

Application for Michigan Net Operating Loss Refund MI-1045

Issued under authority of Public Act 281 of 1967. **Type or print in blue or black ink.**

For loss year or for loss year beginning and ending

Filer's First Name	M.I.	Last Name	Filer's Social Security No. (Example: 123-45-6789)	
If a Joint Return, Spouse's First Name	M.I.	Last Name	Spouse's Social Security No. (Example: 123-45-6789)	
Home Address (Number, Street, or P.O. Box)				
City or Town			State	ZIP Code

IMPORTANT: Use your U.S. Form 1040 to complete this form. Do not consider net operating losses from other years, **income and losses from other states, or income and losses from oil and gas production that is subject to Michigan Severance Tax.**

PART 1: COMPUTING THE NET OPERATING LOSS (NOL) (see instructions, page 2).

1. Wages, salaries, tips, etc.....	1.	<input type="text"/>	<input type="text" value="00"/>
2. Interest income.....	2.	<input type="text"/>	<input type="text" value="00"/>
3. Dividends _____ Less exclusions _____ Balance _____.....	3.	<input type="text"/>	<input type="text" value="00"/>
4. Business income or loss (attach U.S. Schedules C and F).....	4.	<input type="text"/>	<input type="text" value="00"/>
5. Capital gain or loss (attach U.S. Schedule D).....	5.	<input type="text"/>	<input type="text" value="00"/>
6. Other gains or losses (attach U.S. Form 4797).....	6.	<input type="text"/>	<input type="text" value="00"/>
7. Pension, IRA, and annuities (included in Adjusted Gross Income (AGI)).....	7.	<input type="text"/>	<input type="text" value="00"/>
8. Net rent or royalty income.....	8.	<input type="text"/>	<input type="text" value="00"/>
9. Income or losses from partnerships, estates, trusts and S corporations (attach U.S. Schedule E).....	9.	<input type="text"/>	<input type="text" value="00"/>
10. Miscellaneous income (e.g., state and local refunds, unemployment compensation). Explain: _____	10.	<input type="text"/>	<input type="text" value="00"/>
11. Total income. Add lines 1 through 10.....	11.	<input type="text"/>	<input type="text" value="00"/>
12. ADJUSTMENTS: Only list adjustments to Michigan source income			
a. Payments to a retirement plan as an individual or self-employed person	12a.	<input type="text"/>	<input type="text" value="00"/>
b. Deduction for self-employment tax and self-employed health insurance	12b.	<input type="text"/>	<input type="text" value="00"/>
c. Educator expenses and/or moving expenses.....	12c.	<input type="text"/>	<input type="text" value="00"/>
d. Alimony paid and/or penalty for early withdrawal of savings.....	12d.	<input type="text"/>	<input type="text" value="00"/>
e. Domestic production activities deduction (DPAD).....	12e.	<input type="text"/>	<input type="text" value="00"/>
f. Other adjustments to income including health savings account deduction	12f.	<input type="text"/>	<input type="text" value="00"/>
13. Total adjustments. Add lines 12a through 12f.....	13.	<input type="text"/>	<input type="text" value="00"/>
14. Michigan AGI. Subtract line 13 from line 11. If greater than zero, you do not have an NOL.....	14.	<input type="text"/>	<input type="text" value="00"/>
15. Nonbusiness deductions: Add lines 12a, 12d and 12f.....	15.	<input type="text"/>	<input type="text" value="00"/>
16. Nonbusiness income included in line 11			
a. Interest income.....	16a.	<input type="text"/>	<input type="text" value="00"/>
b. Dividend income.....	16b.	<input type="text"/>	<input type="text" value="00"/>
c. Net nonbusiness capital gains (before any allowable exclusion).....	16c.	<input type="text"/>	<input type="text" value="00"/>
d. Pension, IRA, and annuities.....	16d.	<input type="text"/>	<input type="text" value="00"/>
e. Alimony received.....	16e.	<input type="text"/>	<input type="text" value="00"/>
f. Other income.....	16f.	<input type="text"/>	<input type="text" value="00"/>
17. Total nonbusiness income. Add lines 16a through 16f.....	17.	<input type="text"/>	<input type="text" value="00"/>
18. Excess of nonbusiness deductions over nonbusiness income, subtract line 17 from line 15. If less than zero, enter "0".....	18.	<input type="text"/>	<input type="text" value="00"/>
19. Excess capital loss deduction (see instructions, page 2).....	19.	<input type="text"/>	<input type="text" value="00"/>
20. Domestic production activities deduction (DPAD).....	20.	<input type="text"/>	<input type="text" value="00"/>
21. Add lines 18, 19 and 20.....	21.	<input type="text"/>	<input type="text" value="00"/>
22. Net operating loss. Combine lines 14 and 21. If greater than zero, you do not have an NOL.....	22.	<input type="text"/>	<input type="text" value="00"/>

MICHIGAN NET OPERATING LOSS: The Michigan NOL amount may be carried back two years. Any unused balance may be carried forward 20 years. An election to forego the carryback period must be filed in the same manner as required by the Internal Revenue Code. (Attach a statement to your return for the NOL year.) Any loss in excess of income subject to Michigan tax may be carried forward to the next year.

