Michigan Department of Treasury
4890 (Rev. 05-13)

2012 MICHIGAN
CORPORATE INCOME TAX FOR STANDARD TAXPAYERS

This booklet contains forms and instructions to complete a Corporate Income Tax return for calendar year 2012, a short-year fiscal year ending in 2012, and a fiscal year ending in 2013.

INSIDE THIS BOOKLET:

E-FILE YOUR CIT RETURN.

See page 5 for more information, or visit the E-file Web site.

www.MIfastfile.org

Find Michigan tax forms online at **www.michigan.gov/taxes**.

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

Important Information for 2012 — Corporate Income Tax, Standard Taxpayer

Corporate Income Tax (CIT) Instruction Differences for Calendar, Fiscal Year Filers

The CIT took effect January 1, 2012, and replaces the Michigan Business Tax (MBT), except for certain businesses that wish to retain certain certificated credits. This CIT booklet includes forms and instructions designed for the calendar year 2012, and for the portion of the tax year in 2012 for standard taxpayers with a federal fiscal year beginning in 2011 and ending in 2012. All filers should read the instructions carefully.

NOTE: Per Public Act 38 of 2011, the Corporate Income Tax (CIT) replaces the MBT for most taxpayers effective January 1, 2012. After that the MBT continues for those that made the election to continue to file MBT. This election is irrevocable. See the MBT booklet for more details. For information on the MBT election, see the 2012 *MBT Forms and Instructions for Standard Taxpayers* (Form 4600), *MBT Forms and Instructions for Insurance Companies* (Form 4592), or *MBT Forms and Instructions for Financial Institutions* (Form 4599).

The completion of some forms will vary depending on whether the taxpayer is a fiscal year filer. These fiscal filer differences are detailed in the "2012 Supplemental Instructions for Fiscal CIT Filers" later in this booklet.

Helpful Hints for Completing a CIT Return

CIT Tax Data on Unitary Business Group Members (Form 4897)

Members of a UBG will report their data on Form 4897. Once all member data is combined and eliminations are calculated, the final figures will carry to Form 4891. UBG members may have different tax year-ends. The combined return must include each member whose tax year ends with or within the tax year of the Designated Member (DM).

Estimates

All estimated payments, extension payments, and tax returns must be filed under the UBG's DM.

If making estimated payments by Electronic Funds Transfer (EFT), the associated vouchers are not required to be submitted.

Amended Returns

To amend a current or prior year annual return, complete the *CIT Amended Return* (Form 4892) that is applicable for that year, explaining the reason for the changes. Include an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document. Include all schedules filed with the original return, even if not amending that schedule. Enter the figures on the amended return as they should be. Do not include a copy of the original return with your amended return.

Accelerated Credits in 2012

A taxpayer with a certificated credit under section 435 (Historic) or 437 (Brownfield) of the Michigan Business Tax Act (MBTA), in which the certificated credit or any unused carryforward may be claimed in a tax year ending after December 31, 2011, may elect to pay the tax imposed by the MBTA in the tax year in which that certificated credit may be claimed in lieu of the CIT. If a person with a certificated credit under section 435 or 437 elects to pay the MBT is a member of a Unitary Business Group (UBG), the Designated Member of the UBG, and not the member, shall file a UBG return and pay the tax, if any, under the MBTA and claim that certificated credit.

For a tax year beginning after December 31, 2011, if a certificate of completion, assignment certificate, or component completion certificate is issued under section 437 to a taxpayer, or if a certificate of completed rehabilitation, assignment certificate, or reassignment certificate is issued under section 435 to a taxpayer, beginning on and after January 1, 2012, the taxpayer may elect to claim an accelerated refund for 90 percent of the amount of that certificate.

If section 437 or 435 provides that payment of a credit will be made over a period of years or limits the annual amount of a payment, an accelerated refund may only be claimed for the amount payable in the year claimed.

However, a taxpayer claiming the Special Consideration Historic Preservation Credit under section 435(20) may elect to claim an accelerated refund for the balance of the credit, but the amount of that refund shall be equal to 86 percent of the amount of the credit.

For more details, see the 2012 Request for Reduced Refundable Credit Payout for the Brownfield Redevelopment Credit and Historic Preservation Credit (Form 4889). Michigan Tax Forms are online at www.michigan.gov/taxes. An accelerated credit refund will be paid within 60 days after Form 4889 is filed.

Flow-Through Withholding

On January 1, 2012, several changes to the Income Tax Act of 1967 (ITA) went into effect establishing a new withholding requirement for flow-through entities that have members, partners, or shareholders that are corporations or other flow-through entities. These withholding requirements are known as Flow-Through Withholding (FTW).

Under FTW, every flow-through entity with business activity in Michigan that reasonably expects to accrue more than $200,000 in apportioned or allocated business income for the tax year must withhold on the distributive share of each member that is a corporation at the CIT rate of 6 percent. "Business income" for this purpose is defined using the same rules as those contained in the CIT. However, because FTW is concerned with the business income of flow-through entities and not corporations, business income for flow-through entities is further defined to include payments and items of income and expense that are attributable to business activity of the flow-through entity and separately reported to its members. The distributive share of business income of a flow-through entity is subject to FTW, and the CIT, even if it is not actually distributed or paid to the member.

When a corporation had taxes withheld under FTW, the amount is treated as a CIT payment that will be applied against the corporation's CIT liability. A corporation that has had taxes withheld on the distributive share of business income is not required to make quarterly estimated payments on that income. To claim these payments, the corporation will be required to file a Form 4891. If the corporation is a member of a UBG, then these payments may be claimed on that corporation's Form 4897. If the corporation is below one of the CIT filing thresholds then it may file a Form 4891 to claim these payments.

The flow-through entity is required to notify the members it has withheld on of the amount of withholding paid on behalf of that member as well as other information that the member will need to complete its CIT return. There is no set method for this reporting to be done. The Department has recommended that this be reported to the members as a supplemental attachment to the federal Schedule K-1 that is required to be submitted to each member. For a corporation, this information will include the:

- FEIN of the flow-through entity
- Tax year of the flow-through entity
- FTW paid on behalf of that member
- Member's tentative distributive share of the flow-through entity's business income
- Flow-through entity's sales that have been sourced to Michigan
- Flow-through entity's total sales.

There are also several exemptions from the FTW requirements. These exemptions include the MBT Election Exemption and the Opt-Out Exemption, both of which are explained in the FTW Instruction Booklet and on the Department's Web site at **www.michigan.gov/taxes**.

For more information on FTW and the exemptions from the FTW requirements, see the *2012 Flow-Through Withholding Annual Reconciliation Booklet* (Form 5014), and the Department's website at www.michigan.gov/taxes.

2012 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**.

Fiscal Year Filers: See "Supplemental Instructions for Standard Fiscal CIT Filers" later in these instructions.

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 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 tax 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 tax 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 flow-through withholding paid on their behalf 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 39 and lines 47 through 51 blank and include an attachment explaining the circumstances of the PL 86-272 protection. Line 40 and line 41 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 39 and lines 47 through 51 blank and include a statement explaining the circumstances of the PL 86-272 protection for each member. (Each member will leave lines 19 through 32 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 Unitary Business Group (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 before 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 2012 and for the 2012 short-year of a fiscal filer with a tax year ending in 2012.

Fiscal Year Filer: See "Supplemental Instructions for Standard Fiscal CIT Filers" later in these *CIT Forms and Instructions for Standard Taxpayers* (Form 4890).

Read the "General Information" section first. The Michigan Department of Treasury (Treasury) recommends taxpayers and tax preparers also briefly 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 for 2013

If estimated liability for the year is reasonably expected to exceed $800, a taxpayer must file estimated returns either monthly or quarterly. Payments can be made with either of the following returns:

- *Michigan Corporate Income Tax Quarterly Return* (Form 4913), or
- *Combined Return for Michigan Taxes* (Form 160) (if registered for Sales, Use, and Withholding Taxes).

If paying quarterly with Form 160 or Form 4913, estimates are due by the 15th of the month following the end of the quarter. If paying monthly using Form 160, monthly payments are due by the 20th day of the month. For example, a taxpayer may file monthly estimated tax payments using Form 160 on February 20, March 20, and April 20 rather than a single quarterly payment on April 15 provided the combined estimated tax payments for those months are calculated using the instructions provided with the form. For taxpayers electing to make monthly remittances by Electronic Funds Transfer (EFT) where the requirement to file a paper Form 160 has been waived, estimates are due by the 20th day of the month following the month's end. The estimates for the quarter must also 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) EFT Unit 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 CIT 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 tax 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 "Electronic Filing Tax Preparer Handbook," which is available on the Treasury Web site at **www.MIfastfile.org** by clicking on "Business Taxpayer," then "Corporate Income Tax E-File," and looking under "Tax Preparer Resources." 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. Information on nexus, and other CIT issues, is found on the Treasury Web site at **www.michigan.gov/taxes**. (Click on the "Corporate Income Tax" on the left side of the page.) Treasury will post updates here and via Revenue Administrative Bulletin (available on the "Reference Library" link on the left side of the page).

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 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 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 37 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).

After the Small Business Alternative Credit has been determined on Form 4893, line 14 or line 18, carry the figure to Form 4891, line 38. Follow the Form 4891 instructions for the remaining lines.

Further General Guidance

For purposes of CIT, taxpayer means a C Corporation, financial institution, insurance company, or a unitary business group liable for tax, interest, or penalty.

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. Expenses should be added back on line 23, Miscellaneous additions. Income should be added back on line 29, Miscellaneous subtractions.

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, unless you wish to preserve the carry forward amounts of a business loss or claim a refund of estimated payments or flow-through withholding paid on behalf of the entity, in which case, 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: In general, a person that is a disregarded entity for federal tax purposes, including a single member LLC or Q-Sub, must file as a branch or division if owned by another business entity.

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. 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 issues — including the Control Test and Relationship Tests to determine whether a UBG exists — see the Michigan Department of Treasury (Treasury) Web site at **www.michigan.gov/treasury**. (Click on the "Corporate Income Tax" on the left side of the page.) Treasury will post updates here and via Revenue Administrative Bulletin (available on the "Reference Library" link on the left side of the page).

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).

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) at **www.legislature.mi.gov**.

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

Flow-Through Withholding

On January 1, 2012, several changes to the Income Tax Act of 1967 (ITA) went into effect establishing a new withholding requirement for flow-through entities that have members, partners, or shareholders that are corporations or other flow-through entities. These withholding requirements are known as Flow-Through Withholding (FTW).

Under FTW, every flow-through entity with business activity in Michigan that reasonably expects to accrue more than $200,000 in apportioned or allocated business income for the tax year must withhold on the distributive share of each member that is a corporation or an intermediate flow-through entity at the CIT rate of 6 percent. "Business income" for this purpose is defined using the same rules as those contained in the CIT. However, because FTW is concerned with the business income of flow-through entities and not corporations, business income for flow-through entities is further defined to include payments and items of income and expense that are attributable to business activity of the flow-through entity and separately reported to its members. The distributive share of business income of a flow-through entity is subject to FTW, and the CIT, even if it is not actually distributed or paid to the member.

When a corporation has been withheld on under FTW, this amount is treated as a CIT payment that will be applied against the corporation's CIT liability. A corporation that has been withheld on is not required to make quarterly estimated payments on the distributive share of business income that has been subjected to FTW. To claim these amounts, the corporation will be required to file a Form 4891. If the corporation is a member of a UBG, then these amounts may be claimed on that corporation's Form 4897. If the corporation is below one of the CIT filing thresholds then it may file a Form 4891 to claim these amounts.

The flow-through entity is required to notify the members it has withheld on of the amount of withholding paid on behalf of that member as well as other information that the member will need to complete its CIT return. There is no set method for this reporting to be done. Treasury has recommended that this be reported to the members as a supplemental attachment to the federal Schedule K-1 that is required to be submitted to each member. For a corporation, this information will include the:

- FEIN of the flow-through entity
- Tax year of the flow-through entity
- FTW paid on behalf of that member
- Member's tentative distributive share of the flow-through entity's business income
- Flow-through entity's sales that have been sourced to Michigan
- Flow-through entity's total sales.

There are also several exemptions from the FTW requirements. These exemptions include the MBT Election Exemption and the Opt-Out Exemption, both of which are explained in the FTW reconciliation booklet (Form 5014) and on Treasury's Web site at **www.michigan.gov/taxes**.

When 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 carry forward from a prior year is reported (filing in this case is necessary to move the carry forward 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 the eligibility for a Small Business Alternative Credit. Do not use annualized numbers on a return unless specified; use them only to determine 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.

Example 1: A taxpayer with a federal tax year beginning on Friday, December 28, 2012, will be treated as follows:

- 2012 tax year end of December 31, 2012.
- Due date of April 30, 2013.
- 2013 tax year beginning January 1, 2013.

Example 2: A taxpayer with a federal tax year ending on Thursday, January 3, 2013, will be treated as follows:

- 2012 tax year end of December 31, 2012.
- Due date of April 30, 2013.
- 2013 tax year beginning on January 1, 2013.

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:

- 2012-13 fiscal year end will be January 31, 2013.
- Due date will be May 31, 2013.
- 2013-14 fiscal year will begin on February 1, 2013.

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 2013 reporting a tax liability of $9,000. Estimates for the tax year ending June 2014 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 2012 tax year, all annual returns, including all fiscal year returns, are due April 30, 2013. All fiscal filers with a federal tax year ending in 2012 must file a short period return for CIT that begins January 1, 2012. All 2011-2012 fiscal year taxpayers have been granted an automatic extension to April 30, 2013, to file the short-period return that begins January 1, 2012. **However, an extension of time to file is not an extension of time to pay.**

For fiscal years ending in 2013, the 2012-2013 fiscal year return will be due on the last day of the fourth month after the end of the tax year.

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 is received, Treasury will grant an extension of eight months to file the tax return.

Any estimated tax that may be due with the request should be paid in the same manner as estimated payments were paid during the year.

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, 2012	4.25%	0.0001164
July 1, 2012	4.25%	0.0001161
January 1, 2013	4.25%	0.0001161

For a list of interest rates, see the Revenue Administrative Bulletins (RABs) on the Treasury Web site at **www.michigan.gov/taxes**. (Click on the "Reference Library" link on the left side of the page.)

