

2012 MICHIGAN Business Tax Investment Tax Credit Recapture From Sale of Assets Acquired Under Single Business Tax

Issued under authority of Public Act 36 of 2007.

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

PART 1: CALCULATION OF SINGLE BUSINESS TAX (SBT) INVESTMENT TAX CREDIT (ITC) RECAPTURE BASES

Each row in lines 1-3 is for assets acquired in an SBT tax year and disposed of this year. Enter years in date order, with the oldest listed first. Columns B and C are totals by acquisition year. Line 1, column D, and Line 2, column E: For all years, enter MBT apportionment percentage from Form 4567, line 11c. Enter amounts in whole dollars (no cents).

Depreciable Tangible Assets

1.	A	B	C	D	E	F
Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY)	Combined Sales Price of Disposed Assets by Year of Acquisition	Net Gain/Loss From Sale of Assets	Apportionment Percentage <i>From Form 4567, line 11c</i>	Apportioned Gain/Loss <i>Multiply Column C by Column D</i>	SBT ITC Recapture (Base 1) <i>Subtract Column E From Column B</i>	

Depreciable Mobile Tangible Assets

2.	A	B	C	D	E	F
Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY)	Combined Sales Price of Disposed Assets by Year of Acquisition	Net Gain/Loss From Sale of Assets	Adjusted Proceeds <i>Subtract Column C From Column B</i>	Apportionment Percentage <i>From Form 4567, line 11c</i>	SBT ITC Recapture (Base 2) <i>Multiply Column D by Column E</i>	

Assets Transferred Outside Michigan

3.	A	B
Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY)	SBT ITC Recapture Combined Adjusted Federal Basis of Disposed Assets by Year of Acquisition (Base 3)	

FEIN or TR Number
 UBG Member FEIN or TR Number

PART 2: CALCULATION OF SBT ITC RECAPTURE RATES

Enter amounts from ALL prior SBT C-8000ITC forms filed for tax years beginning on or after January 1, 2000. Enter SBT tax years in date order. Enter amounts in whole dollars only (no cents).

4. A Return For Taxable Year Ending (MM-DD-YYYY)	B Net Capital Investment (C-8000ITC, Line 24)	C SBT ITC (C-8000ITC, Line 33)	D SBT ITC Used (C-8000ITC, Line 36)	E Effective Percentage Rate of SBT ITC by Year
				%
				%
				%
				%
				%
				%
				%
				%
				%
				%

Enter amounts from Form 4569, line 3, for all periods ending in 2008 or 2009.

5. A Return For Taxable Year Ending (MM-DD-YYYY)	B SBT ITC Carryforward Used (Form 4569, line 3)

PART 3: CALCULATION OF SBT ITC RECAPTURE AMOUNTS

Enter amounts in whole dollars only (no cents).

6. A Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY)	B Total SBT ITC Recapture Base by Year of Acquisition <i>Add Amounts from Columns 1F, 2F and 3B</i>	C Year-Specified Recapture Percentage Rate from Line 4, Column E	D Recapture Amount <i>Multiply Column B by Column C</i>
		%	
		%	
		%	
		%	
		%	
		%	
		%	
		%	
		%	
		%	

7. TOTAL. Enter total of Line 6, column D. Carry total to Form 4570, line 19

Instructions for Form 4585

Michigan Business Tax (MBT) Investment Tax Credit Recapture From Sale of Assets Acquired Under Single Business Tax

Purpose

To calculate the Investment Tax Credit (ITC) recapture amount for the disposition or transfer of tangible, depreciable real or personal property acquired in tax years beginning after 1999 and prior to 2008 which must be recaptured to the extent used and at the rate used under the Single Business Tax (SBT) or MBT. Form 4585 must be filed as a supporting schedule for the total recapture amount reported on the *MBT Credits for Compensation, Investment and Research and Development* (Form 4570).

Fiscal Year Filers: See “Supplemental Instructions for Standard Fiscal MBT Filers” in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600).

Line-by-Line Instructions

Lines not listed are explained on the form.

REMINDER: 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.

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

Name and Account Number: Enter name and account number as reported on page 1 of Form 4567.

