

Instructions for Form 4584

Michigan Business Tax (MBT) Election of Refund or Carryforward of Credits

Purpose

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.

The purpose of this form is to allow standard taxpayers to claim certain “hybrid” credits that, if greater than the tax liability, can either be refunded or carried forward to offset future liabilities (historic preservation and brownfield certificated credits are the exception to this, see below for more detail). Credits and any overpayments are calculated here and then carried to either the *MBT Miscellaneous Nonrefundable Credits* (Form 4573) or the *MBT Refundable Credits* (Form 4574), depending on the election chosen.

Financial institutions and insurance companies may use this form to claim the Historic Preservation Credit and Brownfield Redevelopment Credit only.

The election to treat the credit as refundable or non-refundable must be made on the original return filed for the year in which the credit was earned. No amendment will be allowed to change this election. Amounts elected to be carried forward may not be subsequently refunded, nor can assigned credits be refunded. Treatment of any excess credit may not be split between a refund and carryforward.

Special Instructions for Unitary Business Groups (UBGs)

If a member of a UBG has a qualifying certificated credit, the group, and not the member, must make the election to file under the MBT. The election should be made by the designated member (DM) of the UBG by filing an MBT return. Once the group makes the election, all members of the group are required to file and pay the MBT until claimed certificated credits and any carryforward of those credits are extinguished.

Credits on this form are earned and calculated on an entity-specific basis, as determined by relevant statutory provisions for the respective credits. Intercompany transactions are not eliminated, and the credits are applied against the tax liability of the UBG.

If the group has made the election to remain in the MBT, a member of a UBG may claim any of the applicable credits contained on this form by attaching the member’s credit certificate to the return. If more than one member is claiming the same credit, the total amount from all claiming members should be entered on each corresponding line on this form. Line-by-line instructions indicate additional information required for UBGs.

See the “Supplemental Instructions for Standard Members in UBGs” section in Form 4600 for information on the effects of members leaving or joining a UBG on certificated credit carryforwards.

Line-by-Line Instructions

Lines not listed are explained on the form.

NOTE: Although qualification for certain credits is reviewed and approved by the Michigan Economic Growth Authority (MEGA), in many cases the certificates for such credits are issued by the Michigan Economic Development Corporation (MEDC).

Name and Account Number: Enter the name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers, the *MBT Annual Return for Financial Institutions* (Form 4590), or the *Insurance Company Annual Return for Michigan Business and Retailatory Taxes* (Form 4588)).

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

Historic Preservation Credit

The Historic Preservation Credit provides tax incentives for homeowners, commercial property owners, and businesses to rehabilitate historic resources located in the State of Michigan. Rehabilitation projects must be certified by the State Historic Preservation Office (SHPO).

Beginning January 1, 2012, the historic preservation credit is available to the extent that a taxpayer had a part 2 approval, approved rehabilitation plan, approved high community impact rehabilitation plan or preapproval letter before by December 31, 2011, but has not fully claimed the credit before January 1, 2012. The credit may be claimed as either a refundable accelerated credit (on Form 4889) or a non-refundable credit. Non-refundable credits and non-refundable carryforwards of the credit are claimed here. A taxpayer may elect to claim a certificated historic preservation credit in the year in which a credit is available and will be taxable under the MBT until the qualifying credit and any carryforward of the credit are extinguished. The credit must first be claimed in the year that the certificate of completed rehabilitation of the historic resource was issued.

A qualified taxpayer that has made the election to remain taxable under the MBT with a certificated credit and has a rehabilitation plan certified before January 1, 2008, under the Single Business Tax (SBT) for the rehabilitation of a historic resource for which a certification of completed rehabilitation has been issued after the end of the taxpayer’s last tax year under SBT may also claim such credit on this form, even though this historic preservation credit is not a certificated credit.

Qualified taxpayers may receive a Basic Michigan Credit equal to 25 percent of their qualified expenditures. For taxpayers eligible for the federal Rehabilitation Credit under Internal Revenue Code (IRC) § 47(a)(2), the Basic Michigan Credit is 25 percent of the qualified expenditures less the amount of the federal credit claimed. For example, if the federal credit is 20 percent, the State credit is 5 percent of the qualified expenditures.

