Instructions for Form 4946
Schedule of Corporate Income Tax Liability for a Michigan Business Tax Filer

Purpose

To calculate the Corporate Income Tax (CIT) liability for standard taxpayers filing a Michigan Business Tax (MBT) return.

A taxpayer calculates the business income and modified gross receipts tax bases of the MBT and applies all credits, including certificated credits, deductions, and exemptions available under the MBT. Then, a taxpayer calculates the business income tax base under the CIT, applies all credits and deductions available under the CIT and the amount of certificated credit allowed from the MBT. The amount of certificated credit allowed from the MBT is the amount of nonrefundable credit needed to offset MBT liability plus the entire amount of a refundable credit. If the result of both steps of the calculation is a negative number, the taxpayer will receive a refund of the lower negative; but a nonrefundable credit cannot be used to reduce liability below zero. A taxpayer must pay the higher liability or take the lower refund.

Line-by-Line Instructions

Lines not listed are explained on the form.

Public Law 86-272 Protection: If business activity is protected under Public Law (PL) 86-272, leave lines 4 through 29 blank. For more information, please see the instructions to Part 2 of Form 4567.

Name and Account Number: Enter the name and Federal Employer Identification Number (FEIN) as they appear on the corresponding copy of the *Michigan Business Tax Annual Return* (Form 4567).

UBGs: Complete one Form 4946 for the group, with all numbers entered reflecting the total amount for all members in the group.

Exempt income (loss) from certain flow-through entities (FTEs): Public Act 233 of 2013 provides that, in the case of an FTE that made the election to remain taxable under the MBT, each owner 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 CIT portion of the MBT/CIT comparison calculation. However, do not exclude the exempt income (loss) on lines 4 through 22 of this form. The corporate income tax base attributable to such FTE will be removed via line 18..

Part 1: Apportionment Calculation

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 1 or more of the above listed taxes. In that state, the taxpayer must be 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, or a corporation stock tax, or that state has jurisdiction to subject the taxpayer to one or more of such taxes regardless of whether the tax is imposed.

The CIT is based only on business activity apportioned to Michigan. A taxpayer that has not established nexus with one other state or a foreign country is subject to the CIT on its entire business activity. Business activity is 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.

If a flow-through entity (FTE) is unitary with the taxpayer, the taxpayer's sales factor includes its proportionate share of the sales of the FTE. Proportionate sales between the taxpayer and a unitary FTE, and between FTEs unitary with the taxpayer, are eliminated. See *CIT Unitary Relationships with Flow-Through Entities* (Form 4900) for further guidance.

Use the information in the "Sourcing of Sales to Michigan" section in *CIT for Standard Taxpayers* booklet (Form 4890) to determine Michigan sales.

Line 1: Enter Michigan sales that are directly attributable to the taxpayer plus the proportionate Michigan sales, after eliminations, from unitary FTEs. The amount of Michigan sales to include from unitary FTEs is computed on CIT Form 4900.

For transportation services that source sales based on revenue miles, enter (or include) 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 the *CIT for Standard Taxpayers* booklet (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 receipts should be sourced accordingly.

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 *CIT Data for Unitary Business Group Members* (Form 4897).

Line 2: Enter total sales that are directly attributable to the taxpayer plus the proportionate total sales, after eliminations, from unitary FTEs. The amount of total sales to include from unitary FTEs is computed on CIT Form 4900.

For transportation services, enter (or include) total sales.

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 *CIT Data on Unitary Business Group Members* (Form 4897).

PART 2: BUSINESS INCOME

Line 4: Non-C Corporations enter this line as business income. Business income includes payments and items of income and expense attributable to the business activity of the Non-C Corporation (Partnership or S Corporation) and separately reported to the members.

Agricultural activities: Include income from the production of agricultural activities on line 12. Farms are not exempt under the CIT. Furthermore, the tax base attributable to the production of agricultural goods by a person whose primary activity is the production of agricultural goods is similarly not exempt.

