

2012 MICHIGAN Business Tax Miscellaneous Credits for Insurance Companies

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
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PART 1: REFUNDABLE CREDITS

Workers' Disability Supplemental Benefit (WDSB) Credit. If not claiming, skip to line 2.

1. WDSB Credit allowed by the Workers' Compensation Agency (attach document) 1.

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MEGA Employment Tax Credit. If not claiming, skip to line 3.

2. Credit amount from *MEDC Annual Tax Credit Certificate* (attach) 2.

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MEGA Photovoltaic Technology Credit. If not claiming this credit, skip to line 4.

3. Credit amount from *Assignment Certificate* provided by MEDC (attach) 3.

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Film Production Credit. If not claiming, skip to line 5.

4. Assigned credit amount (see instructions)..... 4.

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5. **TOTAL REFUNDABLE CREDITS.** Add lines 1 through 4. Enter total here and carry to Form 4588, line 52. 5.

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PART 2: NONREFUNDABLE CREDITS

6. Single Business Tax credit carryforward from Form 4569, line 13. If not claiming, enter zero 6.

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Compensation Credit. If not claiming, subtract line 6 from Form 4588, line 23 and enter on line 14. If less than zero, enter zero.

7. Michigan Compensation 7.

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8. Compensation Credit. Multiply line 7 by 0.37% (0.0037)..... 8.

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Reduced Compensation Credit

9. Tax before credits from Form 4569, line 12, or if line 6 above is zero, enter amount from Form 4588, line 23 9.

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10. WDSB Credit from line 1 above..... 10.

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11. Subtract line 10 from line 9. If less than zero, enter zero 11.

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12. Multiply line 11 by 65% (0.65)..... 12.

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13. **Allowable Compensation Credit.** Enter lesser of line 8 or line 12..... 13.

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14. Tax After Compensation Credit. Subtract line 13 from line 9. If less than zero, enter zero 14.

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Renaissance Zone Credit. If not claiming, carry amount from line 14 to line 16.

If claiming, complete and include the *MBT Renaissance Zone Credit Schedule* (Form 4595).

15. Renaissance Zone Credit. Amount from Form 4595, line 25b	15.		00
16. Tax After Renaissance Zone Credit. Subtract line 15 from line 14. If less than zero, enter zero	16.		00

Historic Preservation Credit. If not claiming, carry amount from line 16 to line 19.

17. Historic Preservation Credit from Form 4584, line 28.....	17.		00
18a. Recapture of Historic Preservation Tax Credit from Form 4584, line 2	18a.		00
18b. Historic Preservation Credit Net of Recapture. Subtract line 18a from line 17. If less than zero, enter as a negative number.....	18b.		00
19. Tax After Historic Preservation Credit. Subtract line 17 from line 16 and add line 18a	19.		00

Brownfield Redevelopment Credit. If not claiming, carry amount from line 19 to line 21.

20. Brownfield Redevelopment Credit from Form 4584, line 55.....	20.		00
21. Tax After Brownfield Redevelopment Credit. Subtract line 20 from line 19. If less than zero, enter zero	21.		00

Film Infrastructure Credit. If not claiming, carry amount from line 21 to line 26.

22. Assigned credit amount.....	22.		00
23. Unused credit from previous period MBT return.....	23.		00
24. Total Available Credit. Add lines 22 and 23	24.		00
25. Film Infrastructure Credit. Enter the lesser of line 21 or 24	25.		00
26. Tax After Film Infrastructure Credit. Subtract line 25 from line 21. If less than zero, enter zero.....	26.		00
27. Credit carryforward. If line 24 is greater than line 21, enter the difference.....	27.		00

28. TOTAL NONREFUNDABLE CREDITS. Add lines 6, 13, 15, 18b, 20, and 25. Enter total here and carry amount to Form 4588, line 24.....	28.		00
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Instructions for Form 4596

Michigan Business Tax (MBT) Miscellaneous Credits for Insurance Companies

Purpose

To allow insurance companies to calculate certain miscellaneous credits. There are strict eligibility requirements, so review the descriptions carefully before claiming a credit. Follow the instructions on the form for each credit.

Historic Preservation Credit

Beginning January 1, 2012, the historic preservation credit is available to the extent that a taxpayer had a Part 2 approval, approved rehabilitation plan, approved high community impact rehabilitation plan or preapproval letter before by December 31, 2011, but has not fully claimed the credit before January 1, 2012. The credit may be claimed as either a refundable accelerated credit on the *Request for Accelerated Payment for the Brownfield Redevelopment Credit and the Historic Preservation Credit* (Form 4889) or a non-refundable credit. Non-refundable credits and non-refundable carryforwards of the credit are claimed here. A taxpayer may elect to claim a certificated historic preservation credit in the year in which a credit is available and will taxable under the MBT until the qualifying credit and any carryforward of the credit are extinguished. The credit must first be claimed in the year that the certificate of completed rehabilitation of the historic resource was issued.

