subject the member to one or more of such taxes regardless of whether the tax is imposed.

If this member is subject to tax in another state, as described above, use the "Sourcing of Sales to Michigan" information in the Form 4891 instructions to determine Michigan sales. If sales reported are adjusted by a deduction for qualified sales to a qualified customer, as determined by the Michigan Economic Growth Authority (MEGA), attach the Anchor District Tax Credit Certificate or Anchor Jobs Tax Credit Certificate from the Michigan Economic Development Corporation (MEDC) as support.

If this member has no Michigan sales, enter zero.

Complete this line using amounts for the member's business activity only. Do not include amounts from an interest owned by a member in a Partnership or S Corporation (or LLC taxed federally as such).

For transportation services that source sales based on revenue miles, enter a Michigan sales amount on this line by multiplying total sales of the transportation service by the ratio of Michigan revenue miles over revenue miles everywhere. Revenue mile means the transportation for a consideration of one net ton in weight or one passenger the distance of one mile.

Certain types of transportation services have special sourcing provisions. See the "Sourcing of Sales to Michigan" section of Form 4890.

NOTE: Only transportation services are sourced using revenue miles. To the extent the taxpayer has business activities or revenue streams not from transportation services, those sales should be sourced according to the applicable guidance in the "Sourcing of Sales to Michigan" section of Form 4890.

Line 14: If the taxpayer is unitary with a flow-through entity (FTE) or FTEs, enter on this line this member's total proportionate amount of Michigan sales attributable to these FTEs in column J on Form 4900. For more information see the instructions for Form 4900. If an amount is entered on this line, then Form 4900 must be completed and included with this return. Total the entry for all members on Form 4987, line 14, and carry to Form 4891, line 9b.

NOTE: PA 266 of 2013 authorizes an affiliated group election that applies an alternate test for finding a unitary relationship between corporations. This act **DID NOT** create a corresponding "affiliated group" test for finding a unitary relationship between a corporation and an FTE. The existence of a unitary relationship between a corporation and an FTE is still based exclusively on the traditional two-part test described in the instructions for line 9 of Form 4891.

Line 15: Enter on this line all Michigan sales made between the member and another member of the UBG, and sales from the member to an FTE that is unitary with the UBG and is included on Form 4900.

NOTE: Elimination, where required, applies to transactions between any members of the UBG. For example, if the UBG includes standard taxpayers (not owned by and unitary with a financial institution in the UBG), an insurance company, and two financial institutions, transactions between a standard taxpayer member and an insurance or financial member are eliminated whenever elimination is required, despite the fact that the insurance and financial members are not reported on the combined return filed by standard taxpayer members.

However, there is no elimination with an otherwise related entity if the related entity is excluded from the UBG. For example, consider a group with a U.S. parent, a U.S. subsidiary, and a foreign operating entity subsidiary that would otherwise be a UBG, but the foreign operating entity is excluded from the UBG by definition. The U.S. parent filing a UBG return may not eliminate intercompany transactions between itself and the foreign operating entity.

Subtract line 15 from line 13 for each member, combine the result for all members, and carry to Form 4891, line 9a.

Line 16: Enter the total sales that are directly attributable to this member.

Transportation services that source sales based on revenue miles: Include on this line the total sales that are directly attributable to the taxpayer.

Line 17: If the taxpayer is unitary with an FTE or FTEs, enter on this line this member's total proportionate amount of total sales attributable to these FTEs in column O on Form 4900. For more information see the instructions for Form 4900. If an amount is entered on this line, then Form 4900 must be completed and included with the filing of this return.

Total the entry for all members on Form 4987, line 17, and carry to Form 4891, line 9e.

Line 18: Enter on this line total sales made between the member and another member of the UBG, and sales from the member to an FTE that is unitary with the UBG and is included in Form 4900.

Subtract line 18 from line 16 for each member, combine the result for all members, and carry to Form 4891, line 9d.

NOTE for Lines 19a, 19b and 20: UBG members reporting a period of less than 12 months with this group return must annualize their gross receipts figure on a member by member basis. Use each member's number of months reported in the group's tax year. Once all applicable members' gross receipts and FTE gross receipts figures are annualized: for line 19 add all members' figures and carry to line 10a of the Form 4891; for line 20 add all members' figures and carry to line 10b of Form 4891.

Line 19a: *Gross receipts* means the entire amount received by the member from any activity, whether in intrastate, interstate, or foreign commerce, carried on for direct or indirect gain, benefit, or advantage to the member or to others, with certain exceptions. See the Gross Receipts Checklist in the instructions for Form 4891, line 10, for further guidance.

A member should compute its gross receipts using the same accounting method used in computing its taxable income for federal income tax purposes. Gross receipts of a member of a UBG is reported here before eliminations. Do not include in this amount gross receipts imputed to this member from activity of an FTE.

Line 19b: Enter on this line all gross receipts received by this member from another member of the UBG.

NOTE: Do not create a separate Form 4897 to report aggregated or groupwide eliminations. Instead, gross receipts eliminations specific to a member must be reported on this line of that member's Form 4897.

Subtract line 19b from line 19a for each member, combine the result for all members, and carry to Form 4891, line 10a.

UBG members reporting a period of less than 12 months must report actual gross receipts on Form 4897, line 19a.

Line 20: Enter the allocated or apportioned imputed gross receipts from all unitary or non-unitary FTEs from which the member receives a distributive share of income.

EXCEPTION: Do not include imputed gross receipts from any FTE in which the taxpayer is a non-unitary owner and the FTE has made a valid election to file the Michigan Business Tax (MBT) for a tax year that ends with or within this member's tax year.

Use the worksheet below to calculate FTE apportioned gross receipts. Exclude gross receipts from FTEs that filed an MBT return for a tax year that ends with or within the tax year of the member. See explanation of 2013 PA 233 in the instructions for line 21.

WORKSHEET ON FLOW-THROUGH GROSS RECEIPTS

A taxpayer must complete the following calculation for each FTE, whether unitary or not, that does not elect to file an MBT return for this tax year and from which the taxpayer receives distributive share of income. The amount in line 5 of this worksheet for each flow-through entity must be added, and the sum carried to Form 4897, line 20.

1. FTE's gross receipts that fall with or within the member's tax year included in this return	1.		00
2. Percentage of the FTE's income or loss received by the member	2.		%
3. Gross receipt amount before apportionment. Multiply line 1 by line 2	3.		00
4. FTE's apportionment percentage (Michigan sales divided by total sales)*...............	4.		%
5. Flow-through gross receipts to be imputed to the member. Multiply line 3 by line 4	5.		00

*Line 4: If the FTE is unitary with the UBG, use the group's apportionment percentage from Form 4891, line 9g. Otherwise, use the FTE's apportionment percentage. See the line 14 instructions regarding the definition of a unitary relationship between a corporation and an FTE.

Lines 21 through 26: IMPORTANT: As long as one member of a UBG has nexus with Michigan and exceeds the protections of PL 86-272, all members of the UBG, including members protected under PL 86-272, must be included when calculating the UBG's Corporate Income Tax base and apportionment formula. (In other words, PL 86-272 will only remove business income from the apportionable Corporate Income Tax base when all members of the UBG are protected under PL 86-272.) The inclusion of the business income of members that fall under PL 86-272 in the tax base of the UBG and the subsequent apportionment of such income does not constitute taxation upon those PL 86-272 protected members. Rather, this method is required for properly determining the Michigan income of the UBG.

Line 21: *Business income* means federal taxable income. *Federal taxable income*, as reported on line 21, is defined for CIT purposes to include carryback and carryover of federal net operating losses. Note that these amounts will be added back, for CIT purposes, in the Additions to Business Income section (lines 27 through 31) of this form.

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

Total the entry for all members on Form 4987, line 21, and carry to Form 4891, line 12.

NOTE: 2013 Public Act 233 provides that, in the case of a flow-through entity (FTE) that made the election to remain taxable under the MBT, each member of the FTE that does not file as a member of a unitary business group with the FTE shall disregard all items attributable to that member's ownership interest in the electing FTE for all purposes of the CIT. In other words, if the taxpayer filing this form owns an interest in an FTE that files an MBT return for the same tax year that ends with or within this taxpayer's tax year, the taxpayer should remove here its distributive share of income or loss attributable to that FTE, and shall disregard all items attributable to the electing FTE on the remainder of the return. Attach a list of FTEs from which items are exempt. Include FTE names, FEINs, the distributive share of income (loss), and the distributive share of gross receipts. Provide a separate list for each applicable member of the UBG.

Line 22: Generally, IRC 199 was repealed effective for tax years beginning after December 31, 2017. Therefore, most taxpayers will leave this line blank. However, the federal deduction can still be taken in limited circumstances, or it's possible that a member of a UBG return includes in this return its tax year beginning before January 1, 2018. In both cases, the deduction(s) should be reported on this line.

Total the entry for all members on Form 4987, line 22, and carry to Form 4891, line 13.

Line 23: There are currently no miscellaneous items to be entered on this line. Leave this line blank.

Line 24: Adjustments are required for all assets placed into service after December 31, 2007, for which bonus depreciation was taken. See instructions for Form 4891, lines 15a and 15b for guidance on bonus depreciation adjustments.

Total the entry for all members on Form 4987, line 24, and carry to Form 4891, line 15.

Line 25: Enter on this line this member's total eliminations to business income from intercompany transactions with another member of the UBG. Total the eliminations of all members on Form 4897 and carry to Form 4891, line 17.

NOTE: Each member must report its portion of an eliminated transaction on its Form 4897; the creation of an eliminations entity reported on a separate Form 4897 is not permitted. Doing so will cause delays in processing of a return.

NOTE: Elimination, where required, applies to transactions between any members of the UBG. For example, if the UBG includes standard taxpayers (not owned by and unitary with a financial institution in the UBG), an insurance company, and two financial institutions, transactions between a standard taxpayer member and an insurance or financial member are eliminated whenever elimination is required, despite the fact that the insurance and financial members are not reported on the combined return filed by standard taxpayer members.

However, there is no elimination with an otherwise related entity if the related entity is excluded from the UBG. For example, consider a group with a U.S. parent, a U.S. subsidiary, and a foreign operating entity subsidiary that would otherwise be a UBG, but the foreign operating entity is excluded from the UBG by definition. The U.S. parent filing a UBG return may not eliminate intercompany transactions between itself and the foreign operating entity.

NOTE: Do not create a separate Form 4897 to report aggregated or groupwide eliminations. Instead, business income eliminations specific to a member must be reported on this line of that member's Form 4897.

Line 26: NOTE: The total of all members reporting on Form 4897, line 26, **MUST** agree with the figure reported on Form 4891, line 18.

Line 27: Enter any interest income and dividends from bonds and similar obligations or securities of states other than Michigan and their political subdivisions in the same amount that was excluded from federal taxable income (as defined for CIT purposes). Reduce this addition by any expenses related to the foregoing income that were disallowed on the federal return by IRC § 265 or § 291.

Total the entry for all members on Form 4987, line 27, and carry to Form 4891, line 19.

Line 28: To the extent deducted in arriving at federal taxable income (as defined for CIT purposes) enter all taxes on or measured by net income including city and state taxes, Foreign Income Tax, and Federal Environmental Tax claimed as a deduction on this member's federal return. This includes the tax imposed under the CIT to the extent claimed as a deduction on the taxpayer's federal return. This also includes the tax imposed under the Business Income Tax portion of the Michigan Business Tax.

Total the entry for all members on Form 4987, line 28, and carry to Form 4891, line 20.

Line 29: Enter any net operating loss (NOL) carryover or carryback that was deducted in arriving at this member's federal taxable income (as defined for CIT purposes). If the member reporting on this form is a member of an affiliated group that elects to file a federal consolidated return, or for any other reason did not file a separate federal return for the period reported here, the federal NOL carryover or carryback entered here must be based on a pro forma federal return for the member reporting on this form. Enter this amount as a positive number.

Total the entry for all members on Form 4987, line 29, and carry to Form 4891, line 21.

Line 30: To the extent deducted in arriving at federal taxable income (as defined for CIT purposes), enter any royalty, interest, or other expense paid to a person related to the member by ownership or control for the use of an intangible asset if the person is not included in this UBG. Royalty, interest, or other expense described here is not required to be included if the member can demonstrate that the transaction has a nontax business purpose other than avoidance of CIT, is conducted with arm's-length pricing and rates and terms as applied in accordance with IRC § 482 and § 1274(d), and satisfies one of the following:

- Is a pass-through of another transaction between a third party and the related person with comparable rates and terms.
- Results in double taxation. For purposes of this subparagraph, double taxation exists if the transaction is subject to tax in another jurisdiction.
- Is unreasonable as determined by the state treasurer.
- The related person (recipient of the transaction) is organized under the laws of a foreign nation which has in force a comprehensive income tax treaty with the United States.

Total the entry for all members on Form 4987, line 30, and carry to Form 4891, line 22.

Line 31: Enter on this line the expenses included on line 21 that resulted from the production of oil and gas if that production of oil and gas is subject to the Severance Tax on Oil or Gas, 1929 PA 48. If the taxpayer does not have an oil and gas expense that qualifies, leave this line blank. Also enter expenses related to the income derived from a mineral to the extent that income is included on line 35 and that expense was deducted in arriving at federal taxable income.

Total the entry for all members on Form 4987, line 31, and carry to Form 4891, line 23.

Line 32: Complete all other subtractions from business income, lines 33 through 35, before completing line 32. Enter on this line the sum of all entries in Column C of this member's *Non-Unitary Relationships with Flow-Through Entities* (Form 4898). If an amount is entered on this line, Form 4898 must be completed and included with the filing of this form. Form 4898, Column C, reports the taxpayer's distributive share of income (loss) attributable to non-unitary flow-through entities (FTEs).

