

2021 MICHIGAN Corporate Income Tax Schedule of Recapture of Certain Business Tax Credits

Issued under authority of Public Act 38 of 2011.

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|---------------|---|
| Taxpayer Name | Federal Employer Identification Number (FEIN) |
|---------------|---|

Complete this schedule for any recapture in this tax year of previous tax credits listed on this schedule. Credits are Michigan Business Tax (MBT) credits except as noted.

| | | | |
|--|-----|--|----|
| 1. Recapture of MBT Investment Tax Credit..... | 1. | | 00 |
| 2. Recapture of Single Business Tax (SBT) Investment Tax Credit..... | 2. | | 00 |
| 3. Recapture of MBT MEGA Employment Tax Credit..... | 3. | | 00 |
| 4. Recapture of MEGA Federal Contract Credit..... | 4. | | 00 |
| 5. Recapture of MEGA Photovoltaic Technology Credit..... | 5. | | 00 |
| 6. Recapture of SBT "New" Brownfield Credit..... | 6. | | 00 |
| 7. Recapture of MBT Brownfield Redevelopment Credit..... | 7. | | 00 |
| 8. Recapture of Film Infrastructure Credit..... | 8. | | 00 |
| 9. Recapture of Anchor Company Payroll Credit..... | 9. | | 00 |
| 10. Recapture of Anchor Company Taxable Value Credit..... | 10. | | 00 |
| 11. Recapture of Start-Up Business Credit..... | 11. | | 00 |
| 12. Recapture of SBT Historic Preservation Credit..... | 12. | | 00 |
| 13. Recapture of MBT Historic Preservation Credit..... | 13. | | 00 |
| 14. Recapture of MEGA Battery Manufacturing Facility Credit..... | 14. | | 00 |
| 15. Recapture of MEGA Large Scale Battery Credit..... | 15. | | 00 |
| 16. Recapture of MEGA Advanced Lithium Ion Battery Pack Credit..... | 16. | | 00 |
| 17. Total Recapture of Certain Business Tax Credits. Add lines 1 through 16. Carry amount to Form 4891, line 41; Form 4905, line 29; or Form 4908, line 22..... | 17. | | 00 |

Instructions for Form 4902

Corporate Income Tax Schedule of Recapture of Certain Business Tax Credits

Purpose

Complete this form for any recapture in this tax year of previously claimed Single Business Tax (SBT) or Michigan Business Tax (MBT) credits listed on this schedule.

Special Instructions for Unitary Business Groups

A Unitary Business Group (UBG) filing this form should provide a table identifying each member whose credits are being recaptured. The table should contain the member's Federal Employer Identification Number (FEIN) or TR number, name/type of each credit being recaptured by the member, and the total recapture amount of each credit by member. The UBG sums the total recapture amount for all members by credit type, and transfers the sum of total recapture amount to the appropriate credit recapture line on this form. Submit a completed *Corporate Income Tax Schedule of Recapture of Certain Business Tax Credits* (Form 4902) and copy of the table identifying the members whose credits are being recaptured when filing the applicable CIT Annual return.

Part 1: Line-by-Line Instructions

Lines not listed are explained on the form.

Taxpayer Name and Account Number: Enter name and account number as reported on page 1 of the applicable CIT Annual return: the *Corporate Income Tax Annual Return* (Form 4891) for standard taxpayers, the *Corporate Income Tax Annual Return for Financial Institutions* (Form 4908), or the *Insurance Company Annual Return for Corporate Income and Retaliatory Taxes* (Form 4905).

UBGs: A UBG reporting recapture should attach only one copy of this form to its annual return, even if multiple members are subject to recapture. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the FEIN field.

Investment Tax Credits

Under both SBT and MBT, taxpayers were allowed to claim an Investment Tax Credit (ITC) for costs paid or accrued in the filing period for qualifying tangible asset(s) physically located in Michigan. The assets must have been of a type that were or would become eligible for depreciation, amortization, or accelerated capital cost recovery for federal income tax. Mobile tangible assets, wherever located, were subject to apportionment in the same manner as the tax base. Disposition of an asset, or moving an asset out of Michigan, creates a recapture of the credit.