Line-by-Line Instructions

Lines not listed are explained on the form.

NOTE: Beginning January 1, 2012, only those taxpayers with a certificated credit, which is awarded but not yet fully claimed or utilized, may elect to be MBT taxpayers.

PART 1: REFUNDABLE CREDITS

Workers' Disability Supplemental Benefit (WDSB) Credit

The WDSB Credit is available to an insurance company subject to the Workers' Disability Compensation Act of 1969. The credit is equal to the amount paid during that tax year by the insurance company pursuant to Section 352 of the act, as certified by the director of the Workers' Compensation Agency, Department of Licensing and Regulatory Affairs (LARA), during the tax year. The amount of the credit is provided to taxpayers by LARA.

For more information on WDSB credit eligibility, contact LARA, Workers' Compensation Agency, at (517) 322-1879 or 1-888-396-5041 or visit the LARA Web site at www.michigan.gov/lara.

Line 1: Attach a copy of the document provided by LARA to the return to substantiate the claim for this credit.

MEGA Employment Tax Credit

The Michigan Economic Growth Authority (MEGA) Employment Tax Credit promotes economic growth and jobs

in Michigan. For a period of time not to exceed 20 years, a taxpayer that is an authorized business or an eligible taxpayer may claim a credit equal to the amount certified each year by MEGA.

Beginning January 1, 2012, this credit is available as a certificated credit to the extent that the taxpayer has entered into an agreement with MEGA by December 31, 2011, but the credit has not been fully claimed or paid prior to January 1, 2012. This credit must be claimed beginning with the taxpayer's first tax year ending after December 31, 2011, in order for the taxpayer to remain taxable under the MBT and claim the credit.

NOTE: MEGA may certify a credit based on an agreement entered into prior to January 1, 2008, under the Single Business Tax (SBT). The number of years for which the credit may be claimed for MBT will be equal to the maximum number of years designated in the resolution reduced by the number of years for which a credit has been claimed or could have been claimed under SBT.

NOTE: A taxpayer that claimed a credit under either SBT or MBT that had an agreement with MEGA based on qualified new jobs as defined in the MEGA Act, and that removes 51 percent or more of those qualified new jobs from Michigan within three years after the first year in which the taxpayer claimed a credit must pay an amount equal to the total of all credits claimed no later than 12 months after those qualified new jobs are removed from Michigan. Recapture is reported on the *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

For more information, call the Michigan Economic Development Corporation (MEDC) at (517) 373-9808 or visit the MEDC Web site at <http://www.michiganadvantage.org/>.

Line 2: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Annual Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

MEGA Photovoltaic Technology Credit

The MEGA Photovoltaic Technology Credit is available to a qualified taxpayer that enters into an agreement with MEGA to construct and operate a new facility in Michigan which serves to develop and manufacture photovoltaic energy, photovoltaic systems, or other photovoltaic technology. **This credit is available to an insurance company as an assignee only.** Photovoltaic energy, systems, or technology rely on solar power. The credit is available for 25 percent of the taxpayer's capital investment in the new facility during the tax year.

The credit generally must be taken in equal installments over a two-year period beginning in the tax year in which the certificate is issued. A taxpayer may make an irrevocable

assignment of all or a portion of the credit or may convey the right to the assignment on a form provided by MEGA, which will then issue assignment certificates to the assignee(s).

A taxpayer or assignee that claims a credit and subsequently fails to meet the requirements of the act or any other conditions established by MEGA in the agreement may, as determined by MEGA, have its credit reduced or terminated or have a percentage of the credit previously claimed added back to the tax liability of the taxpayer in the tax year that the taxpayer or assignee fails to comply. Credit recapture is reported on Form 4587.

A taxpayer certified to take the polycrystalline silicon credit under Michigan Compiled Laws (MCL) 208.1432 is disqualified from taking this credit.

Beginning January 1, 2012, this credit is available as a certificated credit to the extent that the taxpayer has entered into an agreement with MEGA by December 31, 2011, but the credit has not been fully claimed or paid prior to January 1, 2012. An insurance company assignee must claim this credit beginning with its first tax year ending after December 31, 2011, in order to remain taxable under the MBT and claim the credit.

Line 3: To claim this credit, attach a copy of the assignment certificate received from MEGA. (If the certificate is not attached, the credit will be disallowed.)