Flow-through entity means an entity that for the applicable tax year is treated as a subchapter S corporation under section 1362(a) of the IRC, a general partnership, a trust, a limited partnership, a limited liability partnership, or a limited liability company, that for the tax year is not taxed as a C corporation for federal income tax purposes.

See the General Information section of the instructions for Form 4898 for an explanation of FTEs with which a taxpayer is not unitary.

Total the entry for all members on Form 4987, line 32, and carry to Form 4891, line 27.

Line 33: To the extent included in federal taxable income (as defined for CIT purposes), enter any dividends and royalties received from persons other than United States persons and foreign operating entities, including, but not limited to, amounts determined under IRC § 78 or IRC § 951 to § 965.

Total the entry for all members on Form 4987, line 33, and carry to Form 4891, line 28.

NOTE: To the extent deducted in arriving at federal taxable income, any deduction under IRC 250(a)(1)(B) should be added back on this line (i.e., netted against subtractions made on this line).

Line 34: To the extent included in federal taxable income (as defined for CIT purposes), deduct interest income derived from United States obligations.

Total the entry for all members on Form 4987, line 34, and carry to Form 4891, line 29.

Line 35: Miscellaneous subtractions only include:

- Income from the production of oil and gas if that production of oil and gas is subject to the severance tax on oil and gas, 1929 PA 48, to the extent that income was included in federal taxable income. Also enter income derived from a mineral to the extent included in federal taxable income. **Total the entry of income from the production of oil and gas for all members on Form 4897, line 35, and carry to Form 4891, line 30.**
- Ordinary and necessary expenses paid or incurred by eligible licensed marihuana trades or businesses may subtract ordinary and necessary expenses paid or incurred during the tax year that would be allowed if section 280E of the internal revenue code were not in effect. Under the Michigan Regulation and Taxation of Marihuana Act (which allows for what is often referred to as "recreational" or "adult use" marijuana), a marihuana establishment licensed under that act is allowed a deduction from Michigan income tax for certain expenses not allowed in arriving at federal taxable income. IRC 280E prohibits a deduction for any amount paid or incurred in carrying on a trade or business that consists of trafficking in Schedule I and II controlled substances (e.g., marihuana). However, the IRC is also structured to recognize the cost of goods sold before reaching gross profit, regardless whether taxpayer is in the business of trafficking in marihuana. Therefore, any expenses related to cost of goods sold (and any other expenses already allowed in reaching federal taxable income) may not be subtracted from the Michigan base. **Total the entry of qualified marihuana expenses for all members on Form 4897, line 35, and carry to Form 4891, line 31.**

Line 36: Enter overpayment credited from the prior period return (MBT or CIT, as applicable). When membership of a UBG changes from one filing period to the next, carryforward of an overpayment from the prior return remains with the DM's account. In general this line should be used only on the DM's copy of Form 4897 (credit forward from the group's prior return) or that of a new member (credit forward from the new member's final return as a separate filer).

Total the entry for all members on Form 4987, line 36, and carry to Form 4891, line 44.

Line 37: 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 Form 4897. If any other member paid estimates attributable to the group return supported by this form, enter those estimates on that member's copy of Form 4897. Include all payments made by that member for any portion of its federal filing period that is included on the group return. For example, if a non-DM member has a 12-month fiscal year beginning April 1, 2013, and is a member of a calendar year UBG throughout that period, its business activity from April 1, 2013, through March 31, 2014, will be reported on the group's December 31, 2014, return. If that member pays CIT quarterly estimates, it will make two estimates during 2013, before the DM's filing period begins. Because those estimates are attributable to activity that will be reported on the group's December 31, 2014, return, they should be included on the paying member's copy of Form 4897 for the December 31, 2014, group return.

Total the entry for all members on Form 4987, line 37, and carry to Form 4891, line 45.

Line 38: Report here any payment submitted with an extension request by this member.

NOTE: Only the DM may make a valid request for a filing extension for a UBG. If any other member submits an extension request, it will not create an extension for the UBG, but any payment made with that request can be credited to the UBG by entering that payment on this line of that member's Form 4897.

Total the entry for all members on Form 4987, line 38, and carry to Form 4891, line 46.

Other Supporting Forms and Schedules

Federal Forms: For each member of the UBG, include copies of these forms with the return.

- **C Corporations:** Federal Form 1120 (pages 1 through 6), Schedule D, Form 851, Form 965, Form 4562, Form 4797, and Form 5471. If filing as part of a consolidated federal return, attach a pro forma or consolidated schedule.
- **Limited Liability Companies:** Attach appropriate schedules listed above if the LLC has elected to be taxed as a C Corporation.

• **Federally Exempt Entities:** In certain circumstances, a federally tax exempt entity must file a CIT return. In those cases, attach federal Form 990-T (pages 1 through 5).

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

Include completed Form 4897 as part of the tax return filing.

2020 Michigan Corporate Income Tax:
Non-Unitary Relationships with Flow-Through Entities

(To report flow-through entities that are unitary with the taxpayer, see Form 4900)

Issued under authority of Public Act 38 of 2011.

A Corporate Income Tax (CIT) taxpayer is unitary with a flow-through entity if the CIT taxpayer owns or controls, directly or indirectly, more than 50% of the voting interests of the flow-through entity, and the parties have business activities that satisfy either a flow of value test or a business integration test.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN)
Unitary Business Groups Only: Name of the Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN)

IMPORTANT: If a flow-through entity (FTE) made a Michigan Business Tax (MBT) election and files an MBT return for its tax year that ends with or within the tax year of the CIT taxpayer (or for UBGs, the member) named above, **leave Column D and E blank for that FTE**.

A. Flow-Through Entity Name	**B.** FEIN	**C.** Distributive Share of Flow-Through Entity Income	**D.** Flow-Through Entity Apportionment Percentage	**E.** Apportioned Distributive Share of Flow-Through Entity Income (Loss)

If more space is needed, include additional copies of Form 4898. Repeat the taxpayer name and FEIN at the top of every copy.

Instructions for Form 4898
Corporate Income Tax: Non-Unitary Relationships with Flow-Through Entities

Purpose

The purpose of this form is to gather information on the distributive share of flow-through income (loss) attributable to flow-through entities (FTEs) that are directly or indirectly owned but not unitary for apportionment purposes with the taxpayer, or with the member of a Unitary Business Group (UBG).

General Information

This form is intended to only be used by a Corporate Income Tax (CIT) taxpayer (or member of a UBG) to report the distributive income (loss) from its interests in FTEs that are not unitary for apportionment purposes with the taxpayer or UBG. This form must be filed by any taxpayer that has a distributive share of income (loss) attributable to an FTE with which the taxpayer is not unitary for apportionment purposes. If the taxpayer is a UBG, then each member of the UBG that has a distributive share of income (loss) from an FTE that the UBG is not unitary with for apportionment purposes must file this form. If more space is needed, use additional copies of Form 4898. Repeat the taxpayer's and UBG member's name and Federal Employer Identification Number (FEIN) (if applicable) at the top of every copy of Form 4898.

Flow-through entity means an entity that for the applicable tax year is treated as a subchapter S Corporation under section 1362(a) of the Internal Revenue Code (IRC), a general partnership, a trust, a limited partnership, a limited liability partnership, or a limited liability company, that for the tax year is not taxed as a C Corporation for federal income tax purposes.

A taxpayer is unitary for apportionment purposes with an FTE if the taxpayer:

- Owns or controls, directly or indirectly, more than 50% of the ownership interests with voting rights (or ownership interests that confer comparable rights to voting rights) of the FTE; AND
- The taxpayer and FTE have activities or operations which result in a flow of value between the taxpayer and the FTE, or between the FTE and another FTE unitary with the taxpayer, or has business activities or operations that are integrated with, are dependant upon, or contribute to each other.

The determination of whether a taxpayer is unitary for apportionment purposes with an FTE is made at the taxpayer level. If the taxpayer at issue is a UBG, the ownership requirement will be made at the UBG level. So, if the combined ownership of the FTE by the UBG is greater than 50%, then the ownership requirement will be satisfied.

An FTE is not unitary with a taxpayer when either of the tests above is not met.

Public Act (PA) 266 of 2013

PA 266 of 2013 authorizes an affiliated group election that applies an alternate test for finding a unitary relationship between corporations. This act **DID NOT** create a corresponding "affiliated group" test for finding a unitary relationship between a corporation and an FTE. The existence of a unitary relationship between a corporation and an FTE is still based exclusively on the traditional two-part test described above.

NOTE: An FTE owned directly or indirectly by a taxpayer or a member of a UBG may or may not be unitary with a taxpayer or UBG member. This form asks for information only about the FTEs that are NOT unitary for apportionment purposes with the taxpayer or UBG member. For those FTEs that are unitary for apportionment purposes with the taxpayer, use the *CIT Unitary Relationships with FTEs* (Form 4900).

Line-by-Line Instructions

Lines not listed are explained on the form.

Taxpayer Name and Account Number: Enter taxpayer name and account number as reported on page 1 of the *CIT Annual Return* (Form 4891).

Unitary Business Groups (UBGs): Complete one form for each member included in the standard return that received a distributive share of income (loss) from an FTE not unitary for apportionment purposes with the UBG. Enter the Designated Member's (DM's) name and FEIN in the Taxpayer Name and FEIN fields and the name and FEIN of the member to which the schedule applies on the line below.

Column A and B: Identify each non-unitary FTE by name and FEIN.

Column C: To the extent included in federal taxable income and the corporate income tax base before apportionment, enter the distributive share of income (loss) attributable to the non-unitary FTE listed in Columns A and B. Enter loss as negative. A UBG member will enter the amount of distributive income (loss) from each non-unitary FTE listed in Columns A and B. For each UBG member, the sum of all distributive shares of flow-through income (loss) entered in Column C shall equal the sum of all distributive shares of flow-through income (loss) entered on line 32 of the *CIT Data on Unitary Business Group Members* (Form 4897).

To compute the amount required to be reported in Column C, for each FTE listed in Columns A and B:

- Begin with the amount of distributive share of income (loss) included in federal taxable income.
- Adjust that amount by amounts attributable to the FTE that are included on the following lines of Form 4891: 13, 14, 15c, 19, 20, 21, 22, 23, 24, 28, 29, 30, and 31.
- Report the result in Column C.

Exclusion of MBT Filer Distributive Shares

Public Act 233 of 2013 provides that, in the case of an FTE that made the election to remain taxable under the MBT, each member of the FTE that does not file as a member of a

UBG with the FTE shall disregard all items attributable to that member's ownership interest in the electing FTE for all purposes of the CIT. If the taxpayer owns an interest in an FTE that files an MBT return for a tax year that ends with or within this taxpayer's tax year, the taxpayer's distributive share of income (loss) from such FTE will be exempt from the taxpayer's corporate income tax base. Report distributive income (loss) exempt under 2013 PA 233 in column C, then leave Columns D and E blank.

Tiered Entities: In the event of a tiered entity, enter in this column the distributive share of income or loss attributable to a non-unitary FTE in which the taxpayer has an indirect ownership interest.

When computing the distributive share of income attributable to the non-unitary FTE in which the taxpayer has a direct ownership interest, only enter the direct income of that FTE. This is done by subtracting any income (loss) attributable to the filer's indirectly owned FTEs from the income (loss) reported here that is attributable to the directly owned FTE.

Example: C Corporation 1 owns 50% of FTE B and FTE B owns 40% of FTE A. FTE B received from FTE A a distributive share of income of $20,000. C Corporation 1 received from FTE B a distributive share of income of $100,000. On the line corresponding to FTE A, C Corporation 1 would enter $10,000. This is the indirect distributive share that C Corporation 1 received from FTE A and is calculated by multiplying C Corporation 1's ownership interest in FTE B by the distributive share FTE B received from FTE A:

50% x $20,000 = $10,000

On the line corresponding to FTE B, C Corporation 1 would enter $90,000. This is the distributive share C Corporation 1 received from FTE B less the distributive share C Corporation 1 received from FTE A:

$100,000 - $10,000 = $90,000

NOTE: The sum of the amount in every line on column C (plus, in the case of a UBG, the sum of column C for all other UBG members that filed this form) should equal the amount reported on Form 4891, line 27.

Column D: Enter in this column the non-unitary FTE's apportionment percentage. The non-unitary FTE's apportionment percentage is the FTE's sales factor. The sales factor is a fraction, the numerator of which is the total sales of the FTE in this state during the tax year and the denominator of which is the total sales of the FTE everywhere during the tax year. For more information on what is a sale, see the instructions for Form 4891. Use the information in the "Sourcing of Sales to Michigan" section of Form 4890 to determine Michigan sales. Enter this amount as a percentage, carrying it out 4 digits to the right of the decimal point (i.e. 12.3456). **Do not enter the percent symbol (%).**

For FTEs whose distributive income (loss) is exempt under **2013 PA 233**, leave column D blank.

Column E: Enter the non-unitary flow-through distributive income after apportionment by multiplying the amount in column C by the apportionment percentage in column D for each FTE included on this form.

For FTEs whose distributive income (loss) is exempt under **2013 PA 233**, leave column E blank.

NOTE: The sum of column E (in the case of a UBG, the sum of column E for all UBG members) should equal the amount reported on Form 4891, line 35.

Include completed Form 4898 as part of the tax return filing.

Attachment 12

2020 MICHIGAN Corporate Income Tax Penalty and Interest Computation for Underpaid Estimated Tax

Issued under authority of Public Act 38 of 2011.

