

# 2011 MICHIGAN Business Tax Schedule of Partners

Issued under authority of Public Act 36 of 2007.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups Only: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

## PARTNER IDENTIFICATION

1.	A Name (If partner is an Individual, enter Last, First, and Middle Initial)	B FEIN, TR Number or Social Security Number of Partner	C % Owned	D Share of Business Income*
a			%	00
b			%	00
c			%	00
d			%	00
e			%	00
f			%	00
g			%	00
h			%	00
i			%	00
j			%	00
k			%	00
l			%	00
m			%	00
n			%	00
o			%	00
p			%	00
q			%	00

2. Total of Column C (% Owned). Cannot exceed 100%.....	2.		%
3. Total of Column D (Share of Business Income). Cannot exceed the partnership's business income. ....	3.		00

\*If any partner has a share of business income in column D of over \$180,000 after loss adjustment, the Partnership is not eligible for the Small Business Alternative Credit.

\* If any partner has a share of business income in column D of over \$135,000, the Partnership is not eligible for the Start-Up Business Credit.

**If more space is needed, submit additional forms 4578. Identify taxpayer and complete Partner Identification on each additional form. (See instructions.)**

# Instructions for Form 4578, Michigan Business Tax (MBT) Schedule of Partners

## For all Partnerships claiming the Small Business Alternative Credit and Start-Up Business Credit

**Fiscal Year Filers:** See “Supplemental Instructions for Standard Fiscal MBT Filers” on page 145.

### Purpose

To determine eligibility for the Partnership’s Small Business Alternative Credit. *Partnership* means a taxpayer that is required to, or has elected to, file as a Partnership for federal income tax purposes.

**NOTE:** A member of a Limited Liability Company (LLC) is characterized for MBT purposes as a partner if the LLC is taxed as a Partnership for federal purposes.

**NOTE:** In general, a federally disregarded entity is required to file as if it were a sole proprietorship if owned by an individual, or a branch or division if owned by another business entity. However, a person that is disregarded for federal income tax purposes and has already filed separately for its 2010 MBT tax year in either an original MBT return filed prior to January 1, 2012, or in an amended MBT return filed prior to December 1, 2011, may also file separately for its 2011 MBT tax year. Occasionally, electing this option may require a separate MBT return, but if this entity meets either of the UBG relationship tests it must file as a separately identified member of a UBG with its owner. If this is the case, the organization type of the entity is based on the federal tax classification of its owner. For additional information, see “Changes for Disregarded Entities” in the “Important Information” section of the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600).

This form also is required to be completed and included as part of the return whenever a Partnership claims a Start-Up Business Credit. A partnership cannot qualify for the Start-Up Business Credit if any partner has a distributive share of more than \$135,000.

### Line-by-Line Instructions

*Lines not listed are explained on the form.*

**Name and Account Number:** Enter name and account number as reported on page 1 of the *MBT Annual Return* (Form 4567) or the *MBT Simplified Return* (Form 4583).

If more lines are needed for listing the partners, include additional copies of this form and complete the name, account number, and line 1 for each copy.

**Unitary Business Groups:** Complete one form for each member that is a partnership (including an entity taxed federally as such). Enter the Designated Member 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.

**Line 1:** Partner Identification

• **Columns A and B:** Identify each partner (including Corporation, Partnership, and Trust) by name. Identify partners who are individuals by Social Security number. Partners that are Corporations, Partnerships, or Trusts should be identified using a Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number.

- **NOTE: Column B:** An individual or foreign entity that does not have a Social Security number or FEIN may enter in

Column B “APPLD FOR” (an abbreviation for “applied for”) or “FOREIGNUS” (an abbreviation for “foreign filer”).

• **Column C:** Enter the percentage of profits or capital interest of this Partnership owned by each partner. If a partner owned this interest for a period less than the Partnership’s tax year, multiply that partner’s percentage of ownership by the number of months owned and divide the result by the number of months in this Partnership’s tax year.

• **Column D:** Enter each partner’s distributive share of income, losses, and deductions from U.S. Form 1065, *Schedule K-1*. Use the *Business Income Worksheet* (Worksheet 4746) in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600) to calculate partnership business income. Attach Worksheet 4746 to the filing. Each partner’s distributive share includes guaranteed payments to partners that are made to that partner. If any partner has a share of business income in column D of over \$180,000 after loss adjustment, the Partnership is not eligible for the Small Business Alternative Credit. If any partner has a share of business income in Column D of over \$135,000, the Partnership is not eligible for the Start-Up Business Credit.

**Fiscal Year Filers:** See “Supplemental Instructions for Standard Fiscal MBT Filers” on page 145.

**IMPORTANT:** For short-period returns, each partner’s share of business income must be annualized to meet these requirements.

### Annualizing

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

**UBGs: Members of UBGs that have More than 12 Months Included in the Final MBT Return:** Because the final MBT return will include more than 12 months of business activity for these members, the amounts in Column D must be prorated for these members. To prorate, each member with more than 12 months of activity included on the group return will multiply the actual amounts received in the 12-plus month period included in the UBG’s final return by a fraction, the numerator of which is 12 and the denominator of which is the total number of months included for the member on the group return. These amounts are the amounts that are used when calculating this credit. This calculation is done off of the form but the amounts are entered into Column D on the form. For more information, see the instructions for standard fiscal MBT taxpayers.

**Line 2:** If multiple pages of Form 4578 are included for one separately filing taxpayer, or one member of a UBG, bring the total of all line 1C entries to the main Form 4578.

**Line 3:** If multiple pages of Form 4578 are included for one separately filing taxpayer, or one member of a UBG, bring the total of all line 1D entries to the main Form 4578.

**Include completed Form 4578 as part of the tax return filing.**