Filer's Social Security Number

— —

Application for Refund From Carryback of Net Operating Loss

PART 2: REDETERMINING YOUR MICHIGAN INCOME TAX

	A	B	C
23. Year you are carrying the NOL to			
24. Reported federal AGI	00	00	00
25. Additions from MI-1040, Schedule 1 and DPAD. Explain: _____			
_____	00	00	00
26. Balance. Add lines 24 and 25	00	00	00
27. Subtractions from MI-1040, Schedule 1. Explain: _____			
_____	00	00	00
28. Balance. Subtract line 27 from line 26	00	00	00
29. Enter Net Operating Loss from line 22	00	00	00
30. Balance. Subtract line 29 from line 28	00	00	00
31. Michigan exemption allowance	00	00	00
32. Taxable balance. Subtract line 31 from line 30	00	00	00
33. Tax. Multiply line 32 by applicable tax rate. If less than zero, enter "0"	00	00	00
34. Nonrefundable tax credits	00	00	00
35. Tax due. Subtract line 34 from line 33. If less than zero, enter "0"	00	00	00
36. a. Refundable tax credits	00	00	00
b. Tax withheld	00	00	00
c. Tax paid with prior returns	00	00	00
d. Estimated tax payments	00	00	00
37. Total of items 36a through 36d	00	00	00
38. Tax previously refunded or carried to next year	00	00	00
39. Balance of tax paid. Subtract line 38 from line 37	00	00	00
40. Overpayment. Subtract line 35 from line 39	00	00	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.	
Filer's Signature	Date	Preparer's PTIN, FEIN or SSN	
Spouse's Signature	Date	Preparer's Business Name (print or type)	
<input type="checkbox"/> By checking this box, I authorize Treasury to discuss my return with my preparer.		Preparer's Business Address (print or type)	

Line-by-Line Instructions for Parts 1 and 2

Note: The Michigan NOL is generally carried back two years. See instructions, page 4, for exceptions.

Part 1: Computing Net Operating Loss

To complete Part 1, use the entries on your U.S. Form 1040 for the year the loss occurred. Do not consider income and losses from other states, income and losses from oil and gas production, or net operating loss deductions (NOLD) from other years.

Line 10: Miscellaneous income includes state and local refunds, unemployment benefits, alimony received and any other miscellaneous taxable income.

Line 14: Subtract line 13 from line 11. This amount should equal your federal AGI if you have no income or losses from other states, income and losses from oil and gas production, or net operating loss deductions from other years.

Line 19: The excess capital loss must be calculated on a U.S. Form 1045 Schedule A, line 21 or 22, then entered on this line.

Line 20: Enter the domestic production activities deduction as calculated on line 12e.

Part 2: Redetermining Your Michigan Income Tax

Line 25: Include any additions from Michigan Schedule 1. Also include DPAD attributable to Michigan.

Line 27: Include any subtractions from Michigan Schedule 1.

Line 30: If line 30 is less than zero, carry amount to line 29 in the next column. This amount cannot exceed line 29 of the preceding column.

Line 34: Enter the total of nonrefundable credits claimed on your original return.

Line 36a: Enter the total of refundable credits for homestead property tax, farmland preservation and any other refundable credits claimed for the tax year(s) you are carrying the loss. Any credit entered here must be adjusted for the NOLD adjustment to household income, if applicable. Be sure to attach your amended credit form.

Line 36c: For the year listed on line 23, enter total tax paid with the annual return plus any additional tax paid after original return was filed.

Mail your completed form to: **Michigan Department of Treasury
Lansing, MI 48956**

—	—
---	---

Computation of Federal Modified Taxable Income (FMTI) for Household Income Only

NOTE: Do not complete this section if you are electing to forgo your carryback. Effective 2012, FMTI is not used and an NOL is not allowed in determining Total Household Resources.

