



# MICHIGAN BUSINESS TAX

## 2011 FORMS & INSTRUCTIONS FOR FINANCIAL INSTITUTIONS

This MBT booklet includes forms and instructions for financial institutions.

Forms are designed for calendar year 2011 and for the 2011 short-year of a fiscal filer with a federal tax year ending in 2012.

### **Inside this tax booklet:**

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- General Information for Financial Institutions — **Page 6**
- Supplemental Instructions for Financial Institution Members in Unitary Business Groups — **Page 30**
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### **E-file your Michigan Business Tax return.**

See pages 2 and 7 for more information, or visit the E-file Web site.

**[www.MIfastfile.org](http://www.MIfastfile.org)**



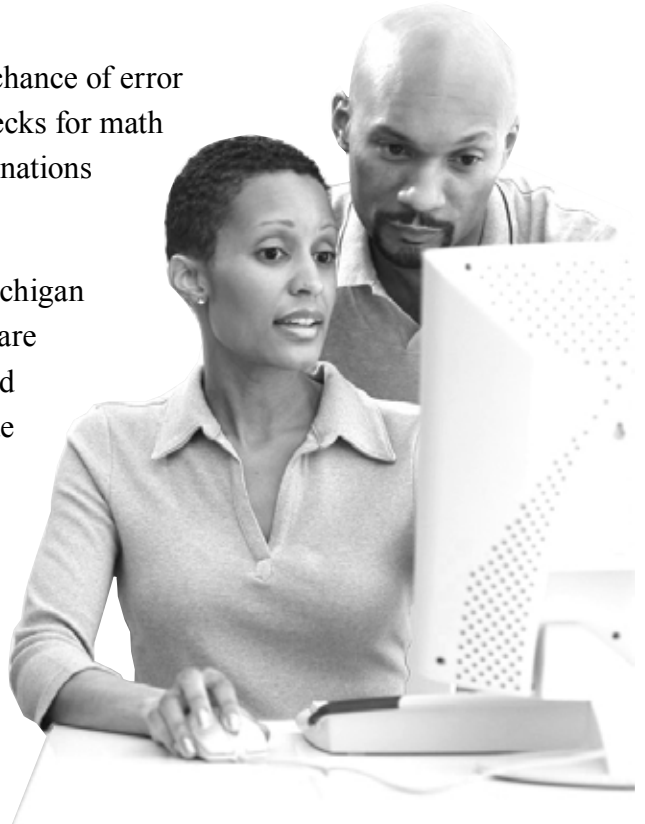
Find Michigan tax forms online at **[www.michigan.gov/taxes](http://www.michigan.gov/taxes)**.

# File with confidence. E-file.

⚡ **It's Accurate.** E-filed returns have much less chance of error compared to paper returns. The computer program checks for math errors before the return is accepted, and detailed explanations pinpoint the location of any errors in the return.

⚡ **It's Convenient.** Prepare and submit your Michigan Business Tax (MBT) return electronically using software approved by the Michigan Department of Treasury, and receive electronic proof from both the Internal Revenue Service and State of Michigan that your returns were accepted.

⚡ **It's Secure.** Only tax preparers and their clients see the returns. Confidential information is protected by Secure Socket Layer (SSL) 128-bit encryption.



[www.MIfastfile.org](http://www.MIfastfile.org)

## MBT e-file Mandate

Michigan has an enforced MBT e-file mandate. Software developers producing MBT 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 MBT returns prepared using tax preparation software or computer-generated forms must be e-filed.

Treasury will be enforcing the MBT 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.

For more information about MBT e-file, visit the Web site [www.MIfastfile.org](http://www.MIfastfile.org).

## E-file Software Companies

A list of e-file software companies is available on the Web site [www.MIfastfile.org](http://www.MIfastfile.org). Select "Business Taxpayer," then "Michigan Business Tax E-File," and look under "Choosing a Tax Preparation Software."

Treasury and the State of Michigan do not endorse or warrant these companies or their products or services. The decision to use or not to use any of these products and services will not result in any special treatment from Treasury.



January 2012

Dear Taxpayer:

Enclosed are forms and instructions needed to file your 2011 Michigan Business Tax (MBT) annual return.

Some of the forms and instructions in this booklet have been changed from previous years. For more information on form updates, special instructions for Fiscal Filers, and Helpful Hints for Completing an MBT return, please see page 4 of this instruction booklet.

If you have questions about your MBT obligations, please call the Michigan Department of Treasury's Customer Contact Division at (517) 636-6925, or visit **[www.michigan.gov/mbt](http://www.michigan.gov/mbt)**.

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn R. White".

Glenn R. White  
Deputy State Treasurer,  
Tax Administration

# Important Information for 2011

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## Michigan Business Tax (MBT) Instruction Differences for Calendar, Fiscal Year Filers

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This MBT booklet includes forms and instructions designed for the calendar year 2011, and for the portion of the tax year in 2011 for financial institutions with a federal fiscal year beginning in 2011 and ending in 2012. All filers should read the instructions carefully.

**NOTE:** Per Public Act 39 of 2011, the Corporate Income Tax (CIT) replaces the MBT for most taxpayers effective January 1, 2012. After that date, the MBT continues as the MBT election.

The MBT election enables a taxpayer with certain types of certified or awarded MBT credits to continue using those credits once the CIT is in place. A financial institution with a federal fiscal year beginning in 2011 and ending in 2012 must file two short-period returns, one to report its final 2011 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 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 certified credits, a 2012 MBT return for the period from January 1, 2012, to the ending of its 2011-12 fiscal year. If the taxpayer is not subject to the CIT and does not have a certified credit or does not elect to remain under the MBT election, that taxpayer will not have a business tax liability for the period beginning January 1, 2012.

This year 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 “2011 Supplemental Instructions for Fiscal MBT Filers – Financial Institutions” later in this booklet.

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## Helpful Hints for Completing an MBT Return

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### MBT UBG Combined Filing Schedule for Financial Institutions (Form 4752)

Members of a UBG will report their data on Form 4752. Once all member data is combined and eliminations are calculated, these final figures will carry to Form 4590. All credits claimed on Form 4752 must be supported by the applicable forms and these forms must be included when filing the return.

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 Form 4590 that is applicable for that year, check the box in the upper-right corner of the return, and attach a separate sheet

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.

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## Changes for Disregarded Entities

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Public Act 305 was enacted into law on December 27, 2011, to add Michigan Compiled Law 208.1512 to the MBT. This section provides three different rules for the filing requirements of an entity that is disregarded for federal purposes:

- The general rule provides that a person that is disregarded for federal income tax purposes must be classified as a disregarded entity for MBT purposes.
- However, if a person that is disregarded for federal income tax purposes has already filed separately for its 2008, 2009, or 2010 MBT tax years in either an original 2008, 2009, or 2010 MBT return filed prior to January 1, 2012, or in an amended 2008, 2009, or 2010 MBT return filed prior to December 1, 2011, that person may continue to file separately in those years — it does not have to amend those returns. (A person that is disregarded for federal income tax purposes that did not file as a separate entity for the 2008, 2009, or 2010 tax year in either an original return filed before January 1, 2012, or in an amended return prior to December 1, 2011, is not entitled to file as a separate entity for its 2008, 2009, or 2010 tax year.)
- For the 2011 MBT tax year, a person that is disregarded for federal income tax purposes that 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.

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## Accelerated Credits in 2012

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A taxpayer with a certificated credit under section 435 (Historic) or 437 (Brownfield) of the Michigan Business Tax Act (MBTA), which 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 that 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](http://www.michigan.gov/taxes). An accelerated credit refund will be paid within 60 days after Form 4889 is filed.

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### Brief Overview of the CIT

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The CIT takes effect January 1, 2012, and replaces the MBT, except for certain businesses that wish to retain certain certificated credits. Among the highlights of the CIT:

- The CIT applies only to C Corporations, entities taxed as C Corporations for federal income tax purposes, financial institutions and insurance companies.
- Individuals and flow-through entities, including partnerships, S Corporations, and trusts, are not subject to the CIT. However, flow-through entities may be subject to Flow-Through Withholding.
- For the 2012 tax year, fiscal year taxpayers will be granted an automatic extension to file the annual return to April 30, 2013, regardless of whether they are filing a CIT return or an MBT election return. **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 fiscal year.
- Taxpayers will be required to file quarterly estimated returns as well as an annual return.
- Annual payments will still be due on the prescribed due date of the annual return.
- The CIT is equal to 6 percent of the CIT tax base after allocation or apportionment.
- The only credit available for Standard Taxpayers under the CIT is the Small Business Alternative Credit. Insurance companies may claim the Workers' Disability Supplemental Benefit (WDSB) Credit if eligible.
- An entity that has received, has been approved to receive, or has been assigned certain certificated tax credits under MBT may elect to continue to file and pay under the MBT in lieu of the CIT. This election must be made when the return is filed for the first tax period beginning after 2011.
- Estimated payments will still be due on the prescribed due dates for quarterly estimated returns.

For more information on the CIT, go online to [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

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### Overview of Flow-Through Withholding

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- Flow-through entities with non-resident individual owners must withhold tax on the distributive share of each non-resident individual owner. Beginning in 2012, flow-through entities with more than \$200,000 of business income reasonably expected to accrue, after allocation or apportionment, will be required to withhold a tax on the distributive share of each owner that is a C Corporation or flow-through entity.
- The flow-through entities will be required to file four quarterly returns and an annual return.
- There will be no extensions granted to flow-through entities for their *FTW Quarterly Return* (Form 4917). However, fiscal year taxpayers will be granted an automatic extension until February 28, 2013, for their flow-through withholding annual reconciliation return for the 2012 portion of their 2011-12 federal tax year.

## 2011 General Information for Financial Institutions

**Standard Taxpayers and Insurance Companies:** See the *Michigan Business Tax (MBT) Instruction Booklet for Standard Taxpayers* (Form 4600) or the *MBT Instruction Booklet for Insurance Companies* (Form 4592) at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

**Fiscal Year Filers:** See “Supplemental Instructions for Fiscal MBT Filers — Financial Institutions” on page 33.

*This booklet is intended as a guide to help complete the MBT return. It does not take the place of the law.*

### Who Files a Financial Return?

File an *MBT Annual Return for Financial Institutions* (Form 4590) if the taxpayer is any of the following:

- A bank holding company, a national bank, a state chartered bank, an office of thrift supervision chartered bank or thrift institution, or a savings and loan holding company other than a diversified savings and loan holding company as defined in 12 United States Code (USC) 1467a(a)(1)(F) or a federally chartered Farm Credit System institution.
- Any person, other than an insurance company subject to the tax imposed under Chapter 2A of the MBT Act, who is directly or indirectly owned by an entity described above and is a member of the Unitary Business Group (UBG). (See the definition of UBG in the “UBGs and Combined Filing” section of this General Information.) This generally refers to all non-insurance taxpayers that are owned by and unitary with financial institutions.
- A UBG consisting of entities described above.

If the taxpayer is not any of the above, check to see if filing either the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588) or the *MBT Annual Return* (Form 4567) for standard filers is required.

### Using This Booklet

This MBT financial institution booklet includes forms and instructions for financial institutions. These forms are designed for calendar year 2011 and for the 2011 short-year of a fiscal filer with a federal tax year ending in 2012.

**Fiscal Year Filer:** See “Supplemental Instructions for Fiscal MBT Filers — Financial Institutions” on page 33.

Read the General Information first. It is recommended that taxpayers and tax preparers also briefly review the instructions for all forms.

### Overview of MBT for Financial Institutions

Every financial institution with nexus in Michigan is subject to a franchise tax. The franchise tax is imposed upon the tax base of the financial institution after allocation or apportionment to Michigan at the rate of 0.235 percent.

In addition, there is an annual surcharge imposed at the rate of 23.4 percent.

