

# 2011 MICHIGAN Composite Individual Income Tax Return

Issued under authority of Public Act 281 of 1967.

This return is due April 17, 2012 Type or print clearly in blue or black ink.

For 2011 or taxable year beginning:  and ending:

▶ 1. Name of Partnership, S Corporation or Other Flow-Through Entity		▶ 2. Federal Employer Identification Number (FEIN)	
▶ 3. Mailing Address (Street or P.O. Box)			
▶ 4. City, Village or Township		State	ZIP Code

**NOTE: Pages 1 - 4 of the U.S. Forms 1065 or 1120S, Form MI-1040H, Form 4119, and a list of participants and nonparticipants must be attached to this return. See instructions.**

5. Ordinary income (loss) from U.S. Form 1065, line 22, or U.S. Form 1120S, line 21 .....	▶ 5.		00
6. Additions from line 33, page 2 .....	▶ 6.		00
7. Subtotal. Add lines 5 and 6 .....	7.		00
8. Subtractions from line 36, page 2 .....	▶ 8.		00
9. Total income subject to apportionment. Subtract line 8 from line 7 .....	9.		00
10. Apportionment percentage from MI-1040H. (Caution! See instructions.) .....	▶ 10.		%
11. Total Michigan apportioned income. Multiply line 9 by the percentage on line 10 .....	11.		00
12. Michigan allocated income or (loss) from line 41, page 2 .....	▶ 12.		00
13. Total Michigan income. Add lines 11 and 12 .....	13.		00
14. Michigan income attributable to Michigan residents .....	▶ 14.		00
15. Michigan income attributable to nonparticipating nonresidents .....	▶ 15.		00
16. Michigan income attributable to participants .....	16.		00
17. Exemption allowance from line 47, page 2 .....	▶ 17.		00
18. SEP, SIMPLE or qualified plan deductions from line 50, page 2 .....	▶ 18.		00
19. Add lines 17 and 18 .....	19.		00
20. Taxable income. Subtract line 19 from line 16 .....	20.		00
21. Tax due. Multiply line 20 by 4.35% (0.0435) .....	21.		00
22. Michigan extension payments .....	▶ 22.		00
23. Withholding tax payments attributable to participants .....	▶ 23.		00
24. If line 22 plus line 23 is less than line 21, enter TAX DUE. Include interest _____ and penalty _____, if applicable .....	▶ 24.		00
25. If line 22 plus 23 is more than line 21 enter refund .....	▶ 25.		00

<b>TAXPAYER CERTIFICATION.</b> I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge. I have obtained the required Power of Attorney from each of the members of this composite return and my firm will resolve the issue of any tax liability.		<b>PREPARER CERTIFICATION.</b> I declare under penalty of perjury that this return is based on all information of which I have any knowledge.	
Filer's Signature	Date	Preparer's Name, Address, PTIN and/or FEIN	
I authorize Treasury to discuss my return with my preparer. <input type="checkbox"/> Yes <input type="checkbox"/> No			

**Mailing:** Make check payable to "State of Michigan." Write the firm's FEIN, "Composite Return" and tax year on the check.

**Pay.** Mail your check and return to:  
Michigan Department of Treasury  
P.O. Box 30207  
Lansing, MI 48909

**Refund or zero returns.** Mail your return to:  
Michigan Department of Treasury  
P.O. Box 30058  
Lansing, MI 48909

Name of Partnership, S Corporation or Other Flow Through Entity	Federal Employer Identification Number
---	--

**ADDITIONS (see instructions)**

26. Net income (loss) from rental real estate activities.....	26.		00
27. Net income (loss) from other rental activities .....	27.		00
28. Portfolio Income (loss) (see instructions):			
a. Interest income .....	28a.		00
b. Dividend income .....	28b.		00
c. Royalty income .....	28c.		00
d. Net short-term capital gain (loss) (from U.S. <i>Schedule K</i> ).....	28d.		00
e. Net long-term capital gain (loss) (from U.S. <i>Schedule K</i> ).....	28e.		00
f. Other portfolio income .....	28f.		00
29. Net gain (loss) under Section 1231 .....	29.		00
30. Other income from U.S. <i>Schedule K</i> .....	30.		00
31. State or local taxes measured by income.....	31.		00
32. Other miscellaneous additions (attach schedule).....	32.		00
33. Total additions. Add lines 26 through 32. Enter here and on line 6 .....	33.		00

