

2017 MICHIGAN Corporate Income Tax Data on Unitary Business Group Members

Issued under authority of Public Act 38 of 2011.

Complete a separate copy of this schedule for each standard taxpayer member of the UBG, with or without nexus.

| | | | | | |
|--|-------|-----------------|--------------|---|---|
| 1. Designated Member Name | | | | 2. Designated Member FEIN | |
| 3. Member Name | | | | 4. Member FEIN | |
| 5. Member Street Address | | | | 6a. <input type="checkbox"/> Check if a special sourcing formula for transportation services is used in the sourcing of Sales to MI | 6b. <input type="checkbox"/> Check if a new member. |
| City | State | ZIP/Postal Code | Country Code | | |
| 7. Federal tax period included in return (MM-DD-YYYY)..... | | Beginning | Ending | 9a. <input type="checkbox"/> Check if nexus with Michigan. | 9b. <input type="checkbox"/> Check if member only by Affiliated Group Election. |
| 8. If part-year member, enter membership dates (MM-DD-YYYY)..... | | | | 10. NAICS (North American Industry Classification System) Code | |

Business and Capital Loss Carryforward — Lines 11 and 12, enter as a positive number.

| | | | |
|---|-----|--|----|
| 11. DM or new member: Available CIT business loss carryforward from previous period's CIT return (see instr.) ... | 11. | | 00 |
| 12. Carryback or carryover of a capital loss | 12. | | 00 |

Sales and Gross Receipts

| | | | |
|---|------|--|----|
| 13. Michigan sales. (If no Michigan sales, enter zero.) | 13. | | 00 |
| 14. Proportionate Michigan sales from unitary Flow-Through Entities (FTEs) | 14. | | 00 |
| 15. Michigan sales eliminations (see instructions) | 15. | | 00 |
| 16. Total sales..... | 16. | | 00 |
| 17. Proportionate total sales from unitary FTEs | 17. | | 00 |
| 18. Total sales eliminations (see instructions) | 18. | | 00 |
| 19a. Gross receipts from corporate activities (see instructions)..... | 19a. | | 00 |
| 19b. Group eliminations from gross receipts for this member (see instructions)..... | 19b. | | 00 |
| 20. Apportioned gross receipts from FTEs | 20. | | 00 |

Member Business Income

| | | | |
|--|------|--|----|
| 21. Federal taxable income (Amount includes agricultural activities. See instructions.) | 21. | | 00 |
| 22. Domestic production activities deduction based on IRC § 199 (see instructions)..... | 22. | | 00 |
| 23. Miscellaneous (see instructions) | 23. | | 00 |
| 24. Adjustments due to decoupling of Michigan depreciation from IRC § 168(k). If negative, enter as negative: | | | |
| a. Net bonus depreciation adjustment..... | 24a. | | 00 |
| b. Gain/loss adjustment on sale of eligible depreciable asset(s)..... | 24b. | | 00 |
| c. Add lines 24a and 24b. If negative, enter as negative..... | 24c. | | 00 |
| 25. Group eliminations from business income for this member (see instructions)..... | 25. | | 00 |
| 26. Business Income. Add lines 21, 22, 23 and 24c, and subtract line 25. If negative, enter as negative | 26. | | 00 |

Additions to Business Income

| | | | |
|---|-----|--|----|
| 27. Interest income and dividends derived from obligations or securities of states other than Michigan..... | 27. | | 00 |
| 28. Taxes on or measured by net income including tax imposed under CIT | 28. | | 00 |
| 29. Any carryback or carryover of a federal net operating loss (enter as a positive number)..... | 29. | | 00 |
| 30. Royalty, interest, and other expenses paid to a related person that is not a member of this UBG | 30. | | 00 |
| 31. Miscellaneous (see instructions) | 31. | | 00 |