Line 6: Public Act 24 of 2025 will require taxpayers to complete the following calculation if there are adjustments due to decoupling of the federal Internal Revenue Code. If the sum of all adjustments is negative, enter them as a negative. If positive enter as a positive.

1. Net adjustment for IRC 168(n) qualified production property depreciation	1.		00
2. Gain/loss adjustment on disposition of IRC 168(n) qualified production property.....	2.		00
3. Net depreciation adjustment using IRC 179 as of 12/31/2024.....	3.		00
4. Gain/loss adjustment for disposition of property, due to Michigan CIT's use of IRC 179 as of 12/31/2024.....	4.		00
5. Net expense adjustment using IRC 163(j) as of 12/31/2024.....	5.		00
6. Net expense adjustment using IRC 174 as of 12/31/2024.....	6.		00
7. **TOTAL.** Add lines 1, 2, 3, 4, 5, and 6. Report this number on Form 4946, line 6. If the sum of all adjustments is negative, enter them as a negative. If positive enter as a positive.	7.		00

UBGs: Complete the prior calculation for each member of the UBG. Sum the entries of line 7 for all members and carry to Form 4946, line 6.

Line 9: For UBGs only: Enter the group's total eliminations from federal taxable income.

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.

Additions to Business Income

Line 11: 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.

Line 12: 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 includes the tax imposed under the CIT to the extent claimed as a deduction on the taxpayer's federal return. This also includes, to the extent deducted in arriving at federal taxable income (as defined for CIT purposes), the Business Income Tax component of the MBT. This does NOT include the Modified Gross Receipts component of the MBT.

Line 13: 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.

Line 14: 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 Treasurer, and the taxpayer agrees that the addition would be unreasonable based on the taxpayer's facts and circumstances.
- 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.

Line 15: Enter on this line the expenses 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, 1929 PA 48. Also enter expenses related to the income derived from a mineral to the extent that income is included on line 21 and that expense was deducted in arriving at federal taxable income.

Subtractions from Business Income

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

Line 18: Complete all other subtractions from business income, lines 19 through 21, before completing line 18. Enter on this line the sum of all entries in Column C of *CIT Non-Unitary Relationships with Flow-Through Entities* (Form 4898). If an amount is entered on this line, Form 4898 should be used to compute the amount required to be entered here. Do not include Form 4898 with this filing. Retain a copy for your records.

To calculate apportionment properly, line 18 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 24), and apportioned on Form 4898 according to the FTE's apportionment factor. The resulting amount from Form 4898 is then added back on line 25.

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.

Line 19: 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).

Line 20: To the extent included in federal taxable income (as defined for CIT purposes), deduct interest income derived from United States obligations.

Line 21: 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, 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.

Line 25: The entry on this line is the combination of the following two items:

> **Item 1:** The apportioned amount of corporate income tax base attributable to the taxpayer's distributive share of income (loss) from a non-unitary flow-through entity (FTE). The amount for this Item 1 can be found by summing all the entries from Column E of CIT Form 4898. If an amount is entered on this line, Form 4898 should be used to compute the amount required to be entered here. **Do not include Form 4898** with this filing. Retain a copy for your records.
>
> **NOTE:** In this calculation, do not include distributive share items attributable to an FTE that is not unitary with the taxpayer and has a valid election in place to file MBT for its tax year that ends with or within the taxpayer's tax year, in accordance with PA 233 of 2013.
>
> **Item 2:** Subtract from Item 1 any available pro forma CIT business loss incurred as an MBT taxpayer after December 31, 2011. Business loss means a negative business income tax base, after apportionment, if applicable. For this calculation, pro forma CIT business loss is available if line 26 of the previous year's Form 4946 was negative prior to applying the "If negative, enter zero" instruction found on that line. Convert this amount to a positive number before subtracting it from Item 1. If the result of the calculation described above is negative, enter it as a negative on the form.

The calculation described above is illustrated as follows:

> If apportioned income from non-unitary FTEs is 100, and pro forma CIT business loss carryforward from the prior period is 250, the entry on line 25 is -150.
>
> If apportioned loss from non-unitary FTEs is -100, and pro forma CIT business loss carryforward from the prior period is 60, the entry on line 25 is -160.