A qualified MBT taxpayer may take one of two additional credits. The **Enhanced Credit** is equal to a percentage of qualified expenditures, not to exceed 15 percent, established in a preapproval letter issued by SHPO.

The **Special Consideration Credit** is equal to a percentage of qualified expenditures, not to exceed 15 percent, recorded on the Certificate of Completion awarded by SHPO. Special Consideration Credits are granted to rehabilitation plans expected to have a high community impact and to have significantly greater historic, social, and economic impact than those plans that earn Enhanced Credits. The maximum amount of credit that may be claimed during a tax year is \$3,000,000 per project, with the excess being carried forward until used up. The Enhanced and Special Consideration Credits are taken in addition to the Basic Credit. All three are calculated on *Michigan Historic Preservation Tax Credit* (Form 3581).

A qualified taxpayer may assign all or a portion of its credit to any assignee. The credit assignment cannot be revoked, but an assignee may subsequently reassign a credit, or any portion of an assigned credit, to one or more assignees. Generally, both the initial assignment of the Michigan Historic Preservation Tax Credit by the qualified taxpayer to the first assignee(s) and the subsequent reassignment by the first assignee(s) to reassignee(s) must be done in the tax year in which the certificate of completed rehabilitation is issued. For information on assignments, contact the State Historic Preservation Office (SHPO).

For Basic, Enhanced and Special Consideration credits for which a certificate of completed rehabilitation is issued for a tax year beginning after December 31, 2007 and ending before January 1, 2012, an assignment by a qualified taxpayer of all or any portion of a credit allowed may be made within the 12 months immediately succeeding the tax year in which the certificate of completed rehabilitation is issued.

An unused carryforward of a Historic Preservation Credit generated under SBT may be claimed against the tax imposed by MBT for the years the carryforward would have been available under SBT (maximum ten years) if the taxpayer has made the election to remain taxable under the MBT with a certificated credit. This carryforward is claimed on the *MBT Single Business Tax Credit Carryforwards* (Form 4569).

Line 2: Recapture. Enter the sum of all SBT and MBT Historic Preservation Credit recapture amounts. If a recapture event occurs, in the year of the event the following 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. For tax years beginning after December 31, 2008, a recapture event occurs if:

- 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 less than five years after the historic resource is placed in service (as defined in IRC § 47(b)(1) and related federal regulations); or
- A certificate of completed rehabilitation issued after December 1, 2008, is revoked; or a preapproval letter for an

enhanced credit issued after December 1, 2008, is revoked; or a historic resource is sold or disposed of less than five years after the historic resource is placed in service during a tax year beginning after December 31, 2008.

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

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 SHPO that allows for the transfer or sale of the historic resource.

UBGs: If any member of the UBG is reporting recapture, a statement must be attached to this form identifying the reporting member.

Line 4: Enter the amount of Basic/Enhanced credit carryforward from the prior year MBT Form 4584, if any. Available SBT credit carryforward is claimed separately on Form 4569.

UBGs: Standard taxpayers, enter the carryforward amount from Form 4580, Part 2B, line 48, column C. Financial institutions, enter the combined total of carryforward amounts reported on the *UBG Combined Filing Schedule for Financial Institutions* (Form 4752), line 28, by all members of the group.

Line 7: Enter amount of Special Consideration credit carryforward from prior year MBT Form 4584, if any. The Special Consideration credit carryforward must be separately recorded because, unlike the Basic/Enhanced Credit carryforward, it may be carried forward until used up. It does not expire after 10 years.

UBGs: Standard taxpayers, enter the carryforward amount from Form 4580, Part 2B, line 49, column C. Financial institutions, enter the combined total of carryforward amounts reported on Form 4752, line 29, by all members of the group.

Line 10: Basic/Enhanced Credit. If the Historic Preservation Credit has been assigned, include the approval letter received from the Michigan Department of Treasury (Treasury) in the return. (If not attached, the credit will be disallowed.)

NOTE: If the taxpayer assigned part, but not all, of the credit, include here the amount of credit retained by the taxpayer. To this extent the assignor is also an assignee.

Line 13: Special Consideration Credit. If the Historic Preservation Credit has been assigned, attach the approval letter received from Treasury to the return. (If the approval letter is not attached, the credit will be disallowed.)

