

2021 MICHIGAN Schedule of Corporate Income Tax Liability for a Michigan Business Tax Insurance Filer

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

Taxpayer Name (print or type)	Federal Employer Identification Number (FEIN)
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PART 1: CERTIFICATED NONREFUNDABLE CREDITS

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

PART 2: CIT LIABILITY

15. Enter amount from Worksheet A, line 24 (see instructions)	15.	00
16. CIT After Certificated Nonrefundable Credits. Subtract line 14 from line 15	16.	00
17. Total Recapture of Certain Business Tax Credits for CIT from Form 4588, line 26	17.	00
18. CIT After Recapture. Add lines 16 and 17	18.	00

PART 3: MBT TAX COMPARED AGAINST CIT FOR INSURANCE FILERS

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

Instructions for Form 4974

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

Purpose

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

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

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

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

Line-by-Line Instructions

Lines not listed are explained on the form.

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

PART 1: CERTIFICATED NONREFUNDABLE CREDITS

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

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

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

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

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

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

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

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

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

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

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

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

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

PART 2: CIT LIABILITY

Line 15: Effective with tax years beginning in 2019, Public Act 222 of 2018 amends MCL 206.635, which alters the tax liability calculation of a Corporate Income Tax (CIT) filer. Beginning Jan. 1, 2019, for a CIT filer, gross direct premiums attributable to qualified health insurance premiums are taxed at 0.95%. The remaining portion of the tax base is still taxed at 1.25%.

To calculate CIT tax liability for the purpose of completing Form 4974, the taxpayer must complete the "Michigan Business Tax Insurance Worksheet A" in these instructions. Carry the amount from Worksheet A, line 24, to Form 4974, line 15.

Include a copy of Worksheet A with the MBT return.

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

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

PART 3: MBT TAX COMPARED AGAINST CIT FOR INSURANCE FILERS

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

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

2021 Michigan Business Tax Insurance Worksheet A

Include a copy of Worksheet A with your MBT return.

Taxpayer Name	Federal Employer Identification Number (FEIN)
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DIRECT PREMIUMS WRITTEN IN MICHIGAN

1. Gross direct premiums written in Michigan.....
2. Premiums on policies not taken.....
3. Returned premiums on canceled policies.....
4. Receipts on sales of annuities.....
5. Receipts on reinsurance assumed (see instructions).....
6. Add lines 2 through 5.....
7. **Direct Premiums Written in Michigan.** Subtract line 6 from line 1.
If less than zero, enter zero.....

		A		B	
		Qualified Health Ins. Policies		All Other Policies	
1.		00		00	
2.		00		00	
3.		00		00	
4.		00		00	
5.		00		00	
6.		00		00	
7.		00		00	
8.		00		00	
9.		%		%	

DISABILITY INSURANCE EXEMPTION

8. Disability insurance premiums written in Michigan, not including credit or disability income insurance premiums (see instructions).....
9. Proportional share of limit and phase-out.
Column A: Divide line 8, column A, by the sum of line 8, columns A and B.
Column B: Divide line 8, column B, by the sum of line 8, columns A and B.....
10. Enter the sum of all disability insurance premiums from both columns of line 8 OR \$190,000,000, whichever is less.....
11. Gross direct premiums from insurance carrier services everywhere.....
12. Phase out.....
13. Subtract line 12 from line 11. If less than zero, enter zero.....
14. Exemption reduction. Multiply line 13 by 2.....
15. Subtract line 14 from line 10. If less than zero, enter zero.....

10.		00	
11.		00	
12.	280,000,000	00	
13.		00	
14.		00	
15.		00	

16. Allocated reduced exemption.
Column A: Multiply line 15 by the percentage on line 9, column A.
Column B: Multiply line 15 by the percentage on line 9, column B.....
17. Adjusted tax base.
Column A: Subtract line 16, column A, from line 7, column A.
Column B: Subtract line 16, column B, from line 7, column B.....
18. Multiply line 17, column A, by 0.4835% (0.004835) and column B by 1.25% (0.0125).....
19. Tax before credits. Add line 18, columns A and B.....