**NOTE:** Trust-only banks do not pay a surcharge.

Nonrefundable and refundable credits are available for financial institutions to help reduce the initial MBT liability. This includes a limited allowance for Single Business Tax (SBT) credit carryforwards.

These forms are available online at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

Nonrefundable Credits:

- SBT Credit Carryforwards (claimed on *SBT Credit Carryforwards* (Form 4569))
- Compensation Credit (claimed on *MBT Credits for Compensation, Investment, and Research and Development* (Form 4570))
- Renaissance Zone Credit (claimed on *MBT Renaissance Zone Credit Schedule* (Form 4595))
- Brownfield Redevelopment Credit (calculated on *MBT Election of Refund or Carryforward of Credits* (Form 4584))
- Individual or Family Development Account Credit (claimed on *MBT Miscellaneous Nonrefundable Credits* (Form 4573))
- Historic Preservation Credit (reported on *Michigan Historic Preservation Tax Credit* (Form 3581))
- Film Infrastructure Credit (as assignee only).

Refundable Credits:

- Michigan Economic Growth Authority (MEGA) Employment Tax Credit (claimed on *MBT Refundable Credits* (Form 4574))
- Historic Preservation Credit (reported on Form 3581)
- MEGA Photovoltaic Technology Credit (as assignee only)
- Brownfield Redevelopment Credit (calculated on Form 4584)
- Film Production Credit (as assignee only).

### Filing CIT Quarterly Tax Estimates for 2012

Michigan Business Tax ends for most taxpayers on December 31, 2011. A new Corporate Income Tax (CIT) begins January 1, 2012 for most taxpayers.

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 following:

- the actual CIT liability for the quarter, or 25 percent of the estimated total liability if paying a CIT liability, or
- the actual Business Income Tax and Modified Gross Receipts Tax for the quarter, or 25 percent of the estimated annual total liability, plus the surcharge imposed, if continuing to file MBT in 2012.

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 continuing to file MBT and the prior year's tax under the MBT Act, including surcharge, is \$20,000 or less, estimated tax may be based on the prior year's total tax liability paid in four equal, timely installments. ("Four equal installments" describes the minimum pace of payments that will satisfy this safe harbor. Payments at a more accelerated pace also will qualify.) 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.

**NOTE:** For those continuing to file MBT, 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. 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 MBT liability for the current year. **For those filing CIT**, there is no safe harbor in this first year. The estimates must equal at least 85 percent of the total liability as stated 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.

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### Electronic Filing of MBT Returns

Michigan has an enforced MBT e-file mandate. Software developers producing MBT 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 MBT returns prepared using tax preparation software or computer-generated forms must be e-filed.

Treasury will be enforcing the MBT 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 not process computer-generated paper returns that are eligible to be e-filed. A notice will be mailed to the taxpayer indicating the return was not filed in the proper form and content and must be e-filed.

Treasury will continue to accept certain Portable Document Format (PDF) attachments with MBT e-filed returns. A current list of defined attachments is available in the MBT "Electronic Filing Tax Preparer Handbook," which is available on Treasury's Web site at [www.MIfastfile.org](http://www.MIfastfile.org) by selecting "Business Taxpayer," then "Michigan Business Tax E-File," and looking under "Tax Preparer Resources." Follow your software instructions for submitting attachments with an e-filed return.

If the MBT 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](http://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](http://www.irs.gov) for more information on federal e-file requirements and the IRS Federal/State Modernized e-File (MeF) program.

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### Complete Federal Tax Forms First

Before preparing MBT returns, complete all federal tax forms. These forms may include:

- Fiduciaries—U.S. Form *1041*, *1065*, and related Schedules *C*, *C-EZ*, *D*, *E*, *K*, *4797*, and *8825*.
- Corporations—U.S. Form *1120*, *1120-S*, and Schedules *D*, *K*, *851*, *940*, *4562*, *4797*, and *8825*.
- Limited Liability Companies (LLCs)—federal forms listed above, depending on how federal returns have been filed.

Reference these federal forms to complete Form 4590.

Copies of certain pages from these federal forms must also be attached to the annual return filed. See the instructions for Form 4590 for further details.

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### Completing Michigan Forms

Treasury captures the information from paper MBT 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:** 012345678. Do not put a slash through the zero (Ø) or seven (7).
- **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 an MBT 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. If there is any question about the existence of nexus for MBT purposes, see Revenue Administrative Bulletins (RABs) 2007-6 and 2008-4 for further guidance. These RABs can be found on the Treasury Web site at [www.michigan.gov/taxes](http://www.michigan.gov/taxes). (Click on the “Reference Library” link on the left side of the page.)

For a taxpayer using Form 4590, first complete lines 1 through 26, which is sufficient to calculate total liability before all credits. At that point, if any nonrefundable credits will be claimed, begin the *MBT Nonrefundable Credits Summary* (Form 4568), which serves several important functions:

- Acts as a checklist of nonrefundable credits
- Identifies the order in which nonrefundable credits must be claimed
- Identifies the form on which each nonrefundable credit is calculated
- Tracks tax liability as it is reduced by each credit in proper order

- Identifies (where applicable) the point at which tax liability reaches zero and no further nonrefundable credits may be claimed in the current filing period.

Complete Form 4568 from top to bottom. For each credit the taxpayer qualifies for, calculate the credit as identified on the appropriate form and bring the result back to the appropriate line on Form 4568.

After total nonrefundable credits are determined on Form 4568, line 40, carry the figure to Form 4590, line 27. The lines following are straightforward, but take care to consider any available refundable credits on Form 4590, Part 2.

### Further General Guidance

For purposes of MBT, *person* means an individual, firm, bank, financial institution, insurance company, limited partnership, limited liability partnership, copartnership, partnership, joint venture, association, corporation, S corporation, LLC, receiver, estate, trust, or any other group or combination of groups acting as a unit.

A *taxpayer* includes a single person or a UBG liable for tax, interest, or penalty. A UBG must file a combined MBT return (addressed in the “UBGs and Combined Filing” section of this General Information).

**LLC.** An LLC is classified for MBT purposes according to its federal tax classification. The following terms, whenever used in MBT 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 a true corporation is an officer in this LLC.

**NOTE:** In this booklet, the term “corporation,” used without a C or S, generally refers to both types.

**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 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 that 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. A federally disregarded entity that files MBT as a distinct entity is classified for MBT purposes according to the federal tax classification of its owner. A federally disregarded LLC or Q-Sub that files MBT as a distinct entity is classified for MBT purposes according to the federal tax classification of its owner.

Public Act 305 was enacted into law on December 27, 2011, to add Michigan Compiled Law 208.1512 to the MBT. This section provides three different rules for the filing requirements of an entity that is disregarded for federal purposes:

- The general rule provides that a person that is disregarded for federal income tax purposes must be classified as a disregarded entity for MBT purposes.



- However, if a person that is disregarded for federal income tax purposes has already filed separately for its 2008, 2009, or 2010 MBT tax years in either an original 2008, 2009, or 2010 MBT return filed prior to January 1, 2012, or in an amended 2008, 2009, or 2010 MBT return filed prior to December 1, 2011, that person may continue to file separately in those years — it does not have to amend those returns. (A person that is disregarded for federal income tax purposes that did not file as a separate entity for the 2008, 2009, or 2010 tax year in either an original return filed before January 1, 2012, or in an amended return prior to December 1, 2011, is not entitled to file as a separate entity for its 2008, 2009, or 2010 tax year.)

- For the 2011 MBT tax year, a person that is disregarded for federal income tax purposes that 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.

**Fiduciaries** filing for Trusts engaged in business activity must file an MBT return and report the total business activity.

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## UBGs and Combined Filing

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**NOTE:** UBGs are addressed below, 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.”

### 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 persons (Individuals or 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 MBT 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 a separate form that reports income, deductions, and activities separately by member, then combines those items as if the members were a single entity. 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 MBT 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, 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) 208.1109(5).

**Control Test.** The control test is satisfied when one person owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting or comparable rights of the other person or persons. A person owns or controls more than 50 percent of the ownership interest with voting rights or ownership interest that confer comparable rights to voting rights of another person if that person owns or controls:

- More than 50 percent of the total combined voting power of all ownership interests with voting (or comparable) rights, or
- More than 50 percent of the total value of all ownership interests with voting (or comparable) rights.

**Relationship Tests.** The definition of a UBG requires, in addition to satisfying the control test, that the group of persons have business activities or operations that either:

- 1) Result in a flow of value between or among persons in the group, or
- 2) Are integrated with, dependent upon, or contribute to each other.

A taxpayer need only meet one of the two alternative tests to satisfy the relationship test.

1) *Flow of value* is established when members of the group demonstrate one or more of functional integration, centralized management, and economies of scale. Examples of functional integration include common programs or systems and shared information or property. Examples of centralized management include common management or directors, shared staff functions, and business decisions made for the UBG rather than separately by each member. Examples of economies of scale include centralized business functions and pooled benefits or insurance. Groups that commonly exhibit a flow of value include vertically or horizontally integrated businesses, conglomerates, parent companies with their wholly owned subsidiaries, and entities in the same general line of business. Flow of value must be more than the mere flow of funds arising out of passive investment.

2) The alternate “*contribution/dependency*” relationship test asks whether business activities are integrated with, dependent upon, or contributed to each other. Businesses are integrated with, are dependent upon, or contribute to each other under many of the same circumstances that establish flow of value. However, this alternate relationship test is also commonly satisfied when one entity finances the operations of another or when there exist intercompany transactions, including financing.

For more information on the control and relationship tests for UBGs, see RAB 2010-1, MBT—Unitary Business Group Control Test, and RAB 2010-2, MBT—Unitary Business Group Relationship Tests, on Treasury’s Web site at [www.michigan.gov/taxes](http://www.michigan.gov/taxes). (Click on the “Reference Library” link on the left side of the page.)

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## Filing the Correct Form

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A different primary return and instruction booklet are available for standard taxpayers (Form 4567) and insurance companies (Form 4588).

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## Filing if Tax Year Is Less Than 12 Months

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Generally, annual returns must be filed for the same period as federal income tax returns.

*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 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 Monday, December 29, 2008, will be treated as follows:

- 2008 tax year end of December 31, 2008.
- Due date of April 30, 2009.
- 2009 tax year beginning January 1, 2009.

**Example 2:** A taxpayer with a federal tax year ending on Sunday, January 3, 2010, will be treated as follows:

- 2009 tax year end of December 31, 2009.
- Due date of April 30, 2010.
- 2010 tax year beginning on January 1, 2010.

**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:

- 2008-09 fiscal year end will be January 31, 2009.
- Due date will be May 31, 2009.
- 2009-10 fiscal year will begin on February 1, 2009.

## Annualizing

If the filing period is less than 12 months, annualize the prior year's 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, timely, installments.

If annualization is required, multiply the 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 a month if the business operated for more than half the days of that month. A business whose entire tax year is 15 days or less, however, is considered in business for one month.

**EXAMPLE:** A fiscal year taxpayer with a tax year ending in June files a six-month return ending June 2010 reporting a tax liability of \$9,000. Estimates for the tax year ending June 2011 may be based on the annualized liability of \$18,000. Estimates must be paid in four equal, timely installments of \$4,500.

**Fiduciaries:** A business registered as a Fiduciary that is in business less than 12 months is not required to annualize.

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## Due Dates of Annual Returns

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For calendar year 2011, the annual return is due April 30, 2012. For fiscal filers, the annual return is due on the last day of the fourth month after the end of the tax year, if the tax year ends before December 31, 2011. Otherwise, all fiscal filers with a federal tax year end in 2012 must file a short period return for MBT that ends December 31, 2011.

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## Additional Filing Time

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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 an MBT extension. The IRS does not notify state governments of extensions. A request for a Michigan extension must be received and approved to avoid penalty on the tax due.

Extension applications must be postmarked on or before the due date of an annual return.