NOTE: If the taxpayer assigned part, but not all, of the credit, include here the amount of credit retained by the taxpayer. To this extent the assignor is also an assignee.

Line 25: Add line 6 and 12. This amount is the Prior year and

Assigned Basic/Enhanced credit carryforward to be used on the next MBT return.

Line 26: Add lines 9, 15, and 23. This amount is the Special Consideration Credit carryforward to be used on the taxpayer's next MBT return.

Line 27: Add lines 25 and 20. This amount is the total Basic/Enhanced credit carryforward to be used on the next MBT return.

MEGA Federal Contract Credit

The MEGA Federal Contract Credit is available for a qualified taxpayer or collective group of taxpayers that have been awarded a federal procurement contract from the United States Department of Defense, Department of Energy, or Department of Homeland Security, resulting in a minimum of 25 new full-time jobs. The credit amount is 100 percent of the qualified taxpayer's payroll attributable to employees who perform qualified new jobs as a result of the contract multiplied by the Michigan Individual Income Tax rate. Beginning January 1, 2012, this credit is available as a certificated credit to the extent that the taxpayer has entered into an agreement with MEGA by December 31, 2011, but the credit has not been fully claimed or paid prior to January 1, 2012. This credit must be claimed beginning with the taxpayer's first tax year ending after December 31, 2011, in order for the taxpayer to remain taxable under the MBT and claim the credit.

This credit may be taken for a period of up to seven years, as determined by MEGA. Any amount that exceeds the taxpayer's tax liability may be refunded or carried forward for ten years or until it is used up, whichever occurs first. To be eligible for the credit, a taxpayer must enter into an agreement with MEGA and be certified by MEGA. If a misrepresentation is made on the application for this credit, the designation of a qualified taxpayer may be revoked and the taxpayer may be required to refund or recapture credits received. Credit recapture is calculated on Form 4587.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC website at <http://www.michiganadvantage.org/>.

Line 30: UBGs: Enter the unused credit amount from Form 4580, Part 2B, line 51, column C.

Line 33: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Defense Contracting Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 36: Add lines 32 and 35b. This is the MEGA Federal Contract Credit carryforward to be used on the taxpayer's next MBT return.

Brownfield Redevelopment Credit

The Brownfield Redevelopment Credit encourages businesses to make an investment in eligible Michigan property that was used or is currently used for commercial, industrial, public, or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete, or blighted.

Beginning January 1, 2012, the Brownfield Redevelopment Credit may be claimed as a certificated credit if a taxpayer has a preapproval letter by December 31, 2011, but has not fully claimed the credit by January 1, 2012. The credit may be claimed as either a refundable accelerated credit (on Form 4889) or a non-refundable credit. Non-refundable credits and non-refundable carryforwards of the credit are claimed here. The credit must first be claimed in the year in which the certificate of completion is issued.

A qualified taxpayer that has made the election to remain taxable under the MBT with a certificated credit and has received a pre-approval letter prior to January 1, 2008, under the SBT Act to receive a Certificate of Completion may claim the credit (which is not a certificated credit) on this form, provided that all other requirements are met.

For projects approved or amended by MEGA, prior to April 8, 2008, the credit is limited to 10 percent of the cost of the eligible investment. For projects approved or amended on or after April 8, 2008, the credit is authorized for a percentage of the cost of eligible investment to be determined by MEGA, up to 20 percent of the cost.

A taxpayer claiming a nonrefundable certificated brownfield credit may make the election in the year in which a credit is available and will remain taxable under the MBT until the qualifying credit and any carryforward of the credit are extinguished. A taxpayer with a multiphase brownfield credit under MCL 208.1437(10), that makes the election, is required to continue to file and pay the MBT until the certificated credit is complete and the credit is used up. Except for a multiphase project, the Brownfield Redevelopment Credit must first be claimed in the tax year in which the Certificate of Completion is issued. For credits for a project approved by MEGA with total credits greater than \$10,000,000, the credits must be claimed at the rate of 10 percent per year for ten years, beginning with the first year specified by MEGA on the Certificate of Completion.

If a Brownfield Redevelopment Credit exceeds a taxpayer's tax liability for the year, the excess may be carried forward to offset tax liability in subsequent tax years for a maximum of ten years.