UBGs: Complete one form for each member that disposed of capital assets that trigger SBT ITC credit recapture. Enter the Designated Member (DM) name in the Taxpayer Name field and the specific member of the UBG for which this form is filed on the line below. On the copy filed to report the DM’s data (if applicable), enter the DM’s name and account number on each line.

UBGs: If capital asset subject to recapture is from a member that was not part of the group in the tax year the asset was acquired (and other years since the acquisition), take care to report in this line (and the others that pertain to years the member was not part of the group) information requested in each column only from the member’s single filings, not the group’s.

PART 1: CALCULATION OF SBT ITC RECAPTURE BASES

In Part 1, compute the adjusted proceeds (proceeds include any benefit derived) from the disposition of tangible, depreciable real or personal property that was acquired in a tax year beginning after 1999 and prior to 2008, and the recapture for property moved out of state. The calculation of gross proceeds may be reduced by selling expenses. Lines 1, 2, and 3 represent three different categories of SBT ITC assets, categorized by type of asset or nature of disposition.

NOTE: A sale of qualifying property reported on the installment method for federal income tax purposes causes a recapture of the entire gross proceeds in the year of the sale. The recapture is reduced by any gain reported in federal taxable income (as defined for MBT purposes) in the year of the sale. The gain

attributable to the installment sale that is reported in subsequent years increases the credit base (or reduces other sources of recapture) for those years, and must be reported either on line 1, column C, or line 2, column C, based on the type of asset.

Line 1: For depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after 1999 and prior to 2008, and were sold or otherwise disposed of during the tax year, enter the following:

- **Column A:** Separate the depreciable tangible assets that were disposed of during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no dispositions of depreciable tangible assets during the filing period may be omitted. However, do not omit the acquisition year of depreciable tangible assets that have been sold on an installment method if gains attributable to installment payments received during the current filing period must be reported.

- **Column B:** Total gross proceeds from all depreciable tangible assets that were acquired in the same taxable year and disposed of during the filing period. If a qualifying asset was sold on an installment sale in a prior filing period, the entire sale price was reported for recapture purposes in the year of sale. Therefore, if a payment was received on that installment sale in the current filing period, do not report that amount as gross proceeds for this period. See Column C, however, with respect to the gain from that installment payment.

- **Column C:** Net total gains/losses reflected in federal taxable income (as defined for MBT purposes) from all depreciable tangible assets that were acquired in the same taxable year and disposed of during the filing period. Report also in column C any gain reflected in federal taxable income (as defined for MBT purposes) that is attributed to an installment payment received during the current MBT filing period, from a prior installment sale of an asset that was of a type and acquisition date covered by line 1. For property placed in service prior to January 1, 2008, gain reflected in federal taxable income (as defined for MBT purposes) is equal to the gain reported for federal purposes.

Keep in your files a separate worksheet with the appropriate information regarding each depreciable tangible asset located in Michigan that was acquired or moved into Michigan after acquisition in a tax year beginning after 1999 and prior to 2008, and was sold or otherwise disposed of during the tax year. Sum the total gross proceeds and gain or loss for all disposed assets acquired in the same taxable year. Enter in this form only the total sum of gross proceeds and gain/loss grouped by taxable year the assets were acquired. Use one row per group of disposed assets acquired in the same taxable year. Start from the earliest acquisition year.

- **Column D:** Enter the apportionment percentage from Form 4567, line 11c. If not apportioning, enter 100 percent. Enter the

same apportionment percentage for each row completed.

- **Column F:** Subtract column E from column B for each row. If column E is a loss, add its positive value to column B for each appropriate row. A loss in column E will increase the recapture base.

Line 2: *Mobile tangible assets* are all of the following:

- Motor vehicles that have a gross vehicle weight rating of 10,000 pounds or more and are used to transport property or persons for compensation;
- Rolling stock (railroad freight or passenger cars, locomotives or other railcars), aircraft, and watercraft used by the owner to transport property or persons for compensation or used by the owner to transport the owner's property for sale, rental, or further processing;
- Equipment used directly in completion of, or in construction contracts for, the construction, alteration, repair, or improvement of property.

For depreciable mobile tangible assets that were acquired in a tax year beginning after 1999 and prior to 2008, and were sold or otherwise disposed of during the tax year, enter the following:

- **Column A:** Separate the depreciable mobile tangible assets that were disposed of during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no dispositions of depreciable mobile tangible assets during the filing period may be omitted. However, do not omit the acquisition year of depreciable mobile tangible assets that have been sold on an installment method if gains attributable to installment payments received during the current filing period must be reported.