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 staple in the upper-left corner. (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: As with any tax return submitted to Treasury on paper, 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 Federal Employer Identification Number (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

Address changes and business discontinuance can be reported by using the *Notice of Change or Discontinuance* (Form 163), which can be found online at **www.michigan.gov/treasuryforms** or inside the Sales, Use, and Withholding Tax booklet.

Mail correspondence to:
Customer Contact Division, CIT Unit
Michigan Department of Treasury
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 Center by calling 1-800-649-3777 or 711.

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.

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, see the Michigan Department of Treasury (Treasury) Web site at **www.michigan.gov/treasury**. Treasury provides updates via Revenue Administrative Bulletins (RABs) and its Michigan Taxes page (**www.michigan.gov/taxes**).

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 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.

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

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: 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 as provided in the table on this page 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.

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.

For more information regarding how a taxpayer determines where the recipient of services performed receives the benefit of those services, see the Treasury Web site at **www.michigan.gov/treasury**. Treasury provides updates via Revenue Administrative Bulletins (RABs) and its Michigan Taxes page (**www.michigan.gov/taxes**).

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

2012 MICHIGAN Corporate Income Tax Annual Return

Issued under authority of Public Act 38 of 2011.

1. Return is for calendar year 2012 or for tax year beginning: MM-DD-YYYY and ending: MM-DD-YYYY

2. 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 Discontinued, Effective Date	8. ☐ Check if a special sourcing formula for transportation services was used in the sourcing of Sales to Michigan.	
7. ☐ Check if Filing Michigan Unitary Business Group Return. (Include Form 4896, if applicable, and Form 4897.)			

Important: If the tax liability on line 41 is less than or equal to $100, you are not required to file this return or pay the tax.

9. Apportionment Calculation
   - a. Michigan sales of the corporation (if no Michigan sales, enter zero) 00
   - b. Proportionate Michigan sales from unitary FTEs 00
   - c. Michigan sales. Add lines 9a and 9b 00
   - d. Total sales of the corporation......................... 00
   - e. Proportionate total sales from unitary FTEs.... 00
   - f. Total sales. Add lines 9d and 9e 00
   - g. Apportionment percentage. Divide 9c by 9f... %
   - h. ☐ Tax year 2012 only: Check if Fiscal Filer using the Annual Method (see instructions) and complete lines 9i through 9k. If a UBG fiscal filer, check and see instructions.
   - i. Number of months in CIT tax period ....
   - j. Total months ....
   - k. Proration Percentage. Divide line 9i by line 9j.......... %

10. Gross receipts from corporate activity (see instructions).................... 10. 00
11. Apportioned flow-through gross receipts 11. 00

PART 1: CORPORATE INCOME TAX

All filers, see instructions. Unitary Business Group (UBG) filers will complete lines 12 through 15 with amounts reflecting the total of all UBG members.

12. Federal taxable income from U.S. Form 1120.. 12. 00
13. Domestic Production Activities deduction based on IRC § 199 reported on U.S. 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 an eligible depreciable asset 15b. 00
    - c. Add lines 15a and 15b. If negative, enter as negative... 15c. 00
16. Add lines 12, 13, 14 and 15c.. 16. 00
17. For a UBG, total group eliminations from federal taxable income. All other filers, enter zero 17. 00
18. **Business Income.** All filers, subtract line 17 from line 16. If negative, enter as a 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 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. Miscellaneous (see instructions) 23. 00
24. Total Additions to Income. Add lines 19 through 23... 24. 00
25. **Corporate Income Tax Base After Additions.** Add lines 18 and 24. If negative, enter as a negative......... 25. 00

Continue and sign on Page 2

Taxpayer FEIN

PART 1: CORPORATE INCOME TAX (Continued)

Subtractions from Business Income

26.	Income from Non-Unitary Flow-Through Entities (Enter loss as a negative; attach Form 4898; see instr.)	26.	00
27.	Dividends and royalties received from persons other than U.S. persons and foreign operating entities	27.	00
28.	Interest income derived from United States obligations	28.	00
29.	Miscellaneous (see instructions)	29.	00
30.	Total Subtractions from Income. Add lines 26 through 29	30.	00
31.	**Corporate Income Tax Base.** Subtract line 30 from line 25. If negative, enter as a negative	31.	00
32.	Apportioned Corporate Income Tax Base. Multiply line 31 by percentage on line 9g	32.	00
33.	Apportioned Income from Non-Unitary Flow-Through Entities from Form 4898 (see instructions)	33.	00
34.	a. Add line 32 and line 33	34a.	00
	b. If box 9h is checked, multiply line 34a by percentage on line 9k. All others enter amount from line 34a	34b.	00
35.	Available CIT business loss carryforward from previous period's CIT return. Enter as a positive number	35.	00
36.	Subtract line 35 from line 34b. If negative, enter here as a negative. A negative number here is the available business loss carryforward to the next filing period (see instructions)	36.	00
37.	**Corporate Income Tax Before Credit.** Multiply line 36 by 6% (0.06). If less than zero, enter zero	37.	00

PART 2: TOTAL CORPORATE INCOME TAX

38.	Small Business Alternative Credit from Form 4893, line 14 or line 18, whichever applies	38.	00
39.	**Tax Liability after Small Business Alternative Credit.** Subtract line 38 from line 37. (If apportioned or allocated gross receipts are less than $350,000, enter zero.)	39.	00
40.	Recapture of Certain Business Tax Credits from Form 4902, line 22	40.	00
41.	Total Tax Liability. Add lines 39 and 40. If less than or equal to $100, enter zero	41.	00

PART 3: PAYMENTS AND TAX DUE

42.	Overpayment credited from prior period return (MBT or CIT)	42.	00
43.	Estimated tax payments	43.	00
44.	Flow-Through Withholding payments	44.	00
45.	Tax paid with request for extension	45.	00
46.	Payment total. Add lines 42 through 45.	46.	00
47.	**TAX DUE.** Subtract line 46 from line 41. If less than zero, leave blank	47.	00
48.	Underpaid estimate penalty and interest from Form 4899, line 38	48.	00
49.	Annual Return Penalty (see instructions)	49.	00
50.	Annual Return Interest (see instructions)	50.	00
51.	**PAYMENT DUE.** If line 47 is blank, go to line 52. Otherwise, add lines 47, 48, 49 and 50	51.	00

PART 4: REFUND OR CREDIT FORWARD

52.	Overpayment. Subtract lines 41, 48, 49 and 50 from line 46. If less than zero, leave blank (see instructions)	52.	00
53.	**CREDIT FORWARD**. Amount on line 52 to be credited forward and used as an estimate for next CIT tax year	53.	00
54.	**REFUND.** Subtract line 53 from line 52	54.	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 51. 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 (CIT) Annual Return

IMPORTANT NOTE: In May 2013, the Michigan Department of Treasury introduced instruction revisions affecting taxpayers filing a 2012 Corporate Income Tax return. The changes have been noted with a gray highlight.

Purpose

To calculate the Corporate Income Tax 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 included on this return, and a Unitary Business Group that includes members that are C Corporations or entities that have elected to be taxed federally as a C Corporation for the tax year included on this return.

Special Instructions for Unitary Business Groups

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 included on this return. A *taxpayer* is a corporation, an insurance company, a financial institution, or a unitary business group (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:

- 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
- 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.

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 Internal Revenue Code (IRC) § 861(c)(1)(B).

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 brother-sister controlled group, any member that has nexus with Michigan 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 with Michigan, the controlling member may appoint any member with nexus to serve as DM. The tax year of the DM determines the filing period for the UBG. The combined return must include each tax year of each member that ends with or within the tax year of the DM.

The gross receipts of a UBG is the sum of the gross receipts of each member included in the UBG, other than a foreign operating entity or a person subject to the tax as an insurance company or financial institution. Gross receipts of each member should reflect the accounting method that member used to compute its federal taxable income. A UBG is not able to eliminate intercompany transactions when calculating its gross receipts for purposes of the gross receipts filing threshold.

The business income of a UBG is the sum of the business income of each member included in the UBG, other than a foreign operating entity or 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 CIT Act.

For more information on UBGs, see the instructions for *CIT Tax Data for Unitary Business Group Members* (Form 4897) and the Department of Treasury Web site 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.

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 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 without elimination of intercompany transactions. For a UBG, any member that has a period of less than 12 months must annualize its gross receipts to determine if a filing requirement exists.

For filing threshold purposes, apportioned or allocated gross receipts equals the total amount on line 10 multiplied by the apportionment percentage on line 9g, the result of which is then added to the amount on line 11. If the taxpayer is operating business for a period less than 12 months, the apportioned or allocated gross receipts figure for filing purposes must be annualized and then compared to the $350,000 threshold.

UBGs: Complete Form 4897 and, if necessary, the *CIT UBG Affiliates Excluded from the Return of Standard Taxpayers* (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 an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document, if applicable. Complete and file all schedules and all forms filed with the original return, even if not amending information on that schedule. **Do not include a copy of the original return with your amended return.**

Refund Only: If apportioned or allocated gross receipts are less than $350,000 and there is no recapture, and the taxpayer is filing Form 4891 to claim a refund of estimates paid, skip lines 12 through 41 and lines 47 through 51.

UBGs: If combined apportioned or allocated gross receipts of all members is less than $350,000 without eliminations and there is no recapture and the taxpayer is filing Form 4891 solely to claim a refund of estimates paid, the designated member 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, but the taxpayer wishes to claim a refund, the taxpayer must file a Form 4891. When filing this form, leave lines 12 through 39 and lines 47 through 51 blank and include an attachment explaining the circumstances of the PL 86-272 protection. Lines 40 and 41 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 47 through 51 blank and include a statement explaining the circumstances of the PL 86-272 protection for each member. 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. 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, of 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.

Fiscal Year Taxpayers: For fiscal years ending in 2012 your CIT will be a short year and will begin January 1, 2012. Your first CIT return will only cover business activity that occurs after December 31, 2011.

Line 2: Enter the taxpayer's name. If a UBG, enter the name of the DM.

Line 3: Use the taxpayer's Federal Employer Identification Number (FEIN). Be sure to use the same account number on all forms.

NOTE: The taxpayer must register before filing this form. Taxpayer's are encouraged to register online at **www.michigan.gov/businesstaxes**. Taxpayers that register with the State online receive their notification of the registration within seven days.

If the taxpayer does not have an FEIN, the taxpayer must obtain an FEIN before filing. The Web site **www.michigan.gov/businesstaxes** provides information on obtaining an FEIN.

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-digit abbreviation for the 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 used here. 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.

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 U.S. Form 1120, Schedule K; U.S. Form 1120S; U.S. Form 1065; or U.S. Form 1040, Schedule C.

UBGs: Enter the NAICS from the principal activity of the group. If no principal activity is available, enter the NAICS code used when filing the DM's U.S. Form 1120, Schedule K; U.S. form 1120S; U.S. Form 1065; or U.S. Form 1040, Schedule C.

Line 6: Enter the date, if applicable, on which the taxpayer went out of existence.

NOTE: If the taxpayer is still subject to another tax administered by the Treasury, or continues to exist but has stopped doing business in Michigan, do not use this line. To complete the discontinuance for Michigan taxes, file Form 163, which is available on the Treasury Web site at **www.michigan.gov/treasuryforms**.

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

Line 7: 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.

Line 8: Check this box if the taxpayer has receipts 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.

<u>UBGs:</u> If at least one member of the UBG has receipts 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 1 or more of the above listed taxes, regardless of whether the tax is actually imposed against the taxpayer.

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.

If the taxpayer is able to apportion its business activity then its business activity 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 a profits 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.

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.

<u>UBGs:</u> 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 *Data for Unitary Business Group Members* (Form 4897).

Taxpayers that are unitary with one or more flow-through entities: Do not include on this line Michigan sales made by the taxpayer to a flow-through entity that is unitary with the taxpayer and is included on *Flow-Through Entities that are Unitary with the Taxpayer* (Form 4900).

Line 9b: If the taxpayer is unitary with a flow-through entity or flow-through entities, 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.

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.

<u>UBGs:</u> 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 *Data on Unitary Business Group Members* (Form 4897).

Taxpayers that are unitary with one or more flow-through entities: Do not include on this line sales made by the taxpayer to a flow-through entity that is unitary with the taxpayer and is included in Form 4900.

Line 9e: If the taxpayer is unitary with a flow-through entity or flow-through entities, enter on this line the total proportionate amount of total sales attributed to these flow-through entities 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.

Line 9h: Check the box if you are a Fiscal Filer completing this form for the first CIT tax year beginning on January 1, 2012, and computing tax in accordance with the annual method. For information on filing a fiscal return, see "Supplemental Instructions for Initial Fiscal CIT Filers" in Form 4890. The method chosen must be consistent with the method chosen on this taxpayer's Michigan Business Tax (MBT) return for the tax year ending December 31, 2011, if one was filed.

UBGs: If the DM is a calendar year filer, all members, including fiscal year members, must use the actual method. If the DM is a fiscal year filer, all members must use the same method of calculation, annual or actual, chosen by the DM. The method chosen must be consistent with the method chosen on this UBG's MBT return for the tax year ending December 31, 2011, if one was filed.

NOTE: UBGs using the annual method will check the box at line 9h, skip lines 9i and 9j, and enter 100 for the percentage on line 9k. Proration is calculated for each member separately on Form 4897.

Line 9i: Enter the total number of months included in this return.

Line 9j: Enter the total number of months in the taxpayer's annual accounting period as included in the taxpayer's federal return.

Line 9k: Divide line 9i by line 9j to arrive at the proration percentage. This percentage will be applied at various points on this and other return forms.

Line 10: Enter the amount of total, unapportioned gross receipts received by the taxpayer.

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 below 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.

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
- Sales of scrap and other similar items
- Receipts from the production of oil and gas
- Client reimbursed expenses not obtained in an agency capacity
- Gross proceeds from intercompany sales.

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 Internal Revenue Code
- 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 Internal Revenue Code or land that qualifies as property used in the trade or business as defined in section 1231(b) of the Internal Revenue Code, 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 who both buys and sells any receivables during the tax year.

UBGs: Add the gross receipts amount reported on form 4897, line 18 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 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 figures are annualized, add all members' figures and enter the sum on line 10.

Line 11: Enter the imputed gross receipts from any (unitary or non-unitary) flow-through entity from which the taxpayer receives a distributive share of income.

Use the worksheet below to calculate the imputed apportioned or allocated gross receipts from each flow-through entity.