NOTE: An unused SBT credit carryforward may be claimed against the tax imposed under the MBT for the same years the carryforward would have been available under SBT, if the taxpayer has made the election to remain taxable under the MBT with a certificated credit, but it expires after ten years (combined SBT and MBT years). This carryforward is claimed on Form 4569.

All or a portion of the credit may be assigned. The assignment of the credit is irrevocable, and except for an assignment based on a multiphase project, must be made in the tax year in which the Certificate of Completion was issued. If proper assignment is completed, the assignee may make the election to remain taxable under the MBT on the basis of the assigned brownfield certificated credit in the year of assignment, provided that credit amount is available in that year.

The administration of the Brownfield Redevelopment Credit

program is assigned to MEGA. For more information on the approval process, contact the MEDC at (517) 373-9808.

Line 38: Enter tax liability before Brownfield Redevelopment Credit from Form 4573, line 55, or Form 4596, line 19.

Line 39: Recapture. The disposal or transfer to another location of personal property used to calculate this credit will result in an addition to the tax liability of the qualified taxpayer 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 will be calculated by multiplying the same percentage as is used to calculate the credit (e.g., 10 percent) times the federal basis of the property used to calculate gain or loss [as calculated for federal purposes] as of the date of the disposition or transfer. The amount otherwise added to the tax liability may also be used to reduce any carryforward of credits available to the taxpayer.

UBGs: If any member of the UBG is reporting recapture, a statement must be attached to this form identifying the reporting member.

Line 40: Enter only the unused credit from a previous period MBT return. Available SBT credit carryforward is claimed separately on Form 4569.

UBGs: Standard taxpayers, enter the unused credit amount from Form 4580, Part 2B, line 54, column C. Financial institutions, enter the combined total of carryforward amounts reported on Form 4752, line 31, by all members of the group.

Line 43: If the Brownfield Redevelopment Credit has been assigned, attach the MBT Brownfield Redevelopment Credit Assignment Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 46: For the credit to be valid, attach the Certificate of Completion, issued after the completion of the approval process, to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 54: Add lines 51 and 53. This amount is the Brownfield Redevelopment credit carryforward to be used on the taxpayer's next MBT return.

MEGA Plug-In Traction Battery Manufacturing Credit

The MEGA Plug-In Traction Battery Manufacturing Credit encourages investment in the development, manufacture, commercialization, and affordability of advanced automotive high-power energy batteries. The credit is available only to a taxpayer that has entered into an agreement with MEGA that provides that the taxpayer will manufacture plug-in traction battery packs in Michigan. **This credit is no longer available. However, unused credit carryforward from the immediately preceding tax year may still be claimed, if available.**

For more information, contact MEDC at (517) 373-9808 or visit the MEDC website at <http://www.michiganadvantage.org/>.

Line 57: UBGs: Enter the unused credit amount from Form 4580, Part 2B, line 57, column C.

Line 60: For tax years ending after December 31, 2014, **this credit is no longer available.** However, unused credit carryforward from the immediately preceding tax year may still be claimed on line 57, if available.

Line 63: Enter the amount from line 59. This is the MEGA Plug-In Traction Battery Manufacturing Credit carryforward to be used on the taxpayer's next MBT return.

Anchor Company Payroll Credit

The Anchor Company Payroll Credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan. Beginning January 1, 2012, this credit is available as a certificated credit to the extent that the taxpayer has entered into an agreement with MEGA by December 31, 2011, but the credit has not been fully claimed or paid prior to January 1, 2012. This credit must be claimed beginning with the taxpayer's first tax year ending after December 31, 2011, in order for the taxpayer to remain taxable under the MBT and claim the credit.

A qualified taxpayer may take a credit up to 100 percent of its supplier's or customer's payroll for employees who perform qualified new jobs multiplied by the Michigan Individual Income Tax rate. This credit may be taken for a period of up to five years, as determined by MEGA. Any amount that exceeds the taxpayer's tax liability may be refunded or carried forward for ten years or until it is used up, whichever occurs first. To be eligible for the credit, a taxpayer must be certified by MEGA. MEGA also may provide that qualified sales to a qualified customer not be considered in calculating the sales factor for the tax year for which a credit is provided.