**SUBTRACTIONS (see instructions)**

34. Income (loss) from other partnerships, S corp. and fiduciaries included in ordinary income .....	34.		00
35. Other miscellaneous subtractions (attach schedule).....	35.		00
36. Total subtractions. Add lines 34 and 35. Enter here and on line 8 .....	36.		00

**MICHIGAN ALLOCATED INCOME OR (LOSS)**

37. Guaranteed payments to participants for services performed in Michigan.....	37.		00
38. Income attributable to other Michigan partnerships, S corporations or fiduciaries .....	38.		00
39. Net Michigan capital gains (losses) (from U.S. <i>Schedule D</i> ).....	39.		00
40. Other Michigan allocated income (loss) (see instructions).....	40.		00
41. Total Michigan allocated income (loss). Add lines 37 through 40. Enter here and on line 12 .....	41.		00

**EXEMPTION ALLOWANCE**

42. Number of participants included in this agreement .....	42.		
43. Multiply line 42 by \$3,700 (exemption allowance).....	43.		00
44. Total Michigan income from line 13 .....	44.		00
45. Total Distributive Income from Distributive Income Worksheet, page 4 .....	45.		00
46. Percent of income attributable to Michigan. Divide line 44 by line 45. (must be between 0 and 100%).....	46.		%
47. Apportioned exemption allowance. Multiply line 43 by the percentage on line 46. Enter here and on line 17 .....	47.		00

**SEP, SIMPLE OR QUALIFIED PLAN SUBTRACTIONS (PARTNERS ONLY)**

48. SEP, SIMPLE or qualified plan subtractions for participants (attach schedule).....	48.		00
49. Percent of income attributable to Michigan from line 46.....	49.		%
50. SEP, SIMPLE or qualified plan subtractions attributable to Michigan. Multiply line 48 by the percentage on line 49. Enter here and on line 18 .....	50.		00

# Instructions for Form 807, Michigan Composite Individual Income Tax Return

## Filing a Return

A flow-through entity, defined as partnerships, S corporations, limited partnerships, limited liability companies, or limited liability partnerships, that does business in Michigan and has two or more nonresident partners, shareholders or other types of members may file this return. The entity (firm) and participating members must agree to comply with the Michigan Department of Treasury (Treasury) rules described below.

## Participation Requirements

A member may not participate in this composite return in any of the following cases:

- If member is claiming a city income tax credit, public contribution credit, or any other nonrefundable credits.
- If member was a Michigan resident (full-year or part-year).
- If member wishes to claim more than one Michigan exemption.
- If a flow-through entity has only one nonresident member who elects to participate in the composite filing.

## Due Date of Return

The composite return for any tax periods ending in 2011 is due April 17, 2012. The returns for any periods ending in 2012 will be due April 15, 2013.

If the firm cannot file by the due date, a request for an extension can be filed before the original due date. See "Requesting an Extension" on this page.

## Withholding Tax Payments

Flow-through entities are required to make withholding tax payments on behalf of all non resident members (both participating and non-participating). Flow-through entities that are on a calendar year basis must withhold and file quarterly by April 15, July 15, October 15, and January 15. Flow-through entities that are not on a calendar year must withhold and file quarterly returns on the appropriate due dates which the taxpayer's fiscal year corresponds to the calendar year. Fiscal year filer due dates apply regardless of the tax years of the members.

**Beginning January 1, 2012** the payment of flow-through withholding tax is remitted on **Form 4917 MICHIGAN Flow-Through Withholding Quarterly Return** (flow-through withholding is no longer submitted on Form 160 Combined Return for Michigan Taxes).

**Note: Form 4918 MICHIGAN Annual Withholding Reconciliation Return** is replacing **Form 165 Annual Return for Sales, Use, and Withholding** for Flow-Through withholding and must be filed annually by all flow-through entities who are submitting withholding payments.