- **Column B:** Total gross proceeds from all depreciable mobile tangible assets that were acquired in the same taxable year and disposed of during the filing period. If a qualifying asset was sold on an installment sale in a prior filing period, the entire sale price was reported for recapture purposes in the year of sale. Therefore, if a payment was received on that installment sale in the current filing period, do not report that amount as gross proceeds for this period. See Column C, however, with respect to the gain from that installment payment.

- **Column C:** Net total gains/losses reflected in federal taxable income (as defined for MBT purposes) from all depreciable mobile tangible assets that were acquired in the same taxable year and disposed of during the filing period. Report also in column C any gain reflected in federal taxable income (as defined for MBT purposes) that is attributed to an installment payment received during the current MBT filing period, from a prior installment sale of an asset that was of a type and acquisition date covered by line 2. For property placed in service prior to January 1, 2008, gain reflected in federal taxable income (as defined for MBT purposes) is equal to the gain reported for federal purposes.

Keep in your files a separate worksheet with the appropriate

information regarding each depreciable mobile tangible asset acquired in a tax year beginning after 1999 and prior to 2008, and sold or otherwise disposed of during the tax year. Sum the total gross proceeds and gain or loss for all disposed assets acquired in the same taxable year. Enter in this form only the total sum of gross proceeds and gain or loss grouped by taxable year the assets were acquired. Use one row per group of disposed assets acquired in the same taxable year. Start from the earliest acquisition year.

- **Column D:** Subtract figures in column C from figures in column B for each row. If column C is a loss, add its positive value to column B for each appropriate row. A loss in column C will increase the recapture.

- **Column E:** Enter the apportionment percentage from Form 4567, line 11c. Enter the same apportionment percentage for each row you have filled columns A through D.

- **Column F:** Multiply figures in column D by column E for each row.

Line 3: For depreciable tangible assets other than mobile tangible assets acquired in tax years beginning after 1996 and prior to 2008, that were eligible for the ITC in tax years beginning after 1999 and prior to 2008, and were transferred outside Michigan during the tax year, enter the following:

- **Column A:** Separate the depreciable tangible assets other than mobile tangible assets that were transferred out of Michigan during the filing period by the tax year in which they were acquired. Use a separate row for each acquisition year. Enter the tax years of acquisition (end dates only) in chronological order, starting with the first tax year beginning after 1999. An acquisition year for which there were no transfers of depreciable tangible assets out of Michigan during the filing period may be omitted.

- **Column B:** Total sum of adjusted federal basis from all depreciable tangible assets acquired in the same taxable year and transferred out of Michigan during the filing period.

Keep in your files a separate worksheet with the appropriate information regarding each depreciable tangible asset other than mobile tangible assets acquired in tax years beginning after 1999 and prior to 2008, that were eligible for the ITC in tax years beginning after 1999 and prior to 2008, and were transferred outside Michigan during the tax year. Sum the total adjusted federal basis for all such transferred assets acquired in the same taxable year. Enter in this form only the total sum of adjusted federal basis grouped by taxable year the assets were acquired. Use one row per group of such transferred assets acquired in the same taxable year. Start from the earliest taxable year.

PART 2: CALCULATION OF SBT ITC RECAPTURE RATES

The calculation of the recapture rates can be done by using one of 3 methods described below in the "Method Summary Table." Because each method has unique characteristics, the summary table highlights the pros and cons of each. After choosing your method, fill the necessary worksheets as explained after the Method Summary Table, and then enter the calculated effective rate of SBT ITC recapture on line 4, column E.

NOTE: Whichever method used, the calculated effective

recapture rate of SBT ITC by year cannot be higher than the figure calculated under Method A for any year.

NOTE: For taxpayers whose amount of SBT ITC used is the same as the amount of SBT ITC created, the three methods should yield the same result. The amount of SBT ITC used is the same as the amount of SBT ITC created when a taxpayer is able to fully utilize all SBT ITC carryforward by their 2009 tax year return. It occurs when:

- Taxpayer is a calendar year filer (tax year ends in December): 2009 MBT Form 4569, lines 2 and 3, are equal for the latest 2009 tax year return filed.
- Taxpayer is a fiscal year filer (tax year ends before December): 2008 MBT Form 4569, line 4, equals zero for the latest 2009 tax year return filed.