Although Treasury may grant extensions for filing MBT 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 an MBT 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.

**IMPORTANT:** If no tax is owed, there is no need to file an extension with Michigan by the due date of the return to avoid penalty. However, without an approved extension, it is necessary to file an annual return as soon as the information is available to do so. An extension of time to file will also extend the statute of limitations.

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## Amending a Return

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To amend a current or prior year annual return, complete the Form 4590 that is applicable for that year and check the box in the upper-right corner of the return, 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. Enter the figures on the amended return as they

should be. 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](http://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 an MBT 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 *MBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4582). 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, 2011 | 4.25% | 0.0001164  |
| July 1, 2011    | 4.25% | 0.0001164  |
| January 1, 2012 | 4.25% | 0.0001164  |

For a complete list of interest rates, see RAB 2011-4 on Treasury's Web site at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

### Signing the Return

All returns must be signed and dated by the taxpayer or the taxpayer's authorized agent. This may be the owner, partner, 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 MBT 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-MBT (also called the *MBT e-file Authorization MI-8879-MBT*, 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.

Form MI-8879-MBT will be printed and contain the taxpayer PIN. The tax preparer will retain Form MI-8879-MBT in his or her records as part of the taxpayer's printed return. MBT State Stand Alone e-filings submitted without a taxpayer PIN will be rejected by Treasury. Do not mail Form MI-8879-MBT to Treasury and do not include Form MI-8879-MBT 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 30113  
Lansing MI 48909

**Without payment:**

Michigan Department of Treasury  
PO Box 30783  
Lansing MI 48909

Mail an extension application (Form 4) to:

Michigan Department of Treasury  
PO Box 30774  
Lansing MI 48909-8274

Mail MBT quarterly estimate payments (Form 4548) 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 FEIN or TR Number, the tax year, and “MBT” on the front of the check. Do not staple the check to the return.

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## **Correspondence**

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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](http://www.michigan.gov/treasuryforms)** or inside the Sales, Use, and Withholding Tax booklet.

Mail correspondence to:

Customer Contact Division, MBT Unit  
Michigan Department of Treasury  
PO Box 30059  
Lansing MI 48909

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## **To Request Forms**

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### **Internet**

Current and past year forms are available on Treasury’s Web site at **[www.michigan.gov/treasuryforms](http://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.

# 2011 MICHIGAN Business Tax Annual Return for Financial Institutions

☐ Check if this is an amended return.  
Attach supporting documents.

Issued under authority of Public Act 36 of 2007.

|  |       |   |              |
|--|-------|---|--------------|
| 1. Return is for calendar year 2011 or for tax year beginning: (MM-DD-YYYY)      |       | and ending: (MM-DD-YYYY)  |              |
| 2. Name (print or type)  |       | 7. Federal Employer Identification Number (FEIN) or TR Number   |              |
| Doing Business As (DBA)  |       | 8. Organization Type  |              |
| Street Address <input type="checkbox"/> Check if new address. (See instructions) |       | <input type="checkbox"/> Fiduciary <input type="checkbox"/> S Corporation / LLC S Corporation                   |              |
| City   | State | ZIP/Postal Code   | Country Code |
| 3. Principal Business Activity   |       | 4. Business Start Date in Michigan  |              |
| 5. NAICS (North American Industry Classification System) Code                    |       | 6. If Discontinued, Effective Date  |              |
|  |       | 8a. <input type="checkbox"/> Check if taxpayer (or any UBG member) has authority to exercise trust powers only. |              |
|  |       | 9. <input type="checkbox"/> Check if Filing Michigan Unitary Business Group Return. (Include Form 4752.)        |              |

|                                |   |  |    |
|--------------------------------|---|--|----|
| 10. Apportionment Calculation: | a. Michigan Gross Business (if no Michigan gross business, enter zero) ..10a. |  | 00 |
|                                | b. Total Gross Business..... 10b.   |  | 00 |
|                                | c. Apportionment Percentage. Divide line 10a by line 10b..... 10c.            |  | %  |

## PART 1: FRANCHISE TAX

Lines 11-14: If less than zero, enter zero.

|   | A<br>2007 | B<br>2008 | C<br>2009 | D<br>2010 | E<br>2011 |
|---|-----------|-----------|-----------|-----------|-----------|
| 11. Equity Capital .....  |           |           |           |           |           |
| 12. Goodwill.....   |           |           |           |           |           |
| 13. Average daily book value of Michigan obligations.....   |           |           |           |           |           |
| 14. Average daily book value of U.S. obligations .....  |           |           |           |           |           |
| 15. Subtotal. Add lines 12 through 14 .....   |           |           |           |           |           |
| 16. Net Capital. Subtract line 15 from line 11 .....  |           |           |           |           |           |
| 17. a. Authorized insurance co. subsidiary: Enter actual capital fund amount .....                                |           |           |           |           |           |
| b. Minimum regulatory amount required .....   |           |           |           |           |           |
| c. Multiply line 17b by 125% (1.25).....  |           |           |           |           |           |
| d. Subtract line 17c from 17a. If less than zero, enter zero .....  |           |           |           |           |           |
| 18. Add lines 16 and 17d.....   |           |           |           |           |           |
| 19. Add lines 18A, 18B, 18C, 18D and 18E. If less than zero, enter zero here and on line 26; skip to line 26..... |           |           |           |           | 00        |
| 20. Net Capital for Current Taxable Year. Divide line 19 by number of tax years reported above.....               |           |           |           |           | 00        |
| 21. Apportioned Tax Base. Multiply line 20 by percentage on line 10c .....  |           |           |           |           | 00        |
| 22. Tax Before Surcharge. Multiply line 21 by 0.235% (0.00235).....   |           |           |           |           | 00        |
| 23. Tax liability for entities with authority to exercise trust powers only (see instructions) .....              |           |           |           |           | 00        |
| 24. Tax subject to surcharge. Subtract line 23 from line 22.....  |           |           |           |           | 00        |
| 25. Surcharge. Multiply line 24 by 23.4% (0.234).....   |           |           |           |           | 00        |
| 26. Total Liability Before All Credits. Add lines 22 and 25.....  |           |           |           |           | 00        |
| 27. Nonrefundable credits from Form 4568, line 40 .....   |           |           |           |           | 00        |
| 28. Total Tax After Nonrefundable Credits. Subtract line 27 from line 26. If less than zero, enter zero .....     |           |           |           |           | 00        |

FEIN or TR Number

|  |     |  |    |
|--|-----|--|----|
| 29. Recapture of Certain Business Tax Credits from Form 4587, line 12..... | 29. |  | 00 |
| 30. <b>Total Tax Liability.</b> Add lines 28 and 29 .....                  | 30. |  | 00 |

**PART 2: PAYMENTS, REFUNDABLE CREDITS AND TAX DUE**

|  |     |  |    |
|--|-----|--|----|
| 31. Overpayment credited from prior return .....   | 31. |  | 00 |
| 32. Estimated tax payments .....   | 32. |  | 00 |
| 33. Tax paid with request for extension .....  | 33. |  | 00 |
| 34. Refundable credits from Form 4574, line 31 .....                                       | 34. |  | 00 |
| 35. Total Payments. Add lines 31 through 34. (If not amending, then skip to line 37) ..... | 35. |  | 00 |

**AMENDED  
RETURN  
ONLY**

|  |      |  |    |
|--|------|--|----|
| 36. a. Payment made with the original return .....               | 36a. |  | 00 |
| b. Overpayment received on the original return .....             | 36b. |  | 00 |
| c. Add lines 35 and 36a and subtract line 36b from the sum ..... | 36c. |  | 00 |

|  |     |  |    |
|--|-----|--|----|
| 37. <b>TAX DUE.</b> Subtract line 35 (or line 36c, if amending) from line 30. If less than zero, leave blank ..... | 37. |  | 00 |
| 38. Underpaid estimate penalty and interest from Form 4582, line 38 .....  | 38. |  | 00 |

|  |      |  |    |
|--|------|--|----|
| 39. Annual return penalty (a) <input type="text"/> % = (b) <input type="text"/> 00 plus interest of (c) <input type="text"/> 00. Total ..... | 39d. |  | 00 |
|--|------|--|----|

|   |     |  |    |
|---|-----|--|----|
| 40. <b>PAYMENT DUE.</b> If line 37 is blank, go to line 41. Otherwise, add lines 37, 38 and 39d ..... | 40. |  | 00 |
|---|-----|--|----|

**PART 3: REFUND OR CREDIT FORWARD**

|   |     |  |    |
|---|-----|--|----|
| 41. Overpayment. Subtract lines 30, 38 and 39d from line 35 (or line 36c, if amending). If less than zero, leave blank (see instructions) ..... | 41. |  | 00 |
| 42. <b>CREDIT FORWARD.</b> Amount on line 41 to be credited forward and used as an estimate for next MBT tax year ....                          | 42. |  | 00 |
| 43. <b>REFUND.</b> Amount on line 41 to be refunded .....   | 43. |  | 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.

☐ By checking this box, I authorize Treasury to discuss my return with my preparer.

Authorized Signature for Tax Matters

Authorized Signer's Name (print or type)

Date

Title

Telephone Number

**Preparer Certification.** I declare under penalty of perjury that this return is based on all information of which I have any knowledge.

Preparer's PTIN, FEIN or SSN

Preparer's Business Name (print or type)

Preparer's Business Address and Telephone Number (print or type)

**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  
P.O. Box 30783  
Lansing, MI 48909
**WITH PAYMENT** - Pay amount on line 40 and mail check and return to:
Michigan Department of Treasury  
P.O. Box 30113  
Lansing, MI 48909

Make check payable to "State of Michigan." Print taxpayer's FEIN or TR Number, the tax year, and "MBT" on the front of the check. Do not staple the check to the return.

# Instructions for Form 4590

## Michigan Business Tax (MBT) Annual Return for Financial Institutions

**Fiscal Year Filers:** See “Supplemental Instructions for Fiscal MBT Filers — Financial Institutions” on page 33.

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### Purpose

To calculate a tax liability and claim credits for a financial institution for MBT.

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### Special Instructions for Unitary Business Groups

A *Unitary Business Group (UBG)* is a group of United States persons, 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 United States persons; AND
- The UBG has operations which result in a flow of value between persons 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.

All financial institution members of a UBG must file a combined Form 4590 for the group with a Designated Member (DM) who must be the controlling member of the group, unless the controlling member does not have nexus with Michigan. If that is the case, the controlling member may appoint a group member with nexus to serve as the DM.

**NOTE:** The *MBT Unitary Business Group Combined Filing Schedule for Financial Institutions* (Form 4752) must be completed before completing Form 4590.

For more information on UBGs, see the instructions for Form 4752, available online at the Department of Treasury (Treasury) Web site at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

For more information on the control and relationship tests for UBGs, see Revenue Administrative Bulletin (RAB) 2010-1 Michigan Business Tax-Unitary Business Group Control Test and RAB 2010-2 Michigan Business Tax-Unitary Business Group Relationship Tests on the Treasury Web site.

**NOTE:** Under the foregoing definition, a UBG may include financial institutions, insurance companies, and standard taxpayers. A group containing a mixture of these three taxpayer types may be required to file two or more returns to properly report the activities of the different taxpayer types within the group.

Under Michigan Compiled Law (MCL) 208.1261(f), *financial institution* means any of the following:

- i. A bank holding company, a national bank, a state chartered bank, an office of thrift supervision chartered bank or thrift institution, or a savings and loan holding company other than a diversified savings and loan holding company as defined in 12 United States Code (USC) 1467a(a)(F) or a federally chartered Farm Credit System institution.
- ii. Any entity, other than an entity subject to the tax imposed

under Chapter 2A (insurance company), who is directly or indirectly owned by an entity described in (i) and is a member of the UBG.

- iii. A UBG of entities described in (i) or (ii), or both.