## Requesting an Extension

The firm may request an extension of time to file by sending payment of the estimated annual liability to Treasury with a copy of the Michigan extension. A separate Michigan extension must be filed even if the firm files a federal extension. **An extension of time to file is NOT an extension of time to pay.**

When completing the extension form, check "Fiduciary Tax (includes Composite Filers)" in box 1, and use the firm's name and Federal Employer Identification Number (FEIN). Follow these special instructions to make sure your account is credited properly.

**Payment of the estimated annual liability must have been previously made with the extension application.** When you file your composite return, attach a copy of your extension application to it.

## Mailing Refunds, Assessments and Correspondence

By signing the *Michigan Composite Individual Income Tax Return* (Form 807), the signing partner or officer declares that the firm has power of attorney from each participant to file a composite return on his or her behalf. Treasury will mail refund checks, assessments and all correspondence to the firm at the address indicated on the return. The firm must agree to be responsible for the payment of any additional tax, interest and penalties as finally determined. Issues involving the tax liability reported on a composite return will be resolved with the firm. In unusual circumstances, Treasury may contact the participants.

## Attachments

Attach the following items to the composite return:

- A copy of pages 1-4 of the U.S. Form 1065 or U.S. Form 1120S.
- A *Michigan Schedule of Apportionment* (Form MI-1040H).
- All required Forms 4119, *Statement of Michigan Income Tax Withheld for Nonresidents from Flow-Through Entities* for each participating member of the composite return.
- Two schedules (one for participants and one for nonparticipants) listing each partner's, shareholder's or member's name, address, Social Security Number (SSN) and respective share of Michigan income and/or loss. If the participating member is another flow-through entity, the schedule must include the entity's name, address, Federal Employer Identification Number (FEIN), and share of Michigan-sourced income, as well as a list of the names, addresses, SSNs and ownership percentages of that entity's nonresident partners or shareholders.
- A statement signed by an authorized officer or general partner certifying that each participant has been informed of the terms and conditions of this program.

## Line-by-Line Instructions

Lines not listed are explained on the form.

**Line 10:** Enter the apportionment percentage from Form MI-1040H. The MI-1040H apportionment percentage is NOT weighted and the property factors are based on property owned or rented and placed in service. See MI-1040H instructions for income tax nexus standards.

**Line 13:** The amount on this line should equal the total of lines 14, 15 and 16.

**Line 21:** Multiply the amount on line 20 by 4.35 percent (.0435).

**Line 23:** Enter the amount of withholding tax payments made on behalf of participating members.

**Flow-Through Entities.** Flow-through entities are required to withhold Michigan income tax on the taxable income available for distribution to nonresident members.

The amount of withholding is calculated and remitted on a quarterly basis by multiplying the share of taxable income allocable to each member, adjusted for the allowable exemption amount for a quarter, times the income tax rate.

A flow-through entity is also required to withhold Michigan income tax when one or more of the entity's members is a nonresident flow-through entity. The flow-through entity in Michigan shall withhold Michigan income tax from any such nonresident flow-through entity on behalf of all of the nonresident members.

**Line 24: Pay.** If line 22 plus line 23 is less than line 21, enter the balance of the tax due. This is the tax owed with the return. Enter any applicable penalties and interest in the spaces provided. Add tax, penalty and interest together and enter the

## Distributive Income Worksheet

total on this line. Make check payable to **“State of Michigan.”** Write the **firm’s FEIN**, **“Composite Return,”** and the **tax year** on the front of the check. To ensure accurate processing of your return, send one check for each return type. If balance due is less than \$1, no payment is required.

**Line 25: Refund.** If line 22 plus line 23 exceeds line 21, your overpayment will be refunded. Treasury will not refund amounts less than \$1.