WORKSHEET ON FLOW-THROUGH GROSS RECEIPTS

A taxpayer must complete the following calculation for each flow-through entity, whether unitary or not, from which it receives a distributive share of income. The amount in line 5 of this worksheet for each flow-through entity (FTE) must be added, and the sum carried to Form 4891, line 11.

UBGs: Include on this line the imputed gross receipts from all members of the UBG.

NOTE: Non-UBG short year filers who elected to use the annual method for the first CIT filing period ending in 2012 must use prorated amount of the FTE's gross receipts on line 1 of this Worksheet. The proration is done using the taxpayer's proration percentage. For more information on the annual method and proration, please see the "Supplemental Instructions for Fiscal Filers. UBG members reporting a period of less than 12 months with the group return must use annualized figures of the FTE's gross receipts on line 1 of this Worksheet. The annualization is done using the member's number of months in the group's tax year.

1. FTE's gross receipts that fall with or within the taxpayer's or member's tax year included in this return................................	1.		00
2. Percentage of the FTE's income or loss received by the taxpayer or 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. FTE 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.

Gross Receipts Filing Threshold: If the taxpayer with allocated or apportioned gross receipts of less than $350,000 does not have to file a CIT return and does not have to pay the tax imposed by the CIT. To calculate the taxpayer's gross receipts for this purpose, multiply Line 10 by the percentage on Line 9g and add that amount to Line 11 to get the taxpayer's total gross receipts for the tax year. For periods less than 12 months, this amount must be annualized. To annualize this amount multiply the total gross receipts as calculated above by 12 and divide the result by the number of months in the tax year. Do not enter annualized figures on this line.

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

PART 1: CORPORATE INCOME TAX

Line 14: There currently are 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.

Line 17: **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 supported by this form. For example, if the UBG includes standard taxpayers (not owned by and unitary with a financial institution in the UBG), an insurance company, and a financial institution with nexus, 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. 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.

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 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.

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 would also include, to the extent deducted in arriving at federal taxable income (as defined for CIT purposes), the Business Income Tax portion of the MBT.

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.

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

Subtractions from Business Income

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

Line 26: Enter on this line the sum of all entries in Column C of *Non-Unitary Relationships with Flow-Through Entities* (Form 4898). Flow-through entities include partnerships and S corporations as well as limited liability companies that are not taxed as a C corporation. 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 26 must equal the sum of all entries in Column C of all Forms 4898 that were filed by the UBG.

Line 27: 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 964.

Line 28: To the extent included in federal taxable income (as defined for CIT purposes), deduct interest income derived from United States obligations.

Line 29: Enter on this line the income included on line 12 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 oil and gas income that qualifies, leave this line blank. There are no other miscellaneous subtractions that can be entered on this line.

Line 33: Enter on this line the sum of all entries in Column E of Form 4898. Flow-through entities include partnerships and S corporations as well as limited liability companies that are not taxed as a C corporation. If an amount is entered on this line, Form 4898 must be completed and attached/included with the filing of this form.

UBGs: The amount entered on Line 33 must equal the sum of all entries in Column E of all Forms 4898 that were filed by the UBG.

Line 34: UBGs: UBGs using the annual method will enter the amount from line 34a on line 34b. The amount on line 34a has already been prorated by each UBG member reporting on Form 4897.

Line 35: Deduct any available CIT business loss incurred after December 31, 2011. Enter as a positive number.

Business loss means a negative business income, after apportionment, if applicable.

NOTE: CIT business loss carryforward is not the same as the federal net operating loss carryforward or carryback. It also is not the same as the Single Business Tax or Michigan Business Tax business loss carryforward. You may not claim any SBT or MBT business loss carryforward on this return. As a result, if this return is filed for the period beginning January 1, 2012, the taxpayer has no CIT business loss that may be claimed.

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. Available carryforwards, regardless of whether they arose within the group or outside of it, are applied against the UBG's tax liability on the basis of age (oldest first). If two members each created a carryforward 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 35 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 36: Subtract line 35 from line 34b. Any negative amount on line 36 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 39: IMPORTANT: If apportioned or allocated gross receipts 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 a filing requirement exists. For instructions on how to calculate the taxpayer's allocated or apportioned gross receipts, see the instructions to Line 11.

UBGs: If apportioned or allocated gross receipts before intercompany eliminations are less than $350,000, enter a zero on this line. When determining whether the UBG satisfied the $350,000 gross receipts filing threshold, do not annualize this amount on this form. The gross receipts will have been annualized on each member's Form 4897.

Line 40: Enter the amount of recapture from line 22 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.

Line 41: Add lines 39 and 40, if less than or equal to $100, enter zero.

PART 3: PAYMENTS AND TAX DUE

Line 43: Enter the total estimated CIT tax paid with the *CIT Quarterly Tax Return* (Form 4913), the estimated CIT paid with Form 160, 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.

Line 44: Enter the total withholding payments made on your behalf by Flow-Through Withholding entities. Include all withholding payments made on returns that apply to the tax year included in this return. Included on this line would be Flow-Through Withholding payments made by flow-through entities whose tax years ended with or within the tax year included in this return. For example, a calendar year filer would include Flow-Through Withholding payments made by a flow-through entity whose tax year ended on or after January 1, 2012, and on or before December 31, 2012. Any flow-through entity that has withheld on behalf of the taxpayer should have provided the taxpayer with the amount for its records.

If an amount is entered on this line, complete the CIT Schedule of Flow-Through Withholding (Form 4911) to account for the Flow-Through Withholding payments received. The amount entered on this line must equal the sum of the combined amount from Form 4911, column E.

Line 48: 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 49: 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 47		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 49.

Line 50: 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 47		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 50.

Line 50 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 50.

PART 4: REFUND OR CREDIT FORWARD

Line 52: If the amount of the tax overpayment, less any penalty and interest due on lines 48, 49 and 50 is less than zero, enter the difference (as a positive number) on line 51. If the amount is greater than zero, enter on this line.

NOTE: If an overpayment exists, a taxpayer must 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 53 and 54 as applicable.

Line 53: If the taxpayer anticipates a CIT liability in the filing period subsequent to this return, some or all of any overpayment from line 52 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 54: 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 to the return.

- **C Corporations:** U.S. Form *1120* (pages 1 through 5), *Schedule D*, Form *851*, Form *4562,* and Form *4797*. 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 you have 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 U.S. Form 990-T (pages 1 through 4).

UBGs: See the instructions for Forms 4896 and 4897 for information regarding federal attachments for members of UBGs.

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

Attachment 2

2012 MICHIGAN Corporate Income Tax Small Business Alternative Credit

Issued under authority of Public Act 38 of 2011.

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; or
- Adjusted business income after loss adjustment exceeds $1,300,000; or
- 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). **Form 4894 must be included.**
- 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. **Form 4894 must be included.**
- Gross receipts exceed $19,000,000 but are less than $20,000,000.

1.	Gross Receipts (see instructions)	1.	00
2.	Tax liability prior to this credit from Form 4891, line 37	2.	00

Adjusted Business Income

3.	Business Income from Form 4891, line 18	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 4891, line 21. Enter as a positive number	5.	00
6a.	Subtotal. Add lines 3, 4 and 5	6a.	00
6b.	Fiscal filers: If box 9h on Form 4891 is checked, multiply line 6a by the percentage from Form 4891, line 9k	6b.	00
6c.	If box 9h on Form 4891 is checked, enter the amount from line 6b. All others, enter the amount from line 6a	6c.	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 6c, 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/distributive share of 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 38 (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 4891, line 38	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. The credit is calculated here and then carried to the *CIT Annual Return* (Form 4891).

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.

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.

Fiscal Year Filers: See "Supplemental Instructions for Standard Fiscal MBT Filers" in the *Corporate Income Tax Forms and Instructions for Standard Taxpayers* (Form 4890).

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 $1,300,000 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). **Form 4894 must be filed to qualify for this credit.**

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 not over $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) 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 Corporation is not eligible for the Small Business Alternative Credit. In addition, if either (a) or (b) is over $160,000 but not more than $180,000 for any shareholder or officer, the Corporation must reduce the Small Business Alternative Credit 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 Small Business Alternative Credit 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. 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.

Annualizing

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 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 tax years immediately preceding the tax year for which a taxpayer is claiming a credit and a Single Business Tax (SBT) Small Business Credit or Michigan Business Tax (MBT) Small Business Alternative Credit 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 Form 4895 for more details.

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.

Special Instructions for UBGs

UBGs calculate the gross receipts and adjusted business income disqualifiers at the UBG level without regard to intercompany eliminations. For a UBG to claim a small business alternative credit, 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. This is a change from the comparable calculation in MBT.

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 Small Business Alternative Credit if that UBG includes a member from which the allocated income after loss adjustment of a shareholder is $200,000. 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 Form 4890.

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 *CIT Annual Return* (Form 4891).

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

Line 1: Enter amount from Form 4891, line 10. For a tax year less than 12 months, enter annualized gross receipts to see if annualized gross receipts exceed $19,000,000 but are not more than $20,000,000. For guidance, see the "Annualizing" section at the beginning of these instructions.

UBGs: All UBG filers will use the amount from Form 4891, line 10. For UBGs including members with tax years less than 12 months, line 10 reflects the annualized amounts for all members for the purpose of completing Form 4893.

Adjusted Business Income

Line 3: Enter business income from Form 4891, line 18.

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 23.

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), and enter on line 4. Enter as a positive number.

NOTE: A UBG filing the initial short period return should enter the sum of each member's actual amount of carryback or carryover of a capital loss determined on a pro forma basis for the short period.

Line 6: UBGs: UBGs should skip line 6b, and enter the amount from line 6a on line 6c.

Fiscal Year Filers: Line 7 and line 8: Compensation and Directors Fees. Officers and active shareholders will be reported on an actual basis on lines 7 and 8, regardless of the method selected for the tax calculation.

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 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 38.

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.

Attachment 3

2012 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 Member Number	B Name of shareholder (including corporation, trust, or partnership), officer, or family member receiving compensation from the business (Last, First, Middle)	C FEIN or Social Security number of shareholder or officer	D Check (X) if an officer	E % Stock directly owned		F % Stock with attribution (See instructions.)		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 who own less than 10% and receive no compensation: ______ %

Total: 100 %

\+ 0000 2012 18 01 27 8

Continue on Page 2

FEIN

UBG Member FEIN

PART 2: SHAREHOLDERS AND OFFICERS — Continued

Taxpayers claiming the Small Business Alternative Credit must complete line 3, columns H through N, and Part 3.

3. H Member Number	I Dividends (used to determine active shareholders)	J Salaries, wages and/or 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 (See instructions.)	N Total shareholder/officer income. Add columns L and M.

If more space is needed, attach additional 4894 forms. Identify taxpayer and complete Part 2 on each additional form. (See instructions.)

Continue on Page 3

FEIN	
UBG Member FEIN	

PART 3: LIST OF FAMILY MEMBERS AND THEIR CORRESPONDING RELATIONSHIP TYPE

Using the same Member Number references from Part 2, indicate your attributable family relationship (if any) to each shareholder. (An attributable family relationship is defined as either a spouse, parent, child or grandchild.)

- If an attributable family relationship exists, designate in columns P through S
- If no attributable family relationship exists, check box in column T.

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

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 for all corporations to qualify for the Small Business Alternative Credit. *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.

General Instructions

If filing as a corporation (including Limited Liability Companies federally taxed as such) and claiming a Small Business Alternative Credit, complete this form and include it as part of the annual return to report:

- Shareholder and corporation officer qualifications for the Small Business Alternative Credit;
- Compensation and director fees of active shareholders and all officers for the computation of the Small Business Alternative Credit.

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 *CIT Annual Return* (Form 4891).

Unitary Business Groups (UBGs): Complete one form for each member that is a corporation. 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.

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 4894 is attached for a filer, sum the totals for lines 1 and 2 on the top form.

Line 1: Add compensation and director fees in column L for each active shareholder and enter the result on line 1 and on *Corporate Income Tax Small Business Alternative Credit* (Form 4893), line 7.

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, and 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.

Annualizing

Multiply each applicable amount by 12 and divide the result by the number of months in the tax year or the person was a shareholder. Generally, a tax year is considered to include the full month if the business operated for more than half the days of the month.

Line 2: Add the compensation and director fees in column L for each corporation officer who is not an active shareholder and enter the result on line 2 and on CIT Form 4893, line 8.

Important: For short-period returns or a part-year corporation officer, compensation, director fees, and dividends of each individual must be annualized to meet this requirement.

PART 2: SHAREHOLDERS AND OFFICERS

Line 3 (Columns A through N): In column 3A, 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, line 3H, and Part 3, line 4O. 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 if they receive compensation from the business. List all shareholders and officers who:

- Are employees of the corporation;
- Are directors of the corporation; or
- Own 10 percent or more of the stock of the corporation, including those by attribution.

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.

An officer of a corporation includes the chairperson of the board, president, vice president, secretary, and treasurer, or persons performing similar duties.

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 those directly owning stock, who received compensation during the tax year, must be listed in Parts 2 and 3.

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 (including Corporations, Trusts, or Partnerships) and corporation officer by name and Social Security number. Corporations, Trusts, and Partnerships should be identified using the Federal Employer Identification Number (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 corporation 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 attribution of ownership from family members under IRC § 318(a)(1).

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 for the Small Business Alternative Credit, 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 compensation, director fees, or dividends from the business are greater than $10,000. The wife and son are not active because compensation, director fees, or dividends from the business are less than $10,000.

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).

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

2. A Member Number	B Name of shareholder (including corporation, trust, or partnership), officer, or family member receiving compensation from the business (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

3. 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 J: Enter salaries, wages, and director fees that are attributable to each shareholder or corporation 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 corporation officer worked in Michigan.

Column K: Enter employee insurance payments and pensions that are attributable to each shareholder or C Corporation 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 compensation must be included, whether or not the shareholder or corporation officer worked in Michigan.

Column M: Multiply the percentage in column G by line 6c on the *CIT Small Business Alternative Credit* (Form 4893).

UBGs: Multiply the percentage in column G by the sum of lines 12, 23 and 26 from the *CIT Data on UBG Members* (Form 4897).

PART 3: LIST OF FAMILY MEMBERS AND THEIR CORRESPONDING RELATIONSHIP TYPE

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 listed only if columns P through S are blank (no attributable relationship exists).