Taxpayer Name	Federal Employer Identification Number (FEIN)

PART 1: ESTIMATED TAX REQUIRED

1.	Total Tax Liability from Form 4891, line 43; Form 4905, line 46; or Form 4908, line 22. (If amending, see instr.)	1.	00
2.	Required estimate amount. Enter 85% (0.85) of line 1	2.	00

		A	B	C	D
3. **ENTER THE PAYMENT DUE DATES** (MM-DD-YYYY)	3.				
4. Divide amount on line 2 by 4, or by the number of quarterly returns required. If annualizing, enter the amount from Annualization Worksheet, line 57, page 2	4.				
CAUTION: Complete lines 5 - 13 one column at a time					
5. Prior year overpayment	5.		X X X X X	X X X X X	X X X X X
6. Estimated payments (see instructions)	6.				
7. Enter amount, if any, from line 13 of the previous column.	7.	X X X X X			
8. Add lines 5, 6 and 7	8.				
9. Add amounts on lines 11 and 12 of the previous column and enter the result here	9.	X X X X X			
10. Subtract line 9 from line 8. If less than zero, enter zero. For column A only, enter the amount from line 8	10.				
11. Remaining underpayment from previous period. If amount on line 10 is zero, subtract line 8 from line 9 and enter result here. Otherwise, enter zero	11.	X X X X X			
12. If line 4 is greater than or equal to line 10, subtract line 10 from line 4 and enter it here. Then go to line 6 of the next column. Otherwise, go to line 13	12.				
13. If line 10 is greater than line 4, subtract line 4 from line 10 and enter it here. Then go to line 6 of next column	13.				

PART 2: FIGURING INTEREST

		A	B	C	D
14. TOTAL UNDERPAYMENT. Add lines 11 and 12	14.				
15. Enter due date for the next quarter or date tax was paid, whichever is earlier. In column D, enter the due date for the annual return or date tax was paid, whichever is earlier	15.				
16. Number of days from the date on line 3 to the date on line 15	16.				
17. No. of days on line 16 after 04-15-20 and before 07-01-20	17.				
18. No. of days on line 16 after 06-30-20 and before 01-01-21	18.				
19. No. of days on line 16 after 12-31-20 and before 07-01-21	19.				
20. No. of days on line 16 after 06-30-21	20.				
21. $\frac{\text{Number of days on line 17}}{365}$ x 6.4% (0.0640) x line 14	21.				
22. $\frac{\text{Number of days on line 18}}{365}$ x 5.63% (0.0563) x line 14	22.				
23. $\frac{\text{Number of days on line 19}}{365}$ x 4.25% (0.0425) x line 14	23.				
24. $\frac{\text{Number of days on line 20}}{365}$ x *% x line 14	24.				
25. Interest on underpayment. Add lines 21 through 24	25.				

26.	**Interest Due.** Add line 25 columns A through D	26.	00

* Interest rate will be set at 1% above the adjusted prime rate for this period.

Continue on Page 2.

Taxpayer FEIN

PART 3: FIGURING PENALTY

		A	B	C	D
27. Enter the amount from line 12	27.				
28. Payment due dates from line 3 (MM-DD-YYYY)	28.				
29. Annual return due date or the date payment was made, whichever is earlier	29.				
30. Number of days from date on line 28 to date on line 29	30.				
31. If line 30 is greater than 0 but less than 61, multiply line 27 by 5% (0.05)	31.				
32. If line 30 is greater than 60, but less than 91, multiply line 27 by 10% (0.10)	32.				
33. If line 30 is greater than 90, but less than 121, multiply line 27 by 15% (0.15)	33.				
34. If line 30 is greater than 120, but less than 151, multiply line 27 by 20% (0.20)	34.				
35. If line 30 is greater than 150, multiply line 27 by 25% (0.25)	35.				
36. Add lines 31 through 35	36.				

37. Total Penalty. Add line 36, columns A through D 37. 00

38. **Total Penalty and Interest.** Add lines 26 and 37. Enter here and on Form 4891, line 49; or Form 4905, line 53; or Form 4908, line 28. (If amending, see instructions.) 38. 00

PART 4: ANNUALIZATION WORKSHEET FOR CORPORATE INCOME TAX

(If filing Form 4905, 4906, 4908 or 4909, see instructions.)
Complete worksheet if liability is not evenly distributed throughout the tax year.

		A First 3 Months	B First 6 Months	C First 9 Months	D Full 12 Months
39. Business Income	39.				
40. Additions	40.				
41. Add lines 39 and 40	41.				
42. Subtractions	42.				
43. Tax Base. Subtract line 42 from line 41	43.				
44. Apportioned Tax Base. Multiply line 43 by the apportionment percentage from Form 4891, line 9g	44.				
45. CIT business loss carryforward	45.				
46. Subtract line 45 from line 44. If less than zero, enter zero.	46.				
47. Tax Before Credit. Multiply line 46 by 6% (0.06)	47.				
48. Nonrefundable Credit	48.				
49. Subtract line 48 from line 47. If less than zero, enter zero.	49.				
50. Recapture of Certain Business Tax Credits	50.				
51. Net Tax Liability. Add line 49 and line 50	51.				
52. Annualization ratios	52.	4	2	1.3333	1
53. Annualized tax. Multiply line 51 by line 52	53.				
54. Applicable percentage	54.	21.25%	42.5%	63.75%	85%
55. Multiply line 53 by line 54	55.				
56. Combined amounts of line 57 from all preceding columns	56.	X X X X X			
57. **ESTIMATE REQUIREMENTS BY QUARTER**. Subtract line 56 from line 55. If less than zero, enter zero. Enter here and on page 1, line 4	57.				

NOTE: Totals on line 57 must equal the amount on line 2, page 1.

Instructions for Form 4899, Corporate Income Tax (CIT) Penalty and Interest Computation for Underpaid Estimated Tax

Important Notice for Tax Year 2020

Governor Gretchen Whitmer's Executive Order 2020-26, together with Treasury's April 17, 2020, Notice, "Automatic Extension of State and Income Tax Filing Deadlines," provide an automatic extension of income tax payments otherwise due in April, May or June 2020, to July 2020. First quarter estimated payments and returns for certain CIT taxpayers were impacted. These instructions include specific guidance for reporting affected payments.

Purpose

To compute penalty and interest for underpayment, late payment or filing, or failure to pay or file quarterly estimates. If a taxpayer prefers not to file this form, the Department of Treasury (Treasury) will compute any applicable penalty and interest and bill the taxpayer. Part 4 of this form is used to determine and report the amount of estimates due when income is not evenly distributed throughout the tax year.

NOTE: Penalty and interest for late filing or late payment on the annual return is computed separately. See the "Computing Penalty and Interest" section of the "General Information for Standard Taxpayers" in the *CIT Forms and Instructions for Standard Taxpayers* (Form 4890).

Estimated returns and payments are required from any taxpayer that reasonably expects an annual CIT liability of more than $800. Exceptions are listed below. If a taxpayer owes estimated tax and the estimated return with full payment is not filed or is filed late, penalty is added at 5 percent of tax due, for the first two months. Penalty increases by an additional 5 percent per month, or fraction thereof, after the second month, to a maximum of 25 percent. If the taxpayer made no estimated tax payments and none of the exceptions below apply, compute the interest due (Part 2) and the penalty for non-filing (Part 3).

Exceptions

Estimated returns and payments are not required, and therefore penalty and interest on this form is not required, if:

- The return is for a taxable period of less than four calendar months.
- The annual tax on the current annual return is $800 or less.

If any of the conditions listed below apply, do not pay penalty and interest.

- The estimated quarterly payments reasonably approximate the tax liability incurred for each quarter and the total of all payments equals at least 85 percent of the annual liability. Complete the Annualization Worksheet (Part 4) if the liability is not evenly distributed throughout the tax year.
- The sum of estimated payments equals the annual tax on the preceding year's CIT return, provided these payments were made in four timely equal payments ("four timely equal payments" describes the minimum pace of payments that will satisfy this safe harbor) and the preceding year's tax under the Income Tax Act is $20,000 or less. If the prior year's tax liability was reported for a period less than 12 months, the prior year's liability must be annualized for purposes of both the $20,000 ceiling and calculating the quarterly payments due under this method. See "Filing if Tax Year Is Less Than 12 Months" in the "General Information" section of Form 4890 for more information. Reliance on the prior year's tax liability as a means to avoid interest and penalty charges is only allowed if a taxpayer had business activity in Michigan in that prior year. A return must have been 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 the taxpayer's 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.

NOTE: For a taxpayer that calculates and pays estimated payments for federal income tax purposes pursuant to section 6655(e) of the Internal Revenue Code, that taxpayer may use the same methodology as used to calculate the annualized income installment or the adjusted seasonal installment, whichever is used as the basis for the federal estimated payment, to calculate the estimated payments required each quarter under this section. Retain the calculation for your records.

Line-by-Line Instructions

Lines not listed are explained on the form.

Do not enter data in boxes filled with Xs.

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

Taxpayer Name and Account Number: Enter name and account number as reported on page 1 of the applicable CIT annual return (*CIT Annual Return* (Form 4891), the *Insurance Company Annual Return for Corporate Income and Retaliatory Taxes* (Form 4905), or the *Corporate Income Tax Annual Return for Financial Institutions* (Form 4908)). Also, the taxpayer FEIN from page 1 must be repeated in the proper location on page 2.

PART 1: ESTIMATED TAX REQUIRED

Line 2: Enter 85 percent of the annual tax amount from line 1.

Line 3: Enter the due date for each quarterly return.

Typically, payment is due on the 15th day of the 4th, 7th, 10th and 13th months after the start of a tax year.

However, in accordance with Executive Order 2020-26, the first estimated payment and quarterly return for a 2020 calendar year filer was due July 15, 2020. The second estimated payment and quarterly return were also due July 15, 2020. The third and fourth quarters' returns and payments were due October 15, 2020 and January 15, 2021, respectively.

In accordance with Treasury's April 17, 2020, Notice, "Automatic Extension of State and Income Tax Filing Deadlines," estimated payments and quarterly returns due May 15, 2020, or June 15, 2020 (first quarter for certain fiscal filers), were postponed until July 15, 2020. The following quarters remained due the 15th day of the 7th, 10th, and 13th month after the start of the fiscal year.

For all other fiscal year filers, due dates remain the 15th days of the 4th, 7th, 10th and 13th months after the start of the fiscal year.

For any tax year that includes an estimated tax payment period of less than three months, the quarterly return for that period is due on the 15th day of the month immediately following the final month of the estimated tax payment period, subject to postponements under EO 2020-26 and Treasury's April 17, 2020, Notice.

Line 4: Divide the amount of the estimated tax required for the year on line 2 by four and enter this as estimated tax for each quarter. If the business operated less than 12 months, divide by the number of quarterly returns required and enter this as the estimated tax for each quarter.

Actual Quarterly Tax. If a taxpayer computes quarterly tax due based on the actual tax base for each quarter, complete Part 4 first, then bring the tax from line 57 of the Annualization Worksheet to line 4. See Part 4 instructions for taxpayers filing a return other than Form 4891. The total of the four computed amounts cannot be less than line 2.

Line 5: Complete column A only. Enter the amount of prior year overpayment credited to the current tax year estimates.

Line 6: Amount Paid. On this line enter estimated payments made by the taxpayer as directed below:

- **Column A:** Enter estimated payments made by the due date for the first quarterly return. Also, insurance companies only can add the Workers' Disability Supplemental Benefit (WDSB) Credit from line 46.
- **Column B:** Enter payments made after the due date in column A and by the due date in column B.
- **Column C:** Enter payments made after the due date in column B and by the due date in column C.
- **Column D:** Enter payments made after the due date in column C and by the due date in column D.

If quarterly payments are made after the due date, penalty and interest will apply until the payment is mailed. If less than full payment is made with a late filing, the taxpayer will need to compute multiple penalty and interest calculations for each column. Attach a separate schedule if necessary.

If, as a result of Executive Order 2020-26, the taxpayer made a single timely payment to cover both the first and second quarter, divide that payment amount evenly over column A and column B for line 6.

PART 2: FIGURING INTEREST

Compute the interest due for both non-filing and underpayment of the required estimated tax in this section. Follow the instructions for each line, as interest is calculated separately for each quarter and the interest rate might not be the same for each quarter.

Line 15: Enter the due date of the next quarter or the date the tax was paid, whichever is earlier. In column D, enter the earlier of the due date for the annual return or the date the tax was paid. An approved extension does not change the due date of the annual return (column D) for this computation.

NOTE — Line 24: Interest rates are adjusted every six months and posted as a Revenue Administrative Bulletin (RAB) by Treasury. For updated interest rates, visit **michigan.gov/treasury**, click on the link titled "Reports & Legal," then select "Revenue Administrative Bulletins." The applicable RAB is titled "Interest Rate."

PART 3: FIGURING PENALTY

Compute the penalty due for both non-filing and underpayment of the required estimated tax in this section. Follow the instructions for each line, as the penalty and interest is calculated separately for each quarter and the penalty percentage and interest rate might not be the same for each quarter.

Avoiding Penalty and Interest Under CIT

If estimated liability for the year is reasonably expected to exceed $800, a taxpayer must file estimated returns. A taxpayer may remit quarterly estimated payments by check with a *Corporate Income Tax Quarterly Return* (Form 4913) or may remit monthly or quarterly estimated payments electronically by Electronic Funds Transfer (EFT). When payments are made by EFT, Form 4913 is not required.

