

2011 MICHIGAN Business Tax Schedule of Recapture of Certain Business Tax Credits and Deductions

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
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Complete this schedule for any recapture in this tax year of previous tax credits and deductions listed on this schedule.

1. Recapture of MEGA Research and Development Credit	1.		00
2. a. Recapture of Michigan Business Tax MEGA Employment Tax Credit.....	2a.		00
b. Recapture of Single Business Tax MEGA Employment Tax Credit	2b.		00
c. Recapture of Single Business Tax MEGA Business Activity Credit	2c.		00
3. Recapture of Entrepreneurial Credit	3.		00
4. Recapture of MEGA Federal Contract Credit	4.		00
5. Recapture of MEGA Photovoltaic Technology Credit	5.		00
6. Recapture of Biofuel Infrastructure Credit	6.		00
7. Recapture of MBT Brownfield Redevelopment Credit. Enter the amount from Form 4584, line 48	7.		00

8. Recapture of Film Infrastructure Credit

a. Enter 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. (Date format: MM-DD-YYYY)

A Description	B City	C Date Acquired	D Date Sold	E Gross Sales Price	F Gain/Loss

b. Total columns E and F. A loss in column F will increase recapture..... 8b.

c. Adjusted Proceeds. If line 8b, column F, is a gain, subtract line 8b, column F from line 8b, column E. If line 8b, column F, is a loss, add line 8b, column E and F..... 8c.

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If taxable in another state, complete lines 8d and 8e; otherwise, skip to line 8f.

d. Apportioned gains (losses). Multiply line 8b, column F, by the percentage from Form 4567, line 11c

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e. Apportioned Adjusted Proceeds. If line 8d is a gain, subtract line 8d from line 8b, column E. If line 8d is a loss, add lines 8d and line 8b, column E.....

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f. Recapture of Film Infrastructure Credit. Multiply line 8c or line 8e by 25% (0.25).....

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9. Recapture of Anchor Company Payroll Credit.....

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10. Recapture of Anchor Company Taxable Value Credit

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11. Recapture of Qualified Affordable Housing deductions

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12. **Total Recapture of Certain Business Tax Credits and Deductions.** Add lines 1, 2a, 2b, 2c, 3, 4, 5, 6, 7, 8f, 9, 10, and 11. Carry amount to Form 4567, line 56, Form 4588, line 26, or Form 4590, line 29.....

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Instructions for Form 4587, Michigan Business Tax (MBT) Schedule of Recapture of Certain Business Tax Credits and Deductions

Purpose

Complete this schedule for any recapture in this tax year of previously claimed tax credits listed on this schedule. Recapture of some tax credits occurs at the same point in the forms as the credit is calculated. The credits on this form, however, are required by statute to be recaptured at a later point in the tax calculation process. This form is also used to report a required recapture of an Affordable Housing Deduction.

Attachments in support of these recapture amounts are not required. Maintain the recapture calculation information in your files for review during audit.

Special Instructions for Unitary Business Groups

If any member of the Unitary Business Group (UBG) is reporting recapture, a statement must be attached to this form identifying the reporting member and the recapture information for each applicable credit. If more than one member is reporting recapture, requested information should be provided in the statement on a per member basis. The total amount from all reporting members will be entered on each corresponding line on this form.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be in MM-DD-YYYY format.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers, the *MBT Annual Return for Financial Institutions* (Form 4590), or the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588)).

UBGs: A UBG reporting recapture should include only one copy of this form as part of its annual return. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

Line 1: There are 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 apply here. Report on this line only recapture of the Research and Development Credit that is certified by Michigan Economic Growth Authority (MEGA) and claimed on *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. Enter recapture amount equal to 125 percent of the total of all MEGA Research and Development Credits claimed on previously filed 4574 forms.

Line 2: If a taxpayer claims an MBT or Single Business Tax (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 claims such a credit, the taxpayer must recapture an amount equal to the total of all such credits claimed on prior returns.

