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.	$\dfrac{\text{Number of days on line 17}}{365}$ x 4.25% (0.0425) x line 14....... 21.				
22.	$\dfrac{\text{Number of days on line 18}}{365}$ x 4.25% (0.0425) x line 14....... 22.				
23.	$\dfrac{\text{Number of days on line 19}}{365}$ x 4.25% (0.0425) x line 14....... 23.				
24.	$\dfrac{\text{Number of days on line 20}}{365}$ 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.

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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			
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.

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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.