Formerly, taxpayers could pay by check on a monthly basis by remitting a check with a *Combined Return for Michigan Tax* (Form 160). Form 160 was replaced effective Janaury 2015. The new form no longer accommodates CIT payments. As a result, Form 4913 is the only form that supports a CIT estimated payment.

Estimated returns and payments for calendar year taxpayers are due by April 15, July 15, October 15, and January 15 of the following year. Fiscal year taxpayers should make returns and payments by the appropriate due date which is fifteen days after the end of each fiscal quarter. The sum of estimated payments for each quarter must always 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) Corporate Income Tax Division at 517-636-6925 for alternate payment methods.

PART 4: ANNUALIZATION WORKSHEET FOR CORPORATE INCOME TAX

Standard taxpayers may use the Annualization Worksheet to calculate and report the amount of estimates due when income is not evenly distributed throughout the tax year.

If filing Form 4905 or Form 4908, submit a schedule showing the entity's computations for each quarter. Enter the total amounts on line 51 and follow the instructions for lines 52 through 57.

Each column represents a quarterly three-month filing period.

The Annualization Worksheet essentially leads filers through the steps required to calculate the actual CIT due for the tax year to date. The net tax liability is then annualized and multiplied by the percentage of estimates required for that quarter.

Line 50: Carry amount from From 4902, line 17.

Line 57: The total for line 57, columns A, B, C, and D, must equal 85 percent of the current year tax liability on line 1. Carry the amount from line 57 to line 2.

Include completed Form 4899 as part of the tax return filing.

Attachment 7

2020 Michigan Corporate Income Tax: Unitary Relationships with Flow-Through Entities

(To report flow-through entities that are not unitary with the taxpayer, see Form 4898)

Issued under authority of Public Act 38 of 2011.

A Corporate Income Tax (CIT) taxpayer is unitary with a flow-through entity if the CIT taxpayer owns or controls, directly or indirectly, more than 50% of the voting interests of the flow-through entity, and the parties have business activities that satisfy either a flow of value test or a business integration test. Unitary Business Groups, see instructions.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN)

A Identifying Number	B Flow-Through Entity Name	C FEIN	D Enter (X) if Using a Special Sourcing Formula for Transportation Services	E % of this Entity Owned by the Taxpayer

Continue below using the same Identifying Number references from Column A in Column F.

F Identifying Number	G Michigan Sales	H Intercompany Eliminations from Michigan Sales	I Michigan Sales After Eliminations (Subtract Column H from Column G)	J Proportionate Michigan Sales (Multiply Column I by Percentage from Column E; see Instructions)

Continue below using the same Identifying Number references from Column A and Column F in Column K.

K Identifying Number	L Total Sales	M Intercompany Eliminations from Total Sales	N Total Sales After Eliminations (Subtract Column M from Column L)	O Proportionate Total Sales (Multiply Column N by Percentage from Column E; see instructions)

If more space is needed, include additional copies of Form 4900. Repeat the taxpayer name and FEIN at the top of every copy.

Instructions for Form 4900
Michigan Corporate Income Tax:
Unitary Relationships with Flow-Through Entities

Purpose

To assist in calculating the apportionment factor of a taxpayer that is unitary for apportionment purposes with one or more flow-through entities (FTEs).

General Instructions

This form is intended to only be used by a Corporate Income Tax (CIT) taxpayer that is unitary for apportionment purposes with one or more FTEs. Included in this form will be FTEs that are unitary for apportionment purposes with the taxpayer and whose tax year ends with or within the tax year included on the taxpayer's *CIT Annual Return* (Form 4891).

An FTE is an entity that, for the applicable tax year, is treated as a subchapter S Corporation under section 1362(a) of the Internal Revenue Code, a general partnership, a trust, 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.

A taxpayer is unitary for apportionment purposes if the taxpayer:

- Owns or controls, directly or indirectly, more than 50% of the ownership interests with voting rights (or ownership interests that confer comparable rights to voting rights) of the FTE; AND
- The taxpayer and FTE have activities or operations which result in a flow of value between the taxpayer and the FTE, or between the FTE and another FTE unitary with the taxpayer, or has business activities or operations that are integrated with, are dependent upon, or contribute to each other.

The determination of whether a taxpayer is unitary for apportionment purposes with an FTE is made at the taxpayer level. If the taxpayer at issue is a Unitary Business Group (UBG), the ownership requirement will be made at the UBG level. Thus, if the combined ownership of the FTE by the UBG is greater than 50%, then the ownership requirement will be satisfied.

NOTE: PA 266 of 2013 authorizes an affiliated group election that applies an alternate test for finding a unitary relationship between corporations. This act **DID NOT** create a corresponding "affiliated group" test for finding a unitary relationship between a corporation and an FTE. The existence of a unitary relationship between a corporation and an FTE is still based exclusively on the traditional two-part test described above.

For more information regarding the control and relationship tests, see Revenue Administrative Bulletin 2018-12, found on the Treasury Web site at **www.michigan.gov/taxes** under the "Reports & Legal" section.

If the taxpayer is a UBG, fill out this form at the group level. Specifically, as noted in the Column-by-Column Instructions, column E must be filled out using data from the group as a whole.

To determine whether the taxpayer and the FTE satisfy the second requirement to be unitary with one another – that they satisfy either the Flow of Value or Integration Test – apply the same concepts as used when determining whether a UBG satisfies the Relationship Test as explained on the Treasury Web site at **www.michigan.gov/taxes**.

NOTE: An FTE owned directly or indirectly by a taxpayer may or may not be unitary with that taxpayer. This form asks for information only on the FTEs that **are** unitary with the taxpayer. For those FTEs that are not unitary with the taxpayer, use the *Non-Unitary Relationships with Flow-Through Entities* (Form 4898).

Column-by-Column Instructions

Columns not listed are explained on the form.

Name and Account Number: Enter the name and Federal Employer Identification Number (FEIN) of the taxpayer as reported on page 1 of Form 4891.

UBGs: Complete one Form 4900 for the entire group, and use multiple copies of the form if reporting information on more FTEs than space allows. Enter the Designated Member name in the Taxpayer Name field and the Designated Member's Federal Employer Identification Number in the FEIN field.

Column A: In Column A, assign a number (beginning with 1 and numbering sequentially) to all FTEs that are unitary for apportionment purposes with the taxpayer. This same number must also be used in Columns F and K when referencing the same FTE. (If using multiple copies of the form the subsequent forms numbering should start with the next sequential number from the previous completed form).

Columns B and C: Identify each FTE by name and FEIN.

Column D: Check this box if the FTE has receipts from transportation services. To calculate Sales from Transportation Services, see the instructions for Columns G and L and the table in the "Sourcing of Sales to Michigan" section of Form 4891.

Column E: Enter on this line the percentage of this FTE that is owned by the taxpayer. Percentages should be carried out four digits to the right of the decimal point. For example, if the taxpayer owns 65% of this FTE, enter "65.0000" on the appropriate line in this column. If percentage of ownership changed during the taxpayer's tax year, enter an average ownership percentage, weighted by the amount of time each particular percentage was held during the tax year.

For example: Unitary group ABC consists of three C Corporations: Corporation 1, Corporation 2, and Corporation 3. Assume that the group is unitary with 3 other FTEs: FTE-A, FTE-B, and FTE-C. Corporation 1 owns 40% of FTE-A; Corporation 2 owns 15% of FTE-A, and 35% of FTE-B; and Corporation 3 owns 45% of FTE-B. FTE-C is owned by FTE-A (50%) and by FTE-B (30%). Thus, on column E, the group will enter "55.0000" for FTE-A (40% from Corporation A + 15% from Corporation B); "80.0000" for FTE-B (35% from Corporation 2 + 45% from Corporation 3); and "53.0000" for FTE-C (50% * 55% from Corporation 1 and Corporation 2 + 30% * 80% from Corporation 2 and Corporation 3).

UBGs: Enter on this line the percentage of this FTE that is owned by the entire UBG. For example, if the UBG consists of three C Corporation members, each of which owns 20% of this FTE, the UBG owns 60% of this FTE. If the UBG is unitary with this FTE, enter "60.0000" on the corresponding line in this column.

Column F: Enter the same Identifying Number in Column F that was used for the corresponding FTE in Column A.

Column G: Enter the Michigan sales that are directly attributable to the FTE.

For a Michigan based FTE, all sales are Michigan sales unless the FTE is subject to tax in another state or foreign country. An FTE is subject to a tax in another state or foreign country if the FTE is subject to a business privilege tax, a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, a corporate stock tax, or if the state or foreign country has jurisdiction to subject the FTE to one or more of the above listed taxes.

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

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

Complete the Apportionment Calculation using amounts for the FTE's business activity only. Do not include amounts received from a profits interest in a Partnership, S Corporation, or LLC.

Use the information in the "Sourcing of Sales to Michigan" section in Form 4890 to determine Michigan sales.

For transportation services, which should generally source sales receipts based on revenue miles, enter on this line the FTE's total sales multiplied by the ratio of Michigan revenue miles over revenue miles everywhere as provided in the "Sourcing of Sales to Michigan" chart located in Form 4890. *Revenue mile* means the transportation for consideration of one net ton in weight or one passenger the distance of one mile.

NOTE: Only transportation services are sourced using revenue miles. To the extent the taxpayer has business activities or revenue streams not from transportation services, those receipts should be apportioned utilizing the sales factor.

Column H: Enter on this line the Michigan sales made from the FTE to the taxpayer and Michigan sales made by this FTE to another FTE that is unitary with the taxpayer and is included on this form.

UBGs: Elimination, where required, applies to sales from the FTE to any member of the UBG as well as sales from the FTE to another FTE that is unitary with the UBG. However, there is no elimination for sales made to an otherwise related entity if the related entity is excluded from the UBG. For example, consider a group with a U.S. parent, a U.S. subsidiary, and a foreign operating entity subsidiary that would otherwise be a UBG, but the foreign operating entity is excluded from the UBG by definition. The sales from an FTE that is unitary with the UBG to that foreign operating entity may not be eliminated.

Column J: For each FTE included on this form, multiply the amount entered in Column I by the percentage entered in Column E. Add up all of the entries in Column J and enter this amount on Line 9b of Form 4891. This is the amount of proportionate Michigan sales from FTEs that are unitary with the taxpayer that will be included in the taxpayer's apportionment calculation.

Column K: Enter the same Identifying Number in Column K that was used for the corresponding FTE in Column A and Column F.

Column L: Enter the total sales that are directly attributable to the FTE.

Transportation services that source sales based on revenue miles: Enter on this line the total sales that are directly attributable to the FTE.

Column M: Enter on this line the total sales made from the FTE to the taxpayer and total sales made by this FTE to another FTE that is unitary with the taxpayer and is included on this form.

UBGs: Elimination, where required, applies to sales from the FTE to any member of the UBG as well as sales from the FTE to another FTE that is unitary with the UBG. However, there is no elimination for sales made to an otherwise related entity if the related entity is excluded from the UBG. For example, consider a group with a U.S. parent, a U.S. subsidiary, and a foreign operating entity subsidiary that would otherwise be a UBG, but the foreign operating entity is excluded from the UBG by definition. The sales from an FTE that is unitary with the UBG to that foreign operating entity may not be eliminated.

Column O: For each FTE included on this form, multiply the amount entered in Column N by the percentage entered in

Column E. Add up all of the entries in Column O and enter this amount on Line 9e of Form 4891. This is the amount of proportionate total sales from FTEs that are unitary with the taxpayer that will be included in the taxpayer's apportionment calculation.

Attachment 9

2020 MICHIGAN Corporate Income Tax Schedule of Recapture of Certain Business Tax Credits

Issued under authority of Public Act 38 of 2011.

Taxpayer Name	Federal Employer Identification Number (FEIN)

Complete this schedule for any recapture in this tax year of previous tax credits listed on this schedule. Credits are Michigan Business Tax (MBT) credits except as noted.

1.	Recapture of MBT Investment Tax Credit	1.		00
2.	Recapture of Single Business Tax (SBT) Investment Tax Credit	2.		00
3.	Recapture of MBT MEGA Employment Tax Credit	3.		00
4.	Recapture of MEGA Federal Contract Credit	4.		00
5.	Recapture of MEGA Photovoltaic Technology Credit	5.		00
6.	Recapture of SBT “New” Brownfield Credit	6.		00
7.	Recapture of MBT Brownfield Redevelopment Credit	7.		00
8.	Recapture of Film Infrastructure Credit	8.		00
9.	Recapture of Anchor Company Payroll Credit	9.		00
10.	Recapture of Anchor Company Taxable Value Credit	10.		00
11.	Recapture of Start-Up Business Credit	11.		00
12.	Recapture of SBT Historic Preservation Credit	12.		00
13.	Recapture of MBT Historic Preservation Credit	13.		00
14.	Recapture of MEGA Battery Manufacturing Facility Credit	14.		00
15.	Recapture of MEGA Large Scale Battery Credit	15.		00
16.	Recapture of MEGA Advanced Lithium Ion Battery Pack Credit	16.		00
17.	**Total Recapture of Certain Business Tax Credits.** Add lines 1 through 16. Carry amount to Form 4891, line 42; Form 4905, line 29; or Form 4908, line 21	17.		00

Instructions for Form 4902
Corporate Income Tax Schedule of Recapture of Certain Business Tax Credits

Purpose

Complete this form for any recapture in this tax year of previously claimed Single Business Tax (SBT) or Michigan Business Tax (MBT) credits listed on this schedule.