**NOTE:** Because the definition of financial institution for MBT purposes includes any entity (except an insurance company) that is owned by a bank or other entity (as described above) and is a member of a UBG with its parent, this may cause an entity that is not commonly thought of as a financial institution to be defined as one for return filing purposes. A UBG of financial institutions must file a combined return on this Form 4590 that includes each member of the group that is a financial institution.

### Taxpayer Certification

A return filed by a UBG must be signed by an individual authorized to sign on behalf of the DM. Provide the telephone number of that individual at the DM's office.

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### Line-by-Line Instructions

*Lines not listed are explained on the form.*

Dates must be entered in MM-DD-YYYY format.

For periods less than 12 months, see the “General Information for Standard Taxpayers” in the *MBT Forms and Instructions for Financial Institutions* (Form 4599).

Every taxpayer engaged in business activity in Michigan must file an annual return. **There is no minimum filing threshold for financial institutions.** The MBT Act is found at MCL 208.1101 et seq. Sections specific to financial institutions are in Chapter 2B. General provisions elsewhere in the act also apply to financial institutions.

**UBGs:** Complete Form 4752 before beginning Form 4590.

**Amended Returns:** To amend a current or prior year annual return, complete the Form 4590 that is applicable for that year, check the box in the upper-right corner of the return, and attach a separate sheet 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.

**Line 1:** Unless a calendar year, enter the beginning and ending dates (MM-DD-YYYY) that correspond to the taxable period as reported to the IRS.

*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 covers. Generally, a taxpayer's tax year is for the same period as is covered by its federal income tax return.

**Fiscal Year Filers:** See “Supplemental Instructions for Fiscal MBT Filers — Financial Institutions” on page 33.

**Line 2:** Enter the complete address and, if other than the United States, enter the two-digit abbreviation for the country code. See the list of country codes in Form 4599.

Correspondence about and any refund from this return will be sent to the address used here. Check the new address box if the address used on this line has changed from last filing. 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 MBT return, will not change unless the taxpayer files a *Notice of Change or Discontinuance* (Form 163). **Exception:** If mail sent to the legal address has been returned to Treasury by the United States Postal Service, Treasury will update the taxpayers legal address with the address used on this line in the most recent MBT return.

**UBGs:** In the Name field, enter the name of the DM for the financial institutions.

**Line 3:** Enter a brief description of the principal types of financial services in which the taxpayer is engaged.

**Line 4:** Enter the start date of first business activity in Michigan.

**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/](http://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, or U.S. Form 1065.

**Line 6:** Enter the date, if applicable, on which the taxpayer went out of business. To complete the discontinuance for Michigan taxes, file Form 163, which is available on the Treasury Web site at [www.michigan.gov/treasuryforms](http://www.michigan.gov/treasuryforms). If the taxpayer is still subject to another tax administered by Treasury, do not use this line. Also, do not use this line if the taxpayer is a UBG and one member has stopped doing business.

**Line 7:** Use the taxpayer's Federal Employer Identification Number (FEIN) or the Michigan Treasury (TR) assigned number. Be sure to use the same account number on all forms.

If the taxpayer does not have an FEIN or TR number, the taxpayer **MUST** register before filing this form. Taxpayers are encouraged to register online at [www.michigan.gov/business taxes](http://www.michigan.gov/business taxes). The Web site provides information on obtaining an FEIN, which is required to submit taxes through e-file. Taxpayers usually can obtain an FEIN from the IRS within 48 hours. Taxpayers registering with the State online usually receive an account number within seven days.

Returns received without a registered account number will not be processed until such time as a number is provided.

**UBGs:** Enter the FEIN or TR Number for the DM of the financial group.

**Line 8:** Check the box that describes the DM's organization type. A Trust or a Limited Liability Company (LLC) should check the appropriate box based on its federal return.

**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 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 that 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. A federally disregarded entity that files as a distinct entity is classified for MBT purposes according to 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 Financial Institutions* (Form 4599).

**Line 8a:** If the taxpayer meets the definition of financial institution and is filing this form, but is authorized to exercise only trust powers, check this box. See line 23 for additional instructions.

**UBG:** If any member of a UBG is a financial institution that is authorized to exercise only trust powers, the UBG should check this box.

**Line 9:** Check this box if filing a Michigan UBG return and include Form 4752. For MBT, *taxpayer* means a person or a UBG liable for tax, interest, or penalty.

**Lines 10a through 10c:** A taxpayer may apportion on lines 10a through 10c only if its business activities are subject to tax both within and outside of Michigan. A financial institution is *subject to tax in another state*, as that term is used here, only if:

- It 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, or a corporate stock tax or a tax of the type imposed under the MBT Act in that other state; OR
- That other state has jurisdiction to subject the financial institution to one or more of the taxes listed above regardless of whether that state does or does not subject the financial institution to such a tax.

Under MCL 208.1261(g), *gross business* means the sum of the following less transactions between those entities included in a UBG:

- i. Fees, commissions, or other compensation for financial services.
- ii. Net gains, not less than zero, from the sale of loans and other intangibles.
- iii. Net gains, not less than zero, from trading in stocks, bonds, or other securities.
- iv. Interest charged to customers for carrying debit balances of margin accounts.
- v. Interest and dividends received.
- vi. Any other gross proceeds resulting from the operation as a financial institution.

For a UBG that includes financial institutions, gross business includes gross business in Michigan of every financial institution included in that UBG without regard to whether the financial institution has nexus in Michigan. Gross business between financial institutions included in a UBG must be eliminated in calculating the gross business factor.

Gross business is determined to be in Michigan under extensive guidelines found at MCL 208.1269. These guidelines are summarized as follows:



- Receipts from credit card receivables including interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to credit card holders such as annual fees are in Michigan if the billing address of the credit card holder is located in Michigan.
- Credit card issuer's reimbursement fees are in Michigan if the billing address of the credit card holder is located in Michigan.
- Receipts from merchant discounts are in Michigan if the commercial domicile of the merchant is in Michigan.
- Loan servicing fees are in Michigan under any of the following circumstances:
  - For a loan secured by real property, if the real property for which the loan is secured is in Michigan.
  - For a loan secured by real property, if the real property for which the loan is secured is located both in Michigan and in one or more other states and more than 50 percent of the fair market value of the real property is located in Michigan.
  - For a loan secured by real property, if more than 50 percent of the fair market value of the real property for which the loan is secured is not located within any one state but the borrower is located in Michigan.
  - For a loan not secured by real property, the borrower is located in Michigan.
- Receipts from services are in Michigan if the recipient of the services receives all of the benefit of the services in Michigan. If the recipient of the services receives some of the benefit of the services in Michigan, the receipts are included in the numerator of the apportionment factor in proportion to the extent that the recipient receives benefit of the services in Michigan.
- Receipts from investment assets and activities and trading assets and activities, including interest and dividends, are in Michigan if the financial institution's customer is in Michigan. If the location of the financial institution's customer cannot be determined, both of the following apply:
  - 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 Michigan if the average value of the assets is assigned to a regular place of business of the taxpayer in Michigan. Interest from federal funds sold and purchased and from securities purchased under resale agreements and securities sold under repurchase agreements are in Michigan if the average value of the assets is assigned to a regular place of business of the taxpayer in Michigan. The amount of receipts and other income from investment assets and activities is in Michigan if assets are assigned to a regular place of business of the taxpayer in Michigan.
  - The 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 Michigan if the assets are assigned to a regular place of business of the taxpayer in Michigan.

- Interest charged to customers for carrying debit balances on margin accounts without deduction of any costs incurred in carrying the accounts is in Michigan if the customer is located in Michigan.
- Interest from loans secured by real property is in Michigan if the property is located in Michigan, if the property is located both within Michigan and one or more other states and more than 50 percent of the fair market value of the real property is located in Michigan, and if more than 50 percent of the fair market value of the real property is not located within any one state but the borrower is located in Michigan.
- Interest from loans not secured by real property is in Michigan if the borrower is located in Michigan.
- Net gains from the sale of loans secured by real property or mortgage service rights relating to real property are in Michigan if the property is in Michigan, if the property is located both within Michigan and one or more other states and more than 50 percent of the fair market value of the real property is located in Michigan, or if more than 50 percent of the fair market value of the real property is not located in any one state, but the borrower is located in Michigan.
- Net gains from the sale of loans not secured by real property or any other intangible assets are in Michigan if the depositor or borrower is located in Michigan.
- Receipts from the lease of real property are in Michigan if the property is located in Michigan.
- Receipts from the lease of tangible personal property are in Michigan if the property is located in Michigan when it is first placed in service by the lessee.
- Receipts from the lease of transportation tangible personal property are in Michigan if the property is used in Michigan or if the extent of use of the property in Michigan cannot be determined but the property has its principal base of operations in Michigan.

**UBGs:** Carry amount from Form 4752, line 2C, to line 10a, and the amount from Form 4752, line 3C, to line 10b.

**Fiscal Year Filers:** See "Supplemental Instructions for Fiscal MBT Filers — Financial Institutions" on page 33.

## **PART 1: FRANCHISE TAX**

The following tax base calculation involves a five-year average of net capital. Enter data from the current tax year and four most recent MBT and Single Business Tax (SBT) tax years to complete the five-year table. For purposes of this table, treat a partial year as a full year. If the current and four preceding tax periods include any short periods, the years printed in column headings for this part will not apply accurately. For example, assuming no short periods reported for federal purposes, a financial institution with a fiscal year-end of August 31 would average the net capital for tax years ending December 31, 2007, August 31, 2008, August 31, 2009, August 31, 2010, and August 31, 2011.

**UBGs:** Leave lines 11 through 19 blank, complete line 20 with combined data from Form 4752, line 25, and proceed with the rest of the lines on Form 4590.

**Part 1; Lines 11-14, Line 17a and Line 17b: Fiscal Year Filers:** See “Supplemental Instructions for Fiscal MBT Filers — Financial Institutions” on page 33.

**Line 11:** Enter equity capital as of the last day of the filing period, as computed in accordance with generally accepted accounting principles. If the financial institution does not maintain its books and records in accordance with generally accepted accounting principles, net capital must be computed in accordance with the books and records used by the financial institution, so long as the method fairly reflects the financial institution’s net capital for purposes of MBT. If the financial institution owns a subsidiary that is an authorized insurance company, the equity capital of the insurance subsidiary is not included in the financial institution’s equity capital. Attach supporting schedules.

**Line 13:** Under MCL 208.1261(k), *Michigan obligations* means a bond, note, or other obligation issued by a governmental unit described in Section 3 of the Shared Credit Rating Act, Public Act 227 of 1985, MCL 141.1053.

**Line 14:** Under MCL 208.1261(s), *United States obligations* means all obligations of the United States exempt from taxation under 31 USC 3124(a) or exempt under the United States constitution or any federal statute, including the obligations of any instrumentality or agency of the United States that are exempt from state or local taxation under the United States constitution or any statute of the United States.

**Line 17a:** If this taxpayer owns a subsidiary that is an authorized insurance company, enter the actual amount of the capital fund maintained within that subsidiary. This does not include a captive insurance company.

**Line 17b:** Enter the minimum capital fund amount required by regulations for that insurance subsidiary.

**Line 23:** If qualified to check box 8a and not part of a UBG, enter the amount from line 22.

**UBGs:** Calculate the pro forma tax liability of all members not subject to the surcharge to determine the amount of tax to enter on this line. A copy of this calculation must be attached to the tax filing.