Subtractions from Business Income

| | | | |
|--|-----|--|----|
| 32. Income from non-unitary FTEs (Enter loss as negative; include Form 4898; see instructions) | 32. | | 00 |
| 33. Dividends and royalties received from persons other than U.S. persons and foreign operating entities | 33. | | 00 |
| 34. Interest income derived from United States obligations | 34. | | 00 |
| 35. Miscellaneous (see instructions) | 35. | | 00 |

Payments

| | | | |
|--|-----|--|----|
| 36. Overpayment credited from prior period return (MBT or CIT) | 36. | | 00 |
| 37. Estimated tax payments | 37. | | 00 |
| 38. Flow-Through Withholding payments (Include Form 4911)..... | 38. | | 00 |
| 39. Tax paid with request for extension | 39. | | 00 |

Instructions for Form 4897

Corporate Income Tax (CIT) Data on Unitary Business Group Members

Purpose

The purpose of this form is to gather tax return data on a separate basis for each standard member included in the combined return.

Refund Only: If combined apportioned or allocated gross receipts of all members (after eliminations) is less than \$350,000, or if total annual liability of all members is less than or equal to \$100, and the taxpayer is filing the *CIT Annual Return* (Form 4891) solely to claim a refund of payments made, the *CIT Unitary Business Group Affiliates Excluded from the Return of Standard Taxpayers* (Form 4896), if applicable, and Form 4897 must be included. The Designated Member (DM) must complete a separate copy of Form 4897 for each member of the Unitary Business Group (UBG), and one copy of Form 4896 if applicable. See Form 4891 for instructions on completing that form.

Member information from Form 4897 will be totaled and carried to Form 4891 of the UBG's return. (For the relationships between lines on this form and lines on Form 4891, see the "Totaling Member Information" chart at the end of these form instructions.)

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

General Information About UBGs in CIT

For information on determining the existence of a UBG, see the General Instructions in the *CIT Forms and Instructions for a Standard Taxpayer* (Form 4890), in the section titled "Determining the Existence and Membership of a UBG."

Line-by-Line Instructions

NOTE: The DM also must complete a copy of Form 4897 using its own data.

NOTE: Any member that does not file a separate federal return (e.g., a member that also is a member of a federal consolidated group) must prepare a pro forma federal return or equivalent schedule and use it as the basis for preparing its portion of the CIT return.

NOTE: If any member of the group is reporting a period of less than 12 months with this group return, annualize gross receipts for that member and combine those annualized gross receipts with the gross receipts of the UBG to determine if a filing requirement exists for the group. **Do not** enter annualized amounts on this form. Annualized amounts will be entered on Form 4891 for the group.

Part 1: Member Identification

Include a separate copy of Form 4897 for each member, including the DM, whose business activity is required to be

reported on the combined return supported by this form. If a member (other than the DM) has two or more tax periods ending with or within the filing period of the return, use a separate copy of Form 4897 for each of that member's periods.

FOREIGN MEMBERS: Complete the address fields as follows:

Address: Enter the street address for this taxpayer.

City: Enter the city name for this taxpayer. **DO NOT** include the country name in this field.

State: Enter the two-letter state or province abbreviation. If there is no applicable two-letter abbreviation, leave this field blank.

ZIP/Postal Code: Enter the ZIP Code or Postal Code.

Country Code: Enter the two-letter country code provided in this tax booklet.

Line 6a: Check this box if the taxpayer has receipts from transportation services. To calculate Michigan Sales from Transportation Services, see the instructions in Form 4891, line 9, and the "Sourcing of Sales to Michigan" section of the general instructions in Form 4890.

Line 7: List the member's tax year for federal income tax purposes from which business activity is being reported on this copy of Form 4897.

Line 8: 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. If this member was not a member of the UBG 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 it was a member of the UBG. These dates constitute a short tax period for CIT purposes, even if there is no corresponding short federal tax period. This member must prepare a pro forma federal return for the portion of its federal year during which it was a UBG member, and use that pro forma return as the basis for reporting the tax data.