The statute provides for reduction, termination, or recapture of the credit if the taxpayer fails to comply with its agreement or the statute. Credit recapture is calculated on Form 4587.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC website at <http://www.michiganadvantage.org/>.

Line 65: UBGs: Enter unused credit amount from Form 4580, Part 2B, line 58, column C.

Line 68: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Anchor Jobs Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 71: Add lines 67 and 70b. This amount is the Anchor Company Payroll credit carryforward to be used on the taxpayer's next MBT return.

Anchor Company Taxable Value Credit

The Anchor Company Taxable Value Credit is available for a qualified taxpayer that was designated by MEGA as an anchor company within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

Beginning January 1, 2012, this credit is available as a

certificated credit to the extent that the taxpayer has entered into an agreement with MEGA by December 31, 2011, but the credit has not been fully claimed or paid prior to January 1, 2012. This credit must be claimed beginning with the taxpayer's first tax year ending after December 31, 2011, in order for the taxpayer to remain taxable under the MBT and claimed the credit.

A qualified taxpayer may take a credit in an amount up to 5 percent of its supplier's or customer's taxable property value within a ten mile radius of the qualified taxpayer. This credit may be taken for a period of up to five years, as determined by MEGA. Any amount that exceeds the taxpayer's tax liability may be refunded or carried forward for five years or until it is used up, whichever occurs first. To be eligible for the credit, a taxpayer must be certified by MEGA. MEGA also may provide that qualified sales to a qualified customer not be considered in calculating the sales factor for the tax year for which a credit is provided.

The statute provides for reduction, termination, or recapture of the credit if the taxpayer fails to comply with its agreement or the statute. Credit recapture is calculated on the MBT Schedule of Recapture of Certain Business Credits and Deductions (Form 4587). For more information, contact the MEDC at (517) 373-9808 or visit the MEDC website at <http://www.michiganbusiness.org/>.

Line 73: Enter unused credit amount from a previous period MBT return.

UBGs: Enter the unused credit amount from Form 4580, Part 2B, line 59, column C.

Line 76: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Anchor District Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 79: Add lines 75 and 78b. This amount is the Anchor Company Taxable Value credit carryforward to be used on the taxpayer's next MBT return.

MEGA Poly-Silicon Energy Cost Credit and Miscellaneous MEGA Battery Credits

Beginning January 1, 2012, these credits are available as certificated credits to the extent that the taxpayer has entered into an agreement with MEGA by December 31, 2011, but the credit has not been fully claimed or paid prior to January 1, 2012. These credits must be claimed beginning with the taxpayer's first tax year ending after December 31, 2011, in order for the taxpayer to remain taxable under the MBT and claim the credit.

The MEGA Poly-Silicon Energy Cost Credit is no longer available.

For tax years ending after December 31, 2014, the MEGA Advanced Battery Engineering Credit is no longer available.

For tax years ending after December 31, 2016, the MEGA Advanced Lithium Ion Battery Credit is no longer

available.

For tax years ending after December 31, 2017, the MEGA Large Scale Battery Credit is no longer available.

However, unused credit carryforward of these credits from the immediately preceding tax year may still be claimed, if available.

Line 81a-f: Enter unused credit amount from a previous period MBT return for the appropriate credit.

UBGs: Enter the unused credit amount from Form 4580, Part 2B, for the appropriate credit.

Line 81a-f: Enter unused credit amount from a previous period MBT return for the appropriate credit.

Line 84a-f: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

NOTE: Line 84e: For tax years ending after December 31, 2017, the MEGA Large Scale Battery Credit is no longer available.

NOTE: Line 84f: For tax years ending after December 31, 2016, the MEGA Advanced Lithium Ion Battery Credit is no longer available.

NOTE: Line 84c: For tax years ending after December 31, 2014, the MEGA Advanced Battery Engineering Credit, line 84c, is no longer available.

Line 87: Add lines 83 and 86b. This amount is the MEGA Poly-Silicon Energy Cost Credit and/or Miscellaneous MEGA Battery Credits carryforward to be used on the taxpayer's next MBT return.

NOTE: The MEGA battery manufacturing facility credit now has a limited accelerated option. For more information on accelerated certificated credits, see Form 4589.

Include completed Form 4584 as part of the tax return filing.