**Line 27:** Enter nonrefundable credits from the *MBT Nonrefundable Credits Summary* (Form 4568), line 40. Note that these credits have strict eligibility requirements, and only the following are available to a financial institution:

- SBT credit carryforwards (*Single Business Tax (SBT) Credit Carryforwards* (Form 4569))
- Compensation Credit (claimed on the *MBT Credits for Compensation, Investment, and Research and Development* (Form 4570))
- Renaissance Zone Credit (claimed on the *MBT Renaissance Zone Credit Schedule* (Form 4595))
- Individual or Family Development Account Credit (claimed on the *MBT Miscellaneous Nonrefundable Credits* (Form 4573))
- Brownfield Redevelopment Credit (calculated on the *MBT Election of Refund or Carryforward of Credits* (Form 4584))
- Historic Preservation Credit (calculated on Form 4584)
- Film Infrastructure Credit (as assignee only)

**Line 29:** Recapture of certain credits is entered on *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587). For a financial institution, these are the Michigan Economic Growth Authority (MEGA) Employment Tax Credit and Brownfield Redevelopment Credit. If the taxpayer experienced recapture of either of these credits during the filing period, complete Form 4587 and carry the result to this line.

## PART 2: PAYMENTS, REFUNDABLE CREDITS, AND TAX DUE

**UBGs:** On lines 31 through 36, enter combined data for all members included on this combined return.

**Line 31:** Enter overpayment credited from prior MBT return.

**Line 32:** Enter total payments made with the *MBT Quarterly Return* (Form 4548), the MBT estimates paid with the *Combined Return for Michigan Taxes* (Form 160) or via Electronic Funds Transfer (EFT). Include all payments made toward the current filing period.

**Line 34:** Enter refundable credits from the *MBT Refundable Credits* (Form 4574), line 31.

Only the following are available to a financial institution:

- MEGA Employment Tax Credit (claimed on Form 4574)
- Historic Preservation Credit (calculated on Form 4584)
- Brownfield Redevelopment Credit (calculated on Form 4584)
- Film Production Credit (as assignee only)
- MEGA Photovoltaic Technology Credit (as assignee only).

### Amended Returns Only:

**Line 36a:** Enter payment made with original return.

**Line 36b:** Enter overpayment calculated on the original return (regardless of whether it was refunded or applied as a credit forward)

**Line 36c:** Add lines 35 and 36a and subtract line 36b from the sum.

**Line 38:** If penalty and interest are owed for not filing estimated returns or for underestimating tax, complete the *MBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4582) to compute penalty and interest due. If a taxpayer chooses not to file this form, Treasury will compute penalty and interest and bill for payment. (Form 4582 is available on the Web at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).)

**Line 39:** Enter the annual return penalty rate in line 39a. Add the overdue tax penalty in line 39b to the overdue tax interest in line 39c. Enter total in line 39d.

Refer to the “Computing Penalty and Interest” section in Form 4599 to determine the annual return penalty rate and use the “Overdue Tax Penalty” and “Overdue Tax Interest” worksheets below.

### WORKSHEET – OVERDUE TAX PENALTY

|  |  |    |
|--|--|----|
| A. Tax due from Form 4590, line 37 .....                           |  | 00 |
| B. Late/extension or insufficient payment penalty percentage ..... |  | %  |
| C. Multiply line A by line B .....                                 |  | 00 |

Carry amount from line C to Form 4590, line 39b.

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**WORKSHEET – OVERDUE TAX INTEREST**

|  |  |           |
|--|--|-----------|
| A. Tax due from Form 4590, line 37 .....     |  | <b>00</b> |
| B. Applicable daily interest percentage .... |  | <b>%</b>  |
| C. Number of days return was past due ...    |  |           |
| D. Multiply line B by line C .....           |  |           |
| E. Multiply line A by line D .....           |  | <b>00</b> |

Carry amount from line E to Form 4590, line 39c.

**Line 39c: 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 4599, 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 Form 4590, line 39c.

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**PART 3: REFUND OR CREDIT FORWARD**

**Line 41:** If the amount of the overpayment, less any penalty and interest due on lines 38 and 39d is less than zero, enter the difference (as a positive number) on line 40. If the amount is greater than zero, enter on line 41.

**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 MBT tax year. Complete lines 42 and 43 as applicable.

**Line 42:** If the taxpayer anticipates an MBT liability in the filing period subsequent to this return, some or all of any overpayment from line 41 may be credited forward to the next tax year as an estimated payment. Enter the desired amount to use as an estimate for the next MBT tax year.

**Reminder:** Taxpayers must sign and date returns. Tax preparers must provide a Preparer Taxpayer Identification Number (PTIN), FEIN or Social Security number (SSN), a business name, and a business address and phone number.

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**Other Supporting Forms and Schedules**

**Federal Forms:** Attach copies of these forms to the return.

- **Corporations:** U.S. Form 1120 (pages 1 through 4), 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.
- **S Corporations:** U.S. Form 1120-S (pages 1 through 4)\*, Schedule D, Form 851, Form 4562, Form 4797, and Form 8825.
- **Fiduciaries:** U.S. Form 1041 (pages 1 through 4), Schedule D, and Form 4797.
- **Limited Liability Companies:** Attach appropriate schedules shown above based on federal return filed.

**NOTE:** A qualified federally disregarded entity that is eligible to and does file its MBT return as a separate entity from its owner will prepare its MBT return on the basis of a pro forma federal return or equivalent schedule, using the same federal return type as its owner. Attach a copy of the applicable pro forma return and schedules listed above. For additional information, see “Changes for Disregarded Entities”

in the “Important Information” section of the *MBT Forms and Instructions for Financial Institutions* (Form 4599).

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

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Issued under authority of Public Act 36 of 2007.

**IMPORTANT:** Read the instructions before completing this form

| Designated Member Name | Federal Employer Identification Number (FEIN) or TR Number |
|------------------------|--|
|                        |  |

List the UBG members whose activity is included on the combined return supported by this form, beginning with the Designated Member. Include all UBG members (with or without nexus), except those excluded in Part 3. If more than one page is needed, repeat the DM's name and FEIN or TR Number in the field at the top of the page, but not on line 1.

[illegible]

If more than one page is needed to complete Part 1, duplicate answers on lines 2 and 3 on all copies of this page.

|   | A<br>Combined Total<br>Before Eliminations | B<br>Eliminations | C<br>Combined Total<br>After Eliminations |
|---|--|-------------------|---|
| 2. Michigan Gross Business. Carry 2C to Form 4590, line 10a ..... |  |                   |   |
| 3. Total Gross Business. Carry 3C to Form 4590, line 10b .....    |  |                   |   |

**PART 2B: MEMBER DATA FOR COMBINED RETURN**

Complete a separate copy of Part 2B for each UBG member listed in Part 1. Enter the combined totals of line 25 of this form on Form 4590, line 20, and skip lines 11 through 19 on Form 4590.

|   |                                     |                 |  |   |  |
|---|-------------------------------------|-----------------|--|---|--|
| 4. Member Name  |                                     |                 | 7. Organization Type<br><br><input type="checkbox"/> Fiduciary <input type="checkbox"/> S Corporation / LLC S Corporation<br><input type="checkbox"/> C Corporation / LLC C Corporation <input type="checkbox"/> Partnership / LLC Partnership |   |  |
| 5. Member FEIN or TR Number   |                                     |                 |  |   |  |
| 6. Member Address (Street)  |                                     |                 |  |   |  |
| City  | State                               | ZIP/Postal Code |  |   |  |
| 8. Federal Tax Period Included in Return (MM-DD-YYYY) .....   |                                     | Beginning       | Ending   | 12. <input type="checkbox"/> Check if Nexus with Michigan<br><br>13. <input type="checkbox"/> Check if Registered for MBT<br><br>14. <input type="checkbox"/> Check if New Member |  |
| 9. If part year member, enter membership dates (MM-DD-YYYY) .....   |                                     |                 |  |   |  |
| 10. NAICS Code  | 11. If discontinued, effective date |                 |  |   |  |
| 15. Nature of business activities or operations resulting in a flow of value between members, or integration, dependence or contribution to other members |                                     |                 |  |   |  |

**FRANCHISE TAX BASE**

*Lines 16-19: If less than zero, enter zero.*

|   | A<br>2007 | B<br>2008 | C<br>2009 | D<br>2010 | E<br>2011 |
|---|-----------|-----------|-----------|-----------|-----------|
| 16. Equity Capital .....  |           |           |           |           |           |
| 17. Goodwill.....   |           |           |           |           |           |
| 18. Average daily book value of Michigan obligations.....   |           |           |           |           |           |
| 19. Average daily book value of U.S. obligations .....  |           |           |           |           |           |
| 20. Subtotal. Add lines 17 through 19 .....   |           |           |           |           |           |
| 21. Net Capital. Subtract line 20 from line 16.....   |           |           |           |           |           |
| 22. a. Authorized insurance co. subsidiary: enter actual capital fund amount.....                   |           |           |           |           |           |
| 22b. b. Minimum regulatory amount required .....  |           |           |           |           |           |
| 22c. c. Multiply line 22b by 125% (1.25) .....  |           |           |           |           |           |
| 22d. d. Subtract line 22c from 22a. If less than zero, enter zero .....                             |           |           |           |           |           |
| 23. Add lines 21 and 22d.....   |           |           |           |           |           |
| 24. Add lines 23A, 23B, 23C, 23D and 23E .....  |           |           |           |           | 00        |
| 25. Net Capital for Current Taxable Year. Divide line 24 by number of tax years reported above..... |           |           |           |           | 00        |

Designated Member FEIN or TR Number  
Member FEIN or TR Number

**CREDIT CARRYFORWARDS AND PAYMENTS.** See instructions

|  |     |  |    |
|--|-----|--|----|
| 26. Unused SBT Historic Preservation Credit carryforward .....                       | 26. |  | 00 |
| 27. Unused SBT "New" Brownfield Credit carryforward .....                            | 27. |  | 00 |
| 28. Unused MBT Basic/Enhanced Historic Preservation Credit carryforward .....        | 28. |  | 00 |
| 29. Unused MBT Special Consideration Historic Preservation Credit carryforward ..... | 29. |  | 00 |
| 30. Unused MBT Individual or Family Development Credit carryforward .....            | 30. |  | 00 |
| 31. Unused MBT Brownfield Redevelopment Credit carryforward .....                    | 31. |  | 00 |
| 32. Unused MBT Film Infrastructure Credit carryforward .....                         | 32. |  | 00 |
| 33. Overpayment credited from prior MBT return .....                                 | 33. |  | 00 |
| 34. Estimated tax payments .....   | 34. |  | 00 |
| 35. Tax paid with request for extension .....  | 35. |  | 00 |





# Instructions for Form 4752

## Michigan Business Tax (MBT) Unitary Business Group Combined Filing Schedule for Financial Institutions

**Fiscal Year Filers:** See “Supplemental Instructions for Fiscal MBT Filers — Financial Institutions” on page 33.

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### Purpose

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The purpose of this form is to:

- Identify all members of a Unitary Business Group (UBG)
- Gather tax return data for each member included in the financial institution’s combined return on a separate basis, make appropriate eliminations, and determine combined UBG data for the tax return.

**NOTE:** This is not the primary return. It is designed to support the *MBT Annual Return for Financial Institutions* (Form 4590) submitted on behalf of the UBG by the Designated Member (DM). Even if there is only one financial institution member in a UBG, that member must file this form in support of its Form 4590.

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### General Information About UBGs in MBT

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*Unitary Business Group* means a group of United States persons, 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) 208.1109(5).

**Control Test.** The control test is satisfied when one person owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting or comparable rights of the other person or persons. A person owns or controls more than 50 percent of the ownership interest with voting rights or ownership interest that confer comparable rights to voting rights of another person if that person owns or controls:

- More than 50 percent of the total combined voting power of all ownership interests with voting (or comparable) rights, or
- More than 50 percent of the total value of all ownership interests with voting (or comparable) rights.