For a guide on how to calculate the ITC recapture amount, see the "Calculation of MBT ITC Recapture Amount" and "Calculation of SBT ITC Recapture Amount" sections later in these instructions.

Line 1: Enter calculated amount of total MBT ITC recapture from the "Calculation of MBT ITC Recapture Amount" section later in these instructions.

Line 2: Enter calculated amount of total SBT ITC recapture from the "Calculation of SBT ITC Recapture Amount" section later in these instructions.

MEGA Employment Tax Credits

If a taxpayer receives an MBT MEGA Employment Tax Credit for a previous tax period under an agreement with MEGA based on qualified new jobs and then removes 51 percent or more of those qualified new jobs from Michigan within three years after the first year in which the taxpayer claimed such a credit, the taxpayer must recapture an amount equal to the total of all such credits claimed on prior returns.

Line 3: Enter the total amount of all MBT MEGA Employment Tax Credits claimed on previously filed forms (Form 4574) subject to recapture.

MEGA Federal Contract Credit

The MEGA Federal Contract Credit is claimed through an agreement with MEGA. If a taxpayer claimed this credit and subsequently fails to meet requirements of the MBT Act or conditions of the agreement, the taxpayer must recapture the entire amount of such credit previously claimed.

Line 4: Enter the total amount of all MEGA Federal Contract Credits claimed on previously filed *MBT Election of Refund or Carryforward of Credits* (Form 4584) subject to recapture.

MEGA Photovoltaic Technology Credit

The MEGA Photovoltaic Technology Credit is claimed through an agreement with MEGA. A taxpayer or assignee that claimed a credit and subsequently fails to meet the requirements of the MBT 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.

Line 5: Enter the calculated recapture amount of all MEGA Photovoltaic Technology Credits claimed on previously filed 4574 forms, as applicable.

SBT "New" Brownfield Credit and MBT Brownfield Redevelopment Credit

Both the SBT "New" Brownfield Credit and the MBT Brownfield Redevelopment Credit provide that the disposal or transfer to another location of personal property used to calculate each credit will result in an addition to the tax liability of the qualified taxpayer that was originally awarded the credit in the year in which the disposal or transfer occurs. This is true even if the credit was assigned to someone else. This additional liability, or recapture amount, is calculated by multiplying the same percentage as was used to calculate the credit (e.g. 10 percent) times the federal basis of the property used to calculate gain or loss (as calculated for federal purposes) as of the date of the disposition or transfer.

Line 6: Enter the calculated recapture amount of all SBT “New” Brownfield Credits claimed on previously filed forms (C-8000MC).

Line 7: Enter the calculated recapture amount of all MBT Brownfield Redevelopment Credits claimed on previously filed 4584 forms, or *Request for Accelerated Payment for the Brownfield Redevelopment Credit and the Historic Preservation Credit* (Form 4889), as applicable.

Film Infrastructure Credit

The Film Infrastructure Credit is available through an agreement between the taxpayer and the Michigan Film Office, with the concurrence of the State Treasurer. The credit amount is equal to 25 percent of the base investment expenditures in a qualified film and digital media infrastructure project. If the taxpayer sells or otherwise disposes of a tangible asset that was paid for or accrued after December 31, 2007, and whose cost was included in the base investment, the taxpayer must report recapture equal to 25 percent of the gross proceeds or benefit from the sale or disposition, adjusted by the apportioned gain or loss.

Follow the worksheet below to calculate the Film Infrastructure Credit recapture amount.

Recapture of Film Infrastructure Credit Worksheet

The following calculation applies to all eligible depreciable tangible assets located in Michigan that were acquired in a tax year beginning after Dec. 31, 2007, and were sold or otherwise disposed of during the tax year.

| | | |
|--|--|----|
| 1. Total gross sales price for all eligible depreciable tangible assets | | 00 |
| 2. Total gain/loss for all eligible depreciable tangible assets | | 00 |
| 3. Adjusted Proceeds. If line 2 is a gain, subtract line 2 from line 1. If line 2 is a loss, add line 1 and line 2 | | 00 |

If taxable in another state, complete line 4 and line 5; otherwise, skip to line 6.