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

Attachment 4

2012 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 Small Business Alternative Credit by adjusting current year adjusted business income (ABI). 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 Single Business Tax Small Business Credit, Michigan Business Tax Small Business Alternative Credit or Corporate Income Tax Small Business Alternative Credit in the loss year. Unitary Business Groups, 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.	1,300,000	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 at 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 AND received a Small Business Credit or Small Business Alternative Credit.

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 INCOME DISQUALIFIER

Shareholder Income Disqualifier: $180,000

11.	Enter the amount from Form 4893, line 6a (see instructions)	11.	00
12.	Shareholder 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, enter as a negative number	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.

PART 4: AVAILABLE LOSS FOR SHAREHOLDER 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.

Complete line 17 with the end dates of the five preceding tax periods (oldest at 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 AND received a Small Business Credit or 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 a credit is being claimed, and the taxpayer received a Small Business Credit (SBC) under the Single Business Tax (SBT), a SBAC under the Michigan Business Tax (MBT), or a SBAC under the Corporate Income Tax (CIT) for that same year, the taxpayer may adjust for the loss before figuring eligibility for the current period 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 for a C Corporation on the *CIT Schedule of Shareholders and Officers* (Form 4894).

Special Instructions for 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 of $1,300,000 or more 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) or Michigan Department of Treasury (TR) assigned number.

To reduce the UBG's ABI disqualifier, the group will use its available loss from a prior tax period when the UBG received the SBAC, as well as a member's available loss from a tax year when it received the SBC or 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 periods, 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.

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

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

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 $1,300,000, 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.

Part 2: Available Loss for ABI Disqualifier

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

Complete lines 4 through 10, one column at a time. Complete only columns for periods that reported a loss **and** received an SBC or SBAC. If the taxpayer did not have a loss or did not receive a SBAC for a tax year, leave that column blank.

Line 4: Enter each tax year end date for periods where loss occurred. Begin with the earliest year in the left column.

Each short period return is treated as a separate period when determining the available loss.

Line 5: Enter (as a positive number) the negative ABI from Form 4893, line 9, for tax years where an SBAC was received. For SBT tax years, enter the ABI from the *SBT Credit for Small Businesses and Contribution Credits* (Form C-8000C), line 9, for each tax year that reported a loss **and** received an SBC.

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 SBC or 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 period (including loss adjustment used in SBT periods and MBT periods).

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 period to offset an ABI disqualifier (including loss adjustment used in SBT, MBT and CIT periods). Also enter any groupwide loss used against the UBG's ABI disqualifier in a prior period.

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 periods.

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.

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. **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**.

Shareholders not allocated Items from Multiple Sources, Special Instructions:

Complete lines 11 through 16 for the shareholder creating the need to reduce the SBAC.

Line 11: When calculating this line, the shareholder must calculate a pro forma CIT Small Business Alternative Credit (Form 4893) for the purpose of completing this line.

Line 12: Form 4895 should always be calculated initially using $160,000. 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:

DISQUALIFIER CHART

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

Part 4: Available Loss for shareholder allocated income disqualifier

UBGs, see Special Instructions.

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

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

Line 18: Enter (as a positive number) the negative ABI from Form 4893, line 9, for tax years where an SBAC was received. For SBT tax years, enter the ABI from the *SBT Credit for Small Businesses and Contribution Credits* (Form C-8000C), line 9, for each tax year that reported a loss **and** received an SBC.

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

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

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.

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 periods.

Special Instructions for UBGs

Form 4895, 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.

Form 4895, 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 CIT Small Business Alternative Credit (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 SBT tax years, enter the ABI from the SBT Credit for Small Businesses and Contribution Credits (Form C-8000C), line 9, for each tax year that reported a loss and received an SBC. For MBT years, enter the ABI from the Michigan Business Tax Common Credits for Small Businesses (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 period (including loss adjustment used in SBT periods and MBT periods).

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.

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 periods 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

"Member 1," "Member 2," and "Member 3" will reflect the data of the 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 Form 4893, line 6a, 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. This number comes from Form 4893, line 6a; however, the shareholder must calculate a pro forma CIT Small Business Alternative Credit (Form 4893) by member listed, for the purpose of completing this line. 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 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.

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 of each member listed by shareholder's percentage of ownership of that member, from line 3. Enter resulting share of business income per member.

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

Part C: Calculate Loss Adjustment Needed

Line 8: Subtract the disqualifier amount from the disqualifier chart 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.

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

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

Line 11: Divide line 10 by line 3, percentage of ownership. Enter result per 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 member on the second worksheet by line 12 per 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 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

2012 Michigan Corporate Income Tax Unitary Business Group Affiliates Excluded from the Return of Standard Taxpayers

Issued under authority of Public Act 38 of 2011.

Designated Member Name	Federal Employer Identification Number (FEIN)

List every C Corporation (or entity taxed 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, which is not included on the combined return of standard taxpayers that is supported by this form. 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 part of a federal consolidated group, attach a copy of U.S. Form 851.

1. **A** Number From U.S. *Form 851* (if applicable)	**B** Name	**C** FEIN or TR Number	**D** Reason Code for Exclusion	**E** Check (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 (CIT) 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 as such), insurance company, and financial institution that meets the Unitary Business Group (UBG) control test, but is not included on the combined UBG return supported by this form.

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 *CIT Forms and Instructions for Standard Taxpayers* (Form 4890) and the Michigan Department of Treasury Web site at **www.michigan.gov/taxes**.

Membership in a UBG is determined by a two-part test. One part is based on ownership percentages. 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 or because the entity is excluded by statute. 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.

Line 1A: If an entity being listed here is listed on U.S. 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 U.S. 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 always file separately.)
6	Financial institution. (Financial institutions and standard taxpayers generally are not included on the same combined return.)
9	Other.

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 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 U.S. Form 1120, Schedule K; or U.S. Form 1120S.

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

Attachment 10

2012 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				6. ☐ Check if a special sourcing formula for transportation services was used in the sourcing of Sales to Michigan.
City	State	ZIP/Postal Code	Country Code	

	Beginning	Ending	
7. Federal tax period Included in return (MM-DD-YYYY)			9. ☐ Check if Nexus with Michigan.
8. If part-year member, enter membership dates (MM-DD-YYYY)			10. NAICS Code

Business and Capital Loss Carryforward

11. Available CIT business loss carryforward from previous period's CIT return. Enter as a positive number .... 11. ______ 00
12. Carryback or carryover of capital loss .... 12. ______ 00

Member Proration

13. Proration Percentage (see instructions) .... 13. ______ %

Sales and Gross Receipts

14. Michigan sales. (If no Michigan sales, enter zero.) .... 14. ______ 00
15. Michigan sales eliminations (see instructions) .... 15. ______ 00
16. Total sales......... 16. ______ 00
17. Total sales eliminations (see instructions) .... 17. ______ 00
18. Gross Receipts (see instructions)......... 18. ______ 00

Member Business Income

19. Federal taxable income from U.S. Form 1120......... 19. ______ 00
20. Domestic production activities deduction based on IRC § 199 reported on U.S. Form 8903, to the extent deducted from federal taxable income .... 20. ______ 00
21. Miscellaneous (see instructions) .... 21. ______ 00
22. Adjustments due to decoupling of Michigan depreciation from IRC § 168(k). If adjustment is negative, enter as negative:
    a. Net bonus depreciation adjustment......... 22a. ______ 00
    b. Gain/loss adjustment on sale of an eligible depreciable asset......... 22b. ______ 00
    c. Add lines 22a and 22b. If negative, enter as negative......... 22c. ______ 00
23. **Business Income**. Add lines 19, 20, 21 and 22c. If negative, enter as negative .... 23. ______ 00

Additions to Business Income

24. Interest income and dividends derived from obligations or securities of states other than Michigan......... 24. ______ 00
25. Taxes on or measured by net income .... 25. ______ 00
26. Any carryback or carryover of a federal net operating loss (enter as a positive number)......... 26. ______ 00
27. Royalty, interest, and other expenses paid to a related person that is not a UBG member of this taxpayer .... 27. ______ 00
28. Miscellaneous (see instructions) .... 28. ______ 00

Subtractions from Business Income

29. Income from Non-Unitary Flow-Through Entities (Enter loss as a negative; attach Form 4898; see instructions)..... 29. ______ 00
30. Dividends and royalties received from persons other than U.S. persons and foreign operating entities .... 30. ______ 00
31. Interest income derived from United States obligations .... 31. ______ 00
32. Miscellaneous (see instructions) .... 32. ______ 00

Payments

33. Overpayment credited from prior period return (MBT or CIT) .... 33. ______ 00
34. Estimated Tax Payments .... 34. ______ 00
35. Flow-Through Withholding Payments......... 35. ______ 00
36. Tax Paid with Request for Extension .... 36. ______ 00

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

IMPORTANT NOTE: In May 2013, the Michigan Department of Treasury introduced instruction revisions affecting taxpayers filing a 2012 Corporate Income Tax return. The changes have been noted with a gray highlight.

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 (before eliminations) is less than $350,000 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 also must be included. The designated member 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 more information, see the Form 4891 instructions.

Fiscal Year Filers: See "Supplemental Instructions for Standard Fiscal MBT Filers" in the *Corporate Income Tax Forms and Instructions for Standard Taxpayers* (Form 4890).

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 Designated Member (DM) also must complete a copy of Form 4897 using its own data.

NOTE: A member that does not file a separate federal return (e.g., a member that also is a member of a federal consolidated group) 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 the UBG is using the annual method, enter answers based on the member's full 2011-2012 federal tax year, multiplied by the member's proration percentage as entered on line 13 in lines 12, and 14-32. See the instructions to line 13 for more information.

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.

Line 6: Check this box if the taxpayer has receipts from transportation services. To calculate Michigan Sales from Transportation Services, see the instructions in the *CIT Annual Return*, Form 4891, line 9 and the table in the "Sourcing of Sales to Michigan" section of those instructions.

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. (In no event should this beginning date be earlier than January 1, 2012.) 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 9: If this member has nexus with Michigan, check this box.

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 U.S. Form 1120.

Line 11: Enter any unused CIT business loss carryforward from the CIT return for the preceding period. **The only amount that may be entered on this line is a CIT business loss that was incurred after December 31, 2011, and claimed or created on the prior period's CIT return.** *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.

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

This line is used only by the DM and by any member that had its own CIT business loss carryforward (hereafter, loss carryforward) when it joined this group. That latter category includes a member that generated loss carryforward on a separately filed CIT return, and a member that left another UBG and took its share of that group's loss carryforward.

On the DM's copy of this form, enter loss carryforward from the group's immediately preceding *CIT Annual Return* (Form 4891) (2012, line 34), less any part of that loss carryforward attributable to members that had their own loss carryforward when they joined the group, and less any part of that carryforward subsequently taken by departing members (see below). In calculating this division of the loss carryforward from the prior return, keep in mind that loss carryforward consumed on a return always is the oldest available on that return, regardless of whether the oldest loss was generated by the group or brought by an incoming member. Loss carryforward of a UBG, including loss carryforward brought by an incoming member, ages according to the tax years of the group, rather than tax years of any particular member.

On any non-DM member's copy of this form, loss carryforward brought to this group by an incoming member is determined by two different methods, depending on when the member joined this group:

- To report activity of a member that joined this group in the group's tax year prior to the current filing period, or earlier, and brought loss carryforward with it, enter the portion of the loss carryforward from the group's immediately preceding Form 4891 that is attributable to this member.
- To report activity of a member that joined this group during the group's current filing period and brought loss carryforward with it, enter the entire amount of loss carryforward brought by this member.

Loss carryforward generated by the group is maintained by Treasury under the DM's account. Loss carryforward brought to the group by a joining member is maintained by Treasury under that member's account until it expires, is fully used, or is taken from the group when that same member departs. If these instructions are not followed carefully, loss carryforward available for use by the group in the current filing period will be miscalculated.

When membership of a UBG changes, the business loss carryforward of the UBG is divided among the UBG and the departing member(s) in proportion to the losses the member(s) would have generated had each member filed separately for all CIT periods that contribute to the loss.

Additional direction 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 capital loss from Schedule D of federal Form 1120. Enter as a positive number.

Line 13: The proration percentage applies only for the first filing period ending in 2012 and only if all of the following are satisfied:

- This member reports federal taxes on a fiscal year.
- The DM for the standard taxpayer return (i.e., Form 4891) of this UBG reports federal taxes on a fiscal year.
- The DM for the standard taxpayer return of this UBG, on behalf of the UBG, elects to calculate the MBT filing period ending in 2012 using the annual method; or, the UBG did not file under the MBT and the initial 2012 short-period CIT year is the group's first return.

If these criteria are not satisfied, this member **cannot** calculate by the annual method.

If these criteria are all satisfied, this member may calculate by the annual method. In this case, calculate the following percentage and enter it in this cell:

$$\frac{\text{Number of months in 2012 of this member's 2011-12 fiscal year}}{12}$$

If a proration percentage is calculated, enter answers based on the member's full 2011-12 federal tax year, multiplied by the member's proration percentage in lines 12, and 14 through 32 for this member.

In the case of a standard taxpayer, if the method used by the UBG is different from the method used by this member on its MBT return for the period ending December 31, 2011, and this member was a stand-alone taxpayer under the MBT, this member must amend its MBT return for the period ending December 31, 2011 to achieve consistency. This restriction does not apply to a financial institution because financial institutions must use the annual method for short periods.

If the 2011-12 fiscal year of a UBG member other than the DM ends after the end of the first 2012 filing period of the UBG, that member will not be included in the UBG's first combined return (except in Form 4896, as an excluded affiliate).

A member that is not included in the UBG's initial filing because its year ends after the UBG filing period may not elect a method of filing when included in the UBG's next return. Such election is available only to the first tax year of the taxpayer, which is the UBG. All subsequent returns must be reported on an actual basis.

Line 14: *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 which 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.

If a member has nexus in Michigan and the member does not establish nexus in another state, all sales are allocated to Michigan. *State* is defined to include a 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 CIT Act, or that state has jurisdiction to subject the member to one or more of such taxes regardless of whether the tax is imposed. A member will be treated as subject to a tax in another state for these purposes if the member has due process and commerce clause nexus with that state.

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).

Transportation services that source sales based on revenue miles: Include on this line the taxpayer's total sales of transportation services 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.