Line 9a: If this member has nexus with Michigan, check this box (with an X).

Line 9b: For informational and statistical purposes, check (with an X) this box if the following two conditions exist:

- 1) The group to which this member belongs is a UBG by way of the Affiliated Group Election (line 7b on Form 4891 is filled), AND
- 2) The member for which this form is being filed does NOT meet both the UBG relationship and traditional control tests.

See the instructions for Form 4891 for further information about the election. If this box is checked, Form 4891, line 7 **MUST** contain a date. Once an election is made, every person that meets the definition of "affiliated group," which includes

meeting the affiliated group ownership test, is a member of the UBG by way of the Affiliated Group Election (i.e., criterion #1 is met). The ownership test for an affiliated group may be different than the control test for non-affiliated group UBGs. Further, the determination of members of a CIT affiliated group is made without regard to whether the relationship test is met. For informational and statistical purposes, please indicate whether the member for which this form is filed would meet the traditional UBG tests had the group not made the Affiliated Group Election.

Line 10: Enter the member'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/. Enter the same NAICS code used when filing Schedule K of federal Form 1120.

Line 11: Enter any unused CIT business loss carryforward that was reported on the CIT return for the immediately preceding tax period on the appropriate group member copy of this form as explained on the bulleted section below. Only CIT business losses that were incurred after December 31, 2011 may be entered on this line.

Business loss means a negative business income tax base after allocation or apportionment. The business loss will be carried forward to the year immediately succeeding the loss year as an offset to the allocated or apportioned Business Income Tax base, then successively to the next nine taxable years following the loss year or until the loss is used up, whichever occurs first, but for not more than ten taxable years after the loss year.

Under PA 13 of 2014, a taxpayer that acquires the assets of another corporation in a transaction described under section 381(a)(1) or (2) of the Internal Revenue Code (IRC) may deduct any CIT business loss carryforward (hereinafter, loss carryforward) attributable to that other corporation. Losses acquired via IRC § 381 (a) (1) or (2) are reported on this line by the member identified in the bulleted section below.

- **On the DM's copy of this form:** Enter loss carryforward from the group's immediately preceding Form 4891, less any part of that carryforward subsequently taken by departing members (see below), plus any loss acquired by the group via IRC § 381 (as defined above). Attach a list of all loss corporations whose losses were acquired in this manner by this UBG during the filing period. Provide name and FEIN of acquiring member, name and FEIN of loss corporation, and loss amount for each loss corporation.

- **On a non-DM member's copy of this form:** Only a member that joined the group in the current tax year may report a loss carryforward on its copy of this form. Report the loss carryforward that the member brings into the group. If the incoming member was part of another UBG in the tax year immediately prior to the current year, the loss carryforward that it brings into the current year group refers to the incoming member's share of its former group's total loss carryforward reported on the former group's immediately preceding Form 4891. If the incoming member was not part of a UBG in the tax year immediately prior to the current year, the loss carryforward that it brings into the current year's group refers to the amount reported on the immediately preceding Form

4891 filed by that member on a stand alone basis.

When a new, incoming member created a CIT business loss carryforward from a CIT tax period prior to joining the current tax year UBG, the carryforward on that member's account will be used by the current year group until it is fully consumed (or that member leaves the group). This will be based upon accurate reporting of the incoming member's loss carryforward on its copy of the current year group's Form 4897, line 11, as explained in the bulleted section of the line 11 instructions. When a member that generated a business loss carryforward in a prior period leaves the group, that member will take with it an amount equal to the group's remaining business loss carryforward from that period multiplied by the amount that member contributed and divided by the total amount contributed by all group members for the carryforward in that same period.

If these instructions are not followed carefully, business loss carryforward available for use by the group in the current filing period will be miscalculated. It is important to review a business loss 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 parting member.