Special Instructions for Unitary Business Groups

A Unitary Business Group (UBG) filling this form should provide a table identifying each member whose credits are being recaptured. The table should contain the member's Federal Employer Identification Number (FEIN) or TR number, name/type of each credit being recaptured by the member, and the total recapture amount of each credit by member. The UBG sums the total recapture amount for all members by credit type, and transfers the sum of total recapture amount to the appropriate credit recapture line on this form. Submit a completed *Corporate Income Tax Schedule of Recapture of Certain Business Tax Credits* (Form 4902) and copy of the table identifying the members whose credits are being recaptured when filing the applicable CIT Annual return.

Part 1: Line-by-Line Instructions

Lines not listed are explained on the form.

Taxpayer Name and Account Number: Enter name and account number as reported on page 1 of the applicable CIT Annual return: the *Corporate Income Tax Annual Return* (Form 4891) for standard taxpayers, the *Corporate Income Tax Annual Return for Financial Institutions* (Form 4908), or the *Insurance Company Annual Return for Corporate Income and Retaliatory Taxes* (Form 4905).

UBGs: A UBG reporting recapture should attach only one copy of this form to its annual return, even if multiple members are subject to recapture. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the FEIN field.

Investment Tax Credits

Under both SBT and MBT, taxpayers were allowed to claim an Investment Tax Credit (ITC) for costs paid or accrued in the filing period for qualifying tangible asset(s) physically located in Michigan. The assets must have been of a type that were or would become eligible for depreciation, amortization, or accelerated capital cost recovery for federal income tax. Mobile tangible assets, wherever located, were subject to apportionment in the same manner as the tax base. Disposition of an asset, or moving an asset out of Michigan, creates a recapture of the credit.

For a guide on how to calculate the ITC recapture amount, see the "Calculation of MBT ITC Recapture Amount" and "Calculation of SBT ITC Recapture Amount" sections later in these instructions.

Line 1: Enter calculated amount of total MBT ITC recapture from the "Calculation of MBT ITC Recapture Amount" section later in these instructions.

Line 2: Enter calculated amount of total SBT ITC recapture from the "Calculation of SBT ITC Recapture Amount" section later in these instructions.

MEGA Employment Tax Credits

If a taxpayer receives an MBT MEGA Employment Tax Credit for a previous tax period under an agreement with MEGA based on qualified new jobs and then removes 51 percent or more of those qualified new jobs from Michigan within three years after the first year in which the taxpayer claimed such a credit, the taxpayer must recapture an amount equal to the total of all such credits claimed on prior returns.

Line 3: Enter the total amount of all MBT MEGA Employment Tax Credits claimed on previously filed forms (Form 4574) subject to recapture.

MEGA Federal Contract Credit

The MEGA Federal Contract Credit is claimed through an agreement with MEGA. If a taxpayer claimed this credit and subsequently fails to meet requirements of the MBT Act or conditions of the agreement, the taxpayer must recapture the entire amount of such credit previously claimed.

Line 4: Enter the total amount of all MEGA Federal Contract Credits claimed on previously filed *MBT Election of Refund or Carryforward of Credits* (Form 4584) subject to recapture.

MEGA Photovoltaic Technology Credit

The MEGA Photovoltaic Technology Credit is claimed through an agreement with MEGA. A taxpayer or assignee that claimed a credit and subsequently fails to meet the requirements of the MBT Act or any other conditions established by MEGA in the agreement may, as determined by MEGA, have its credit reduced or terminated or have a percentage of the credit previously claimed added back to the tax liability of the taxpayer in the tax year that the taxpayer or assignee fails to comply.

Line 5: Enter the calculated recapture amount of all MEGA Photovoltaic Technology Credits claimed on previously filed 4574 forms, as applicable.

SBT "New" Brownfield Credit and MBT Brownfield Redevelopment Credit

Both the SBT "New" Brownfield Credit and the MBT Brownfield Redevelopment Credit provide that the disposal or transfer to another location of personal property used to calculate each credit will result in an addition to the tax liability of the qualified taxpayer that was originally awarded the credit in the year in which the disposal or transfer occurs. This is true even if the credit was assigned to someone else. This additional liability, or recapture amount, is calculated by multiplying the same percentage as was used to calculate the credit (e.g. 10 percent) times the federal basis of the property used to calculate gain or loss (as calculated for federal purposes) as of the date of the disposition or transfer.

Line 6: Enter the calculated recapture amount of all SBT "New" Brownfield Credits claimed on previously filed forms (C-8000MC).

Line 7: Enter the calculated recapture amount of all MBT Brownfield Redevelopment Credits claimed on previously filed 4584 forms, or *Request for Accelerated Payment for the Brownfield Redevelopment Credit and the Historic Preservation Credit* (Form 4889), as applicable.

Film Infrastructure Credit

The Film Infrastructure Credit is available through an agreement between the taxpayer and the Michigan Film Office, with the concurrence of the State Treasurer. The credit amount is equal to 25 percent of the base investment expenditures in a qualified film and digital media infrastructure project. If the taxpayer sells or otherwise disposes of a tangible asset that was paid for or accrued after December 31, 2007, and whose cost was included in the base investment, the taxpayer must report recapture equal to 25 percent of the gross proceeds or benefit from the sale or disposition, adjusted by the apportioned gain or loss.

Follow the worksheet below to calculate the Film Infrastructure Credit recapture amount.

Recapture of Film Infrastructure Credit Worksheet

The following calculation applies to all eligible depreciable tangible assets located in Michigan that were acquired in a tax year beginning after Dec. 31, 2007, and were sold or otherwise disposed of during the tax year.

1. Total gross sales price for all eligible depreciable tangible assets		00
2. Total gain/loss for all eligible depreciable tangible assets		00
3. Adjusted Proceeds. If line 2 is a gain, subtract line 2 from line 1. If line 2 is a loss, add line 1 and line 2		00

If taxable in another state, complete line 4 and line 5; otherwise, skip to line 6.

4. Apportioned gains (losses). Multiply line 2 by the percentage from Form 4891, line 9g		00
5. Apportioned Adjusted Proceeds. If line 4 is a gain, subtract line 4 from line 1. If line 4 is a loss, add line 1 and line 4		00
6. Recapture of Film Infrastructure Credit. Multiply line 3 or line 5 by 25% (0.25)		00

NOTE: A sale of qualifying property reported on the installment method for federal income tax purposes causes a recapture based upon the entire gross proceeds in the year of the sale, less any gain reflected in federal taxable income (as defined for MBT purposes) in the year of the sale. The gain attributable to the installment sale that is reported in subsequent years decreases the recapture base (or reduces other sources of recapture) for those years.

Line 8: Enter the calculated recapture amount of all Film Infrastructure Credits claimed on previously filed 4573 forms.

Anchor Company Credits

The Anchor Company Payroll Credit and the Anchor Company Taxable Value Credit are claimed through an agreement with MEGA. If a taxpayer claimed one of these credits and subsequently failed to meet the requirements of the MBT Act or conditions of the agreement, the taxpayer must recapture the entire amount of such credit previously claimed.

Line 9: Enter the total amount of all Anchor Company Payroll Credits claimed on previously filed 4584 forms subject to recapture.

Line 10: Enter the total amount of Anchor Company Taxable Value Credits claimed on previously filed 4584 forms subject to recapture.

Start-Up Business Credits

A company that claimed the Start-Up Business Credit under either MBT or SBT must pay back a portion of the credit if they have no business activity in Michigan and have business activity outside of Michigan within three years after the last tax year in which the credit was taken. The credit recapture amounts are calculated as follows:

- 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 was 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 was claimed; and
- 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 was claimed.

Line 11: Enter the calculated recapture amount of the Start-Up Business Credit claimed previously on 4573 forms.

SBT and MBT Historic Preservation Credits

Both SBT and MBT Historic Preservation credits provide that if a recapture event occurs, in the year of the event a percentage of the credit amount previously claimed must be added back to the tax liability of the qualified taxpayer that received the certificate of completed rehabilitation or preapproved letter.

A recapture event occurs if, in less than five years after the historic resource is placed in service, either of the following happens:

- A certificate of completed rehabilitation is revoked; or
- A preapproval letter for an enhanced credit is revoked; or
- A historic resource is sold or disposed of.

The percentage of credit recapture that must be used varies according to the number of years the recapture event occurs after the credit was claimed, as follows:

- 100 percent of the total of all credits claimed if the recapture event occurs less than 1 year after the tax year for which a credit was claimed;
- 80 percent of the total of all credits claimed if the recapture event occurs at least 1 year, but less than 2 years after the tax year for which a credit was claimed;

- 60 percent of the total of all credits claimed if the recapture event occurs at least 2 year, but less than 3 years after the tax year for which a credit was claimed;
- 40 percent of the total of all credits claimed if the recapture event occurs at least 3 year, but less than 4 years after the tax year for which a credit was claimed;
- 20 percent of the total of all credits claimed if the recapture event occurs at least 4 years, but less than 5 years after the tax year for which a credit was claimed.

NOTE: If the credit has been assigned, the recapture is the responsibility of the qualified taxpayer that received the certificate of completed rehabilitation, not the assignee.

NOTE: A recapture is not required if the qualified taxpayer enters into a written agreement with the State Historic Preservation Office that allows for the transfer or sale of the historic resource.

Line 12: Enter the calculated recapture amount of all SBT Historic Preservation Credit claimed on previously filed C-8000MC forms, or Form 4889, as applicable.

Line 13: Enter the calculated recapture amount of all MBT Historic Preservation Credit claimed on previously filed 4584 forms or 4889 forms, as applicable.

MEGA Battery Manufacturing Facility Credit

The MEGA Battery Manufacturing Facility Credit is claimed through an agreement with MEGA. A taxpayer that claimed a credit that subsequently fails to meet the requirements of the agreement, as determined by MEGA, may have its credit reduced or terminated or have a percentage of the credit previously claimed added back to the tax liability of the taxpayer in the tax year that the taxpayer fails to comply with the agreement.

Line 14: Enter the calculated recapture amount of all MEGA Battery Manufacturing Facility Credits claimed on previously filed 4584 forms or 4889 forms, as applicable.

MEGA Large Scale Battery Credit

The MEGA Large Scale Battery Credit is available to a qualified taxpayer that enters into an agreement with MEGA to construct an eligible facility and create a minimum of 750 new jobs. A taxpayer that claimed a credit that subsequently fails to meet the requirements of the agreement, as determined by MEGA, may have its credit reduced or terminated or have a percentage of the credit previously claimed added back to the tax liability of the taxpayer in the tax year that the taxpayer fails to comply with the agreement. In addition, if the taxpayer fails to create 750 new jobs, the taxpayer shall have its credit reduced by $65,000 for each job less than 750 that was not created and, if the taxpayer fails to create at least 500 new jobs, additional recapture of any credit or benefit received pursuant to the agreement may be recaptured.

Line 15: Enter the calculated recapture amount of all MEGA Large Scale Battery Credits claimed on previously filed 4584 forms.

MEGA Advanced Lithium Ion Battery Pack Credit

The MEGA Advanced Lithium Ion Battery Pack Credit is claimed through an agreement with MEGA. If a taxpayer that claimed a credit relocates its advanced lithium ion battery pack assembly facility that produces the battery pack units for which the credit was claimed outside of Michigan during the term of the agreement or subsequently fails to meet the capital investment or new jobs requirements of the agreement entered with MEGA, the taxpayer shall have a percentage of the amount previously claimed added back to the tax liability of the taxpayer in the tax year that the taxpayer fails to comply with the agreement, and shall have its credit terminated or reduced prospectively.

Line 16: Enter the calculated recapture amount of all MEGA Advanced Lithium Ion Battery Pack Credits claimed on previously filed 4584 forms.

Include completed Form 4902 as part of the tax return filing.

Calculation of MBT ITC Recapture Amount

Calculation of MBT ITC Recapture Bases

For each category of assets disposed of (or moved out of Michigan) that triggers an MBT ITC recapture, enter the information requested below.

In each category of disposed of/moved asset, group assets by taxable year in which they were acquired. All events that have varying dates must be listed separately. Multiple dispositions (or transfers) may be combined as one entry, subject to the following: all combined events must satisfy the terms of the table in which they are entered. "Taxable Year in which disposed of assets were acquired" must be the same for all events combined on a single line.

UBGs: If capital asset subject to recapture is from a member that was not part of the group in the tax year the asset was acquired, make a separate line entry for the tax year the member filed outside of the group. Take care to report in this line information requested in each column only from the member's single filings, not the group's.

NOTE: A sale of qualifying property reported on the installment method for federal income tax purposes causes a recapture based upon the *entire* gross proceeds in the year of the sale. The recapture is reduced by any gain reported in federal taxable income (as defined for MBT purposes) in the year of the sale. The gain attributable to the installment sale that is reported in subsequent years increases the credit base (or reduces other sources of recapture) for those years, and must be reported on column C of the appropriate Worksheet based on the type of asset.

UBGs: The recapture of capital investments for UBGs is calculated on combined assets of standard members of the UBG. Assets transferred between members of the group are not a capital investment in qualifying assets for purposes of calculating this credit or its recapture. Disposing of or transferring an asset outside of the UBG triggers recapture. Also, moving an asset outside of Michigan creates recapture, even if the transfer is to a member of the UBG.

Worksheet 1a — Depreciable Tangible Assets

Enter all dispositions of depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after 2007 and were sold or otherwise disposed of during the current filing period. Give all information required for each disposition in columns A through F. In column A, enter the taxable year in which the disposed of assets were acquired. Enter combined gross sales price (net of costs of sale) in column B, and in column C, enter total gain or loss included in calculating federal taxable income (as defined for MBT purposes).

NOTE: Sales price includes any benefit derived from the sale.