PART 3: ADJUSTING YOUR NOL FOR HOUSEHOLD INCOME

Step 1. Figure Your FMTI

	A	B	C
41. Year you are carrying the NOL to			
42. Reported AGI for year shown on line 41 without NOLD	00	00	00
43. a. Adjustments to AGI including DPAD (see instructions).....	00	00	00
b. Capital losses, in excess of capital gains (\$3,000 maximum) ...	00	00	00
44. MODIFIED Federal AGI. Add lines 42 and 43a or 43b.....	00	00	00
45. a. Medical (see instructions for limitations).....	00	00	00
b. Taxes	00	00	00
c. Contributions.....	00	00	00
d. Interest.....	00	00	00
e. Casualty loss	00	00	00
f. Moving expenses.....	00	00	00
g. Miscellaneous (attach U.S. <i>Schedule A</i> ; see inst.).....	00	00	00
h. Limit on itemized deductions	00	00	00
i. If you did not itemize, use the standard deduction	00	00	00
46. Enter the total of 45a through h, or 45i if you did not itemize	00	00	00
47. FMTI. Subtract line 46 from line 44. If less than zero, enter "0"	00	00	00

Step 2. Figure Your Carryback (If you are not carrying the loss back, go to Step 3.)

48. Unabsorbed NOL. Enter in column A your federal NOL as a positive amount	00	00	00
49. NOL to be carried to next succeeding year through 2011. Subtract line 47 from line 48. Carry the amount on this line to the next column, line 48. If less than zero, enter "0".....	00	00	00

Step 3. Figure Your Carryforward

50. Year the federal NOL occurred			
51. Enter the amount of the original federal NOL as a positive amount	00	00	00
52. Total of all NOLs used for previous years	00	00	00
53. Subtract line 52 from line 51. This is the remaining NOL that can be carried forward to the year on line 41	00	00	00
54. Subtract line 47 (FMTI) from line 53. This is the remaining NOL to carry forward. If less than zero, enter "0"	00	00	00

Line-by-Line Instructions for Part 3

Part 3: Adjusting Your NOL for Household Income

Line 41: May be applied to tax years 2011 and prior only.

Line 42: Include NOL carryovers or carrybacks from earlier years.

Line 43a: Add back any domestic production activities deduction. Also, adjustments to AGI, such as taxable Social Security benefits and IRA deductions, must be recalculated based on federal modified AGI.

Line 45: Use 45a through h if you itemized. If you didn't itemize, use 45i.

45a: Medical adjustments. The amount of medical adjustments you can take varies with federal law from year to year. You must recalculate your medical expense deduction based on modified federal AGI and the federal limitation in effect for the year entered on line 41.

45c: Percentage limitations on charitable contributions are based on modified federal AGI.

45g: Miscellaneous deductions are limited to 2 percent of AGI. This amount cannot exceed 2 percent of modified federal AGI.

45h: If modified AGI exceeds certain amounts, itemized deductions may be limited. See limitations in effect for the year entered on line 41.

Line 47: This is your FMTI. Your Michigan NOLD will be the amount on this line or the amount from line 48 (or line 53 for carryforwards), whichever is smaller. This amount cannot be less than zero.

Line 48: Enter your federal NOL in column A as a positive amount. Each succeeding year will be the excess portion (if any) from line 49 of the preceding column.

Line 49: Subtract line 47 from line 48. If the result is more than zero, this is the excess NOL to be carried to the next year. If it is less than zero, the NOLD is limited to the excess on line 48. This is the last year affected by the NOL.

Note: Effective January 1, 2012 an NOLD cannot reduce total household resources and is no longer used on Michigan Property Tax Credit and Home Heating Credit.

Line 54: If line 47 is less than line 53, subtract line 47 from line 53 and enter here; then use line 47 as your NOLD to recalculate your credit. If line 47 is greater than line 53 enter "0" and use line 53 as your NOLD to recalculate your Michigan credits.

Instructions for Form MI-1045

NOTE: The Michigan NOL is generally carried back two years. Any remaining unused loss after the carryback period, may be carried forward 20 years. Certain exceptions and limitations to the general carryback period that apply to federal NOLs also apply to Michigan NOLs. See U.S. Form 1045 instructions for more information on the general carryback rules for federal NOLs.

What is a Net Operating Loss?

A net operating loss (NOL) occurs when a business has losses in excess of its gains. The Michigan NOL deduction (NOLD) is subject to allocation and apportionment as required by the Michigan Income Tax Act. Income and losses attributed to other states, and income and losses from oil and gas production subject to Michigan Severance tax included in the federal NOL must be eliminated from the Michigan NOL calculation in the loss year. The Michigan NOL may be carried back in the same manner as prescribed in Section 172 of the Internal Revenue Code as in effect for the year the loss was incurred. If your NOL is not exhausted in the carryback years, or you elect to forego the carryback, an NOL carryforward will exist for subsequent years. The carryover period is limited to 15 years for loss years before 1998. Beginning with the 1998 tax year, the carryback period is generally limited to two years for both federal and Michigan taxes, and any unused loss may be carried forward 20 years. Exceptions to the general carryback periods for federal purposes also apply to Michigan.