16.		00		00	
17.		00		00	
18.		00		00	
19.				00	

CREDITS

20. Enter amounts paid from 1/1/2020 to 12/31/2020 to each of the following:
 - a. Michigan Workers' Compensation Placement Facility.....
 - b. Michigan Basic Property Insurance Association.....
 - c. Michigan Automobile Insurance Placement Facility.....
 - d. Property and Casualty Guaranty Association.....
 - e. Michigan Life and Health Insurance Guaranty Association.....
21. Add lines 20a through 20e.....
22. Michigan Examination Fees or Regulatory Fee.....
23. Credit. Multiply line 22 by 50% (0.50).....
24. Tax liability before recapture. Subtract line 21 and line 23 from line 19. If less than or equal to \$100, enter zero. Carry amount to Form 4974, line 15.....

20a.		00
20b.		00
20c.		00
20d.		00
20e.		00
21.		00
22.		00
23.		00
24.		00

Instructions for the Michigan Business Tax Insurance Worksheet A

Purpose

To calculate a Corporate Income Tax liability for the purpose of completing the “Schedule of Corporate Income Tax Liability for a Michigan Business Tax Insurance Filer” (Form 4974).

Line-by-Line Instructions

Lines not listed are explained on the form.

Enter the taxpayer’s name and Federal Employer Identification Number (FEIN) used on the “Insurance Company Annual Return for Michigan Business and Retaliatory Taxes” (Form 4588).

Direct Premiums Written in Michigan

NOTE: For line 1 through line 9 and line 16 through line 18, complete Column A to report Qualified Health Insurance Policies and Column B to report all other policies.

“Qualified health insurance policies” means policies written on risk located or residing in this state that are 1 of the following types of policies:

- (a) Comprehensive major medical, regardless of whether the policy is eligible for a health savings account or purchased on the health insurance marketplace.
- (b) Student.
- (c) Children’s health insurance program.
- (d) Medicaid.
- (e) Employer comprehensive, regardless of whether the policy is eligible for a health savings account or purchased on the health insurance marketplace.
- (f) Multiple employer associations or trusts and any other employer associations and trusts.

Qualified Health Insurance Policies are taxed at a special rate, determined annually using a statutory formula.

Line 1: Enter all gross direct premiums written on property or risk located or residing in Michigan.

Line 2: Enter premiums on policies not taken to the extent these premiums were included in line 1.

Line 3: Enter returned premiums on canceled policies to the extent these premiums were included in line 1.

Line 4: Enter receipts on sales of annuities to the extent these receipts were included in line 1.

Line 5: Enter receipts on reinsurance premiums assumed to the extent these receipts were included in line 1, and only if tax was paid on the original premiums.

DISABILITY INSURANCE EXEMPTION

Line 8: “Disability insurance” includes any policy or contract of insurance against loss resulting from sickness or from bodily injury or death by accident, or both, including also the granting of specific hospital benefits and medical, surgical and sick-care benefits to any person, family or group, subject to certain exclusions.

The exclusion for disability insurance premiums does not include credit insurance or disability income insurance premiums.

CREDITS

Line 20: Enter the amounts paid to the listed facilities or associations from January 1, 2020, to December 31, 2020, including special assessments. Net the amounts paid and refunds received during 2019 for the same facility or association. If refunds received exceed the amount paid in the year for the same facility or association, enter zero.

Line 20c: For tax years beginning on and after January 1, 2020 amounts paid to the Michigan Automobile Insurance Placement Facility (MAIPF) that are attributable to the assigned claims plan shall not be included in the calculation of this credit.

Line 22: Enter the amount of Michigan Examination Fees or Regulatory Fees paid in 2021 (under Michigan Compiled Law 500.224).

Line 24: Carry the amount from Worksheet A, line 24, to Form 4974, line 15. Include a copy of Worksheet A with your return.