Worksheet 1b — Depreciable Mobile Tangible Assets

Enter all dispositions of depreciable mobile tangible assets that were acquired after 2007 and were sold or otherwise disposed of during the current filing period. Give all information required for each disposition in columns A through F. In column A, enter the taxable year in which the disposed of assets were acquired. Enter gross sales price (net of costs of sale) in column B, and in column C, enter total gain or loss included in calculating federal taxable income (as defined for MBT purposes).

Worksheet 1a — Depreciable Tangible Assets

A Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY)	B Combined Sales Price of Disposed Assets by Year of Acquisition	C Net Gain/Loss From Sale of Assets	D CIT Apportionment Percentage from Form 4891, line 9g, or Form 4908, line 9c	E Apportioned Gain/Loss *Multiply Column C by Column D*	F MBT ITC Recapture (Base 1) *Subtract Column E From Column B*

Worksheet 1b — Depreciable Mobile Tangible Assets

A Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY)	B Combined Sales Price of Disposed Assets by Year of Acquisition	C Net Gain/Loss From Sale of Assets	D Adjusted Proceeds *Subtract Column C From Column B*	E CIT Apportionment Percentage from Form 4891, line 9g, or Form 4908, line 9c	F MBT ITC Recapture (Base 2) *Multiply Column D by Column E*

Worksheet 1c — Assets Transferred Outside Michigan

A Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY)	B MBT ITC Recapture Combined Adjusted Federal Basis of Disposed Assets by Year of Acquisition (Base 3)

For property placed in service after December 31, 2007, gain reflected in federal taxable income (as defined for MBT purposes) is the gain reported federally except that it shall be calculated as if IRC § 168(k) were not in effect.

NOTE: Sales price includes any benefit derived from the sale.

Worksheet 1c — Assets Transferred Outside Michigan

Enter all depreciable tangible assets other than mobile tangible assets acquired after 2007 that were eligible for ITC and were transferred outside Michigan during the filing period. Give all information required for each disposition in column A and B. In column A, enter the taxable year in which the disposed of assets were acquired, and in column B, enter adjusted basis as used for federal purposes. Do not use a recomputed MBT basis for this purpose.

Calculation of MBT ITC Recapture Rates and Amounts

Complete Worksheet 2 (on the following page), entering each tax year (End Date) in which the disposed of assets that triggered MBT ITC recapture were acquired.

NOTE: Line references on columns below are based on the 2010 and 2011 MBT Form 4570. Lines for 2008 and 2009 MBT forms are different, so if copying information from a 2008 and 2009 MBT form, choose the appropriate lines.

Worksheet 2

• Column A: Enter in chronological order, beginning with the earliest, the tax year end date of each acquisition year of disposed of assets that triggered MBT ITC recapture from Worksheet 1a through 1c.

UBGs: If capital asset subject to recapture is from a member that was not part of the group in the tax year the asset was acquired, make a separate line entry for the tax year the member filed outside of the group. Take care to report in this line information requested in each column only from the member's single filings, not the group's.

• Column B: Enter allowable MI compensation and ITC amount from Form 4570, line 26 with the corresponding acquisition year in column A.

• Column C: Enter the MI compensation credit amount from Form 4570, line 3 with the corresponding acquisition year in column A.

• Column D: Calculate net ITC amount: subtract column C from column B for each tax year. If difference is negative, enter zero. This is the amount of ITC that offsets MBT liability.

• Column F: MBT capital investment amount. Enter total amount of capital investment reported on Form 4570, line 8, for each tax year listed on column E.

• Column G: ITC rate. Enter 2.32% for tax years on column E that end with 2008, otherwise enter 2.9%.

• Column H: Calculate gross ITC amount: multiply column F by column G for each tax year.

• Column J: MBT recapture of capital investment. Enter total amount of recapture of capital investment reported on Form 4570, line 16, for each tax year listed on column I.

• Column L: Gross MBT ITC recapture amount. Multiply column J by column K. This represents the total amount of ITC recapture available to be reported in the tax year.

• Column M: MBT ITC recapture amount offset by credit. Enter the lesser of columns H and L. This is the amount of available ITC recapture that was offset by the total amount of available ITC in the year.

• Column O: SBT credit recapture amount. Enter total amount from Form 4570, line 19 for each tax year listed on column N.

• Column P: SBT ITC recapture amount offset by credit. Enter lesser of the amount on column O, and the amount of column H minus column M. This is the amount of SBT ITC recapture that was offset by the total amount of available ITC in the tax year.

• Column Q: Total MBT ITC used. Add columns D, M, and P. The total amount of MBT ITC used equals to the amount of credit that offsets MBT ITC recapture, SBT ITC recapture, and the MBT liability.

• Column R: Extent used rate. Divide amounts on column Q by amounts on column H.

• Column T: MBT recapture base. Enter total amount of MBT ITC recapture base from Worksheet 1a, column F; Worksheet 1b, column F and Worksheet 1c, column B.

• Column U: MBT recapture amount. Multiply amount in column T by rates in column G, and in column R.

Add up figures in each row of column U, and carry that amount to Form 4902, line 1. If the total of all rows in column U is less than zero, enter zero on Form 4902, line 1.

Worksheet 2 — Calculation of MBT ITC Recapture Rates and Amounts

A Taxable Year (End Date) in which MBT ITC Disposed Assets were acquired	B Allowable Michigan compensation and ITC credit amount from Form 4570, line 26	C Michigan Compensation Credit Amount from Form 4570, line 3	D ITC that offsets MBT liability Subtract column C from column B (Enter 0 if less than 0)

E Taxable Year (repeat from column A)	F MBT Capital Investment Amount from Form 4570, line 8	G ITC rate (2.32% for tax years ending in 2008, or 2.9% otherwise)	H Gross ITC Credit Amount Multiply column F by column G

I Taxable Year (repeat from column A)	J MBT Recapture of Capital Investment Amount from Form 4570, line 16	K ITC rate (2.32% for tax years ending in 2008, or 2.9% otherwise)	L Gross MBT ITC Recapture Multiply column J by column K	M MBT ITC Recapture Amount Offset by Credit Lesser of column L and H

N Taxable Year (repeat from column A)	O SBT ITC Credit Recapture Amount from Form 4570, line 19	P SBT ITC Recapture Amount Offset by Credit Lesser of column O, and column (H – M)	Q Total MBT ITC Credit Used Add columns D, M, and P	R Extent Credit Used Rate Divide column Q by column H

S Taxable Year (repeat from column A)	T Recapture base. Enter total amount of recapture from Worksheet 1a, column F; Worksheet 1 b, column F; and Worksheet 1c, column B.	U Recapture Amount. Multiply column T by column G and by column R

Calculation of SBT ITC Recapture Amount

Calculation of SBT ITC Recapture Bases

For each category of asset disposed of (or moved out of Michigan) that triggers an SBT ITC recapture, enter the information requested below.

In each category of disposed of/moved asset, group assets by taxable year in which they were acquired. All events that have varying dates must be listed separately. Multiple dispositions (or transfers) may be combined as one entry, subject to the following: all combined events must satisfy the terms of the table in which they are entered. "Taxable Year in which disposed assets were acquired" must be the same for all events combined on a single line.

NOTE: A sale of qualifying property reported on the installment method for federal income tax purposes causes a recapture of the entire gross proceeds in the year of the sale. The recapture is reduced by any gain reported in federal taxable income in the year of the sale. The gain attributable to the installment sale that is reported in subsequent years increases the credit base (or reduces SBT ITC recapture) for those years, and must be reported on column C of the appropriate Worksheet based on the type of asset.

UBGs: Fill necessary Worksheets 3a, 3b, and 3c for each member of the group who has disposed of assets that triggered an SBT ITC recapture in the current filing period.

Worksheet 3a Depreciable Tangible Assets

For depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after 1999 and prior to 2008, and were sold or otherwise disposed of during the tax year, enter the following:

Line 1, Column A: Group the depreciable tangible assets that were disposed of during the current filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no dispositions of depreciable tangible assets during the filing period may be omitted. However, do not omit the acquisition year of depreciable tangible assets that have been sold on an installment method if gains attributable to installment payments received during the current filing period must be reported.

Line 1, Column B: Total gross proceeds from all depreciable tangible assets that were acquired in the same taxable year and disposed of during the filing period. If a qualifying asset was sold on an installment sale in a prior filing period, the entire sale price was reported for recapture purposes in the year of sale. Therefore, if a payment was received on that installment sale in the current filing period, do not report that amount as gross proceeds for this period. See instructions for column C, however, with respect to the gain from that installment payment.

Worksheet 3a — Depreciable Tangible Assets

1. **A** Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY)	**B** Combined Sales Price of Disposed Assets by Year of Acquisition	**C** Net Gain/Loss From Sale of Assets	**D** Apportionment Percentage from Form 4891, line 9g, or Form 4908, line 9c	**E** Apportioned Gain/Loss Multiply Column C by Column D	**F** SBT ITC Recapture (Base 1) Subtract Column E From Column B

Worksheet 3b — Depreciable Mobile Tangible Assets

2. **A** Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY)	**B** Combined Sales Price of Disposed Assets by Year of Acquisition	**C** Net Gain/Loss From Sale of Assets	**D** Adjusted Proceeds *Subtract Column C From Column B*	**E** Apportionment Percentage from Form 4891, line 9g, or Form 4908, line 9c	**F** SBT ITC Recapture (Base 2) *Multiply Column D by Column E*

Worksheet 3c —Assets Transferred Outside Michigan

3. **A** Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY)	**B** SBT ITC Recapture Combined Adjusted Federal Basis of Disposed Assets by Year of Acquisition (Base 3)

Line 1, Column C: Net total gains/losses reflected in federal taxable income from all depreciable tangible assets that were acquired in the same taxable year and disposed of during the filing period. Report also in column C any gain reflected in federal taxable income that is attributed to an installment payment received during the current CIT filing period, from a prior installment sale of an asset that was of a type and acquisition date covered in this table. For property placed in service prior to January 1, 2008, gain reflected in federal taxable income is equal to the gain reported for federal purposes. Keep in your files a separate worksheet with the appropriate information regarding each depreciable tangible asset located in Michigan that was acquired or moved into Michigan after acquisition in a tax year beginning after 1999 and prior to 2008, and was sold or otherwise disposed of during the tax year. Sum the total gross proceeds and gain or loss for all disposed of assets acquired in the same taxable year. Enter in this form only the total sum of gross proceeds and gain/loss grouped by taxable year the assets were acquired. Use one row per group of disposed of assets acquired in the same taxable year. Start from the earliest acquisition year.

Line 1, Column D: Enter the apportionment percentage from Form 4891, line 9g, or Form 4908, line 9c. If not apportioning, enter 100 percent. Enter the same apportionment percentage for each row completed.

Line 1, Column F: Subtract column E from column B for each row. If column E is a loss, add its positive value to column B for each appropriate row. A loss in column E will increase the recapture base.

Worksheet 3b — Depreciable Mobile Tangible Assets

Mobile tangible assets are all of the following:

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

For depreciable mobile tangible assets that were acquired in a tax year beginning after 1999 and prior to 2008, and were sold or otherwise disposed of during the tax year, enter the following:

Line 2, Column A: Group the depreciable mobile tangible assets that were disposed of during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no dispositions of depreciable mobile tangible assets during the filing period may be omitted. However, do not omit the acquisition year of depreciable mobile tangible assets that have been sold on an installment method if gains attributable to installment payments received during the current filing period must be reported.

Line 2, Column B: Total gross proceeds from all depreciable mobile tangible assets that were acquired in the same taxable year and disposed of during the filing period. If a qualifying asset was sold on an installment sale in a prior filing period, the entire sale price was reported for recapture purposes in the year of sale. Therefore, if a payment was received on that installment sale in the current filing period, do not report that amount as gross proceeds for this period. See column C, however, with respect to the gain from that installment payment.

Line 2, Column C: Net total gains/losses reflected in federal taxable income from all depreciable mobile tangible assets that were acquired in the same taxable year and disposed of during the filing period. Report also in column C any gain reflected in federal taxable income that is attributed to an installment payment received during the current CIT filing period, from a prior installment sale of an asset that was of a type and acquisition date covered in this table. For property placed in service prior to January 1, 2008, gain reflected in federal taxable income is equal to the gain reported for federal purposes. Keep in your files a separate worksheet with the appropriate information regarding each depreciable mobile tangible asset acquired in a tax year beginning after 1999 and prior to 2008, and sold or otherwise disposed of during the tax year. Sum the total gross proceeds and gain or loss for all disposed of assets acquired in the same taxable year. Enter in this form only the total sum of gross proceeds and gain or loss grouped by taxable year the assets were acquired. Use one row per group of disposed of assets acquired in the same taxable year.

Line 2, Column D: Subtract figures in column C from amounts in column B for each row. If column C is a loss, add its positive value to column B for each appropriate row. A loss in column C will increase the recapture.

Line 2, Column E: Enter the apportionment percentage from Form 4891, line 9g, or Form 4908, line 9c. If not apportioning, enter 100 percent. Enter the same apportionment percentage for each row completed

Line 2, Column F: Multiply amounts in column D by column E for each row.

Worksheet 3c — Assets Transferred Outside Michigan

For depreciable tangible assets other than mobile tangible assets acquired in tax years beginning after 1999 and prior to 2008, that were eligible for the ITC in tax years beginning after 1999 and prior to 2008, and were transferred outside Michigan during the tax year, enter the following:

Line 3, Column A: Group the depreciable tangible assets other than mobile tangible assets that were transferred out of Michigan during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no transfers of depreciable tangible assets out of Michigan during the filing period may be omitted.