| | | |
|--|--|----|
| 4. Apportioned gains (losses). Multiply line 2 by the percentage from Form 4891, line 9g | | 00 |
| 5. Apportioned Adjusted Proceeds. If line 4 is a gain, subtract line 4 from line 1. If line 4 is a loss, add line 1 and line 4 | | 00 |
| 6. Recapture of Film Infrastructure Credit. Multiply line 3 or line 5 by 25% (0.25) | | 00 |

NOTE: A sale of qualifying property reported on the installment method for federal income tax purposes causes a recapture based upon the entire gross proceeds in the year of the sale, less any gain reflected 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 decreases the recapture base (or reduces other sources of recapture) for those years.

Line 8: Enter the calculated recapture amount of all Film Infrastructure Credits claimed on previously filed 4573 forms.

Anchor Company Credits

The Anchor Company Payroll Credit and the Anchor Company Taxable Value Credit are claimed through an agreement with MEGA. If a taxpayer claimed one of these credits and subsequently failed to meet the requirements of the MBT Act or conditions of the agreement, the taxpayer must recapture the entire amount of such credit previously claimed.

Line 9: Enter the total amount of all Anchor Company Payroll Credits claimed on previously filed 4584 forms subject to recapture.

Line 10: Enter the total amount of Anchor Company Taxable Value Credits claimed on previously filed 4584 forms subject to recapture.

Start-Up Business Credits

A company that claimed the Start-Up Business Credit under either MBT or SBT must pay back a portion of the credit if they have no business activity in Michigan and have business activity outside of Michigan within three years after the last tax year in which the credit was taken. The credit recapture amounts are calculated as follows:

- 100 percent of the total of all credits claimed if the move is within the first tax year after the last tax year for which a credit was claimed;
- 67 percent of the total of all credits claimed if the move is within the second tax year after the last tax year for which a credit was claimed; and
- 33 percent of the total of all credits claimed if the move is within the third tax year after the last tax year for which a credit was claimed.

Line 11: Enter the calculated recapture amount of the Start-Up Business Credit claimed previously on 4573 forms.

SBT and MBT Historic Preservation Credits

Both SBT and MBT Historic Preservation credits provide that if a recapture event occurs, in the year of the event a percentage of the credit amount previously claimed must be added back to the tax liability of the qualified taxpayer that received the certificate of completed rehabilitation or preapproved letter.

A recapture event occurs if, in less than five years after the historic resource is placed in service, either of the following happens:

- A certificate of completed rehabilitation is revoked; or
- A preapproval letter for an enhanced credit is revoked; or
- A historic resource is sold or disposed of.

The percentage of credit recapture that must be used varies according to the number of years the recapture event occurs after the credit was claimed, as follows:

- 100 percent of the total of all credits claimed if the recapture event occurs less than 1 year after the tax year for which a credit was claimed;
- 80 percent of the total of all credits claimed if the recapture event occurs at least 1 year, but less than 2 years after the tax year for which a credit was claimed;

- 60 percent of the total of all credits claimed if the recapture event occurs at least 2 year, but less than 3 years after the tax year for which a credit was claimed;
- 40 percent of the total of all credits claimed if the recapture event occurs at least 3 year, but less than 4 years after the tax year for which a credit was claimed;
- 20 percent of the total of all credits claimed if the recapture event occurs at least 4 years, but less than 5 years after the tax year for which a credit was claimed.

NOTE: If the credit has been assigned, the recapture is the responsibility of the qualified taxpayer that received the certificate of completed rehabilitation, not the assignee.

NOTE: A recapture is not required if the qualified taxpayer enters into a written agreement with the State Historic Preservation Office that allows for the transfer or sale of the historic resource.

Line 12: Enter the calculated recapture amount of all SBT Historic Preservation Credit claimed on previously filed C-8000MC forms, or Form 4889, as applicable.

Line 13: Enter the calculated recapture amount of all MBT Historic Preservation Credit claimed on previously filed 4584 forms or 4889 forms, as applicable.