Loss carryforward consumed on a return is always the oldest available on that return, regardless of whether the oldest loss was generated by the group, brought by an incoming member, or acquired by a member of the group via IRC § 381. For a loss acquired via IRC § 381 transaction, the years of carryforward consumed before acquisition should be counted when determining the carryforward period remaining. Loss carryforward of a UBG, including loss carryforward brought by an incoming member and loss carryforward acquired by the group or its members via IRC § 381, ages according to the tax years of the group, rather than tax years of any particular member.

NOTE: CIT business loss carryforward is not the same as a federal net operating loss carryover or a Michigan Business Tax (MBT) business loss carryforward, neither of which can be claimed as a deduction on a CIT return.

Additional instruction is found in the "Supplemental Instructions for Standard Members in UBGs" section in Form 4890.

Line 12: Enter, to the extent deducted in determining federal taxable income (as defined for CIT purposes), a carryback or carryover of a capital loss from Schedule D of federal Form 1120. Enter as a positive number.

Line 13: *Sale* or *Sales* means amounts received by a member as consideration from the following:

- Transfer of title to, or possession of, property that is stock in trade or other property of a kind which would properly be included in the inventory of the member if on hand at the close of the tax period, or property held by the member primarily for sale to customers in the ordinary course of its trade or business. For intangible property, the amounts received will be limited to any gain received from the disposition of that property.
- Performance of services that constitute business activities.

- Rental, leasing, licensing, or use of tangible or intangible property, including interest, that constitutes business activity.
- Any combination of business activities described above.
- For a member not engaged in any other business activities, sales include interest, dividends, and other income from investment assets and activities and from trading assets and activities.

All sales are Michigan sales unless the member is subject to tax in another state or foreign country. A member is subject to a tax in another state or foreign country if, in that state or foreign country, the member 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, a Corporation stock tax, or a tax of the type imposed under the Income Tax Act, or that state has jurisdiction to subject the member to one or more of such taxes regardless of whether the tax is imposed.

If this member is subject to tax in another state, as described above, use the “Sourcing of Sales to Michigan” information in the Form 4891 instructions to determine Michigan sales. If sales reported are adjusted by a deduction for qualified sales to a qualified customer, as determined by the Michigan Economic Growth Authority (MEGA), attach the Anchor District Tax Credit Certificate or Anchor Jobs Tax Credit Certificate from the Michigan Economic Development Corporation (MEDC) as support.

If this member has no Michigan sales, enter zero.

Complete this line using amounts for the member’s business activity only. Do not include amounts from an interest owned by a member in a Partnership or S Corporation (or LLC taxed federally as such).

For transportation services that source sales based on revenue miles, enter a Michigan sales amount on this line by multiplying total sales of the transportation service by the ratio of Michigan revenue miles over revenue miles everywhere. Revenue mile means the transportation for a consideration of one net ton in weight or one passenger the distance of one mile.

Certain types of transportation services have special sourcing provisions. See the “Sourcing of Sales to Michigan” section of Form 4890.

NOTE: Only transportation services are sourced using revenue miles. To the extent the taxpayer has business activities or revenue streams not from transportation services, those sales should be sourced according to the applicable guidance in the “Sourcing of Sales to Michigan” section of Form 4890.

Line 14: If the taxpayer is unitary with a flow-through entity (FTE) or FTEs, enter on this line this member’s total proportionate amount of Michigan sales attributable to these FTEs in column J on Form 4900. For more information see the instructions for Form 4900. If an amount is entered on this line, then Form 4900 must be completed and included with this return.

NOTE: PA 266 of 2013 authorizes an affiliated group election that applies an alternate test for finding a unitary relationship between corporations. This act **DID NOT** create a corresponding “affiliated group” test for finding a unitary

relationship between a corporation and an FTE. The existence of a unitary relationship between a corporation and an FTE is still based exclusively on the traditional two-part test described in the instructions for line 9 of Form 4891.

Line 15: Enter on this line all Michigan sales made between the member and another member of the UBG, and sales from the member to an FTE that is unitary with the UBG and is included on Form 4900.