Line 15: Enter on this line all Michigan sales made by the member to a flow-through entity that is unitary with the UBG and is included in Form 4900.

NOTE: Elimination, where required, applies to transactions between any members of the UBG — not just members that report on the standard taxpayer combined return supported by this form. 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 with nexus, 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.

Members that are unitary with one or more flow-through entities: Include on this line Michigan sales made by this member to a flow-through entity that is unitary with the member and is included in Form 4900.

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: Enter on this line the sales made from the this member to another member in the UBG and the sales made by this member to a flow-through entity that is unitary with the UBG and is included in Form 4900.

Line 18: *Gross receipts* means the entire amount received by the member from any activity, whether in intrastate, interstate, or foreign commerce, carried out 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. If the member is reporting on the annual method, enter here the prorated gross receipts figure as explained in the instructions to line 13. Do not include in this figure gross receipts imputed to this member from activity of a flow-through entity. That calculation is done on Form 4891, line 11.

Lines 19 through 23: *Business income* means federal taxable income. For CIT purposes, *federal taxable income* means taxable income as defined in IRC § 63, except that federal taxable income shall be calculated as if section 168(k) (bonus depreciation for qualified property) and section 199 (qualified production activities deduction) were not in effect.

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.

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 members. Rather, this method is required for properly determining the Michigan income of the UBG.

Line 21: There currently are no miscellaneous items to be entered on this line. Leave this line blank.

Line 22: Adjustments are required for all assets placed into service after December 31, 2007, for which bonus depreciation was taken.

Line 24: 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.

Line 25: 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 and the portion of the Surcharge that is attributable to the Business Income Tax.

Line 26: 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 a federal consolidated group, 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.

Line 27: 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 Treasurer, and the member agrees that the addition would be unreasonable based on the member'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 28: There currently are no miscellaneous items to be entered on this line. Leave this line blank.

Line 29: Enter the sum of all distributive shares of income and loss allocated to this member from flow-through entities with which this member has a non-unitary relationship. See instructions to *Non-Unitary Relationships with Flow-Through Entities* (Form 4898) for a description of unitary and non-unitary relationships with flow-through entities. On Form 4898, this UBG member will report the separate amounts allocated from each non-unitary flow-through entity.

Line 30: 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 § 964.

Line 31: To the extent included in federal taxable income (as defined for CIT purposes), deduct interest income derived from United States obligations.

Line 32: There currently are no miscellaneous items to be entered on this line. Leave this line blank.

Line 33: 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).

Line 34: 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, 2012, and is a member of a calendar year UBG throughout that period, its business activity from April 1, 2012, through March 31, 2013, will be reported on the group's December 31, 2013, return. If that member pays MBT quarterly estimates, it will make two estimates during 2012, before the DM's filing period begins. Because those estimates are attributable to activity that will be reported on the group's December 31, 2013, return, they should be included on the paying member's copy of Form 4897 for the December 31, 2013, group return.

Line 35: Enter the total withholding payments made on this member's behalf by Flow-Through Withholding (FTW) entities. Include all withholding payments made on returns that apply to this member's tax year included in this UBG return. Included on this line would be Flow-Through Withholding payments made by flow-through entities whose tax years ended within the member's tax year that is included in this UBG return. For example, consider a partnership with a June 30 year end, a UBG with a September 30 year end, and a UBG member that has a March 31 year and is a partner in the partnership. The partnership will make quarterly FTW payments in April 2012 (for its quarter ending March 31) and July 2012 (for its quarter ending June 30), and will file an annual FTW reconciliation return (Form 4918) for its year ending June 30, 2012. Because the partnership's year ends within the partner's 2012-13 fiscal year, all the FTW payments for that partner are attributable to the partner's 2012-13 fiscal year, regardless of the dates of the quarterly payments. Because the partner's (the UBG member's) 2012-13 fiscal year ends within the DM's (and UBG's) October 2012—September 2013 fiscal year, these FTW payments will be reported on this UBG member's Form 4897 for the UBG's October 2012-September 2013 CIT return.

Line 36: Only the DM may request a filing extension for a UBG. If any other member submits an extension request, it will not create a valid extension for the UBG, but any payment included with such a request can be credited to the UBG by entering that payment on this line in that member's copy of Form 4897.

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

Attachment 6

2012 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)

A. Flow-Through Entity Name	B. FEIN	C. Taxpayer's Distributive Share of Flow-Through Entity Income	D. Flow-Through Entity Apportionment Percentage	E. Taxpayer's Michigan Flow-Through Distributive Income after Apportionment

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

+ 0000 2012 26 01 27 1

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 received throughout the tax year by taxpayers or members of a Unitary Business Group (UBG) from directly or indirectly owned flow-through entities (FTEs) that are not unitary with the taxpayer, where the flow-through income received is included in the taxpayers' or UBG member's federal taxable income figure.

General Information

This form is intended to only be used for a CIT taxpayer (or member of UBG) to report the distributive income it received from its interests in FTEs that are not unitary with that taxpayer or UBG. This form must be filed by any taxpayer that has received a distributive share of income from a flow-through entity that the taxpayer is not unitary with. If the taxpayer is a UBG, then each member of the UBG that has received a distributive share of income from a flow-through entity that the UBG is not unitary with. If more space is needed, include additional copies of Form 4898 as needed. Repeat the taxpayer's (or UBG member's) name and FEIN 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, 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 flow-through entity is unitary with a taxpayer when that 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 flow-through entity, and that has business activities or operations which result in a flow of value between the taxpayer and the flow-through entity, or between the flow-through entity and another flow-through entity 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 a flow-through entity 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 flow-through entity by the UBG is greater than 50%, then the ownership requirement will be satisfied.

Unitary Business Group means a group of United States persons that are C corporations, insurance companies, or financial institutions, other than a foreign operating entity, that satisfies the control test and relationship test. See the General Instructions in the *CIT Forms and Instructions for Standard Taxpayers* (Form 4890) for more information on UBGs.

NOTE: A flow-through entity 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 on the flow-through entities that are NOT unitary with the taxpayer or UBG member. For those flow-through entities that are unitary with the taxpayer, use Form 4900.

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 CIT Annual Return (Form 4891).

Unitary Business Group (UBGs): Complete one form for each member that is a C Corporation (including an entity taxed federally as such). 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 whom the schedule applies on the line below.

Column A and B: Identify each flow-through by name and Federal Identification Number or Michigan Treasury (TR) assigned number.

Column C: Enter the total amount of distributive income received from the non-unitary flow-through entity that is included in the taxpayer's or UBG member's federal taxable income. If the taxpayer or UBG member received a distributive loss from the non-unitary flow-through entity that is included in its federal taxable income, enter that loss in this column as a negative. UBG members will enter the amount of distributive income that the member received from each non-unitary flow-through entity. For UBG members using the annual method, the amount received from each non-unitary flow-through entity refers to the annual amount received multiplied by the member's proration percentage, which varies according to the member's number of months reported on the group's tax year. For each UBG member, the sum of all distributive share of flow-through income received and entered on column C shall equal the amount entered on form 4897, line 29.

Tiered Entities: In the event of a tiered entity, enter in this column the distributive share received from a non-unitary flow-through entity in which the taxpayer has an indirect ownership interest. When computing the distributive share of income received from the flow-through entity in which the taxpayer has a direct ownership interest, only enter the direct income of that flow-through entity. This is done by subtracting any distributive shares of income that this flow-through entity received from another flow-through entity.

Example: C-corporation 1 owns 50% of flow-through entity B (FTE B) and FTE B owns 40% of flow-through entity A (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 $4,000. 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 26.

Column D: Enter in this column the non-unitary flow-through entity's apportionment percentage. Enter this amount as a percentage. The non-unitary flow-through entity's apportionment percentage is the flow-through entity's sales factor. The sales factor is a fraction, the numerator of which is the total sales of the flow-through entity in this state during the tax year and the denominator of which is the total sales of the flow-through entity everywhere during the tax year. For more information on what is a sale, see the instructions for the *CIT Annual Return* (Form 4891). Use the information in the "Sourcing of Sales to Michigan" section of the *CIT Forms and Instructions for Standard Taxpayers* (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 a percent symbol (%).**

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 every flow-through entity included on this form.

NOTE: The sum of the amount in every line on column D (in the case of a UBG, the sum of column D for all UBG members that filed this form) should equal the amount reported on Form 4891, line 33.

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

Attachment 12

2012 MICHIGAN Corporate Income Tax Penalty and Interest Computation for Underpaid Estimated Tax

Issued under authority of Public Act 38 of 2011.

Name	Federal Employer Identification Number (FEIN)

PART 1: ESTIMATED TAX REQUIRED

1. Annual tax from Form 4891, line 41; or Form 4905, line 41; 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 55, 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. Amount paid on quarterly return or SUW return (see instr.) ..	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 larger 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 due date of the quarter to the date on line 15	16.				
17. No. of days on line 16 after 04-15-12 and before 07-01-12 ..	17.				
18. No. of days on line 16 after 06-30-12 and before 01-01-13 ..	18.				
19. No. of days on line 16 after 12-31-12 and before 07-01-13 ..	19.				
20. No. of days on line 16 after 06-30-13 and before 01-01-14 ..	20.				
21. $\frac{\text{Number of days on line 17}}{365}$ x 4.25% (0.0425) x line 14	21.				
22. $\frac{\text{Number of days on line 18}}{365}$ x 4.25% (0.0425) 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 48; or Form 4905, line 49; or Form 4908, line 29. (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 year.

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

NOTE: Totals on line 55 must equal 85% of the current year tax liability on page 1, line 1.

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

Purpose

To compute penalty and interest for underpaying, late, or failure to make payment of 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 through 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 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

If any of the conditions listed below apply, do not pay penalty and interest. If a business operated less than 12 months in the current or preceding year, annualize figures (as applicable) to determine if the exceptions apply. See Form 4890 for complete annualizing instructions.

- 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.
- 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 through the tax year.
- For tax years beginning in 2012 and ending in 2013 only, the sum of estimated payments equals the annual tax on the preceding year's return, providing these payments were made in four sufficient timely payments, or 12, if paid on Sales, Use, and Withholding (SUW) returns, and the preceding year's tax under the CIT Act was $20,000 or less. 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. 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 you had business activity in Michigan in that prior year. In addition, if your business was not in existence in the preceding year, or if your business did not file under the CIT Act, no safe harbor exists. In such a case, estimates must be based on the CIT liability for the current year.

Estimates for 2012 cannot be based on the prior year's Michigan Business Tax (MBT) liability.

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.

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)).

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. For calendar year filers these dates are April 15, July 15, October 15, and January 15. For fiscal year filers, these dates are 4th, 7th, 10th and 13th months after the start of the fiscal year. Payment is due on the 15th day of the month. 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.

Line 4: Divide the amount of the estimated tax required for the year on line 4 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 55 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.

- **Column A:** Enter estimated payments made by the due date for the first quarterly return. Also enter in column A the total Flow-Through Withholding payments from line 44 of the *CIT Annual Return* (Form 4891), line 25 of the *CIT Annual Return for Financial Institutions* (Form 4908), or line 44 of the *Insurance Company Annual Return for Corporate Income and Retaliatory Taxes* (Form 4905). 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 received. 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.

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.

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 CIT liability for the year is over $800, a taxpayer must file estimated quarterly returns and payments. The taxpayer may make payments with any of the following:

- *CIT Quarterly Return* (Form 4913) or
- *Combined Return for Michigan Taxes* (Form 160) (if registered for SUW Taxes), or
- Electronic Funds Transfer (EFT). To learn more about this option, see **www.michigan.gov/biztaxpayments.**

If filing monthly using Form 160, monthly payments may be filed on the 20th day of the month. If filing quarterly via Form 160, payment for CIT is due on the 15th. For example, a calendar year taxpayer may file monthly CIT estimated tax payments using Form 160 on February 20, March 20, and April 20 rather than a single quarterly payment on April 15 provided the combined estimated tax payments for those months are calculated using the instructions provided with the form.

For taxpayers electing to make monthly remittances by EFT where the requirement to file a paper Form 160 has been waived, CIT estimates can be made by the 20th day of the month following the month's end. The estimated CIT for the quarter must also reasonably approximate the liability for the quarter.

NOTE: A 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 Treasury's Electronic Funds Transfer Unit at (517) 636-4730 for alternate payment methods.

For standard taxpayers, the estimated payment made with each quarterly return must be for the total estimated Corporate Income Tax for the quarter, or 25 percent of the estimated annual liability.

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 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), submit a schedule showing the entity's computations for each quarter. Enter the total amounts on line 49 and follow the instructions for lines 50 through 55.

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 55: The totals for line 55, columns A, B, C, and D, must equal 85 percent of the current year tax liability in Part 1.

Include completed Form 4899 as part of the tax return filing.

Attachment 7

2012 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.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN)

A Identifying Number	B Name	C FEIN or TR Number	D Check (X) if Using a Special Sourcing Formula for Transportation Services	E % of this Entity Owned by the Taxpayer

Continue below using the same Member 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 Member 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 4900 forms. Identify the taxpayer on each additional form. See instructions.

Instructions for Form 4900
Michigan Corporate Income Tax: Unitary Relationships with Flow-Through Entities

IMPORTANT NOTE: In May 2013, the Michigan Department of Treasury introduced instruction revisions affecting taxpayers filing a 2012 Corporate Income Tax return. The changes have been noted with a gray highlight.

Purpose

To assist in calculating the apportionment factor of a taxpayer that is unitary with one or more flow-through entities. This form is also used to report the Flow-Through Withholding paid on behalf of the taxpayer by these same flow-through entities.

General Instructions

This form is intended to only be used by a Corporate Income Tax (CIT) taxpayer that is unitary with one or more flow-through entities. Included in this form will be flow-through entities that are unitary with the taxpayer and whose tax year ends with or within the tax year included on the taxpayer's *CIT Annual Return* (Form 4891).

A flow-through entity 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 with a flow-through entity 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 flow-through entity; AND
- The taxpayer and flow-through entity have activities or operations which result in a flow of value between the taxpayer and the flow-through entity, or between the flow-through entity and another flow-through entity 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 with a flow-through entity 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. So, if the combined ownership of the flow-through entity by the UBG is greater than 50%, then the ownership requirement will be satisfied.

A UBG is a group of United States C Corporations, insurance companies, and financial institutions, other than a foreign operating entity, that satisfies the control test and relationship test.