**Relationship Tests.** *Flow of value* is established when members of the group demonstrate one or more of functional integration, centralized management, and economies of scale. Examples of functional integration include common programs or systems and shared information or property. Examples of centralized management include common management or directors, shared staff functions, and business decisions made for the UBG rather than separately by each member. Examples of economies of scale include centralized business functions and pooled benefits or insurance. Groups that commonly exhibit a flow of value include vertically or horizontally integrated businesses, conglomerates, parent companies with their wholly owned subsidiaries, and entities in the same general line of business. Flow of value must be more than the mere flow of funds arising out of passive investment.

Businesses are integrated with, are dependent upon, or contribute to each other under many of the same circumstances that establish flow of value. However, this alternate relationship

test is also commonly satisfied when one entity finances the operations of another or when there exist intercompany transactions, including financing.

For more information on the control and relationship tests for UBGs, see Revenue Administrative Bulletin (RAB) 2010-1, MBT—Unitary Business Group Control Test, and RAB 2010-2, MBT—Unitary Business Group Relationship Tests, on the Department of Treasury (Treasury) Web site at [www.michigan.gov/taxes](http://www.michigan.gov/taxes). (Click on the “Reference Library” link on the left side of the page.)

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### Filing Procedures for UBGs

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By definition, a UBG can include standard taxpayers, insurance companies, and financial institutions. Note that an entity that would otherwise be standard but is owned by and unitary with a financial institution is defined by statute to be a financial institution. In some cases, however, not all members of the UBG will be included on the same return. Financial institution members file a combined return on Form 4590, with Form 4752 filed in support.

Form 4752 is used to gather and combine data from each financial institution member of the UBG to support the group’s Form 4590 and related forms. This form must be completed before the group’s Form 4590 and related forms are completed. If this UBG also includes standard and/or insurance company members, those members will not report tax data on this form, but will be listed as excluded affiliates in Part 3.

Standard members will combine and report their data using *MBT Unitary Business Group Combined Filing Schedule for Standard Members* (Form 4580) and *MBT Annual Return* (Form 4567).

Financial institutions include any of the following:

- A bank holding company, a national bank, a state chartered bank, an office of thrift supervision chartered bank or thrift institution, or a savings and loan holding company other than a diversified savings and loan holding company as defined in 12 United States Code (USC) 1467a(a)(1)(F), or a federally chartered Farm Credit System institution.
- Any person, other than a person subject to the tax imposed under Chapter 2A of the MBT Act (Insurance Companies), that is directly or indirectly owned by an entity described above and is a member of the UBG.
- A UBG of entities described in either or both of the preceding two bullets.

Each insurance company member will file separately, using *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588). Because insurance companies always file separately, rather than on a combined return, there is no MBT insurance form that serves a function similar to that of Forms 4580 and 4752.

**Example A:** UBG A is composed of the following:

- Four standard members
- Three financial institutions (all with nexus in Michigan)
- Two insurance companies.

All members of UBG A are owned by and unitary with one of the standard members of the UBG. UBG A will need to file Form 4580 and Form 4567 containing the four standard members and Form 4752 and Form 4590 containing the three financial institutions. In Part 1 of each form, only the members that are included on that form (either the four standard members, or the three financial institutions) will be listed. Form 4580 with standard members will be filed under the name and Federal Employer Identification Number (FEIN) of the group's standard DM. One of the financial institutions will serve as DM for those three members and file Form 4752 and Form 4590. On Part 3 of Form 4580, list all financial and insurance members. On Part 3 of Form 4752, list all standard and insurance members. The two insurance companies each will file a stand-alone Form 4588.

**Example B:** UBG B is composed of the following:

- Four members that would be standard (see below) unless owned by a financial institution
- Three financial institutions (all with nexus in Michigan)
- Two insurance companies.

All members of UBG B are owned by and unitary with one of the financial institutions in the UBG. Due to this ownership by a financial institution, the four members that otherwise would be standard are defined by statute to be financial institutions. (See definition of financial institution earlier in these instructions.) Therefore, this UBG will not file a Form 4580 or 4567. Seven members will file a combined return on Form 4590 and 4752, listing the two insurance members as excluded affiliates on Part 3 of Form 4752. The two insurance companies each will file a stand-alone Form 4588.

To complete this form and prepare a combined return, the UBG must select a DM. For purposes of a combined return filed by financial institution members of a UBG, *Designated Member* means a financial institution member that has nexus with Michigan and that will file the combined MBT return on behalf of all financial institution members of the UBG. If the financial institution member that owns or controls the other financial institution members has nexus with Michigan, that controlling member must serve as DM.

If that controlling member does not have nexus with Michigan, it may appoint any financial institution member of the UBG with nexus to serve as DM. That DM must continue to serve as such every year, unless it ceases to be a UBG member or the controlling member attains Michigan nexus.

If a UBG is comprised of both standard members (not owned by and unitary with a financial institution in the UBG) and financial institutions, the UBG will have two DMs (one for the standard members completing Form 4567 and related forms,

and one for the financial institution members completing Form 4590 and related forms).

**Role of the Designated Member:** The DM speaks, acts, and files the MBT return on behalf of the UBG for MBT purposes. Only the DM may file a valid extension request for the UBG. Treasury maintains the UBG's MBT tax data (e.g., prior MBT returns, business loss carryforward, tax credit carryforward, overpayment credit forward) under the DM's name and account number.

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## Line-by-Line Instructions

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*Lines not listed are explained on the form.*

Dates must be entered in MM-DD-YYYY format.

For additional guidance, see the "Supplemental Instructions for Standard Members in UBGs" in the *MBT Forms and Instructions for Financial Institutions* (Form 4599).

### Part 1: Unitary Business Group Members

In Part 1, list only those members of the UBG that are included on the annual return that is supported by this copy of this form. If more than 16 members, include additional 4752 forms as needed, repeating the DM's name and FEIN or Michigan Treasury (TR) assigned number in the field at the top of each page. All excluded UBG members will be identified in Part 3.

**Lines 1A and 1B:** Beginning with the DM, list the UBG financial institution members and their corresponding FEIN or TR Number.

**NOTE:** A taxpayer that is a UBG must file a combined return using the tax year of the DM. The combined return of the UBG must include each tax year of each member whose tax year ends with or within the tax year of the DM. For example, Taxpayer ABC is a UBG comprised of three financial members: Member A, the DM with a calendar tax year, and Members B and C with fiscal years ending March 31 and September 30, respectively. Taxpayer ABC's tax year is that of its DM.

For this group in 2010, that annual return would have included Member A's calendar year, the tax year of Member B ending March 31, 2010, and the tax year of Member C ending September 30, 2010.

The major tax restructuring adopted in 2011, however, changes this outcome considerably. In addition to the normal fiscal year ends for Members B and C, they each will experience a short state tax year ending December 31, 2011. (This is true regardless of whether ABC in 2012 will continue as an MBT taxpayer or convert to the new corporate income tax.) As a result, this group's return for the period ending December 31, 2011 will include:

- Member A's 2011 calendar year.
- Member B's full fiscal year ending March 31, 2011 and its short year ending December 31, 2011.
- Member C's full fiscal year ending September 30, 2011 and its short year ending December 31, 2011.

If, in the previous example, Member A, the DM, instead had

a fiscal year ending July 31, 2011, the UBG's normal tax year will end July 31 and its annual return will be due November 30, 2011. That combined return for the UBG will include Member A's fiscal year ending July 31, 2011, Member B's fiscal year ending March 31, 2011 and Member C's fiscal year ending September 30, 2010.

In addition, because all three members are required to report a short state tax year ending December 31, 2011, this group must file an additional return for that end date, which will include:

- Member A's short year ending December 31, 2011.
- Member B's short year ending December 31, 2011.
- Member C's full fiscal year ending September 30, 2011 and its short year ending December 31, 2011.

**Fiscal Year Filers:** See "Supplemental Instructions for Fiscal MBT Filers — Financial Institutions" on page 33.

## Part 2A: Apportionment Data for Combined Return

When completing Part 1, if multiple copies of this page are required, provide the same answers to Part 2A, lines 2 and 3, on each copy of this page that is submitted.

**Line 2:** Gross business is defined in the instructions to Form 4590, line 10a. On a combined return, gross business is calculated after eliminating transactions between financial institution members of the UBG. Enter combined gross business in Michigan of all financial institution members on line 2A, show eliminations on line 2B, and show net after eliminations on line 2C.

Carry amount from line 2C to line 10a on Form 4590.

**Line 3:** Enter all gross business everywhere on line 3A, show eliminations on line 3B, and show net after eliminations on line 3C.

Carry amount from line 3C to line 10b on Form 4590.

## Part 2B: Member Data for Combined Return

In all cases with one or more financial institutions in a UBG, complete one copy of Part 2B for each financial institution in the UBG whose net capital is reported on this return. Note that an entity that would otherwise be a standard member but is owned by and unitary with a financial institution is defined by statute to be a financial institution. If a financial institution member (other than the DM) has two or more federal tax periods ending with or within the filing period of this return, use a separate copy of Part 2B for each of that member's federal periods.

**Fiscal Year Filers:** See "Supplemental Instructions for Fiscal MBT Filers — Financial Institutions" on page 33.

**Line 7:** Identify the organization type of this member:

- Fiduciary (a decedent's estate, and a Trust taxed federally as a Trust under Subchapter J of the IRC. A grantor Trust or "revocable living Trust" established by an Individual is not taxed as a separate entity, and is not within this Fiduciary category.);
- C Corporation (including an LLC, Trust, or other entity taxed federally as a Corporation under Subchapter C of the IRC).
- S Corporation (including an LLC, Trust, or other entity taxed federally as a Corporation under Subchapter S of the IRC).

- Partnership (including an LP, LLP, LLC, Trust, or any other entity taxed federally as a Partnership).

**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 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 that 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. A federally disregarded entity that files as a distinct entity is classified for MBT purposes according to 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 Financial Institutions* (Form 4599).

**Line 8:** List the member's tax year, for federal income tax purposes, from which business activity is being reported on this copy of Part 2B.

**Fiscal Year Filers:** See "Supplemental Instructions for Fiscal MBT Filers — Financial Institutions" on page 33.

**Line 9:** 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. These dates constitute a short tax period for MBT purposes, even if there is no corresponding short federal tax period. This member must prepare a pro forma federal return calculation for the portion of its federal year during which it was a member of this UBG, and use that pro forma calculation as the basis for reporting the tax data required by Part 2B.

**Fiscal Year Filers:** See "Supplemental Instructions for Fiscal MBT Filers — Financial Institutions" on page 33.

**Line 10:** Enter the taxpayer'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/](http://www.census.gov/eos/www/naics/), or enter the same NAICS code used when filing U.S. Form 1120S, U.S. Form 1065, Schedule C of U.S. Form 1040, or Schedule K of U.S. Form 1120.

**Line 11:** Enter the date, if applicable, on which this member went out of existence. Examples include dissolution of an entity and a merger in which this member was not the surviving entity. Include any event in which the FEIN ceases to be used by this entity. If this member continues to exist, DO NOT use this column to report that this member has stopped doing business in Michigan.

**Line 12:** If this member has nexus with Michigan, check this box. Guidance in determining nexus can be found in RABs 2007-6 and 2008-4, available online at [www.michigan.gov/taxes](http://www.michigan.gov/taxes). (Click on the "Reference Library" link at left side of that Web page.)

**Line 14:** This line does not apply to the first MBT return filed by this UBG. For subsequent tax periods, check this box if this member was not included in the UBG's preceding MBT return.

**Line 15:** Enter a concise description of the activities or operations of this member that result in a flow of value between this member and others in the UBG, or integration, dependence, or contribution to other members. This is not limited to transactions that are recognized for tax or accounting purposes. It may include sharing of assets, employees, data, business opportunities, or other resources. (See RAB 2010-2.)

**Important for All Filers:** For lines 16 through 19, enter the requested figures after elimination of any investment of the member reporting on this copy of Part 2B in another member of the UBG. Supporting documentation identifying eliminations must be attached.