NOTE: Elimination, where required, applies to transactions between any members of the UBG. For example, if the UBG includes standard taxpayers (not owned by and unitary with a financial institution in the UBG), an insurance company, and two financial institutions, transactions between a standard taxpayer member and an insurance or financial member are eliminated whenever elimination is required, despite the fact that the insurance and financial members are not reported on the combined return filed by standard taxpayer members.

However, there is no elimination with an otherwise related entity if the related entity is excluded from the UBG. For example, consider a group with a U.S. parent, a U.S. subsidiary, and a foreign operating entity subsidiary that would otherwise be a UBG, but the foreign operating entity is excluded from the UBG by definition. The U.S. parent filing a UBG return may not eliminate intercompany transactions between itself and the foreign operating entity.

Line 16: Enter the total sales that are directly attributable to this member.

Transportation services that source sales based on revenue miles: Include on this line the total sales that are directly attributable to the taxpayer.

Line 17: If the taxpayer is unitary with an FTE or FTEs, enter on this line this member’s total proportionate amount of total sales attributable to these FTEs in column O on Form 4900. For more information see the instructions for Form 4900. If an amount is entered on this line, then Form 4900 must be completed and included with the filing of this return.

Line 18: Enter on this line total sales made between the member and another member of the UBG, and sales from the member to an FTE that is unitary with the UBG and is included in Form 4900.

Line 19a: *Gross receipts* means the entire amount received by the member from any activity, whether in intrastate, interstate, or foreign commerce, carried on for direct or indirect gain, benefit, or advantage to the member or to others, with certain exceptions. See the Gross Receipts Checklist in the instructions for Form 4891, line 10, for further guidance.

A member should compute its gross receipts using the same accounting method used in computing its taxable income for federal income tax purposes. Gross receipts of a member of a UBG is reported here before eliminations. Do not include in this amount gross receipts imputed to this member from activity of an FTE.

Line 19b: Enter on this line all gross receipts received by this member from another member of the UBG.

NOTE: Do not create a separate Form 4897 to report aggregated or groupwide eliminations. Instead, gross receipts

eliminations specific to a member must be reported on this line of that member's Form 4897.

UBG members reporting a period of less than 12 months must report actual gross receipts on Form 4897, line 19a.

Line 20: Enter the allocated or apportioned imputed gross receipts from all unitary or non-unitary FTEs from which the member receives a distributive share of income.

EXCEPTION: Do not include imputed gross receipts from any FTE in which the taxpayer is a non-unitary owner and the FTE has made a valid election to file the Michigan Business Tax (MBT) for a tax year that ends with or within this member's tax year.

Use the worksheet below to calculate FTE apportioned gross receipts. Exclude gross receipts from FTEs that filed an MBT return for a tax year that ends with or within the tax year of the member. See explanation of 2013 PA 233 in the instructions for line 21.

WORKSHEET ON FLOW-THROUGH GROSS RECEIPTS

A taxpayer must complete the following calculation for each FTE, whether unitary or not, that does not elect to file an MBT return for this tax year and from which the taxpayer receives distributive share of income. The amount in line 5 of this worksheet for each flow-through entity must be added, and the sum carried to Form 4897, line 20.

| | | | |
|--|----|--|----|
| 1. FTE's gross receipts that fall with or within the member's tax year included in this return | 1. | | 00 |
| 2. Percentage of the FTE's income or loss received by the member | 2. | | % |
| 3. Gross receipt amount before apportionment. Multiply line 1 by line 2 | 3. | | 00 |
| 4. FTE's apportionment percentage (Michigan sales divided by total sales)* | 4. | | % |
| 5. Flow-through gross receipts to be imputed to the member. Multiply line 3 by line 4 | 5. | | 00 |

*Line 4: If the FTE is unitary with the UBG, use the group's apportionment percentage from Form 4891, line 9g. Otherwise, use the FTE's apportionment percentage. See the line 14 instructions regarding the definition of a unitary relationship between a corporation and an FTE.