For more information regarding the control and relationship test, see the Treasury Web site at **www.michigan.gov/taxes** and go to the "Withholding" section.

If the taxpayer is a UBG, fill out this form at the group level. Specifically, as noted in the Column by Column Instructions, columns E must be filled out using data from the group as a whole.

To make the determination of whether the taxpayer and the flow-through entity 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: A flow-through entity owned directly or indirectly by a taxpayer may or may not be unitary with that taxpayer. This form asks for information only on the flow-through entities that ARE unitary with the taxpayer. For those flow-through entities 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 flow-through entities 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 box.

Column A: In Column A, assign a number (beginning with 1 and numbering sequentially) to all flow-through entities that are unitary with the taxpayer. This same number must also be used in Columns G and L when referencing the same flow-through entity. (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 flow-through entity by name and FEIN.

Column D: Check this box if the flow-through entity has receipts from transportation services. To calculate Sales from Transportation Services, see the instructions for Columns H and M and the table in the "Sourcing of Sales to Michigan" section of *CIT Forms and Instructions for Standard Taxpayers* (Form 4891).

Column E: Enter on this line the percentage of this flow-through entity 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 flow-through entity, 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.

UBGs: Enter on this line the percentage of this flow-through entity that is owned by the entire UBG. For example, if the UBG consists of 3 C corporation members, each of which owns 20% of this flow-through entity, the UBG owns 60% of this flow-through entity. If the UBG is unitary with this flow-through entity, 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 flow-through entity in Column A.

NOTE for Columns G, H, L, and M: For a fiscal taxpayer using the annual method, see "Supplemental Instructions for Initial Fiscal CIT Filers" in Form 4890, and line 9h of Form 4891 for guidance on the annual method election. If the taxpayer is a fiscal filer choosing the annual method, enter sales and eliminations amounts in columns G, H, L, and M that are prorated by the taxpayer's proration percentage. If the taxpayer is a UBG, with multiple members owning an interest in a particular flow through entity, and those members have differing proration percentages, apply each UBG member's proration percentage to its own share of a flow through entity's sales and eliminations, combine the result from each member, and enter that combined total in the applicable column here.

Column G: Enter the Michigan sales that are directly attributable to the flow-through entity.

For a Michigan based flow-through entity, all sales are Michigan sales unless the flow-through entity is subject to tax in another state or foreign country. A flow-through entity is subject to a tax in another state or foreign country if the flow-through entity 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 flow-through entity to 1 or more of the above listed taxes.

Sale or Sales means the amounts received by the flow-through entity 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 flow-through entity if on hand at the close of the tax period, or property held by the flow-through entity 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 flow-through entities 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 flow-through entity'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 based on revenue miles, enter on this line the flow-through entity'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.

Column H: Enter on this line the Michigan sales made from the flow-through entity to the taxpayer and Michigan sales made by this flow-through entity to another flow-through entity that is unitary with the taxpayer and is included on this form.

UBGs: Elimination, where required, applies to sales from the flow-through entity to any member of the UBG as well as sales from the flow-through entity to another flow-through entity 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 a flow-through entity that is unitary with the UBG to that foreign operating entity may not be eliminated.

Column J: For each flow-through entity 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 flow-through entities 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 flow-through entity in Column A and Column F.

Column L: Enter the total sales that are directly attributable to the flow-through entity.

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

Column M: Enter on this line the total sales made from the flow-through entity to the taxpayer and total sales made by this flow-through entity to another flow-through entity that is unitary with the taxpayer and is included on this form.

UBGs: Elimination, where required, applies to sales from the flow-through entity to any member of the UBG as well as sales from the flow-through entity to another flow-through entity 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 a flow-through entity that is unitary with the UBG to that foreign operating entity may not be eliminated.

Column O: For each flow-through entity 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 flow-through entities that are unitary with the taxpayer that will be included in the taxpayer's apportionment calculation.

Michigan Department of Treasury
4902 (Rev. 02-12)

Attachment 9

2012 MICHIGAN Corporate Income Tax Schedule of Recapture of Certain Business Tax Credits

Issued under authority of Public Act 38 of 2011.

Taxpayer Name (if Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number

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 MEGA Research and Development Credit	3.		00
4.	Recapture of MBT MEGA Employment Tax Credit	4.		00
5.	Recapture of SBT MEGA Employment Tax Credit	5.		00
6.	Recapture of SBT MEGA Business Activity Credit	6.		00
7.	Recapture of Entrepreneurial Credit	7.		00
8.	Recapture of MEGA Federal Contract Credit	8.		00
9.	Recapture of MEGA Photovoltaic Technology Credit	9.		00
10.	Recapture of Biofuel Infrastructure Credit	10.		00
11.	Recapture of SBT "New" Brownfield Credit	11.		00
12.	Recapture of MBT Brownfield Redevelopment Credit	12.		00
13.	Recapture of Film Infrastructure Credit	13.		00
14.	Recapture of Anchor Company Payroll Credit	14.		00
15	Recapture of Anchor Company Taxable Value Credit	15.		00
16.	Recapture of Start-Up Business Credit	16.		00
17.	Recapature of SBT Historic Preservation Credit	17.		00
18.	Recapture of MBT Historic Preservation Credit	18.		00
19.	Recapture of MEGA Battery Manufacturing Facility Credit	19.		00
20.	Recapture of MEGA Large Scale Battery Credit	20.		00
21.	Recapture of MEGA Advanced Lithium Ion Battery Pack Credit	21.		00
22.	**Total Recapture of Certain Business Tax Credits.** Add lines 1 through 21. Carry amount to Form 4891, line 40; Form 4905, line 24; or Form 4908, line 21	22.		00

+ 0000 2012 34 01 27 4

Instructions for Form 4902
Corporate Income Tax Schedule of Recapture of Certain Business Tax Credits

IMPORTANT NOTE: In May 2013, the Michigan Department of Treasury introduced instruction revisions affecting taxpayers filing a 2012 Corporate Income Tax Return. The changes have been noted with a gray highlight.

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 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.

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 Federal Employer Identification Number (FEIN) field.

Investment Tax Credits

Under both SBT and MBT, taxpayers were allowed to claim an investment tax credit (ITC) for a percentage of the net costs paid or accrued in the filing period for qualifying tangible asset 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.

Research and Development Tax Credit

There were two Research and Development Credits in MBT. The one reported on the *MBT Credits for Compensation, Investment and Research and Development* (Form 4570) does not require recapture. Report on this line only recapture of the Research and Development Credit that is certified by the Michigan Economic Growth Authority (MEGA) and claimed on the *MBT Refundable Credits* (Form 4574).

The credit is earned under an agreement with MEGA. If MEGA determines that there has not been compliance with the terms of the agreement, the taxpayer must report recapture.

Line 3: Enter recapture amount equal to 125 percent of the total of all MEGA Research and Development Credits claimed on previously filed *MBT Refundable Credits* forms (Form 4574), as applicable.

MEGA Employment Tax credits and MEGA Business Activity Credits

If a taxpayer receives an MBT or SBT MEGA Employment Tax Credit, or an SBT MEGA Business Activity 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 4: Enter the total amount of all MBT MEGA Employment Tax Credits claimed on previously filed forms (Form 4574) subject to recapture.

Line 5: Enter the total amount of all SBT MEGA Employment Tax Credits claimed on previously filed SBT Miscellaneous Credits (Form C-8000MC) forms subject to recapture.

Line 6: Enter the total amount of all SBT MEGA Business Activity Credits claimed on previously filed C-8000MC forms subject to recapture.

Entrepreneurial Credit

If the new jobs by which a taxpayer earned an Entrepreneurial Credit are relocated outside of Michigan within five years after claiming the credit, or if a taxpayer reduces employment levels by more than 10 percent of the jobs by which the taxpayer earned the credit, the taxpayer must recapture an amount equal to the total of all Entrepreneurial Credits received.

Line 7: Enter the total amount of all Entrepreneurial Credits claimed on previously filed MBT Miscellaneous Nonrefundable Credits forms (Form 4573) 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 8: 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. If 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 9: Enter the calculated recapture amount of all MEGA Photovoltaic Technology Credits claimed on previously filed 4574 forms, as applicable.

Biofuel Infrastructure Credit

A taxpayer who received a Biofuel Infrastructure credit and stops using the new or converted fuel system within three years of receiving an MBT credit may, as determined by the Michigan Strategic Fund, have a percentage of a previously claimed credit added back to its tax liability in the year that the taxpayer stops using the fuel delivery system.

Line 10: Enter the total amount of all Biofuel Infrastructure Credits claimed on previously filed forms (Form 4573) subject to recapture.

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 11: Enter the calculated recapture amount of all SBT “New” Brownfield Credits claimed on previously filed forms (C-8000MC), as applicable.

Line 12: 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 December 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 on Installment Sales: A sale of qualifying property reported on the installment method for federal income tax purposes causes recapture of the entire gross proceeds (including the amount of the note) in the year of sale, less any gain reflected in federal taxable income (as defined for MBT purposes) in the year of the sale. In each subsequent year of the installment note, enter zero in a line on column E, and enter the gain reflected in federal taxable income (as defined for MBT purposes) in the same line for column F. For property placed in service prior to January 1, 2008, gain reflected in federal taxable income (as defined for MBT purposes) is equal to the gain reported for federal purposes.

Line 13: Enter the calculated recapture amount of all Film Infrastructure Credits claimed on previously filed 4573 forms, as applicable.

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 14: Enter the total amount of all Anchor Company Payroll Credits claimed on previously filed 4584 forms subject to recapture.

Line 15: 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 is 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 is 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 is claimed.

Line 16: Enter the calculated recapture amount of the Start-Up Business Credit claimed on previously filed C-8000MC and/or 4573 forms, as applicable.

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.

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 is 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 is 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 is 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 is claimed;
- 20 percent of the total of all credits claimed if the recapture event occurs at least 4 year, but less than 5 years after the tax year for which a credit is 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 SHPO that allows for the transfer or sale of the historic resource.

Line 17: Enter the calculated recapture amount of all SBT Historic Preservation Credit claimed on previously filed C-8000MC forms, or Form 4889, as applicable.

Line 18: 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 19: 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 20: Enter the calculated recapture amount of all MEGA

Large Scale Battery Credits claimed on previously filed 4584 forms, as applicable.

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 21: Enter the calculated recapture amount of all MEGA Advanced Lithium Ion Battery Pack Credits claimed on previously filed 4584 forms, as applicable.

Include completed Form 4902 as part of the tax return filing.

Calculation of MBT ITC Credit Recapture Amount

Calculation of MBT ITC Credit Recapture Bases

For each category of asset disposed (or moved out of Michigan) that triggers an MBT ITC credit recapture, enter the information requested below.

In each category of disposed/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.

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 sale price 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. For property placed in service prior to January 1, 2008, gain reflected in federal taxable income (as defined for MBT purposes) is equal to the gain reported for federal purposes.

UBGs: The recapture of capital investments for UBGs is calculated on combined assets of standard members of the

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)

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 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 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).

For property placed in service prior to January 1, 2008, gain reflected in federal taxable income (as defined for MBT purposes) is equal to the gain reported for federal purposes.

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 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 taxable year (End Date) in which the disposed assets that triggered MBT ITC credit recapture were acquired.

NOTE: Lines references on columns below are based on 2010 MBT Form 4570. Lines for 2008 MBT forms are different, so if copying information from a 2008 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 assets that triggered MBT ITC recapture from Worksheet 1a through 1c.

<u>UBGs:</u> 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 credits 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 credit amount: subtract column C from column B for each taxable year. If difference is less than zero (is negative), enter zero. This is the amount of ITC credit that offsets MBT liability.

• Column F: MBT capital investment amount. Enter total amount of capital investment reported on Form 4570, line 8 for each taxable year listed on column E.

• Column G: ITC rate. Enter 2.32% for taxable years on column E that end with 2008, otherwise enter 2.9%.

• Column H: Calculate gross ITC credit amount: multiply column F by column G for each taxable year.

• Column J: MBT recapture of capital investment. Enter total amount of recapture of capital investment reported on form 4570, line 16, for each taxable year listed on column I.

• Column L: Gross MBT ITC credit recapture amount. Multiply column J by column K. This represents the total amount of ITC credit recapture available to be reported in the tax year.

• Column M: MBT ITC credit recapture amount offset by credit. Enter the lesser of columns H and L. This is the amount of available ITC credit recapture that was offset by the total amount of available ITC credit in the year.

• Column O: SBT credit recapture amount. Enter total amount from Form 4570, line 19 for each taxable year listed on column N.

• Column P: SBT ITC credit 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 credit recapture that was offset by the total amount of available ITC credit in the taxable 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 credit recapture, SBT ITC credit 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 recapture capital investment 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.

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 Credit Recapture Amount

Calculation of SBT ITC Recapture Bases

For each category of asset disposed (or moved out of Michigan) that triggers an SBT ITC recapture, enter the information requested below.

In each category of disposed/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 (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: 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 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 (as defined for MBT purposes) 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 (as defined for MBT purposes) 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 (as defined for MBT purposes) 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 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 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 (as defined for MBT purposes) 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 (as defined for MBT purposes) 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 (as defined for MBT purposes) 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 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 assets acquired in the same taxable year.

Line 2, Column D: Subtract figures in column C from figures 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 figures 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 1996 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 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 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 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.

<u>UBGs:</u> Fill necessary Worksheets 3a, 3b, and 3c for each

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 in the current tax year.
Method C	• Taxpayers fill only Worksheet 4a, line 4, column E.	• Taxpayer need to develop own calculation procedure that reflects the MBT statute. Retain records to substantiate calculation.

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 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 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 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 Simplest Method** under the heading **Calculation of SBT ITC Recapture Rates** on this 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 credit carryforward. When completing Worksheet 4b, line 5, column B, enter the portion of the total group SBT ITC credit 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 on 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 non-UBG 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 credit 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 credit carryforward resulted from the sum of $200,000 in SBT ITC credit 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 credit recapture. Therefore, Group ABC fills a Form 4902 to report the sum of SBT ITC credit 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 credit carryforward claimed by the group in 2008 that corresponds only to Company 2's SBT ITC credit 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 credit 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 credit 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

1) Taxpayer used the straight method to calculate the SBT liability for that taxable years: 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 credit 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 Credit 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.