The Michigan NOL

The Michigan Court of Appeals has ruled in two separate cases, *Preston v Treasury*, 190 Mich App 491; 476 NW 2d 455, (1991) and *Beznos v Treasury*, 224 Mich App 717; 569 NW 2d 908 (1997), that the Michigan NOL and NOLD are computed separately and independently of the federal NOL and NOLD. If you incurred a federal NOL that you are carrying back to previous years, you must determine the allowed Michigan NOL, if any, by completing page 1 of Form MI-1045. If you incurred a Michigan NOL, but are electing to forego the carryback, and carry the Michigan NOL forward, you do not need to file this form until the year you actually use the loss to offset Michigan income. If you incurred an NOL from Michigan sources, but did not incur a corresponding federal NOL, you must complete page 1 of Form MI-1045 to determine your allowable Michigan NOL.

When to File Form MI-1045

If you are carrying back your NOL to prior years, Form MI-1045 must be filed within four years after the date set for filing the return in which the NOL was incurred. For example: If the original NOL was incurred in 2008, then the original 2008 return was due April 15, 2009. You must file Form MI-1045 by April 15, 2013, to carryback the 2008 Michigan NOL to a year that is otherwise outside of the general 4 year statute of limitations. If your Michigan NOL is carried forward, Form MI-1045 should be filed in the year to which it is being carried forward.

Using Form MI-1045

Use page 1 of Form MI-1045 to calculate your Michigan NOL for the year of the loss. If you are carrying the loss back, you must also complete page 2, *Redetermining Your Michigan Income Tax*. Page 3 is used to determine the amount of your federal NOLD that may be used to compute your household income for tax year 2011 or prior.

If you are filing a refund claim from the carryback of a Michigan NOL, you must also file the appropriate amended credit claim

forms for each year the loss is being carried back. Attach the amended credit claim forms to Form MI-1045.

The total amount of the federal NOLD used to arrive at federal AGI must be added back on Form MI-1040. The Michigan NOLD is then subtracted in its place on Form MI-1040. This amount will be the NOL determined on Form MI-1045, page 1, line 22, less any of the loss used in previous years. See the MI-1040 instruction booklet for specific line references for the years involved.

Required Attachments

You must attach a copy of your federal income tax return (U.S. Form 1040) and any supporting federal tax schedules or forms that support the NOL. Be sure to indicate the location (city and state) of any income or loss. If you have income or loss subject to apportionment, see *MI-1040H Schedule of Apportionment*.

NOL Effects on Homestead Property Tax Credit

NOTE: Effective 2012, a NOL is not used to determine total household resources. The NOLD/FTMI adjustment is allowed on carrybacks only.

To determine household income for purposes of computing the homestead property tax credit, the home heating credit, and the farmland preservation tax credit, an NOLD is allowed for tax year 2011 and prior. The amount of the NOLD that is allowed cannot exceed your FMTI in the year to which it is being carried back or carried forward. Claim the amount of the allowed NOLD on the "other adjustments line" on the appropriate credit forms for each applicable year. *Caution: To deduct an NOLD from household income, you must have a corresponding federal NOLD. If you have a Michigan NOLD, but no federal NOLD, you cannot take an NOLD in household income. Income and losses from other states, income and losses from oil and gas production, and federal itemized deductions must be considered when calculating the NOL and NOLDS used for household income.* The amount of the allowable NOLD for use in household income is calculated on page 3 of the MI-1045 form for both carrybacks and carryforwards. The amount of the carryback deduction will be the smaller of lines 47 or 48, and the amount of the carryforward deduction will be the smaller of lines 47 or 53.

Example: Your 2010 FMTI is \$20,000, and your 2010 federal NOLD is \$50,000. The amount of the 2010 NOLD of \$50,000 that may be used in 2010 household income is limited to \$20,000. The balance of \$30,000 will be available for use in 2011 to the extent of your 2011 FMTI.

Note: Effective January 1, 2012 an NOLD cannot reduce total household resources and is no longer used on Michigan Property Tax Credit and Home Heating Credit. For additional information see instructions for Total Household Resources in the MI-1040 booklet on page 23.

Forms or Questions

Michigan tax forms are available on Treasury's Web site at www.michigan.gov/taxes. You may also call (517) 636-4486 to have tax forms mailed to you or to ask technical questions.