For any return with a non-zero amount on this line, attach a statement identifying separately the amount attributable to Item 1 and Item 2.

Line 26: If line 26 is negative, enter zero on this form but retain the negative amount for use on line 25 of Form 4946 for the next tax year.

NOTE: Any loss carryforward created in this calculation will evaporate when the taxpayer's MBT election ends. This is described as a pro forma CIT business loss because it cannot be claimed on an actual CIT return.

Line 27: IMPORTANT: If apportioned or allocated gross receipts, as defined under the MBT, are less than $350,000, enter a zero on this line. If a business operated less than 12 months, annualize gross receipts to determine if this rule applies.

Annualizing

Multiply each applicable amount, total gross receipts, adjusted business income, and shareholder, officer, and partner income 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. If the tax year is less than one month, consider the tax year to be one month for the purposes of the calculation.

PART 3: TOTAL CORPORATE INCOME TAX

Line 28: Calculate this line by using the Small Business Alternative Credit Calculation for the Corporate Income Tax worksheet later in these instructions.

Retain the worksheet with your tax records. Do not include the worksheet as part of this return.

Include completed Form 4946 as part of the tax return filing.

Small Business Alternative Credit Calculation for the Corporate Income Tax Worksheet for the 2025 Michigan Business Tax

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

- Gross receipts exceed $20,000,000; or
- Adjusted business income after loss adjustment exceeds $1,795,300; or
- Any shareholder or officer has allocated income after loss adjustment of over $180,000, as determined on the *MBT 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:

- 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 less than $20,000,000.

NOTE: A taxpayer claiming the CIT Small Business Alternative Credit on Line 28 should complete CIT Form 4894 before completing this worksheet, and retain a copy for its records. Do not include a copy of Form 4894 as part of this return.

1.	Gross Receipts (see instructions)	1.	.00
2.	Tax liability prior to this credit from Form 4946, line 27	2.	.00
	Adjusted Business Income		
3.	Business Income from Form 4946, line 10	3.	.00
4.	Carryback or carryover capital loss. Enter as a positive number (see instructions)	4.	.00
5.	Carryback or carryover of a federal net operating loss from Form 4946, line 13. 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 4946, line 28 (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	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 4946, line 28	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 the Small Business Alternative Credit Calculation for the Corporate Income Tax Worksheet

Purpose

This worksheet is used to allow a taxpayer to calculate the CIT Small Business Alternative Credit for standard taxpayers filing a Michigan Business Tax (MBT) return.

Due to differences between the MBT Small Business Alternative Credit and the CIT Small Business Alternative Credit, a taxpayer must use this worksheet and may not use *MBT Common Credits for Small Businesses* (Form 4571) when calculating its CIT Small Business Alternative Credit.

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

Do not attach this worksheet or any supporting forms to the MBT filing. A taxpayer must retain this worksheet and any supporting forms in its records.

Eligibility for the Small Business Alternative Credit

Taxpayers are not eligible for the Small Business Alternative Credit if any of the following conditions exist:

- Gross receipts exceed $20,000,000.
- Adjusted business income after loss adjustment exceeds $1,795,300 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 the *CIT Schedule of Shareholders and Officers* (Form 4894). (Retain a pro forma copy of Form 4894 for your records, if necessary.)

In addition, the Small Business Alternative Credit is reduced if a shareholder or an officer has allocated income after loss adjustment of more than $160,000 but less than $180,000. This reduction is based on the officer/shareholder with the largest allocated income.

The Small Business Alternative Credit also is reduced if gross receipts exceed $19,000,000 but are not more than $20,000,000.

Allocated income is the greater of either:

(a) Shareholders' or officers' compensation and director fees from Form 4894, column L, or

(b) Shareholders' 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, the Corporation is not eligible for the Small Business Alternative Credit. In addition, if either (a) or (b) is more than $160,000 but not more than $180,000, the Corporation must reduce the Small Business Alternative Credit based on the officer or shareholder with the largest allocated income.