__UBGs:__ 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 credit 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 1, column D. Carry total to Form 4902, line 2 .... | 00

Attachment 8

2012 Michigan Corporate Income Tax Withholding Opt-Out Schedule

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)

A Flow-Through Entity Information			B Flow-Through Entity FEIN	C Distributive Income (see instructions)
Name				
Address				
City	State	ZIP/Postal Code		
Name				
Address				
City	State	ZIP/Postal Code		
Name				
Address				
City	State	ZIP/Postal Code		
Name				
Address				
City	State	ZIP/Postal Code		
Name				
Address				
City	State	ZIP/Postal Code		
Name				
Address				
City	State	ZIP/Postal Code		
Name				
Address				
City	State	ZIP/Postal Code		

If more space is needed, include additional copies of Form 4903. Repeat the taxpayer name and FEIN at the top of every copy.

Instructions for Form 4903
Corporate Income Tax Withholding Opt-Out Schedule

Purpose

To report the flow-through entities to which this taxpayer has submitted an exemption certificate, in order to relieve the flow-through entity of its obligation to withhold on this taxpayer.

General Instructions

A C Corporation is able to relieve a flow-through entity of its Flow-Through Withholding requirements to withhold on that C Corporation by filing an exemption certificate with the flow-through entity. A taxpayer that has submitted an exemption certificate to a flow-through entity must fill out this form to report each flow-through entity to which it has submitted an exemption certificate. If more space is needed to report all of the flow-through entities that have received an exemption certificate from this taxpayer, include additional copies of Form 4903. Include at the top of each Form 4903 the name and Federal Employer Identification Number (FEIN) of the taxpayer. If this taxpayer is a Unitary Business Group (UBG), enter the FEIN of the Designated Member (DM) at the top of each additional Form 4903.

This form is required to be included in the taxpayer's tax return filing if it has submitted an exemption certificate to a flow-through entity.

Flow-through entities that are unitary with this taxpayer: If this taxpayer has submitted an exemption certificate to a flow-through entity it is unitary with, enter the information for this flow-through entity first. If more than one copy of Form 4903 is required, only list the flow-through entities that this taxpayer is unitary with once. For more information on what constitutes a unitary relationship between a flow-through entity and a taxpayer, see the instructions for Flow-Through Entities that are Unitary with the Taxpayer (Form 4900).

UBGs: If this taxpayer is a UBG and has submitted an exemption certificate to a flow-through entity it is unitary with, and more than one member of the UBG has an ownership interest in, the flow-through entity, enter the information for this flow-through entity on the Form 4903 that is completed by the DM. If the DM has to file more than one copy of Form 4903, only list the flow-through entities that the UBG is unitary with once.

Column by Column Instructions

Taxpayer information: Enter the name and FEIN of the taxpayer filing this form as reported on page 1 of CIT Annual Return (Form 4891).

UBGs: If this taxpayer is a UBG, enter the name and FEIN of the DM for the standard members of this UBG on the first line as it has been reported on page 1 of Form 4891. Enter the name and FEIN of the member of the UBG that is reporting on this form on the second line as it has been reported on page one of the applicable CIT Data on UBG Members (Form 4897).

Column A: Enter the name, address, city, state, and Zip code of the flow-through entity that this taxpayer has filed an exemption certificate with.

Column B: Enter the flow-through entity's FEIN that this taxpayer has filed an exemption certificate with.

Column C: Enter the unapportioned distributive share of the flow-through entity's income that this taxpayer received as it has been reported to the taxpayer from the flow-through entity.

Include completed Form 4903 as part of the tax return filing.

Attachment 5

2012 Michigan Corporate Income Tax Schedule of Flow-Through Withholding

Issued under authority of Public Act 38 of 2011.

Complete this form if Flow-Through Withholding was withheld on behalf of the taxpayer by a Flow-Through Entity, and the Flow-Through Entity's tax year ended with or within the taxpayer's filing period. Sum the amount of withholding in Column E and carry to Form 4891, line 44; Form 4905, line 44; or Form 4908, line 25. (If amending a return, carry the sum to Form 4892, line 44; Form 4906, line 44; or Form 4909, line 25.)

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)

A Flow-Through Entity Name	B FEIN	C Check if the Flow-Through is Unitary	D Income from the Flow-Through Entity	E Withholding Paid by the Flow-Through Entity on Behalf of this Taxpayer

If more space is needed, include additional 4911 forms. Identify the taxpayer by Name and FEIN in the appropriate fields at the top of the page.

+ 0000 2012 48 01 27 5

Instructions for Form 4911
Michigan Corporate Income Tax: Schedule of Flow-Through Withholding

Purpose

The purpose of this form is to report the Flow-Through Withholding (FTW) payments made by a flow-through entity on behalf of a Corporate Income Tax (CIT) filer.

General Instructions

This form must be used by a taxpayer that is a standard filer, insurance company, financial institution, or unitary business group (UBG) that has an ownership or beneficial interest in a flow-through entity that has remitted FTW payments to the state of Michigan on behalf of the taxpayer that is filing this form. Reported on this form will be the FTW payments made by the flow-through entity if that flow-through entity's tax year ended with or within the tax year of the taxpayer filing this form.

In addition to being required to withhold on the distributive share of income received by nonresident individual members, a flow-through entity that reasonably expects to have more than $200,000 in business income after allocation and apportionment in the tax year is also required to withhold on the distributive share of income received by its members that are C Corporations and other flow-through entities. Financial institutions and insurance companies are not required to be withheld on. However, if the financial institution or insurance company was withheld on under FTW, it must complete this form.

A flow-through entity 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.

Column-by-Column Instructions

Name and Account Number: Enter the name and Federal Employer Identification Number (FEIN) of the taxpayer as reported on page 1 of the *Michigan Corporate Income Tax Annual Return* (Form 4891), *Insurance Company Annual Return for Corporate Income and Retaliatory Taxes* (Form 4905), *Corporate Income Tax Annual Return for Financial Institutions* (Form 4908), or applicable amended return.

UBGs: Complete one form for each member of the UBG. Enter the FEIN and name of the Designated Member in the Taxpayer Name and FEIN fields and the member's name and FEIN to whom the schedule applies on the line below.

Columns A and B: Identify each flow-through entity that remitted Flow-Through Withholding payments on behalf of the taxpayer filing this form by name and FEIN.

Column D: Enter the unapportioned distributive share of taxable income received from the flow-through entity as it is listed on the notice of withholding provided by the flow-through entity.

Column E: Enter the FTW payments made on behalf of the taxpayer by the flow-through entity as it is listed on the notice provided to the taxpayer by the flow-through entity. Included on this column would be FTW payments made by flow-through entities whose tax years ended with or within the tax year of the taxpayer filing this form. For example, a calendar year filer would include FTW payments made by a flow-through entity whose tax year ended on or after January 1, 2012, and on or before December 31, 2012. The amount listed here will match the amount of withholding reported to the taxpayer by the flow-through entity.

The combined amount entered in this column should be entered on line 44 of Form 4891 if this form is filed by a standard taxpayer or UBG of a standard taxpayer; line 44 of Form 4905 if this form is filled out by an insurance company; or line 25 of Form 4908 if this form is filled out by a financial institution or UBG of financial institutions.

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: Public Act of 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 2012 tax year if properly prepared meeting all listed conditions and filed timely. This form does not make the election to remain under the MBT.

Income Tax (Individual and Fiduciary)

File 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. 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 180-day extension for individual income tax and composite returns, or a 150-day extension for fiduciary returns.

- Do not file this form if a refund is expected or if you are not submitting 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 payment on the account will not be honored and 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. Individual income tax filers should include any Michigan withholding.

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 the taxpayer 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.

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 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 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.

Detach here and mail with your payment. Do not fold or staple the application.

Michigan Department of Treasury, Form 4 (Rev. 07-11)

Issued under the authority of Public Acts 281 of 1967 and 36 of 2007.

Application for Extension of Time to File Michigan Tax Returns

Make check payable to "**State of Michigan**." Print your **Social Security** or **account number** and **"Michigan Extension"** on the front of your check.
Mail to: Michigan Department of Treasury, PO Box 30774, Lansing, MI 48909-8274

1. Extension request is for the following tax Check ONLY ONE ☐ Income Tax* ☐ Fiduciary Tax* (includes Composite Filers) ☐ Michigan Business Tax ☐ Corporate Income Tax * Do not file this form if a refund will be shown on the return.	2. Month and Year Your Tax Year Ends (MM-YYYY) —	3. Federal Employer Identification or TR Number
	4. ☐ Check if extension is requested for good cause — see instructions.	5. Filer's Social Security Number
	6. ☐ Check if an extension was granted for taxpayer's federal tax return.	7. Spouse's Social Security Number (If filing jointly)
8. Business or Trust Name		9. Tentative Annual Tax
10. Taxpayer's Name (first name, middle initial, last name) or Fiduciary/Trustee Name		11. Total Payments Made to Date
12. Mailing Address		**13. Payment Amount** .00

DO NOT WRITE IN THIS SPACE

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.

Line 2: Enter the month and year your tax year ends, NOT the date you are making the payment. For most individual income tax filers, this date is 12-2012.

Fiscal Year Filers (CIT): See "Supplemental Instructions for Standard Fiscal CIT Filers" in Form 4890.

Lines 3, 5, and 7: CIT, MBT, Fiduciary, and Composite filers, enter your FEIN or TR number on line 3. Income Tax filers only, enter your Social Security number 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 (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.

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. MBT filers who submit a properly completed request will receive a written response at the legal address on file with Treasury. Income Tax and Fiduciary Tax filers will not receive a response.

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.

2012 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 is a required form that collects data that is necessary for preparation of a combined return:
    - The *CIT Unitary Business Group Affiliates Excluded from the Return* (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 *CIT 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 the 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.

NOTE: If the UBG filed in MBT in 2011 and is now filing under CIT, the UBG must use the same DM if the DM still has nexus, is a C corporation, and is still a member of the UBG. If the DM no longer has nexus, is not a C corporation, or is no longer a member of the UBG, then the UBG must select a new DM using the rules laid out in these instructions.

NOTE: If a credit forward was created on the final 2011 MBT return under a DM on a UBG return and that DM no longer has a filing requirement under CIT because they are not a C corporation, then that DM under MBT will need to request that the credit forward created on the final 2011 MBT unitary return be refunded. This request can be made by filing an amended final 2011 MBT unitary return under that DM in MBT or by sending a written request to the Department. This only pertains to the final 2011 MBT unitary return where the DM under MBT was not a C corporation. If the DM in MBT is no longer the DM in CIT due to no longer having nexus or no longer being a member of the UBG, the credit forward created under the DM in MBT can still be claimed in CIT by that entity that was the previous DM under MBT.

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 tax data (e.g., prior CIT returns, business loss carry forward, 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 without regard for 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 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 before 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 carry forward of a business loss, combine that amount with any carry forward 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 carry forward first, regardless of source. If two members each created (or brought) a business loss carry forward of the same age, and together those exceed the amount allowable in this filing period after use of older carry forwards, those members' respective business loss carry forwards 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 carry forward 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 carry forward of a taxpayer that is a unitary business group attributable to a departing member is an amount equal to the business loss carry forward 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 additional information on CIT issues, see the Michigan Department of Treasury (Treasury) Web site at **www.michigan.gov/treasury**. (Click on the "Corporate Income Tax" on the left side of the page.) Treasury will post updates here and via Revenue Administrative Bulletin (available on the "Reference Library" link on the left side of the page).

2012 Supplemental Instructions for Standard Fiscal Corporate Income Tax (CIT) Filers

NOTE: These instructions for fiscal year CIT filers are meant to supplement the general instructions, not to replace them. Standard filers refer to all taxpayers other than financial institutions or insurance companies. Fiscal year filers that are financial institutions filing their initial 2012 CIT returns should see the *CIT Forms and Instructions for Financial Institutions* (Form 4907). (Insurance companies cannot be fiscal year filers.)

A standard taxpayer with a federal fiscal year beginning in 2011 and ending in 2012 must file two short-period returns, one to report its final 2011 Michigan Business Tax (MBT) liability, for the period from the beginning of its 2011-12 fiscal year through December 31, 2011, and the other to report either its initial Corporate Income Tax (CIT) liability, for the period from January 1, 2012, to the ending of its 2011-12 fiscal year, or, for taxpayers electing to continue MBT to claim certain certificated credits, a 2012 MBT return for the period from January 1, 2012, to the end of its 2011-12 fiscal year. For an explanation of the changes to the MBT and how to elect to continue to be an MBT taxpayer, please see Public Act 39 of 2011 and the MBT instruction booklet.

The following instructions pertain only to the fiscal filer's initial 2012 CIT short-period return beginning January 1, 2012 through the end of their 2011-12 fiscal year.

Computing the Initial 2012 Return for a Period of Less Than 12 Months

A fiscal year taxpayer that will be taxed under the CIT beginning January 1, 2012, may choose between the annual or actual method for computing the first CIT, short-period return. These methods are described below.

If the fiscal year standard taxpayer was taxable under MBT for its final short-period tax year ending December 31, 2011, then it must compute the tax for the initial short-period 2012 CIT year using the same method, actual or annual, that was used on the final short-period MBT return.

Annual Method: The tax base may be computed as if the CIT was effective throughout the taxpayer's 2011-12 federal tax period. The CIT tax base will then be multiplied by a fraction, in which the numerator is the number of months of the federal period that falls in 2012, and the denominator is the number of months in the full federal period (typically 12).

Actual Method: The tax base may be computed based on actual business activity occurring in the initial 2012 short-period in accordance with the same method of accounting used in prior fiscal years, which reflects the actual corporate income tax base attributable to the period.

Credit Calculation: The taxpayer must use actual data from the period reported on the return for calculating the Small Business Alternative Credit, regardless of whether the taxpayer uses the annual or actual method in calculating its tax base.

The calculation method the taxpayer employed for its final 2011 MBT return must also be used for the initial short-period CIT for 2012. Thus, if a taxpayer elects to use the annual method for its final 2011 MBT return it must also use the annual method for its initial CIT short-period 2012 return.

Example: Using the annual method, a standard taxpayer with a fiscal year-end of August 31 would compute the tax base on full year numbers (September 1, 2011, through August 31, 2012, annual accounting period), and then multiply that amount by 4/12 (or 1/3) to obtain the MBT short-year tax base for the period of September 1, 2011, through December 31, 2011, or by 8/12 (or 2/3) to obtain the CIT or 2012 MBT short-year tax base for the period of January 1, 2012, through August 31, 2012.