Line 2a: Enter the total amount of the MBT MEGA Employment Tax Credit claimed on previously filed 4574 forms subject to recapture.

Line 2b: Enter the total amount of the SBT MEGA Employment Tax Credit claimed on previously filed *SBT Miscellaneous Credits* (Form C-8000MC) forms subject to recapture.

Line 2c: Enter the total amount of the SBT MEGA Business Activity Credit claimed on previously filed C-8000MC forms subject to recapture.

Line 3: If the new jobs by which a taxpayer earns 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.

Enter the total amount of the Entrepreneurial Credit claimed on previously filed *MBT Miscellaneous Nonrefundable Credits* forms (Form 4573) subject to recapture.

Line 4: Enter the total amount of MEGA Federal Contract Credit claimed on previously filed *MBT Election of Refund or Carryforward of Credits* forms (Form 4584) subject to recapture.

NOTE: The MEGA Federal Contract Credit is claimed through an agreement with MEGA. If a taxpayer claims 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 5: Enter the total amount of the MEGA Photovoltaic Technology Credit claimed on previously filed 4574 forms subject to recapture.

Line 6: Enter the total amount of the Biofuel Infrastructure Credit claimed on previously filed 4573 forms subject to recapture.

Line 8: 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 is 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.

NOTE: 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 line 8a, column E, and enter the gain reflected in federal taxable income (as defined for MBT purposes) in 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 8a: Enter all dispositions of depreciable tangible assets included in base investment expenditures that were paid or accrued after December 31, 2007, and were sold or otherwise disposed of during the tax year.

- **Columns A through D:** Enter a brief description of the asset, the city or township in which the asset is located, and the dates that the asset was paid for or accrued and disposed of or sold. To list multiple disposition as one entry, the date the assets were acquired and sold must be the same; dispositions with variable dates must be listed separately.
- **Column E:** Enter the total gross proceeds from the sale or disposition of depreciable tangible assets listed in column A.
- **Column F:** Enter total gain or loss included in calculating federal taxable income (as defined for MBT purposes).

Lines 9-10: NOTE: 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 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 9: Enter the total amount of the Anchor Company Payroll Credit claimed on previously filed 4584 forms subject to recapture.

Line 10: Enter the total amount of the Anchor Company Taxable Value Credit claimed on previously filed 4584 forms subject to recapture.

Line 11: Under Michigan Compiled Laws 208.1201(6), the seller of residential rental units may take a deduction from its Business Income Tax base, after apportionment, of the gain from the sale of the residential rental units to a buyer who is a Qualified Affordable Housing Project (QAHP). To qualify for a deduction, the seller and buyer must enter into an “operation agreement” in which the buyer agrees to operate a specific number of the residential rental units sold as rent restricted units for a minimum of 15 years. The Department of Treasury (Treasury) will record a lien against the property subject to the operation agreement, to enforce the possibility of future recapture of this deduction.

When the buyer fails to qualify as a QAHP or fails to operate any of the residential rental units as rent restricted units in accordance with the operation agreement within 15 years after the date of purchase, the lien recorded by Treasury becomes payable to the State. Failure to operate even one residential rental unit in accordance with an operation agreement constitutes failure to operate all or some of the residential rental units as rent

restricted units in accordance with the operation agreement, and therefore is a recapture event. The lien is payable in the year the recapture event occurs. This recapture is mandatory even if a taxpayer is otherwise not required to file a return because it does not meet the filing threshold of \$350,000.

Enter a recapture amount equal to the full amount of the deduction allowed to the seller multiplied by a fraction, the numerator of which is the difference between 15 and the years the affordable housing project qualified and complied with the terms of the agreement and the denominator of which is 15.

Line 12: Add lines 1, 2a, 2b, 2c, 3, 4, 5, 6, 7, 8f, 9, 10, and 11. Standard taxpayers carry this amount to Form 4567, line 56. Insurance companies carry this amount to the Form 4588, line 26. Financial Institutions carry this amount to the Form 4590, line 29.

Include completed Form 4587 as part of the tax return filing.