Lines 21 through 26: IMPORTANT: As long as one member of a UBG has nexus with Michigan and exceeds the protections of PL 86-272, all members of the UBG, including members protected under PL 86-272, must be included when calculating the UBG's Corporate Income Tax base and apportionment formula. (In other words, PL 86-272 will only remove business income from the apportionable Corporate Income Tax base when all members of the UBG are protected under PL 86-272.) The inclusion of the business income of members that fall under PL 86-272 in the tax base of the UBG and the subsequent apportionment of such income does not constitute taxation upon those PL 86-272 protected members. Rather, this method is required for properly determining the Michigan income of

the UBG.

Line 21: *Business income* means federal taxable income. *Federal taxable income*, as reported on line 21, is defined for CIT purposes to include carryback and carryover of federal net operating losses. Note that these amounts will be added back, for CIT purposes, in the Additions to Business Income section (lines 27 through 31) of this form.

For a tax-exempt taxpayer, *business income* means only that part of federal taxable income (as defined for CIT purposes) derived from unrelated business activity.

NOTE: 2013 Public Act 233 provides that, in the case of a flow-through entity (FTE) that made the election to remain taxable under the MBT, each member of the FTE that does not file as a member of a unitary business group with the FTE shall disregard all items attributable to that member's ownership interest in the electing FTE for all purposes of the CIT. In other words, if the taxpayer filing this form owns an interest in an FTE that files an MBT return for the same tax year that ends with or within this taxpayer's tax year, the taxpayer should remove here its distributive share of income or loss attributable to that FTE, and shall disregard all items attributable to the electing FTE on the remainder of the return. Attach a list of FTEs from which items are exempt. Include FTE names, FEINs, the distributive share of income (loss), and the distributive share of gross receipts. Provide a separate list for each applicable member of the UBG.

Line 23: There are currently no miscellaneous items to be entered on this line. Leave this line blank.

Line 24: Adjustments are required for all assets placed into service after December 31, 2007, for which bonus depreciation was taken. See instructions for Form 4891, lines 15a and 15b for guidance on bonus depreciation adjustments.

Line 25: Enter on this line this member's total eliminations to business income from intercompany transactions with another member of the UBG.

NOTE: Elimination, where required, applies to transactions between any members of the UBG. For example, if the UBG includes standard taxpayers (not owned by and unitary with a financial institution in the UBG), an insurance company, and two financial institutions, transactions between a standard taxpayer member and an insurance or financial member are eliminated whenever elimination is required, despite the fact that the insurance and financial members are not reported on the combined return filed by standard taxpayer members.

However, there is no elimination with an otherwise related entity if the related entity is excluded from the UBG. For example, consider a group with a U.S. parent, a U.S. subsidiary, and a foreign operating entity subsidiary that would otherwise be a UBG, but the foreign operating entity is excluded from the UBG by definition. The U.S. parent filing a UBG return may not eliminate intercompany transactions between itself and the foreign operating entity.

NOTE: Do not create a separate Form 4897 to report aggregated or groupwide eliminations. Instead, business income eliminations specific to a member must be reported on

this line of that member's Form 4897.

Line 27: Enter any interest income and dividends from bonds and similar obligations or securities of states other than Michigan and their political subdivisions in the same amount that was excluded from federal taxable income (as defined for CIT purposes). Reduce this addition by any expenses related to the foregoing income that were disallowed on the federal return by IRC § 265 or § 291.

Line 28: To the extent deducted in arriving at federal taxable income (as defined for CIT purposes) enter all taxes on or measured by net income including city and state taxes, Foreign Income Tax, and Federal Environmental Tax claimed as a deduction on this member's federal return. This includes the tax imposed under the CIT to the extent claimed as a deduction on the taxpayer's federal return. This also includes the tax imposed under the Business Income Tax portion of the Michigan Business Tax.