Alternatively, the same taxpayer could choose to compute the actual tax base for business activity occurring in the short-years using the same method of accounting employed in prior years. In either case, the calculation method used (annual or actual) to file the final 2011 fiscal MBT return must be used when filing the initial fiscal short-period CIT return for 2012.

NOTE: A taxpayer will be required to amend its 2011 final MBT return so the filing methods are consistent if a different method is chosen for the initial filing of the CIT short-period return for 2012.

Unitary Business Groups (UBGs): A fiscal year taxpayer that will be taxed under the CIT beginning January 1, 2012, may choose between the annual or actual method for computing the first CIT, short-period return. These methods are described above.

If the fiscal year standard taxpayer (i.e., the group) was taxable under MBT for its short-period tax year ending December 31, 2011 then it must use the same method (actual or annual) to compute the tax base for the initial 2012 short-period CIT year as used on the final 2011 short-period MBT year. Both of these methods are explained above. The calculation method the taxpayer employed for its final 2011 MBT return must also be used for the initial short-period CIT or MBT return for 2012. Thus, if a UBG elects to use the annual method for the 2011 MBT return it must also use the annual method for its initial CIT or MBT short-period 2012 return.

Filing for a Tax Year Less Than 12 Months: All general practices pertaining to annualization and proration will apply for the qualification and calculation of the Small Business Alternative Credit and adjustments on filings for a period less than 12 months.

Designated Members (DM)

If the UBG filed in MBT in 2011 and is now filing under CIT, the UBG must use the same DM if the DM still has nexus, is a C corporation, and is still a member of the UBG. If the DM no longer has nexus, is not a C corporation, or is no longer a member of the UBG, then the UBG must select a new DM using the rules laid out in the 2012 Supplemental Instructions for Standard Members in Unitary Business Groups (UBGs) within the *CIT Forms and Instructions for Standard Filers* (Form 4890).

NOTE: If a credit forward was created on the final 2011 MBT return under a DM on a UBG return and that DM no longer has a filing requirement under CIT because they are not a C corporation and they will not be electing to continue to file under MBT to claim certain certificated credits, then that DM under MBT will need to request that the credit forward created on the final 2011 MBT unitary return be refunded. This request can be made by filing an amended final 2011 MBT unitary return under that DM in MBT or by sending a written request to the Customer Contact Division, CIT unit. This only pertains to the final 2011 MBT unitary return where the DM under MBT was not a C corporation or did not elect to continue MBT to claim certain certificated credits.

Annualizing

If a business operated less than 12 months, annualize to determine which forms to file and the eligibility for the Small Business Alternate Credit. Fiscal year filers choosing the annual method of computing their tax base will report figures using their entire 2011-12 federal return. For all other taxpayers, including fiscal year filers using the actual method, do not use annualized numbers on a return unless specified; use them only to determine filing requirements and qualifications for credits. See "2012 General Information for Standard Taxpayers" under the heading "Filing if Tax Year is Less Than 12 Months" for further details.

Due Date

All 2011-2012 fiscal year taxpayers will file a short-period return from January 1, 2012 to the end of their 2011-2012 fiscal year. This return has been granted an automatic extension to the same date as the 2012 calendar year returns, which is April 30, 2013. **However, an extension of time to file is not an extension of time to pay.**

An extension request form need not be filed unless required to transmit payment of any tax that would be due with the annual return. The annual return tax due must be paid by the original due date, which is the last day of the fourth month after the end of the filing period.

If using the annual method to compute the final fiscal return, attach copies of all federal forms required. If you choose the actual method to compute your final return, attach a pro forma federal return reflecting your actual income and expenses, prepared in accordance with the method of accounting used in prior fiscal years. This pro forma federal return must include all income, expenses, and adjustments required. If using the actual method, also attach a copy of quarterly or monthly financial statements for 2011-12.

Forms to File

Standard taxpayers with federal fiscal years ending in 2012 that did not elect to continue to be an MBT taxpayer must file the *CIT Annual Return* (Form 4891) to calculate their initial fiscal return.

Additional Instructions for Specific Forms

Forms not addressed here need no supplemental instructions.

CIT Annual Return (Form 4891)

Line 1: Enter January 1, 2012, as the beginning date and enter the ending date that corresponds to the taxable period as reported to the Internal Revenue Service (IRS) as the ending date. Enter all dates in MM-DD-YYYY format.

Line 9h: Check the box if you are a Fiscal Filer computing tax in accordance with the annual method. Compute the percentage of your 2011-12 accounting period attributable to 2012.

Unitary Business Groups (UBGs): If the Designated Member (DM) is a calendar year filer, all members, including fiscal year members, must use the actual method. If the DM is a fiscal year filer, all members must use the same method of calculation, annual or actual, chosen by the DM. Do not, however, use lines 9h through 9k, even if the annual method will be used. Proration for a UBG is performed on the *CIT Data for Unitary Business Group Members* (Form 4897).

CIT Small Business Alternative Credit (Form 4893)

All credits against the tax must be earned and calculated based on actual payments made and actions performed on or after January 1, 2012, regardless of the method selected for the tax calculation.

Lines 7 and 8: Compensation and Directors Fees. Officers and active shareholders will be reported on an actual basis on lines 7 and 8, regardless of the method selected for the tax calculation.

CIT Schedule of Shareholders and Officers (Form 4894)

In columns I through K, enter actual dividends, salaries, wages, director's fees, employee insurance plans, pension, etc., received during the tax year in 2012, regardless of the method selected for the tax calculation. For a fiscal year filer choosing to compute the tax base using the annual method, column M, "Share of Business Income," will have to be adjusted to reflect the prorated business income.

CIT Loss Adjustment for the Small Business Alternative Credit (Form 4895)

Part 1: Business income and shareholder compensation disqualifiers must be computed on an annualized basis. Enter annualized numbers on lines 1, 11 and 13.

Part 2: Fiscal year filers will use the information from the five preceding periods, which will include the first short period MBT return with a fiscal year ending in 2008.

CIT Data for Unitary Business Group Members (Form 4897)

If a member has two tax periods ending with or within the filing period of the DM, the return must include separate copies of Form 4897 for each member's periods. When preparing the copy of Form 4897 that reports a fiscal member's short-period beginning January 1, 2012 and ending on the last day of its 2011-2012 tax year, references to tax year are referencing this short state tax year created by the beginning (for most taxpayers) of CIT.

Line 7: For members with a fiscal year ending in 2012, enter "01-01-2012" for the beginning date, and enter the end date of the member's tax year, for federal income tax purposes.

Line 8: This line is used to identify a person that was a member of the UBG for less than its entire federal tax year due to changes in ownership or satisfaction of the UBG relationship test. Do not include in line 8 any member that uses a fiscal year and that reports on this return all of its activity from January 1, 2012 to the end of its 2011-2012 fiscal tax year.

CIT Schedule of Recapture of Certain Business Tax Credits (Form 4902)

Credits, including recapture of credits, must be earned and calculated based on actions performed on or after January 1, 2012, regardless of the method selected for the tax calculation.

Application for Extension of Time to File Michigan Tax Returns (Form 4)

A fiscal year CIT taxpayer must file a short-year return accounting for activity from January 1, 2012 through the end of its 2011-12 federal tax year. The taxpayer may request an extension for that short-year return by filing Form 4 and including any payment due at that time. An extension of time to file is not an extension of time to pay.

The 2012 portion of the taxpayer's 2011-12 fiscal year will be filed under either the new Corporate Income Tax (CIT) rules of Public Act 38 of 2011 (most taxpayers), or under the special continuation of MBT provided by PA 39 of 2011 (taxpayers with certificated credits from MBT). The Michigan Department of Treasury (Treasury) has granted an automatic extension for the 2012 portion of such returns to April 30, 2013. Despite the automatic extension granted by Treasury for the 2012 short period, any payment that typically would be paid with an extension request must be remitted with a completed Form 4 to avoid extension penalty and interest. If no additional tax is owed, the filing of the form is not necessary.

For taxpayers with a fiscal year ending after April 30, 2012, this automatic extension to April 30, 2013, will not reach as far as a conventional extension requested by Form 4. A taxpayer in this category that desires an extension beyond April 30, 2013, must file Form 4 for its 2012 short period.

Line 1: Fiscal Year Filers requesting an extension for the portion of their CIT activity from January 1, 2012, through the end of its 2011-12 federal tax year must check the "Corporate Income Tax" box.

The balance of their federal tax year in 2012 will be granted an automatic extension to the same date as the 2012 calendar year returns, which is April 30, 2013. **However, an extension of time to file is not an extension of time to pay.** An extension request form need not be filed for the 2012 short period unless required to transmit payment of any tax that would be due with the annual return for that short period. The annual return tax due must be paid by the original due date, which is the last day of the fourth month after the end of the filing period.

If sending a payment for the 2012 portion of the fiscal tax year, check the "Corporate Income Tax" box. Checking this box DOES NOT commit the taxpayer with certificated credits under MBT to file a CIT return; that commitment is made when the taxpayer files the tax return for that short-period.

Regardless of whether an MBT or CIT return is ultimately filed, 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. See the Form 4 instructions for additional information on Penalty and Interest.

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	ES	Spain
AO	Angola	CZ	Czech Republic	IL	Israel	NI	Nicaragua	LK	Sri Lanka
AI	Anguilla	CD	Dem. Rep. of Congo	IT	Italy	NE	Niger	SD	Sudan
AQ	Antarctica	DK	Denmark	JM	Jamaica	NG	Nigeria	SR	Suriname
AG	Antigua & Barbuda	DJ	Djibouti	JP	Japan	NU	Niue	SJ	Svalbard, Jan Mayen
AR	Argentina	DM	Dominica	JE	Jersey	NF	Norfolk Island	SZ	Swaziland
AM	Armenia	DO	Dominican Republic	JO	Jordan	KP	North Korea	SE	Sweden
AW	Aruba	EC	Ecuador	KZ	Kazakhstan	MP	N. Mariana Islands	CH	Switzerland
AU	Australia	EG	Egypt	KE	Kenya	NO	Norway	SY	Syrian Arab Republic
AT	Austria	SV	El Salvador	KI	Kiribati	OM	Oman	TW	Taiwan
AZ	Azerbaijan	GQ	Equatorial Guinea	KW	Kuwait	PK	Pakistan	TJ	Tajikistan
BS	Bahamas	ER	Eritrea	KG	Kyrgyzstan	PW	Palau	TZ	Tanzania
BH	Bahrain	EE	Estonia	LA	Laos	PS	Palestinian Occ. Terr.	TH	Thailand
BD	Bangladesh	ET	Ethiopia	LV	Latvia	PA	Panama	TL	Timor-Leste
BB	Barbados	FK	Falkland Islands	LB	Lebanon	PG	Papua New Guinea	TG	Togo
BY	Belarus	FO	Faroe Islands	LS	Lesotho	PY	Paraguay	TK	Tokelau
BE	Belgium	FJ	Fiji	LR	Liberia	PE	Peru	TO	Tonga
BZ	Belize	FI	Finland	LY	Libya	PH	Philippines	TT	Trinidad & Tobago
BJ	Benin	FR	France	LI	Liechtenstein	PN	Pitcairn	TN	Tunisia
BM	Bermuda	GF	French Guiana	LT	Lithuania	PL	Poland	TR	Turkey
BT	Bhutan	PF	French Polynesia	LU	Luxembourg	PT	Portugal	TM	Turkmenistan
BO	Bolivia	TF	Fr. Southern Terr.	MO	Macao	PR	Puerto Rico	TC	Turks & Caicos
BA	Bosnia, Herzegovina	GA	Gabon	MK	Macedonia	QA	Qatar	TV	Tuvalu
BW	Botswana	GM	Gambia	MG	Madagascar	RE	Réunion	UG	Uganda
BV	Bouvet Island	GE	Georgia	MW	Malawi	RO	Romania	UA	Ukraine
BR	Brazil	DE	Germany	MY	Malaysia	RU	Russian Federation	AE	United Arab Emir.
IO	Brit. Ind. Ocean Terr.	GH	Ghana	MV	Maldives	RW	Rwanda	GB	United Kingdom
BN	Brunei Darussalam	GI	Gibraltar	ML	Mali	BL	St. Barthélemy	US	United States
BG	Bulgaria	GR	Greece	MT	Malta	SH	St. Helena	UM	U.S. Minor Out. Isl.
BF	Burkina Faso	GL	Greenland	MH	Marshall Islands	KN	St. Kitts & Nevis	UY	Uruguay
BI	Burundi	GD	Grenada	MQ	Martinique	LC	St. Lucia	UZ	Uzbekistan
KH	Cambodia	GP	Guadeloupe	MR	Mauritania	MF	St. Martin	VU	Vanuatu
CM	Cameroon	GU	Guam	MU	Mauritius	PM	St. Pierre & Miquelon	VE	Venezuela
CA	Canada	GT	Guatemala	YT	Mayotte	VC	St. Vincent, Grenad.	VN	Vietnam
CV	Cape Verde	GG	Guernsey	MX	Mexico	WS	Samoa	VG	Virgin Islands, British
KY	Cayman Islands	GN	Guinea	FM	Micronesia	SM	San Marino	VI	Virgin Islands, U.S.
CF	Cent. African Repub.	GW	Guinea-Bissau	MD	Moldova	ST	Sao Tome & Principe	WF	Wallis & Futuna
TD	Chad	GY	Guyana	MC	Monaco	SA	Saudi Arabia	EH	Western Sahara
CL	Chile	HT	Haiti	MN	Mongolia	SN	Senegal	YE	Yemen
CN	China	HM	Heard, McDonald Isl.	ME	Montenegro	RS	Serbia	ZM	Zambia
CX	Christmas Island	VA	Holy See (Vatican)	MS	Montserrat	SC	Seychelles	ZW	Zimbabwe
CC	Cocos Islands	HN	Honduras	MA	Morocco	SL	Sierra Leone		
CO	Colombia	HK	Hong Kong	MZ	Mozambique	SG	Singapore	XX	Countries-Other
KM	Comoros	HU	Hungary	MM	Myanmar	SK	Slovakia		
CG	Congo	IS	Iceland	NA	Namibia	SI	Slovenia		