Line 3, Column B: Total sum of adjusted federal basis from all depreciable tangible assets acquired in the same taxable year and transferred out of Michigan during the filing period. Keep in your files a separate worksheet with the appropriate information regarding each depreciable tangible asset other than mobile tangible assets acquired in tax years beginning after 1999 and prior to 2008, that were eligible for the ITC in tax years beginning after 1999 and prior to 2008, and were transferred outside Michigan during the tax year. Sum the total adjusted federal basis for all such transferred assets acquired in the same taxable year. Enter in this form only the total sum of adjusted federal basis grouped by the taxable year the assets were acquired. Use one row per group of such transferred assets acquired in the same taxable year. Start from the earliest taxable year.

Calculation of SBT ITC Recapture Rates

Recapture rates can be calculated using any of 3 methods described in the "Method Summary Table" below. The Table highlights the methods' pros and cons. Choose your method, and follow the appropriate instructions to calculate the rates on Worksheet 4a, line 4, column E.

NOTE: Whichever method is used, the calculated effective recapture rate of SBT ITC by year cannot be higher than the figure calculated under Method A for any year.

NOTE ON USING THE SIMPLEST METHOD: When the amount of SBT ITC used equals the amount of SBT ITC created, the three methods yield the same result. This occurs in either of the following situations:

Calendar year filer(*): 2009 MBT Form 4569, lines 2 and 3, are equal for the latest 2009 tax year return filed;

Fiscal year filer(*): 2008 MBT Form 4569, line 4, equals zero for the latest 2009 tax year return filed;

- Filers**(**)** who have filed an MBT Form 4583 for either 2008 or 2009 tax year; or
- Filers**(**)** who have NOT filed 2008 or 2009 MBT return, and have filed MBT return(s) for tax year(s) after 2009.

(*) *For UBGs, the condition applies only for groups where all members were included in every 2008 and 2009 MBT return filed by the group.*

(**) *Filers refers to single filers (non-UBGs) or UBG members in the current tax year who were not part of a group in 2008 or 2009 and were single-filers then. Not filing a Form 4567 does not allow a taxpayer to preserve SBT credit carryforward from one year to the next.*

The simplest method that can be used is Method A. Taxpayers that meet either of the situations above should use Method A. It provides correct results using the least amount of data input from the taxpayer.

METHOD SUMMARY TABLE

TYPE OF METHOD	PROS	CONS
Method A	• Easy to calculate. • Works for all types of taxpayers, including any type of UBG groups. • Taxpayer or UBG member disposing of ITC asset only need to enter information on Worksheet 4a for years in which assets that trigger recapture were acquired.	• Method does not take into account the extent to which the ITC credit was used.
Method B	• Takes into account the extent to which the ITC was used.	• Taxpayers must fill Worksheets 4a, 4b, and 4c and enter necessary information in Treasury webtool. • Information on Worksheet 4a must be entered for all years in which assets were bought and ITC was claimed, whether or not those assets were disposed of in the current tax year.
Method C	• Taxpayers fill only Worksheet 4a, line 4, column E.	• Taxpayer needs to develop own calculation procedure that reflects the MBT statute. Retain records to substantiate calculation.

UBGs: Fill necessary Worksheets 3a, 3b, and 3c for each member of the group who has disposed of assets outside of the group, which triggered an SBT ITC recapture in the current filing period.

- **Method A:**
  - **Worksheet 4a, line 4, columns A through D:** Enter in the tax year end date of each acquisition year of disposed assets that triggered SBT ITC recapture. (Those dates should be the same as appear in column A of Worksheet 3a through 3c.)

    For each year displayed in column A, enter Form C-8000ITC information required in the appropriate column, using return data specific from each applicable tax year. If the amount of column C is zero for a particular year, and the amount on C-8000ITC, line 10 for that year is larger than zero, taxpayers may not enter zero on column E if the taxpayers fall in either of the two categories explained below, and must do the appropriate calculations as follows:

    1) Taxpayers who used the straight method to calculate the SBT liability for that taxable year: calculate the credit rate as instructed on C-8000ITC, line 26 for that taxable year, and enter the result on column E; or

    2) Taxpayer who used the excess compensation reduction method to calculate the SBT liability for that taxable year: calculate the credit rate on C-8000ITC, line 26, for that taxable year; subtract the percentage found on C-8000S, line 6, from 100%, and multiply the result of that subtraction by the calculated credit rate on C-8000ITC, line 26. Enter the result on column E.
  - **Worksheet 4b, line 5, columns A and B:** Leave lines blank.
  - **Worksheet 4a, line 4, Column E:** Divide the amount in column C by the amount in column B, for each taxable year in column A, and enter as a percentage.
  - **Worksheet 4c, lines 6, 7, and 8:** leave all columns blank.
- **Method B:**
  - **Worksheet 4a, line 4, columns A through D:** Gather all C-8000ITC forms filed for tax years beginning on or after January 1, 2000. (If an amended C-8000ITC was filed, use the figures from the amended form, not the original.) Sort all the returns in chronological order of taxable year end date, from earliest to latest date. Starting with the Form C-8000ITC for the earliest applicable SBT filing period, enter the information requested on the table for each taxable year (use one row for each return).

NOTE: For SBT tax years when the taxpayer filed a C-8000 with no C-8000ITC, or a C-8030, enter on line 4A the taxable year end date, and enter zero for lines 4B, 4C, and 4D. Do not enter any information on lines 4A through 4D for SBT tax years in which the taxpayer filed nothing OR filed a C-8044. If more than one return was filed for the same tax year (that is, the taxpayer filed an amended return), use only the information from the latest return filed for that tax year.

UBGs: Fill set of Worksheets 4a, 4b , and 4c for each member of the group who disposed of assets that triggered SBT ITC recapture in the current tax year.

  - **Worksheet 4b, line 5, columns A and B:** Starting with Form 4569 for the earliest 2008 and latest 2009 applicable MBT filing period, enter the information requested on table. If more than one return was filed for the same tax year (that is, the taxpayer filed an amended return), use only the information from the latest return filed for that tax year.

NOTE: For MBT tax years that the taxpayer filed Form 4567 and no Form 4569, enter on line 5A the taxable year end date, and enter zero for line 5B. Do not enter any information on lines 5A and 5B for MBT years in which the taxpayer filed nothing or filed a Form 4583. See **Note on Using the Simplest Method** under the heading **Calculation of SBT ITC Recapture Rates** in these instructions. Not filing a Form 4567 does not allow a taxpayer to preserve SBT credit carryforward from one year to the next.

UBGs: During tax years ending in 2008 and 2009, UBG groups were allowed to offset the group liability by claiming member's SBT ITC carryforward. When completing Worksheet 4b, line 5, column B, enter the portion of the total group SBT ITC carryforward used by the group for each year that pertains to the specific member that is disposing of SBT ITC asset in the current tax year, as calculated in the example below. If the member completing Worksheet 4b was not part of a UBG in 2008 and/or 2009 tax years, and filed as a stand alone filer, take care to report on Worksheet 4b, lines 5A and 5B information from the member's singly filed returns.

Example: In 2008, group ABC files MBT return claiming $1,000,000 in SBT ITC carryforward. The group consisted of Company 1, Company 2, Company 3, and Company 4. Company 4's tax year ended after the tax year of the group's Designated Member, so Company 4's data was not included in group ABC's 2008 MBT return, even though Company 4 was part of the UBG. The total $1,000,000 in SBT ITC carryforward resulted from the sum of $200,000 in SBT ITC carryforward from Company 1, $300,000 from Company 2, and $500,000 from Company 3. In the current year, companies 2, 3 and 4 dispose of capital investment outside of the group, which triggers SBT ITC recapture. Therefore, Group ABC fills a Form 4902 to report the sum of SBT ITC recapture from Company 2, Company 3, and Company 4. When filling the Worksheet 4b, line 5, column B for Company 2, report $200,000 – which represents the portion of the total SBT ITC carryforward claimed by the group in 2008 that corresponds only to Company 2's SBT ITC carryforward in 2008. When filling Worksheet 4b, line 5, column B for Company 3, report $500,000 – which represents Company 3's portion of the total SBT ITC carryforward claimed by the group in 2008. When filling Worksheet 4b, line 5, column B for Company 4, report $0 – which represents Company 4's portion of the total SBT ITC carryforward claimed by the group in 2008.

  - **Worksheet 4a, Column E:** For each taxable year, enter the rates calculated on Worksheet 4c, line 8, column M.

- **Worksheet 4c** (lines and columns not listed are explained on the table):
  - **Line 6, column A:** Enter only taxable years in which SBT ITC disposed assets were acquired. Dates should match those listed on Worksheets 3a, 3b, and 3c, columns A. List each date only once.
  - **Line 6, column C:** For each taxable year on line 6, column A, find the corresponding SBT ITC amount reported on worksheet 4a, line 4, column C, and Net Capital Investment amount reported on Worksheet 4a, line 4, column B. Divide amounts from Worksheet 4a, line 4, column C by amounts from worksheet 4a, line 4, column B for each taxable year and enter results here. If the quotient of that division for a particular tax year on line 6, column A equals zero, and the amount on Worksheet 4c, line 6, column B is positive, instead of zero, enter the following on line 6, column C as appropriate:

Worksheet 4a

4. A Return For Taxable Year Ending (MM-DD-YYYY)	B Net Capital Investment *(C-8000ITC, Line 24)*	C SBT ITC *(C-8000ITC, Line 33)*	D SBT ITC Used *(C-8000ITC, Line 36)*	E Maximum or Actual Calculated Effective Recapture Percentage Rate of SBT ITC by Year
				%
				%
				%

Worksheet 4b

5. A Return For Taxable Year Ending (MM-DD-YYYY)	B SBT ITC Carryforward Used *(Form 4569, line 3)*

Worksheet 4c

6. A Taxable Year (End Date) In Which Disposed Asset Were Acquired (MM-DD-YYY)	B SBT Capital Investment Amount (C-8000ITC, line 10)	C SBT ITC Credit Rate Divide line 4, column C, by line 4, column B (See Instructions if zero)	D Gross SBT ITC Credit Amount Multiply column B by column C

7. E Taxable Year (repeat from column A)	F SBT Recapture Capital Investment Amount (C-8000ITC, line 23)	G Gross SBT ITC Credit Recapture Multiply column F by column C	H SBT Recapture Amount Offset by Credit Lesser of columns D and G

8. I Taxable Year (repeat from column A)	J SBT ITC Credit Amount That offsets SBT liability (from webtool)	K Total SBT ITC Credit Amount Used Add columns J and H	L Extent Credit Used Rate Divide column K by column D (cannot be more than 1)	M SBT ITC Recapture Rate Multiply columns C and L. Carry amount to Worksheet 4a, line 4, column E

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1) Taxpayer used the straight method to calculate the SBT liability for that taxable year: calculated the credit rate on C-8000ITC, line 26 for that taxable year, and enter the result here;
2) Taxpayer used the excess compensation reduction method to calculate the SBT liability for that taxable year: calculate the credit rate on C-8000ITC, line 26, for that taxable year; subtract the percentage found on C-8000S, line 6, from 100%, and multiply the result of that subtraction by the calculated credit rate on C-8000ITC, line 26. Enter the result here.

- **Line 8, column J:** Enter amount of ITC used provided by the webtool that corresponds to each taxable year displayed on line 8, column I. Access the Michigan Department of Treasury (Treasury) Web tool by going to the Treasury site (**www.michigan.gov/mbt4585tool**), and enter the necessary information as instructed.
- **Line 8, column M:** For each taxable year on line 8, column I, multiply line 6, column C by line 8, column L. Enter results here. Match the taxable year on line 8, column I with the taxable year on Worksheet 4a, line 4, column A, and carry amount from line 8, column M to Worksheet 4a, line 4, column E for each appropriated tax year line.

- **Method C:**
  - **Worksheet 4a, columns A through D:** Fill column A, and leave all others blank.
  - **Worksheet 4b, columns A and B:** Leave lines blank.
  - **Worksheet 4a, Column E:** Enter results from the taxpayer's own software of choice (that is, a non-Treasury Web tool) or the taxpayer's own calculation that reflects the MBT statute. Retain records to substantiate figures entered in the filed return.

Calculation of SBT ITC Recapture Amounts

To complete Worksheet 5, follow the instructions below:

Line 9, Column A: Enter in chronological order, beginning with the earliest, the tax year end date of each acquisition year of disposed assets that triggered SBT ITC recapture from Worksheets 3a through 3c.

Line 9, Column B: Separately for each acquisition year listed in column A, combine the corresponding amounts in Worksheet 3a, column F, Worksheet 3b, column F, and Worksheet 3c, column B for all disposed assets that triggered SBT ITC recapture.

Line 9, Column C: For each acquisition year listed in column A, enter the corresponding SBT ITC effective rate from Worksheet 4a, column E. Match the acquisition year in Worksheet 5, column A, with the corresponding acquisition year in Worksheet 4a, column A.

Line 9, Column D: Multiply column B by column C for each acquisition year.

Add up figures in each row of Worksheet 5, column D, and carry that amount to Form 4902, line 2.

<u>**UBGs:**</u> Add up figures in each row of Worksheet 5, line 9, column D from every group member that has disposed assets that triggered SBT ITC recapture. Carry the sum of all years, for all group members, to form 4902, line 2.