**Line 16:** Enter equity capital as of the last day of the filing period, as computed in accordance with generally accepted accounting principles. If the member does not maintain its books and records in accordance with generally accepted accounting principles, net capital must be computed in accordance with the books and records used by the member, so long as the method fairly reflects the member's net capital for purposes of this tax.

**Line 18:** Under MCL 208.1261(k), *Michigan obligations* means a bond, note, or other obligation issued by a governmental unit described in Section 3 of the Shared Credit Rating Act, PA 227 of 1985, MCL 141.1053.

**Line 19:** Under MCL 208.1261(s), *United States obligations* means all obligations of the United States exempt from taxation under 31 USC 3124(a) or exempt under the United States constitution or any federal statute, including the obligations of any instrumentality or agency of the United States that are exempt from state or local taxation under the United States constitution or any statute of the United States.

**Line 22a:** If the UBG member reporting on this page owns a subsidiary that is an authorized insurance company, enter actual amount of capital fund maintained within that subsidiary.

**Line 22b:** Enter the minimum capital fund amount required by regulations for that insurance subsidiary.

**Line 25:** Enter the combined totals of line 25 of this form on Form 4590, line 20, and skip lines 11 through 19 on Form 4590. If this combined number is less than zero, enter zero on Form 4590, line 20.

**Lines 26-32:** These lines are for reporting each member's credit carryforwards remaining from a previous year. If the group created a credit carryforward in a preceding tax period, Treasury will have maintained that carryforward on the DM's account. Enter unused carryforwards of this type on the DM's copy of Part 2B.

If a member created a credit carryforward 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 credit carryforwards of this type on the copy of Part 2B filed for the member that brought the carryforward to the group.

Available credit 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 of the same credit and the same age, and together they exceed the amount allowable in this filing period, those members' respective credit 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 same credit in that same period.

**NOTE:** 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.

See the "Supplemental Instructions for Standard Members in UBGs" in Form 4599 for information on the effects of members leaving or joining a UBG on credit carryforwards.

**Line 33:** Enter overpayment credited from prior MBT return. 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.

**Line 34:** All MBT 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 Part 2B. If any other member paid estimates attributable to this group return, enter those estimates on that member's copy of Part 2B. Include all payments made by that member for any portion of its federal filing period that is included on this group return.

For example, if a non-DM member has a 12-month fiscal year beginning April 1, 2010, and is a member of a calendar year UBG throughout that period, its business activity from April 1, 2010, through March 31, 2011, will be reported on the group's December 31, 2011, return. If that member pays MBT quarterly estimates based on its federal tax year, it will make two estimates during 2010, before the DM's (and group's) filing period begins. Because those estimates are attributable to activity that will be reported on the group's December 31, 2011, return, they should be included on the paying member's copy of Part 2B for the December 31, 2011, group return.

**Line 35:** 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 Part 2B.

### Part 3: Affiliates Excluded From the Combined Return of Financial Institutions

The statutory test for membership in a UBG is a group of U.S. persons (other than a foreign operating entity):

- One of which owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting rights or ownership interests that confer comparable rights to voting rights of the other U.S. persons; and
- That has business activities or operations which result in a flow of value between or among persons included in the UBG

or has business activities or 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 person that would be a standard taxpayer if viewed separately is defined as a financial institution if it is owned, directly or indirectly, by a financial institution and is in a UBG with its owner.

The purpose of Part 3 is to identify entities for which the ownership test described above is satisfied but which are not included on this combined return, either because the flow of value/integration/dependence/contribution test is not satisfied or because the member is excluded by statute. A new member whose net capital is not included in this return because its tax year ends after the filing period of the UBG also should be listed here.

**Line 36A:** If a person being listed here is listed on U.S. Form 851, enter the identifying number for that person that is called “Corp. No.” at the left edge of pages 1, 2, and 3 of U.S. Form 851.

**Line 36D:** Reason codes for affiliate being excluded from the combined return of financial institutions supported by this form.

|   |  |
|---|--|
| 1 | Lacks business activities resulting in a flow of value or integration, dependence, or contribution to group.   |
| 2 | Foreign operating entity.  |
| 4 | Foreign entity.  |
| 5 | Member has no MBT tax year (as a member of this UBG) ending with or within this filing period.   |
| 6 | Other.   |
| 7 | Insurance company. (Insurance companies always file separately.)   |
| 9 | “Standard” taxpayers not owned by a financial institution. (Financial institutions and “standard” taxpayers are not included on the same combined return.) |

If you have questions, call the Michigan Department of Treasury, Technical Services Division, at (517) 636-4230, to discuss an appropriate entry.

**Line 36E:** If this person has nexus with Michigan, check this box.

**Line 36F:** Enter this person’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/](http://www.census.gov/eos/www/naics/), or enter the same NAICS code used when filing U.S. Form 1120S, U.S. Form 1065, *Schedule C* of U.S. Form 1040, or *Schedule K* of U.S. Form 1120.

#### Part 4: Persons Included in the Prior Combined Return, but Excluded From Current Return

The purpose of Part 4 is to assist Treasury in tracking membership changes of a UBG from year to year. If the reason the person is not on this return is because it did not satisfy the flow of value, etc., test at any time during the filing period, list the person on line 36, and do not enter it here.

**Line 37C:** Reason codes for a person being included in last

year’s return but not on the combined return for financial institutions supported by this form:

|    |   |
|----|---|
| 10 | The member no longer meets the control test but the ownership interest is still greater than zero.                            |
| 12 | The member no longer meets the control test and the ownership interest is zero.   |
| 14 | Before the beginning of the filing period for this return, the person ceased to exist due to dissolution.                     |
| 16 | Before the beginning of the filing period for this return, the person ceased to exist due to a merger or similar combination. |

If the reason is not listed among these reason codes, describe the reason in 21 characters or less in the space provided.

#### Other Supporting Forms and Schedules

For each member that files a separate federal return, attach copies of the same pages of that member’s federal return as are required for a separate filer in similar circumstances. See the “Attachments” section of Form 4590 instructions for guidance on required pages of federal returns.

If some or all members reporting on the current combined return are also members of a federal consolidated group, each member will prepare its portion of this Form 4752 on the basis of a pro forma federal return. In this case, attach a copy of the applicable pro forma form and schedules as listed in the “Attachments” section of Form 4590 instructions.

**NOTE:** A qualified federally disregarded entity that is eligible to and does file its MBT return as a separate entity from its owner will prepare its MBT return on the basis of a pro forma federal return or equivalent schedule, using the same federal return type as its owner. The owner of the federally disregarded entity also will use a pro forma federal return (with activity of the disregarded entity removed) to prepare its portion of this form. In each case, attach a copy of the applicable pro forma return and schedules as listed in the “Attachments” section of Form 4590 instructions. For additional information, see “Changes for Disregarded Entities” in the “Important Information” section of the *MBT Forms and Instructions for Financial Institutions* (Form 4599).

**Include completed Form 4752 as part of the tax return filing.**

## 2011 Supplemental Instructions for Financial Institution 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 financial institution taxpayers of the Michigan Business Tax (MBT), not to replace them.

*Standard taxpayers* and *standard members* refer to all taxpayers or UBG members, respectively, other than financial institutions or insurance companies. Standard members of a UBG should see the “Supplemental Instructions for Standard Members in UBGs” section in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600).

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 MBT 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 *MBT Unitary Business Group Combined Filing Schedule for Standard Members* (Form 4580) supports a combined return of standard members to be filed on the *MBT Annual Return* (Form 4567).
- The *MBT Unitary Business Group Combined Filing Schedule for Financial Institutions* (Form 4752) supports a combined return of financial institution members to be filed on the *MBT Annual Return for Financial Institutions* (Form 4590).

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.” 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 4567. Financial institution members of a UBG (including any standard member owned by and unitary with a financial institution in the group) file a combined return on Form 4590. Insurance company members of a UBG each file separately on Form 4588.

Before completing a combined return, UBGs should first complete Form 4580 or Form 4752. These forms are used to gather and combine 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 4588, but should be listed as an excluded affiliate with an incompatible tax base on Form 4580 or Form 4752, as applicable.

#### The Designated Member (DM)

A UBG combined return of financial institutions is filed under the name and Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number of the DM of the financial institution group. *Designated Member* means a UBG member that has nexus with Michigan and will file the combined MBT return on behalf of the financial institution 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 4567 and related forms, and one for the financial institution members completing Form 4590 and related forms).

**Role of the DM:** The DM speaks, acts, and files the MBT return on behalf of the group for MBT purposes. Only the DM may file a valid extension request for the group. Treasury maintains the group’s MBT tax data (e.g., prior MBT returns, tax credit carryforward, overpayment credit forward) under the DM’s name and account number. The DM 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, on a combined return of financial institutions members, the following forms must be completed with entity-specific data, rather than groupwide data:

- *Michigan Historic Preservation Tax Credit* (Form 3581)
- *MBT Renaissance Zone Credit Schedule* (Form 4595)

If more than one member completes one of these forms, multiple copies of that form must be included in the group’s combined return.

In addition, many credits require an entity-specific calculation of a credit amount. The following table provides a summary of UBG credit calculations for a combined return of financial institutions where:

- A) The test or criteria to qualify for the credit should be applied

on a group basis (G) or a separate entity basis (E).

B) If the qualification test is satisfied, the calculation of the available credit amount should be on a group basis (G) or a separate entity basis (E).

C) Calculation of the credit should be done after elimination of intercompany transactions (Y or N). **NOTE:** This applies only to the calculation of the credit. The tax liability of the UBG against which the credit will be applied is calculated after elimination of all intercompany transactions from the tax bases and apportionment.

| Credit  | (A) | (B) | (C) |
|---|-----|-----|-----|
| Brownfield Redevelopment Credit                 | E   | E   | N   |
| Compensation Credit                             | G   | G   | N   |
| Film Infrastructure Credit                      | *   | *   | *   |
| Film Production Credit                          | *   | *   | *   |
| Historic Preservation Credit                    | E   | E   | N   |
| Individual or Family Development Account Credit | G   | G   | N   |
| MEGA Employment Tax Credit                      | E   | E   | N   |
| MEGA Photovoltaic Technology Credit             | *   | *   | *   |
| Renaissance Zone Credit                         | E   | E   | N   |

\* Financial institutions may claim film and photovoltaic credits as assignees only.

The available amount of each of the above credits is taken against the entire group's tax liability. Additional UBG instructions are provided on forms where these credits are 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).

### Pro Forma Calculations for Certain Credits

For some credits, evaluation of whether a UBG is qualified to claim the credit is based on characteristics and activities of a single member, rather than the group as a whole. Similarly, for some credits, after it is determined that a UBG is qualified to claim the credit, calculation of the amount of credit available is based on data of a single member, rather than the group. Each credit requiring this method is identified on the form on which it is calculated. In these situations, typically a pro forma MBT liability is required for the member generating the credit.

Where a pro forma calculation is required, the underlying objective is to determine what the tax liability (immediately prior to the credit) of the UBG member generating the credit would have been if that member was not included in the group. Therefore, the member generating the credit must calculate its pro forma tax liability as if it was a singular, stand-alone taxpayer in all aspects. This supporting pro forma calculation should be provided in a statement attached to the return. However, this calculation and its results should never be transferred to Form 4590 or displayed in a layout similar to Form 4590.

### Effects of Members Joining a Group

When an entity becomes a member of a UBG part way through the member's tax year, for MBT 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 carryforward of a credit, combine that amount with any carryforward of the same credit that was generated by the group or brought to the group by another member. The group must then use the oldest available carryforward first, regardless of source. If two members each created (or brought) a carryforward of the same credit and the same age, and together those exceed the amount allowable in this filing period after use of older carryforwards, those members' respective credit carryforwards 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 MBT 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 tax credit created by that member's activity will be applied against the group's tax liability for the group filing period within which the member leaves. The same treatment applies to any tax credit carryforward arising from a credit created by the departing member in a prior year. If a carryforward remains after application of this current year credit and prior year carryforward to the group's liability, the departing member will take its share of the unused carryforward for its own account. Its share of a carryforward from any particular period will be an amount equal to the group's remaining carryforward from that period multiplied by the amount of credit that member contributed relative to the total amount contributed by all group members for the same credit in that same period.