Line 29: Enter any net operating loss (NOL) carryover or carryback that was deducted in arriving at this member's federal taxable income (as defined for CIT purposes). If the member reporting on this form is a member of a federal consolidated group, or for any other reason did not file a separate federal return for the period reported here, the federal NOL carryover or carryback entered here must be based on a pro forma federal return for the member reporting on this form. Enter this amount as a positive number.

Line 30: To the extent deducted in arriving at federal taxable income (as defined for CIT purposes), enter any royalty, interest, or other expense paid to a person related to the member by ownership or control for the use of an intangible asset if the person is not included in this UBG. Royalty, interest, or other expense described here is not required to be included if the member can demonstrate that the transaction has a nontax business purpose other than avoidance of CIT, is conducted with arm's-length pricing and rates and terms as applied in accordance with IRC § 482 and § 1274(d), and satisfies one of the following:

- Is a pass-through of another transaction between a third party and the related person with comparable rates and terms.
- Results in double taxation. For purposes of this subparagraph, double taxation exists if the transaction is subject to tax in another jurisdiction.
- Is unreasonable as determined by the state treasurer.
- The related person (recipient of the transaction) is organized under the laws of a foreign nation which has in force a comprehensive income tax treaty with the United States.

Line 31: Enter on this line the expenses included on line 21 that resulted from the production of oil and gas if that production of oil and gas is subject to the Severance Tax on Oil or Gas, 1929 PA 48. If the taxpayer does not have an oil and gas expense that qualifies, leave this line blank. Also enter expenses related to the income derived from a mineral to the extent that income is included on line 35 and that expense was deducted in arriving at federal taxable income.

Line 32: Complete all other subtractions from business

income, lines 33 through 35, before completing line 32. Enter on this line the sum of all entries in Column C of this member's *Non-Unitary Relationships with Flow-Through Entities* (Form 4898). If an amount is entered on this line, Form 4898 must be completed and included with the filing of this form. Form 4898, Column C, reports the taxpayer's distributive share of income (loss) attributable to non-unitary flow-through entities (FTEs).

Flow-through entity means an entity that for the applicable tax year is treated as a subchapter S corporation under section 1362(a) of the IRC, a general partnership, a trust, a limited partnership, a limited liability partnership, or a limited liability company, that for the tax year is not taxed as a C corporation for federal income tax purposes.

See the General Information section of the instructions for Form 4898 for an explanation of FTEs with which a taxpayer is not unitary.

Line 33: To the extent included in federal taxable income (as defined for CIT purposes), enter any dividends and royalties received from persons other than United States persons and foreign operating entities, including, but not limited to, amounts determined under IRC § 78 or IRC § 951 to § 964.

Line 34: To the extent included in federal taxable income (as defined for CIT purposes), deduct interest income derived from United States obligations.

Line 35: Enter on this line income from the production of oil and gas if that production of oil and gas is subject to the severance tax on oil and gas, 1929 PA 48, to the extent that income was included in federal taxable income. Also enter income derived from a mineral to the extent included in federal taxable income.

Line 36: Enter overpayment credited from the prior period return (MBT or CIT, as applicable). 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. In general this line should be used only on the DM's copy of Form 4897 (credit forward from the group's prior return) or that of a new member (credit forward from the new member's final return as a separate filer).

Line 37: All CIT 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 Form 4897. If any other member paid estimates attributable to the group return supported by this form, enter those estimates on that member's copy of Form 4897. Include all payments made by that member for any portion of its federal filing period that is included on the group return. For example, if a non-DM member has a 12-month fiscal year beginning April 1, 2013, and is a member of a calendar year UBG throughout that period, its business activity from April 1, 2013, through March 31, 2014, will be reported on the group's December 31, 2014, return. If that member pays CIT quarterly estimates, it will make two estimates during 2013, before the DM's filing period begins. Because those estimates are attributable to activity that will be reported on the group's December 31, 2014, return, they should be included on the paying member's copy of Form 4897 for the December 31, 2014, group return.