Film Production Credit

This credit is available to an insurance company as an assignee only.

The Michigan Film Office, with the concurrence of the State Treasurer, may enter into an agreement with an eligible production company providing the company with a refundable credit against MBT tax liability or against taxes withheld under Chapter 7 of the Michigan Individual Income Tax Act of 1967.

A *Post-Production Certificate of Completion* will be issued verifying the amount of the credit to be claimed once the Michigan Film Office is satisfied that company expenditures and eligibility are adequately met.

The credit may be assigned in the tax year in which the Post-Production Certificate of Completion is received but such assignment is irrevocable. The credit must first be claimed in the year of assignment.

Beginning January 1, 2012, this credit is available as a certificated credit to the extent that the taxpayer has entered into an agreement with the Michigan Film Office with the concurrence of the State Treasurer by December 31, 2011, but the credit has not been fully claimed or paid prior to January 1, 2012. An insurance company assignee must claim this credit beginning with its first tax year ending after December 31, 2011, in order to remain taxable under the MBT and claim the credit.

For more information, contact the Michigan Film Office at 1-800-477-3456 or visit the Web site at www.michiganfilmooffice.org.

Line 4: To claim this credit, include a copy of the *MBT Film Credit Assignment* (Form 4589) to the return.

PART 2: NONREFUNDABLE CREDITS

SBT Credit Carryforward

The Historic Preservation Credit and Brownfield Redevelopment Credit carryforwards from SBT may be claimed against MBT tax liability for the remaining years the carryforward would have been available under the SBT Act.

Compensation Credit

An insurance company may claim a credit equal to a percentage of compensation in Michigan, not to exceed 65 percent of the insurance company's tax liability for the tax year after claiming the other credits allowed under Chapter 2A of the MBT Act.

Line 7: Enter compensation payments made in the tax year on behalf of or for the benefit of employees, officers, or directors as defined in MCL 208.1107(2). Generally, under this definition, *compensation* includes, but is not limited to, payments that are subject to or specifically exempt or excepted from withholding under Internal Revenue Code (IRC) § 3401 through § 3406.

Compensation also includes fringe benefits and any earnings that are net earnings from self-employment, as defined under IRC § 402, of the taxpayer or partner or LLC member of the taxpayer. Wages, salaries, fees, bonuses, commissions, and other payments made in the tax year on behalf of or for the benefit of employees, officers, or directors as well as self-employment earnings must be reported on a cash basis.

Payments made to a pension plan, retirement or profit sharing plan, employee insurance plans, and payments under health and welfare benefit plans, as well as the administration fees paid for the administration of the health and welfare benefit plan, are compensation. Compensation also includes certain payments made by licensed taxpayers that are statutorily identified. These compensation payments are calculated on a cash or accrual basis consistent with the taxpayer's method of accounting for federal income taxes. The statute provides for certain exclusions from compensation including employee discounts on merchandise and services, payments for state and federal unemployment compensation and federal insurance contributions, and payments made to independent contractors.

Expense incurred for the benefit of the taxpayer rather than for the benefit of employees of the taxpayer is not compensation. Noncompensation expenses might include payments reported on a Form 1099 to an employee for the rental of a building or for interest income.

This credit is calculated against the taxpayer's Michigan compensation.

Compensation is "in this state" if (a) the individual's service is performed entirely within Michigan, or (b) the individual's service is performed both within Michigan and outside Michigan, but the services performed outside Michigan are incidental to the individual's service within Michigan.

Example 1: Sales Co. employs Salesperson whose territory includes both Detroit, Michigan, and Toledo, Ohio. Salesperson calls on customers located in both Michigan and Ohio. The compensation paid to Salesperson is not “compensation in this state” because Salesperson’s activity is not limited solely to Michigan, and calling on customers in Ohio is not incidental to Salesperson’s activity in Michigan.

Example 2: Manufacturer employs Engineer at its Michigan facility. Several times a year, Engineer travels out of state to meet with suppliers. Although Engineer performs services both within Michigan and outside Michigan, Engineer’s out-of-state services are incidental to Engineer’s services within Michigan. The compensation paid to Engineer is “compensation in this state.”

Renaissance Zone Credit

The Renaissance Zone Credit encourages businesses and individuals to move into a designated Zone to help revitalize the area by providing a credit for businesses located and conducting business activity within the Zone.

Line 15: Complete and include the *MBT Renaissance Zone Credit Schedule* (Form 4595) to claim this credit.

If located in more than one zone, complete and include a separate Form 4595 for each zone. Add line 25b from each Form 4595 and enter the sum on Form 4596, line 15.