Tax Years Less Than 12 Months

If the reported tax year is less than 12 months, gross receipts, adjusted business income, and shareholders' or officers' compensation and share of business income must be annualized to determine eligibility and reduction percentage. If annualized gross receipts exceed $19,000,000 but do not exceed $20,000,000, annualize figures 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, shareholder compensation amounts must be annualized when determining disqualifiers.

Annualizing

Multiply each applicable amount, total gross receipts, adjusted business income, and shareholder and officer income by 12 and divide the result by the number of months in the tax year. If the tax year is less than one month, consider the tax year to be one month for the purposes of this calculation.

Loss Adjustment

If taxpayers are not eligible for the full Small Business Alternative Credit due to an adjusted business income or allocated income disqualifier, they may benefit from the *CIT Loss Adjustment for the Small Business Alternative Credit* (Form 4895). If the adjusted business income was less than zero in any of the five years immediately preceding this filing period and Small Business Alternative Credit was received for that same year, the taxpayer may be able to reduce the current year's adjusted business income or allocated income amounts by the loss. See Form 4895 for more details. Do not attach a copy of Form 4895 to the MBT filing. If a loss adjustment is used, the taxpayer must retain a completed Form 4895 in its records. Do not attach Form 4895 to this return.

UBGs: See "Special Instructions for UBGs" for Form 4895.

A loss adjustment will not prevent a reduction or elimination of the Small Business Alternative Credit based on gross receipts that exceed $19,000,000. It will also not change the amount of compensation on Form 4894, column L.

NOTE: If using a loss adjustment, Form 4895 must be used when using this worksheet to calculate the CIT Small Business Alternative Credit. This form must be used in place of Form 4571 due to the differences between the MBT Small Business Alternative Credit and the CIT Small Business Alternative Credit.

Special Instructions for UBGs

UBGs calculate the gross receipts and adjusted business income disqualifiers at the UBG level **AFTER** eliminating intercompany transactions. Note that this differs from the comparable calculation in MBT. For a UBG to claim a Small Business Alternative Credit, each member of the UBG that is a corporation (including an entity taxed federally as such) must complete Form 4894, column L. Retain a completed Form 4895 in your records; do not attach Form 4895 to this return.

The disqualifier that is based on compensation and/or share of business income attributable to an owner or officer is applied on a combined basis. All items paid or allocable to a single individual will be combined when calculating the disqualifier, regardless of the number of entities from which the amounts may be derived.

NOTE: This is a change from the comparable calculation in MBT. For more information on UBGs, see the "Supplemental Instructions for UBGs" in Form 4890.

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 after loss adjustment of a shareholder is $180,000. The reduction percentages for the credit also apply to the entire group if they apply to one member.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567).

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).

Line 1: Enter amount from Form 4567, line 12. For periods less than 12 months, enter annualized gross receipts. For guidance, see the "Annualizing" section at the beginning of these instructions.

UBGs: All UBG filers will use the amount from Form 4567, line 12, after eliminating gross receipts included in that amount that arise from intercompany transactions. For periods less than 12 months, line 10 reflects the annualized amount for the purpose of completing Form 4893.

Adjusted Business Income

Line 3: Enter business income from Form 4946, line 10.

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

UBGs: Enter business income for all members from Form 4946, line 10.

Line 4: Enter, to the extent deducted in determining federal taxable income, 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, and enter on line 4. Enter as a positive number.

Line 9: If loss adjustment is successfully applied to cure an ABI disqualifier, ignore the apparent disqualification on line 9 of the worksheet and proceed with calculating the SBAC on the remainder of the worksheet.

Small Business Alternative Credit Calculation

Line 12: The Small Business Alternative Credit 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 figure is $160,000 or less.

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 or 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 this worksheet to determine what percent to enter on this line.

Line 14: All taxpayers must complete this line.

If gross receipts from line 1 are $19,000,000 or less, carry the amount on line 14 to Form 4946, line 28.

Reduction Based on Gross Receipts

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

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

Do not include this worksheet as part of the tax return filing.