**Pay,** mail your completed return with payment to:

Michigan Department of Treasury  
P.O. Box 30207  
Lansing, MI 48909

**Refund or zero return,** mail your completed return to:

Michigan Department of Treasury  
P.O. Box 30058  
Lansing, MI 48909

### Additions

**Lines 26 through 30:** Enter income from lines 2, 3c, 5, 6a, 6b, 7, 8, 9a, 10 and 11 of U.S. Form *1065 Schedule K* and from lines 2, 3c, 4, 5a, 5b, 6, 7, 8a, 9 and 10 of U.S. Form *1120S Schedule K*. Guaranteed payments, income attributable to other Michigan fiduciaries or flow-through entities should be allocated to Michigan on lines 37 through 40. See instructions below.

**Line 31:** Enter the amount of state and local income taxes that was used to determine ordinary income on U.S. Form *1065*, line 22 or U.S. Form *1120S*, line 21.

**Line 32:** Enter other additions to income, such as gross interest and dividends from obligations or securities of states and their political subdivisions other than Michigan.

### Subtractions

**Note: Charitable contributions and other amounts reported as itemized deductions on U.S. Schedule A are not allowable subtractions in determining Michigan taxable income.**

**Line 34:** Enter income (loss) from other fiduciaries or other flow-through entities that is included in ordinary income. Losses must be added back to ordinary income. Attach a schedule showing the location of companies and amount of income attributable to each.

**Line 35:** Enter amounts such as interest from U.S. obligations that are included in line 28a, and other deductions for AGI (above the line) that were not included in determining ordinary income. This includes section 179 depreciation and amounts included on line 12[c][2] of U.S. Form *1120S Schedule K* and on line 13[c][2] of U.S. Form *1065 Schedule K*. Also include pension benefits paid to nonresident partners that were included in ordinary income but are excluded from Michigan tax under *section 114 of Title 4 of the U.S. Code*. Attach a schedule of all subtractions.

### Michigan Allocated Income or Loss

**Line 37:** Enter the portion of guaranteed payments attributable to services performed in Michigan by the nonresident participants.

**Line 38:** Enter income or loss from other fiduciaries or other flow-through entities attributable to Michigan that have not

Column A refers to Distributive Income categories from Schedule K form(s). Columns B and C refer to lines on the U.S. Form *1065 Schedule K* and U.S. Form *1120S Schedule K*. Column D is the list of amounts that are added to arrive at total distributive income that is reported on Form 807, line 45.

A Distributive Income Categories	B U.S. Form 1065 Schedule K	C U.S. Form 1120S Schedule K	D Distributive Income Amounts
Ordinary income (loss) from trade or business activity	1	1	
Net income (loss) from rental real estate activity	2	2	
Net income (loss) from other rental activity	3c	3c	
Portfolio income (loss):			
Interest income	5	4	
Dividend income	6a and 6b	5a and 5b	
Royalty income	7	6	
Net short-term capital gain (loss)	8	7	
Net long-term capital gain (loss)	9a	8a	
Guaranteed payments	4		
Net gain (loss) under section 1231	10	9	
Other income (loss)	11	10	
<b>TOTAL DISTRIBUTIVE INCOME</b> Add all amounts in Column D and carry total to Form 807, line 45.			

been reported on another composite return. Attach a schedule showing the amount of income or loss attributable to each.

**Line 39:** Enter gains/losses from the sale of real or personal property located in Michigan not subject to apportionment.

**Line 40:** Enter any other income (loss) allocated to Michigan. Include any Michigan net operating loss deduction (NOLD). Attach schedules.

### Exemption Allowance

**Line 45:** Enter the total distributive income as determined using the worksheet on this page.

**Line 46:** Compute the percentage of income attributable to Michigan by dividing total Michigan income (line 44) by the total distributive income (line 45). This figure may not exceed 100 percent.

### SEP, SIMPLE or Qualified Plan Subtractions (PARTNERS ONLY)

**Line 48:** Figure the portions of Simplified Employee Pensions (SEP), Savings Incentive Match Plan for Employees (SIMPLE), or qualified plan subtractions which are attributable to the participants. Attach a schedule showing calculations.

### For More Information

For more information, visit Treasury’s Web site at [www.michigan.gov/taxes](http://www.michigan.gov/taxes)

Michigan tax forms are available at [www.michigan.gov/treasuryforms](http://www.michigan.gov/treasuryforms)

Federal tax forms are available at [www.irs.gov](http://www.irs.gov)