Claim only a non-certificated renaissance zone credit on this form. A certificated renaissance zone credit is calculated on Form 4595 and claimed on the *Schedule of Corporate Income Tax Liability for a Michigan Business Tax Insurance Filer* (Form 4974). For more information on certificated and non-certificated renaissance zone credits, see special instructions to Form 4595.

NOTE: Although Insurance companies do not normally calculate business income, or apportion their tax base by a sales factor, both are required in the calculation of a Renaissance Zone credit. Use the *Business Income Worksheet* (Worksheet 4746) to calculate a pro forma business income, and calculate pro forma sales in Michigan and sales everywhere. See instructions for the *MBT Annual Return* (Form 4567) for guidance on the definition of sales and applicable sourcing provisions.

For more information on Renaissance Zones, contact the MEDC at (517) 373-9808 or visit their Web site at <http://www.michiganadvantage.org/>. For information on the MBT credit, contact the Michigan Department of Treasury, Customer Contact Division, MBT Unit, at (517) 636-6925.

Historic Preservation Credit

The Historic Preservation Credit provides tax incentives for homeowners, commercial property owners, and businesses to rehabilitate historic resources located in Michigan. Rehabilitation projects must be certified by SHPO.

Line 17: Complete Form 4584 to claim this credit and carryforward the resulting overpayment, if any.

Line 18a: Recapture from Form 4584, line 2. If the resource is sold or the certification of completed rehabilitation or preapproval letter is revoked less than five years after the

historic resource is placed in service, a percentage of the credit may be subject to recapture.

100 percent	If less than 1 year
80 percent	If at least 1 year, but less than 2 years
60 percent	If at least 2 years, but less than 3 years
40 percent	If at least 3 years, but less than 4 years
20 percent	If at least 4 years, but less than 5 years

Questions regarding federal and State certification may be directed to SHPO at (517) 373-1630. For additional information, visit the SHPO Web site at www.michigan.gov/shpo. Information about Federal Historic Preservation Tax Incentives is available at www.nps.gov/hps/tps/tax/index.htm.

Brownfield Redevelopment Credit

Beginning January 1, 2012, the brownfield redevelopment credit may be claimed as a certificated credit if a taxpayer has a preapproval letter by December 31, 2011, but has not fully claimed the credit by January 1, 2012. The credit may be claimed as either a refundable accelerated credit (on Form 4889) or a non-refundable credit. Non-refundable credits and non-refundable carryforwards of the credit are claimed here. The credit must first be claimed in the year in which the certificate of completion is issued.

Line 20: Complete Form 4584 to claim this credit and carryforward the resulting overpayment.

The administration of the Brownfield Redevelopment Credit program is assigned to MEGA. For more information on the approval process, contact the MEDC at (517) 373-9808.

Film Infrastructure Credit

This credit is available to an insurance company as an assignee only.

An eligible taxpayer may claim a credit for investment in a qualified film and digital media infrastructure project equal to 25 percent of the base investment expenditures for the project, provided the taxpayer enters into an agreement with the Michigan Film Office, concurred in by the State Treasurer. The credit is reduced by the amount of any Brownfield Redevelopment Credit claimed under Section 437 of the MBT Act for the same base investment. If the credit exceeds the taxpayer’s tax liability for the tax year, the excess may be carried forward to offset tax liability in subsequent years for a maximum of ten years.

Upon verification that the taxpayer has complied with the agreement terms and investment expenditures and eligibility are adequately met, the Michigan Film Office will issue an Investment Expenditure Certificate stating the amount of the credit. The certificate received must be attached to the return.

The credit may be assigned in the tax year in which the *Investment Expenditure Certificate* is received but any such assignment is irrevocable. Form 4589 must be attached to the return on which the credit is claimed.

An assigned credit amount must first be claimed against the assignee's MBT liability during the assignee's tax year in which the credit was assigned.

Beginning January 1, 2012, this credit is available as a certificated credit to the extent that the taxpayer has entered into an agreement with the Michigan Film Office with the concurrence of the State Treasurer by December 31, 2011, but the credit has not been fully claimed or paid prior to January 1, 2012.

NOTE: To qualify for the credit, a taxpayer must not be delinquent in a tax or other obligation owed to Michigan nor be owned or under common control of an entity that is delinquent. A credit cannot be claimed for any direct expenditure for which a Film Production Credit was claimed against either an MBT or withholding tax liability.

For more information, contact the Michigan Film Office at 1-800-477-3456 or visit the Web site at **www.michiganfilmoffice.org**.

Include completed Form 4596 as part of the tax return filing.