Worksheet 5 — Calculation of SBT ITC Recapture Amounts

9. **A** Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY)	**B** Total SBT ITC Recapture Base by Year of Acquisition *Add amounts from Worksheet 3a, column F; Worksheet 3b, column F; and Worksheet 3c, column B*	**C** Year-Specified Recapture Percentage Rate from Line 4, Column E	**D** Recapture Amount *Multiply Column B by Column C*
		%	
		%	
		%	

10. TOTAL. Enter total of line 9, column D. Carry total to Form 4902, line 2. If less than zero, enter zero........ | 00

Form 4, Instructions for Application for Extension of Time to File Michigan Tax Returns

Important Information

An extension of time to file is not an extension of time to pay. Read the Line-by-Line Instructions before completing Form 4. The form and payment must be postmarked on or before the original due date of the return.

NOTE: Do not use this form for City of Detroit extensions. Use Form 5209 for individual city filing extensions or Form 5301 for city corporate extensions.

Income Tax (Individual, Composite and Fiduciary)

Individual and Fiduciary filers submit Form 4 or a copy of your federal extension. An extension of time to file the federal return automatically extends the time to file the Michigan return to the new federal due date. Composite filers must submit Form 4 even if a federal extension was filed. **An extension of time to file is not an extension of time to pay.** If you have not been granted a federal extension, the Michigan Department of Treasury (Treasury) will grant a 6 month extension for Individual Income Tax (IIT) and composite returns, or a 5.5 month extension for fiduciary returns.

- Do not file this form if you are not submitting a required extension payment with this form.
- If, at the time the extension is filed, it is determined additional Michigan tax is due, send the amount due and a completed Form 4 or a copy of your federal extension form. If filing Form 4, do not send a copy of the federal extension to Treasury. Retain a copy for your records. Extension requests received without required payment will be denied. Late filing penalty and interest will accrue on the unpaid tax from the original due date of the return.
- Payments made to date include withholding, estimated tax payments, a credit forward from the previous tax year, and any other payments previously made for this tax year. IIT filers should include any Michigan withholding.
- An extension is not necessary when you expect to claim a refund. Late filing penalty may not apply as refunds can be claimed up to 4 years from the original due date without an extension.

CIT and MBT

Business tax filers must use this form to request an extension and must file it even if the Internal Revenue Service has approved a federal extension.

- If this form is properly prepared, meeting all listed conditions, and filed timely, Treasury will grant you an extension to the last day of the eighth month beyond the original due date regardless of whether you are granted a federal extension.
- Do not send a copy of the federal extension to Treasury. Retain a copy for your records.
- **An extension of time to file is not an extension of time to pay.** If there will be a business tax liability, payment must be included with this form and/or appropriate estimated tax payments must have been made during the tax year, **or the extension request will be denied.** Late filing penalty and interest will accrue on the unpaid tax from the original due date of the return.

NOTE: Public Act 38 of 2011 established the Michigan Corporate Income Tax (CIT). The CIT took effect January 1, 2012, and replaced the Michigan Business Tax (MBT), except for certain businesses that opt to continue claiming certificated credits. **Fiscal Filers** of the CIT or MBT must consult either the "Supplemental Instructions for Standard Fiscal CIT Filers" section in the *CIT Forms and Instructions for Standard Taxpayers* (Form 4890) or the "Supplemental Instructions for Standard Fiscal MBT Filers" section in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600), for additional details on completing Form 4.

NOTE: Business tax filers should check the box for CIT or MBT based on the business tax they plan to file. However, this form will extend both business taxes for the 2019 tax year if it is properly prepared, meets all listed conditions, and is filed timely. This form does not make the election to remain under the MBT.

Unitary Business Group (UBG)

A UBG must file a combined return for its business taxes under the name and Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number of the Designated Member (DM) of the group. Only the DM may submit a valid

Detach here and mail with your payment. Do not fold or staple the application.

Michigan Department of Treasury, Form 4 (Rev. 05-20)

Issued under the authority of Public Acts 281 of 1967, as amended and 36 of 2007.

Application for Extension of Time to File Michigan Tax Returns

Make check payable to "**State of Michigan**." Print **"Michigan Extension"** and last four digits of filer's **Social Security number** or full **account number** on the check. **Mail to: Michigan Department of Treasury, PO Box 30774, Lansing, MI 48909**

1. Extension request is for the following tax Check ONLY ONE ☐ Income Tax (excludes Home Heating Credit) ☐ Fiduciary Tax (includes Composite Filers) ☐ Michigan Business Tax ☐ Corporate Income Tax	2. Month and Year Your Tax Year Ends (MM-YYYY) —	3. Full Federal Employer Identification or TR No.
	4. ☐ Check if extension is requested for good cause (see instructions).	5. Filer's Full Social Security No. (9 digits)
	6. ☐ Check if an extension was granted for filer's federal tax return.	7. Spouse's Full Social Security No. (if filing jointly)
8. Business or Trust Name		9. Tentative Annual Tax
10. Filer's Name (first name, middle initial, last name) or Fiduciary/Trustee Name		11. Total Payments Made to Date
12. Mailing Address (Address, City, State and ZIP Code)		**13. Payment Amount** .00

DO NOT WRITE IN THIS SPACE

Form 4 for the UBG. If any other member submits Form 4, it will not extend the time for filing the combined return. Any payment included with such a request will be applied to the UBG. If a UBG includes standard members and financial institutions, it will have two DMs and file two combined returns. In that case, a separate extension must be requested (if desired) for each combined return, through the DM designated on that return. For more information, see the "Supplemental Instructions for Standard Members in UBGs" section in Form 4890 or Form 4600.

Line-by-Line Instructions

Lines not listed are explained on the form.

Line 1: File a separate application for each tax type. Check the box next to the appropriate tax. If filing a Composite Income Tax return (for nonresident partners or shareholders), check the "Fiduciary Tax" box. If requesting an Individual Income Tax (IIT) extension, note the extension does not apply to a Home Heating Credit Claim or City of Detroit extensions.

Line 2: Enter the month and year your tax year ends, NOT the date you are making the payment. For most IIT filers, this date is 12-2020.

Fiscal Year Filers (CIT): See the "Supplemental Instructions for Standard Fiscal CIT Filers" section in the *Corporate Income Tax Forms and Instructions for a Standard Taxpayer* (Form 4890).

Lines 3, 5, and 7: CIT, MBT, Fiduciary, and Composite filers, enter your FEIN or TR number on line 3. IIT filers only, enter your **full** Social Security number (9 digits) on line 5 (and line 7 if filing jointly).

Line 4: Composite filers or filers who have not been granted a federal extension may request an extension for good cause. Examples of good cause include, but are not limited to: (a) taxpayer's initial return, (b) taxpayer's final return, (c) a change in accounting period, and (d) taxpayer's books and records are not available or complete. **NOTE**: **The inability to pay a tax due is not good cause.**

Line 6: Check the box if you have been granted a federal extension. Retain a copy of your federal extension for your files. By checking the box on line 6, you are affirming that you have a federal extension in your possession. You must be able to produce a copy for verification, if requested.

Lines 8 and 10: If applicable, these lines must both be completed to avoid delays in processing.

Line 13: Enter the amount of your extension payment.

IIT Filers: This payment should be claimed, in addition to any estimates or credit forward, on the corresponding line of your MI-1040. You may make your IIT extension payment electronically using Michigan's e-Payments service. Payment options include direct debit (eCheck) from your checking or savings account, or payment by credit or debit card. Visit **www.michigan.gov/iit** for more information.

Penalty and Interest

If the tax due is underestimated and sufficient payment is not paid with the application for extension, interest will be due on the unpaid or underpaid amount.

The interest rate is 1 percent above the adjusted prime rate and is adjusted on January 1 and July 1. Interest is charged from the original due date of the return to the date the balance of the tax is paid.

Any one of the following penalties may also apply to the unpaid tax:

- The initial penalty is 5 percent of tax due. Penalty increases by an additional 5 percent per month or fraction thereof, after the second month, to a maximum of 25 percent for failure to pay;
- 10 percent for negligence;
- 25 percent for intentional disregard of the law.

When You Have Finished

Detach Form 4 from the instructions and mail to the address on the form. CIT and MBT filers that submit a properly completed request will receive a written response at the legal address on file with Treasury. IIT, Composite and Fiduciary Tax filers will not receive a response.

IIT Filers

If you choose to make your extension payment electronically, you do not need to mail Form 4 to Treasury.

Computation and Payment of Tax Due

Estimate tax liability for the year and pay any unpaid portion of the estimate with the application for extension.

A.	Tax before credits	A. ______
B.	Credits (if any)	B. ______
C.	Total annual tax liability. Subtract line B from line A. Enter here and carry to Form 4, line 9	C. ______
D.	Payments made to date. Enter here and carry to Form 4, line 11 *	D. ______
E.	Estimated balance due. Subtract line D from line C	E. ______
F.	Amount paid with Form 4. Enter here and carry to Form 4, line 13	F. ______

* Payments made to date include withholding, estimated tax payments, a credit forward from the previous tax year, and any other payments previously made for this tax year.

extension must be requested (if desired) for each combined return, through the DM designated on that return. For more information, see the "Supplemental Instructions for Standard Members in UBGs" section in Form 4890 or Form 4600.

Line-by-Line Instructions

Lines not listed are explained on the form.

Line 1: File a separate application for each tax type. Check the box next to the appropriate tax. If filing a Composite Income Tax return (for nonresident partners or shareholders), check the "Fiduciary Tax" box. If requesting an Individual Income Tax (IIT) extension, note the extension does not apply to a Home Heating Credit Claim or City of Detroit extensions.

Line 2: Enter the month and year your tax year ends, NOT the date you are making the payment. For most IIT filers, this date is 12-2019.

Fiscal Year Filers (CIT): See the "Supplemental Instructions for Standard Fiscal CIT Filers" section in the *Corporate Income Tax Forms and Instructions for a Standard Taxpayer* (Form 4890).

Lines 3, 5, and 7: CIT, MBT, Fiduciary, and Composite filers, enter your FEIN or TR number on line 3. IIT filers only, enter your **full** Social Security number (9 digits) on line 5 (and line 7 if filing jointly).

Line 4: Filers who have not been granted a federal extension may request an extension for good cause. Examples of good cause include, but are not limited to: (a) taxpayer's initial return, (b) taxpayer's final return, (c) a change in accounting period, and

2020 Supplemental Instructions for Standard 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 standard 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. Financial institutions that are members of a UBG should see "Supplemental Instructions for Financial Institution Members in UBGs" in the *CIT Forms and Instructions for Financial Institutions* (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 are required forms that collect data necessary for preparation of a combined return:
  - The *CIT Unitary Business Group Affiliates Excluded from the Return of a Standard Taxpayer* (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**." With the exception of a section providing supplemental instructions for the *Corporate Income Tax Loss Adjustment for the Small Business Alternative Credit* (Form 4895), the 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 (and 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 Forms 4896 and 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, if they are unitary with a standard taxpayer or a financial institution.

The Designated Member (DM)

A UBG combined return of standard members is filed under the name and Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number of the DM of the standard member group. Designated Member means a UBG member that has nexus with Michigan and will file the combined CIT return on behalf of the standard 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.

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 data (e.g., prior CIT returns, business loss carryforward, overpayment credit forward) under the DM's name and account number. The designated member must be of the same taxpayer type (standard or financial institution) as the members for which it files a combined return.

Special Instructions for Supporting Forms

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

- *CIT Schedule of Shareholders and Officers* (Form 4894)
- *CIT Loss Adjustment for the Small Business Alternative Credit* (Form 4895). (In some circumstances, a separate copy of Form 4895 also is completed with groupwide data.)
- *CIT Data on UBG Members* (Form 4897).

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

CIT Small Business Alternative Credit (Form 4893): For the Small Business Alternative Credit, the criteria to qualify for the credit should be applied on a group basis. The adjusted business income disqualifier is calculated at the group level after intercompany eliminations. The allocated income disqualifier is based on all items paid or allocable to a shareholder or officer by all members of the UBG. All items paid or allocable to a single individual from members of the UBG must be combined when calculating this disqualifier. This is a change from the comparable calculation under MBT. In addition, a disqualifier applies to a UBG at the group level if such disqualifier applies to any member of the UBG. The reduction percentages for the credit also apply to the entire group if they apply to any one member of the group. If the qualification is satisfied, the calculation of the available credit amount should also be on a group basis. The calculation of the credit should also be done after eliminations of intercompany transactions. The available amount of the Small Business Alternative Tax Credit is taken against the entire group's tax liability. Additional UBG instructions are provided on forms where the Small Business Alternative Credit is calculated.

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).

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.

If a member that is new to the group brings with it a carryforward of a business loss, combine that amount with any carryforward of business loss that was generated by the group or brought to the group by another member. The group must then use the oldest available business loss carryforward first, regardless of source. If two members each created (or brought) a business loss carryforward of the same age, and together those exceed the amount allowable in this filing period after use of older carryforwards, those members' respective business loss carryforwards are used in proportion to the amount they created for, or brought to, the group.

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.

In most cases, when a member leaves the group, any business loss carryforward of the unitary business group is divided among the unitary business group and the departing members in proportion to the losses the members would have generated had each member filed separately. Specifically, the portion of the business loss carryforward of a taxpayer that is a unitary business group attributable to a departing member is an amount equal to the business loss carryforward of the unitary business group multiplied by a fraction, the numerator of which is what would have been the business loss of that member had that member filed a separate return, and the denominator of which is the sum of what would have been the separate business losses of all members of the group in that year having business losses if those members filed separate returns.

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 on UBGs

For information on CIT issues, see the Treasury Web site at **www.michigan.gov/treasury/**. Treasury posts updates to the Corporate Income Tax page and via Revenue Administrative Bulletin (RAB).

Country Codes

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