Line 38: Enter the total withholding payments made on this member's behalf by flow-through entities. Include all withholding payments made on returns that apply to this member's tax year included in this UBG return. Included on this line would be FTW payments made by FTEs whose tax years ended within the member's tax year that is included in this UBG return. For example, consider a partnership with a June 30 year end, a UBG with a September 30 year end, and a UBG member that has a March 31 year end and is a partner in the partnership. The partnership will make quarterly FTW payments in April 2014 (for its quarter ending March 31) and July 2014 (for its quarter ending June 30), and will file an annual FTW reconciliation return (Form 4918) for its year ending June 30, 2014. Because the partnership's year ends within the partner's 2014-15 fiscal year, all the FTW payments for that partner are attributable to the partner's 2014-15 fiscal year, regardless of the dates of the quarterly payments. Because the partner's (the UBG member's) 2014-15 fiscal year ends within the DM's (and UBG's) October 2014-September 2015 fiscal year, these FTW payments will be reported on this UBG member's Form 4897 for the UBG's October 2014-September 2015 CIT return.

NOTE: The amount reported on this line for each member equals the total amount submitted by the same member on *Michigan Corporate Income Tax Schedule of Flow-Through Withholding* (Form 4911), column E. Also, the sum of all member's Form 4897, line 38, equals the amount reported on the group's Form 4891, line 46.

NOTE: Flow-through withholding is repealed effective with FTEs' tax years **beginning after June 30, 2016**, under Public Act 158. A CIT taxpayer should not have had any tax withheld on its behalf by FTEs with tax years beginning after June 30, 2016.

Line 39: Report here any payment submitted with an extension request by this member.

NOTE: Only the DM may make a valid request for a filing extension for a UBG. If any other member submits an extension request, it will not create an extension for the UBG, but any payment made with that request can be credited to the UBG by entering that payment on this line of that member's Form 4897.

Other Supporting Forms and Schedules

Federal Forms: For each member of the UBG, include copies of these forms with the return.

- **C Corporations:** Federal Form 1120 (pages 1 through 5), 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.
- **Limited Liability Companies:** Attach appropriate schedules listed above if the LLC has elected to be taxed as a C Corporation.
- **Federally Exempt Entities:** In certain circumstances, a federally tax exempt entity must file a CIT return. In those cases, attach federal Form 990-T (pages 1 through 4).

Include completed Form 4897 as part of the tax return filing.

TOTALING MEMBER INFORMATION

Some member information from Form 4897 will be totaled and carried to Form 4891 of the UBG's return. The table below matches the lines of Form 4897 on the left with the corresponding lines reflecting the group totals on Form 4891 on the right.

| Lines from Form 4897 | Carried to Form 4891 |
|--|----------------------|
| Subtract line 15 from line 13 for each member, and combine the result for all members | 9a |
| 14 | 9b |
| Subtract line 18 from line 16 for each member, and combine the result for all members | 9d |
| 17 | 9e |
| Subtract line 19b from line 19a for each member, and combine the result for all members* | 10a |
| 20* | 10b |
| 21 | 12 |
| 22 | 13 |
| 23 | 14 |
| 24 | 15 |
| 25 | 17 |
| 27 | 19 |
| 28 | 20 |
| 29 | 21 |
| 30 | 22 |
| 31 | 23 |
| 32 | 27 |
| 33 | 28 |
| 34 | 29 |
| 35 | 30 |
| 36 | 44 |
| 37 | 45 |
| 38 | 46 |
| 39 | 47 |

* For Lines 19a, 19b and 20: UBG members reporting a period of less than 12 months with this group return must annualize their gross receipts figure on a member by member basis. Use each member's number of months reported in the group's tax year. Once all applicable members' gross receipts and FTE gross receipts figures are annualized: for line 19 add all members' figures and carry to line 10a of the Form 4891; for line 20 add all members' figures and carry to line 10b of Form 4891.