

Instructions for Form 4589

Michigan Business Tax (MBT) Film Credit Assignment

Purpose

To allow MBT filers to assign the Film Production and Film Infrastructure Credits. These credits provide tax incentives to encourage the production of motion pictures, television programs, music videos, and similar productions in Michigan.

Credit Assignments

A taxpayer eligible to claim a Film Production or Film Infrastructure Credit 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.

The MBT assignor must complete Form 4589 after the date the Michigan Film & Digital Media Office (formerly the Michigan Film Office) issues the *Post-Production Certificate of Completion* or *Investment Expenditure Certificate*. For the taxpayer that generated the credit, the deadline to claim or assign all or a portion of the credit is the end of the taxpayer's tax year in which the original Certificate is issued by the Michigan Film & Digital Media Office. The deadline for reassignment is the end of the taxpayer's (previous assignee, now assignor's) tax year in which it received its credit through assignment.

An assigned credit amount must be claimed against the assignee's MBT liability during the assignee's tax year in which the credit was assigned.

Once the assignment is approved, Form 4589 will be returned to the assignor with an authorized Michigan Department of Treasury (Treasury) signature. The assignor must furnish each assignee with a copy of the approved form to attach to the assignee's tax return. A separate Form 4589 must be completed for each project and each assignee.

Film Production Credit

The Michigan Film & Digital Media Office, with the concurrence of the State Treasurer, may enter into an agreement with an eligible production company providing the company with a refundable credit against MBT.

To qualify for the credit, an eligible production company must spend at least \$50,000 in Michigan for the development, preproduction, production, or postproduction costs of a State-certified qualified production and must not be delinquent in a tax or other obligation owed to this State nor be owned by or under common control of an entity that is delinquent.

Once the Michigan Film & Digital Media Office is satisfied that company expenditures and eligibility requirements are met, a *Post-Production Certificate of Completion* will be issued verifying the amount of the credit to be claimed. The certificate received must be submitted by the eligible production company with a completed Form 4589 for the original assignment.

Film Infrastructure Credit

An eligible taxpayer may claim a credit for investment in a qualified film and digital media infrastructure project up to 25 percent of the base investment expenditures for the project, provided the taxpayer has entered into an agreement with the Michigan Film & Digital Media Office concurred in by the State Treasurer.

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

Once the Michigan Film & Digital Media Office finds the taxpayer has complied with the agreement terms and is satisfied that investment expenditures and eligibility requirements are met, the Michigan Film & Digital Media Office will issue an *Investment Expenditure Certificate* stating the amount of the credit. The certificate received must be attached to a completed Form 4589 for the original assignment.

NOTE: To qualify for the credit, a taxpayer must not be delinquent in a tax or other obligation owed to this State nor be owned or controlled by an entity that is delinquent. A credit cannot be claimed for any direct production or qualified personnel expenditures for which a Film Production Credit was claimed against either an MBT or withholding tax liability. The credit shall be reduced by any credit claimed under section 437 (Brownfield) for the same base investment.

The agreement requires a recapture if assets whose cost is included in the base investment are sold or disposed of. This recapture is the responsibility of the taxpayer who was originally awarded the credit even if the credit was assigned to someone else. Recapture is reported on the *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

Line-by-Line Instructions

Lines not listed are explained on the form.

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

PART 1: ASSIGNOR IDENTIFICATION

Line 1: Enter the name and address of the taxpayer who is assigning the credit(s).

Country Code: If other than the United States, enter the country code. See the list of country codes on the Web at www.michigan.gov/taxes.

Line 2: Enter the assignor's account number.

Line 3: Enter the project number assigned by the Michigan Film & Digital Media Office.

Line 5: Enter the date the Michigan Film & Digital Media Office issued the *Post-Production Certificate of Completion*.

PART 2: FILM PRODUCTION CREDIT

Line 6: Check the box to indicate whether this is an original assignment or reassignment of the credit.

Line 7: Enter the credit amount from the *Post-Production Certificate of Completion* provided by the Michigan Film & Digital Media Office (original assignment) or credit amount from the immediately prior in time assignment form (reassignment).

Line 8: Enter the requested information on line 8 for the assignee. If the assignment is to more than one assignee, a separate Form 4589 must be completed for each assignee.

- **Column A:** Enter the Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number of the assignee.
- **Column C:** An assigned credit amount must be claimed against the assignee's MBT liability during the assignee's tax year in which the credit was assigned.
- **Column D:** Enter the percentage of credit held by this assignor that is to be assigned to this assignee.
- **Column E:** Multiply the amount on line 7 by the percentage in column D. Each assignee must enter this amount on the *MBT Refundable Credits* (Form 4574).

PART 3: FILM INFRASTRUCTURE CREDIT

Line 9: Check the box to indicate whether this is an original assignment or reassignment of the credit.

Line 10: Enter the credit amount from the *Investment Expenditure Certificate* provided by the Michigan Film & Digital Media Office (original assignment) or credit amount from the immediately prior in time assignment form (reassignment).

Line 11: Enter the requested information on line 11 for the assignee. If the assignment is to more than one assignee, a separate Form 4589 must be completed for each assignee.

- **Column A:** Enter the FEIN or TR number of the assignee.
- **Column C:** An assigned credit amount must be claimed against the assignee's MBT liability during the assignee's tax year in which the credit was assigned.
- **Column D:** Enter the percentage of credit held by this assignor that is to be assigned to this assignee.
- **Column E:** Multiply the amount on line 10 by the percentage in column D. Each assignee must enter this amount on the *MBT Miscellaneous Nonrefundable Credits* (Form 4573).

Signature: This form must be signed by the assignor to be valid.

Attachments

For this form to be valid the taxpayer assigning the credit must attach the *Post-Production Certificate of Completion* or *Investment Expenditure Certificate* provided by the Michigan Film & Digital Media Office (original assignment) or a copy of the approved immediately prior in time assignment form (reassignment).

To Claim the Assigned Credit

The assignor must give each assignee a copy of the approved assignment form issued by Treasury and instruct the assignee to file it with the MBT return along with any required attachments. A taxpayer that is retaining a portion of the credit must submit the same information.

Mailing This Form

Mail this completed form and attachments to:

Tax Policy Division
Michigan Department of Treasury
430 W. Allegan St.
Lansing, MI 48922

Additional Information

Questions regarding the assignment of the credit:

Tax Policy Division
Michigan Department of Treasury
517-373-9600

For more information about the credits, contact the Michigan Film & Digital Media Office at 1-800-477-3456 or visit the Web site at www.michiganfilmoffice.org.

Forms and further information:

Michigan Department of Treasury
www.michigan.gov/taxes