Complete line 4 and line 5 according to the method chosen, as explained below:

• **Method A:**

- **Line 4, columns A through D:** Enter the tax year end date of each acquisition year of disposed assets that triggered SBT ITC recapture. (Those dates should be the same as appear in column A of lines 1-3.) For each year displayed in column A, enter Form C-8000ITC information required in the appropriate column, using return data specific from each applicable tax year. If the amount of column C is zero for a particular year, and the amount on C-8000ITC, line 10 for that year is larger than zero, taxpayers may not enter zero on column E if the taxpayers fall in either of the two categories explained below, and must do the appropriate calculations as follows:
 - 1) Taxpayers used the straight method to calculate the SBT liability for that taxable year: calculate the credit rate as instructed on C-8000ITC, line 26 for that taxable year, and enter the result on column E; or

2) Taxpayers used the excess compensation reduction method to calculate the SBT liability for that taxable year: calculate the credit rate as instructed on C 8000ITC, line 26 for that taxable year, and multiply that rate by the percentage on C-8000S, line 6. Enter the result on column E for that tax year.

- **Line 5, columns A and B:** Leave lines blank.
- **Line 4, column E:** Divide the amount in column C by the amount in column B, for each taxable year in column A, and enter as a percentage.
- **Lines 6, 7, and 8:** leave all lines blank.

• **Method B:**

○ **Line 4, columns A through D:** Gather all C-8000ITC forms filed for tax years beginning on or after January 1, 2000. (If an amended C-8000ITC was filed, use the figures from the amended form, not the original.) Sort all the returns in chronological order of taxable year end date, from earliest to latest date. Starting with the Form C-8000ITC for the earliest applicable SBT filing period, enter the information requested on the table for each taxable year (use one row for each return).

UBGs: Fill set of Part 2, and Table I (found on the following page) for each member of the group who disposed of assets that triggered SBT ITC recapture in the current tax year.

○ **Line 5, columns A and B:** Starting with Form 4569 for the earliest 2008 and latest 2009 applicable MBT filing period, enter the information requested on table.

UBGs: During tax years ending in 2008 and 2009, UBG groups were allowed to offset the group liability by claiming member's SBT ITC credit carryforward. When completing line 5, column B, enter the portion amount of the total group SBT ITC credit carryforward used by the

METHOD SUMMARY TABLE

TYPE OF METHOD	PROS	CONS
Method A	<ul style="list-style-type: none"> • Easy to calculate. • Taxpayer or UBG member disposing of ITC asset only need to enter information on line 4 for years in which assets that trigger recapture were acquired. 	<ul style="list-style-type: none"> • Method does not take into account the extent to which the ITC was used.
Method B	<ul style="list-style-type: none"> • Takes into account the extent to which the ITC was used. 	<ul style="list-style-type: none"> • Taxpayers must fill lines 4, 5, 6, Table I at the end of the instructions, and enter necessary information in Treasury webtool. • Information on line 4 must be entered for all years in which assets were bought and ITC was claimed, whether or not those assets were disposed in the current tax year.
Method C	<ul style="list-style-type: none"> • Taxpayers complete line 4, column E. 	<ul style="list-style-type: none"> • Taxpayer needs to develop own calculation procedure that reflects the MBT statute. Retain records to substantiate calculation.

group for each year that pertains to the specific member that is disposing of SBT ITC asset in the current tax year. For example: in 2008, group ABC files MBT return claiming \$1,000,000 in SBT ITC credit carryforward. The group consisted of Company 1, Company 2, and Company 3. The total \$1,000,000 in SBT ITC credit carryforward resulted from the sum of \$200,000 in SBT ITC credit carryforward from Company 1, \$300,000 from Company 2, and \$500,000 from Company 3. In the current year, company 2 and company 3 dispose of capital investment that triggers SBT ITC credit recapture. Therefore, group ABC files a Form 4902 to report the sum of SBT ITC credit recapture from Company 2 and company 3. When filling the line 5, column B for Company 2, report \$200,000 – which represents the portion of the total SBT ITC credit carryforward claimed by the group in 2008 that corresponds only to Company 2’s SBT ITC credit carryforward in 2008. When filling line 5, column B for Company 3, report \$500,000 – which represents Company 3’s portion of the total SBT ITC credit carryforward claimed by the group in 2008.