There is a narrow exception to the preceding paragraph if the departing member's return for the period after it leaves is due before the group's return. In this case, any elective tax credit generated (on a pro forma basis) by the departing member during its partial UBG period will belong entirely to the departing member. In addition, in this situation the departing member's proportional share of a credit carryforward from a prior period will belong to the departing member, and may not be applied against the group's tax liability for the group filing period within which the member leaves.

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## Other UBG-Related Issues

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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 MBT return.

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## Further Guidance on Existence and Membership of a UBG

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For further guidance, please consult the following:

- Online at **[www.michigan.gov/taxes](http://www.michigan.gov/taxes)**: Click on the “Reference Library” link on the left side of the page, which leads to information on Revenue Administrative Bulletins (RABs). Of particular interest are RAB 2010-1, MBT—Unitary Business Group Control Test, and RAB 2010-2, MBT—Unitary Business Group Relationship Tests.



# 2011 Supplemental Instructions for Fiscal Michigan Business Tax (MBT) Filers — Financial Institutions

**NOTE:** These instructions for fiscal year financial institution MBT filers are meant to supplement the general instructions, not to replace them.

A financial institution with a fiscal year beginning in 2011 and ending in 2012 must file two short period returns; one to report its final MBT liability, for the period from the beginning of its 2011-12 fiscal year through December 31, 2011, and the other to report its initial Corporate Income Tax (CIT) liability, for the period from January 1, 2012, to the ending of its 2011-12 fiscal year.

**NOTE:** Even if a financial institution has a certificated credit and chooses to continue to file MBT to take the credit, a separate short period MBT return on a 2012 tax form will be filed to complete the federal tax year. An automatic extension will be granted for the filing of that return, which will not be due until April 30, 2013.

A fiscal filer should use these forms to complete its final MBT return. The following instructions pertain only to the fiscal filer's final MBT short period return.

## Computing the Final Return for a Period of Less Than 12 Months

All standard practices pertaining to the qualification and calculation of credits and adjustments on filings for a period less than 12 months, as detailed in the General Information section of the *MBT Forms and Instructions for Financial Institutions* (Form 4599), will apply.

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## Due Date

All 2011-2012 fiscal year taxpayers will file a short-period return from the beginning of their 2011 tax year to December 31, 2011. This return is due April 30, 2012. 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 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.

## Federal Returns

For the final year under the MBT, if filing a short period return, attach a pro forma federal return calculation reflecting your actual income and expenses, prepared in accordance with the method of accounting used in prior fiscal years. This pro forma federal return calculation must include all income, expenses and adjustments required.

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## Additional Instructions for Specific Forms

Forms not addressed here need no supplemental instructions.

### MBT Annual Return for Financial Institutions (Form 4590)

Fiscal year financial institutions are required to use the annual method for their final MBT return.

Under the annual method, the final (short period) MBT return will report data from December 31, 2011, on Form 4590, lines 11 through 14, 17a, and 17b, prorated by a fraction. The numerator of the fraction will be the number of months in the 2011-12 fiscal year that are in 2011. The denominator will be the number of months in the 2011-12 fiscal year (typically 12). The number of months used for the numerator should correspond to the number of months reported for the tax year on line 1.

**Line 1:** Enter the beginning date that corresponds to the taxable period as reported to the Internal Revenue Service. Fiscal filers, enter December 31, 2011, as the ending date for your short period return. Enter all dates in MM-DD-YYYY format.

**Unitary Business Groups (UBGs):** Regardless of whether the Designated Member (DM) is a fiscal year filer or calendar year filer, all fiscal year financial institutions must use the annual method to compute their final MBT tax liability. See the MBT Unitary Business Group Combined Filing Schedule for Financial Institutions (Form 4752) instructions for more details.

## PART 1

The following tax base calculation involves a five year average of net capital. Enter data from the current year and four most recent MBT and SBT tax years to complete the five year table.

For purposes of this table, treat a partial year as a full year. If the current and four preceding tax periods include any short periods, the years printed in column headings for this part will not apply accurately.

## MBT Credits for Compensation, Investment and Research and Development (Form 4570)

All credits against the tax must be calculated based on actual payments made or actions taken in the period reported.

**Line 2:** Enter the actual compensation paid as of December 31, 2011.

## MBT Miscellaneous Nonrefundable Credits (Form 4573)

To claim the Historic Preservation Credit, the certificate must show a completion date on or before December 31, 2011. To be eligible for the Next Energy Business Activity Credit, Start-Up Business Credit, Biofuel Infrastructure Credit, MEGA Plug-In Traction Battery Manufacturing Credit, Film Job Training Credit or Film Infrastructure Credit, the appropriate certificate must be received on or before December 31, 2011.

## MBT Refundable Credits (Form 4574)

All credits against the tax must be calculated based on actual payments made or actions taken in the period reported, regardless of the method used for tax calculation.

To be eligible for the MEGA Employment Tax Credit, the MEGA certificate must be earned and calculated from the start of their fiscal year in 2011 to December 31, 2011.

## MBT Unitary Business Group Combined Filing Schedule for Financial Institutions (Form 4752)

**Line 1:** In Part 1A, identify group members whose federal tax periods end within the filing period of the DM.

**Part 2B:** If a member of a UBG has multiple filing periods included in the UBG's final MBT return, that member will file two copies of Form 4752. One copy will reflect the 12 month period and be prepared according to the standard instructions. The other copy, reporting the short period ending December 31, 2011, lines 16 through 19, 22a and 22b, will report data from December 31, 2011, prorated by a fraction. The numerator of the fraction will be the number of months in the 2011-12 fiscal year that fall in 2011. The denominator will be the number of months in the 2011-12 fiscal year (typically 12).

**Line 8:** For members with a fiscal tax year ending in 2012, enter the beginning date of the member's beginning tax year, for federal income tax purposes, and enter "12-31-2011" for the ending date.

**Line 9:** 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 combined return all of its activity from the beginning of its 2011-2012 fiscal year to December 31, 2011.

#### **MBT Renaissance Zone Credit Schedule (Form 4595)**

For purposes of the calculation required for taxpayers first located with a Renaissance Zone before December 31, 2002, fiscal year filers may use the 2007 12 month calendar year amounts for payroll and Renaissance Zone business activity, or the final 12 month fiscal year ending in 2007. The same choice must be made for each component of this calculation.

A fiscal year taxpayer's phase-out percentage for the final three years of the Renaissance Zone credit is determined by the beginning of the taxpayer's filing period. No proration of months is allowed.

For example:

Renaissance Zone designation expires on December 31, 2010.

- The three years in which the credit is subject to the phase-out reduction are 2008, 2009, and 2010.
- In the taxpayer's tax year which commences on July 1, 2008, and ends on June 30, 2009, its Renaissance Zone Credit will be reduced by 25 percent.
- In the taxpayer's tax year which commences on July 1, 2009, and ends on June 30, 2010, its Renaissance Zone credit will be reduced by 50 percent.
- In the taxpayer's tax year which commences on July 1, 2010, and ends on July 30, 2011, the business activity factor of the MBT Act Renaissance Zone Credit is calculated as if the taxpayer was within the Renaissance Zone for a period less than the full tax year, and that credit amount is reduced by 75 percent.

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

A fiscal year MBT taxpayer must file a short-year return accounting for activity from the beginning of its 2011-12 federal tax year through December 31, 2011. The filing deadline for this initial short-year return is April 30, 2012. 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 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 MBT activity for the short-year ending December 31, 2011, must check the "Michigan Business 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.

Financial institutions are subject to the CIT regardless of whether they are taxed as a C Corporation or an S Corporation. If the financial institution is an S Corporation, it may be subject to Flow-Through Withholding as provided in Part 3 of the Income Tax Act of 1967. See the Flow-Through Withholding Quarterly Return (Form 4917) for guidance. Michigan tax forms are available online at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

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.

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## Revenue Administrative Bulletins

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|                |  |
|----------------|--|
| <b>2011-4</b>  | Interest Rate  |
| <b>2010-1</b>  | Unitary Business Group Control Test  |
| <b>2010-2</b>  | Michigan Business Tax — Unitary Business Group Relationship Tests                                |
| <b>2010-5</b>  | Michigan Business Tax — Where Benefit of Services is Received                                    |
| <b>2008-4</b>  | Michigan Business Tax Nexus Standards  |
| <b>2007-6</b>  | Michigan Business Tax — “Actively Solicits” Defined  |
| <b>2005-3</b>  | Penalty Provisions   |
| <b>1996-4</b>  | Credit or Refund of Overpayment of Taxes or Credits in Excess of Tax Due and Applicable Interest |
| <b>1994-1</b>  | Challenge of Assessment, Decision or Order Limited by Statute                                    |
| <b>1989-38</b> | Officer Liability  |

For a complete list, go to [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

## Country Codes

Countries are identified by two-letter codes – Country Codes – which are required on some Michigan Business Tax (MBT) 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               |                            |

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## Unclaimed Property Reporting for Businesses and Government Entities

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Michigan's Uniform Unclaimed Property Act, Public Act 29 of 1995, as amended, requires businesses and government entities to report and remit to the Michigan Department of Treasury (Treasury) abandoned and unclaimed property belonging to owners whose last known address is in Michigan. In addition, every business or government entity that is incorporated in Michigan must report to the Treasury abandoned property belonging to owners where there is no known address.

Most businesses have unclaimed property resulting from normal operations. Any asset, tangible or intangible, belonging to a third party that remains unclaimed for a specified period of time is considered unclaimed property. For example, uncashed payroll checks must be turned over to the State after one year; most other property types, such as vendor checks and accounts receivables credit balances, must be turned over after three years. Government entities must turn over unclaimed property after one year.

### **DUE DATE**

The due date for the unclaimed property annual report is July 1, 2012, for property reaching its dormancy period as of March 31, 2012.

### **DORMANCY PERIOD**

The dormancy period for most property types is three years. A detailed listing of property types along with the corresponding dormancy periods can be found at [www.michigan.gov/unclaimedproperty](http://www.michigan.gov/unclaimedproperty).

### **REPORT UNCLAIMED PROPERTY TO AVOID PENALTIES**

Review your records to determine if you are holding unclaimed property. Property remitted voluntarily will not be subject to the 25 percent penalty outlined in the law; however, interest may be charged from the date the property should have been reported. If you are selected for an audit, you will be subject to the penalty and interest charges outlined in the law. State-initiated audits will cover the last ten years, as authorized in the Uniform Unclaimed Property Act.

### **NONCOMPLIANCE WITH UNCLAIMED PROPERTY REPORTING REQUIREMENTS**

Section 31(2) of the Uniform Unclaimed Property Act gives the State Treasurer the authority to conduct unclaimed property examinations (audits) if there is reason to believe that an entity is a holder that has failed to report or has underreported unclaimed property. As a result of the audit, penalty and interest may be assessed as follows:

- Interest at one percentage point above the adjusted prime rate per annum per month on the property or value of the property from the date the property should have been paid or delivered, and/or
- Penalty at 25 percent of the value of the property that should have been paid or delivered, and/or
- Penalty at \$100 for each day the report is withheld or the duty is not performed but not more than \$5,000.

### **REPORTING MANUAL AND FREE SOFTWARE**

The Manual for Reporting Unclaimed Property, including forms and instructions, is available at [www.michigan.gov/unclaimedproperty](http://www.michigan.gov/unclaimedproperty). Also available on Treasury's Web site is the Holder Reporting System (HRS), a free software package for creating unclaimed property reports in an electronic format for submission to Treasury.

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## Notes

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