- **Line 4, column E:** For each taxable year, enter the rates calculated on Table I, line 9, column M.
- **Filling Table I at the end of these Instructions** (lines and columns not listed are explained on the table):
 - **Line 7, column A:** Enter only taxable years in which SBT ITC disposed assets were acquired.

Dates should match those listed on lines 1, 2, and 3, columns A. List each date only once.

- **Line 7, column C:** For each taxable year on line 6, column A, find the corresponding SBT ITC amount reported on line 4, column C, and Net Capital Investment amount reported on line 4, column B. Divide amounts from line 4, column C by amounts from line 4, column B for each taxable year and enter results here. If the quotient of that division for a particular tax year listed equals zero, and the amount on line 7, column B is positive, instead of zero, enter the following on line 7, column C as appropriate:

- 1) Taxpayer used the straight method to calculate the SBT liability for that taxable years: calculated the credit rate on C-8000ITC, line 26 for that taxable year, and enter the result here;
- 2) Taxpayer used the excess compensation reduction method to calculate the SBT liability for that taxable year: calculate the credit rate on C 8000ITC, line 26 for that taxable year, and multiply that rate by the percentage on C-8000S, line 6. Enter the result here.

- **Line 9, column J:** Enter amount of ITC credit used provided by the webtool that corresponds to each taxable year displayed on line 9, column I. Access the Michigan Department of Treasury (Treasury) Web tool

Table I: Determining Credit Amount that Offsets Credit Recapture

7.	A	B	C	D
	Taxable Year (End Date) In Which MBT ITC Disposed Asset Was Acquired (MM-DD-YYY)	SBT Capital Investment Amount (C-8000ITC, line 10)	SBT ITC Credit Rate Divide line 4, column C, by line 4, column B (See Instructions if zero)	Gross SBT ITC Credit Amount Multiply column B by column C

8.	E	F	G	H
	Taxable Year (repeat from column A)	SBT Recapture Capital Investment Amount (C-8000ITC, line 23)	Gross SBT ITC Credit Recapture Multiply column F by column C	SBT Recapture Amount Offset by Credit Lesser of columns D and G

9.	I	J	K	L	M
	Taxable Year (repeat from column A)	SBT ITC Credit Amount That offsets SBT liability (from webtool)	Total SBT ITC Credit Amount Used Add columns J and H	Extent Credit Used Rate Divide column K by column D (cannot be more than 1)	SBT ITC Recapture Rate Multiply columns C and L. Carry amount to Worksheet 4a, line 4, column E

by going to the Treasury site (www.michigan.gov/mbt4585tool), and enter the necessary information as instructed).

- **Line 9, column M:** For each taxable year on line 9, column I, multiply line 7, column C by line 9, column L. Enter results here. Match the taxable year on line 9, column I with the taxable year on line 4, column A, and carry amount from line 9, column M to line 4, column E for each appropriated tax year line.

- **Method C:**

- **Line 4, columns A through D:** Leave lines blank.
- **Line 5, columns A and B:** Leave lines blank.
- **Line 4, column E:** Enter results from the taxpayer's own software of choice (that is, a non-Treasury Web tool) or the taxpayer's own calculation that reflects the MBT statute. Retain records to substantiate figures entered in the filed return.

PART 3: CALCULATION OF SBT ITC RECAPTURE AMOUNTS

Line 6: Follow the instructions below:

Column A: Enter in chronological order, beginning with the earliest, the tax year end date of each acquisition year of disposed assets that triggered SBT ITC recapture from lines 1-3.

Column B: Separately for each acquisition year listed in column A, combine the corresponding amounts in line 1, column F, line 2, column F, and line 3, column B for all disposed assets that triggered SBT ITC recapture.

Column C: For each acquisition year listed in column A, enter the corresponding SBT ITC effective rate from line 4, column E. Match the acquisition year in line 6, column A, with the corresponding acquisition year in line 4, column A.

Column D: Multiply column B by column C for each acquisition year.

Line 7: Add up figures in each row of line 6, column D, and carry the amount to Form 4570, line 19.

Include completed Form 4585 as part of the tax return filing.