MEGA Battery Manufacturing Facility Credit

The MEGA Battery Manufacturing Facility Credit is claimed through an agreement with MEGA. A taxpayer that claimed a credit that subsequently fails to meet the requirements of the agreement, as determined by MEGA, may 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 fails to comply with the agreement.

Line 14: Enter the calculated recapture amount of all MEGA Battery Manufacturing Facility Credits claimed on previously filed 4584 forms or 4889 forms, as applicable.

MEGA Large Scale Battery Credit

The MEGA Large Scale Battery Credit is available to a qualified taxpayer that enters into an agreement with MEGA to construct an eligible facility and create a minimum of 750 new jobs. A taxpayer that claimed a credit that subsequently fails to meet the requirements of the agreement, as determined by MEGA, may 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 fails to comply with the agreement. In addition, if the taxpayer fails to create 750 new jobs, the taxpayer shall have its credit reduced by \$65,000 for each job less than 750 that was not created and, if the taxpayer fails to create at least 500 new jobs, additional recapture of any credit or benefit received pursuant to the agreement may be recaptured.

Line 15: Enter the calculated recapture amount of all MEGA Large Scale Battery Credits claimed on previously filed 4584 forms.

MEGA Advanced Lithium Ion Battery Pack Credit

The MEGA Advanced Lithium Ion Battery Pack Credit is claimed through an agreement with MEGA. If a taxpayer that

claimed a credit relocates its advanced lithium ion battery pack assembly facility that produces the battery pack units for which the credit was claimed outside of Michigan during the term of the agreement or subsequently fails to meet the capital investment or new jobs requirements of the agreement entered with MEGA, the taxpayer shall have a percentage of the amount previously claimed added back to the tax liability of the taxpayer in the tax year that the taxpayer fails to comply with the agreement, and shall have its credit terminated or reduced prospectively.

Line 16: Enter the calculated recapture amount of all MEGA Advanced Lithium Ion Battery Pack Credits claimed on previously filed 4584 forms.

Include completed Form 4902 as part of the tax return filing.

Calculation of MBT ITC Recapture Amount

Calculation of MBT ITC Recapture Bases

For each category of assets disposed of (or moved out of Michigan) that triggers an MBT ITC recapture, enter the information requested below.

In each category of disposed of/moved asset, group assets by taxable year in which they were acquired. All events that have varying dates must be listed separately. Multiple dispositions (or transfers) may be combined as one entry, subject to the following: all combined events must satisfy the terms of the table in which they are entered. "Taxable Year in which disposed of assets were acquired" must be the same for all events combined on a single 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, make a separate line entry for the tax year the member filed outside of the group. Take care to report in this line information requested in each column only from the member's single filings, not the group's.

NOTE: A sale of qualifying property reported on the installment method for federal income tax purposes causes a recapture based upon 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 on column C of the appropriate Worksheet based on the type of asset.

UBGs: The recapture of capital investments for UBGs is calculated on combined assets of standard members of the UBG. Assets transferred between members of the group are not a capital investment in qualifying assets for purposes of calculating this credit or its recapture. Disposing of or transferring an asset outside of the UBG triggers recapture. Also, moving an asset outside of Michigan creates recapture, even if the transfer is to a member of the UBG.

Worksheet 1a — Depreciable Tangible Assets

Enter all dispositions of depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after 2007 and were sold or otherwise disposed of during the current filing period. Give all information required for each disposition in columns A through F. In column A, enter the taxable year in which the disposed of assets were acquired. Enter combined gross sales price (net of costs of sale) in column B, and in column C, enter total gain or loss included in calculating federal taxable income (as defined for MBT purposes).

NOTE: Sales price includes any benefit derived from the sale.

Worksheet 1b — Depreciable Mobile Tangible Assets

Enter all dispositions of depreciable mobile tangible assets that were acquired after 2007 and were sold or otherwise disposed of during the current filing period. Give all information required for each disposition in columns A through F. In column A, enter the taxable year in which the disposed of assets were acquired. Enter gross sales price (net of costs of sale) in column B, and in column C, enter total gain or loss included in calculating federal taxable income (as defined for MBT purposes).

Worksheet 1a — Depreciable Tangible Assets

| 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 | CIT Apportionment Percentage from Form 4891, line 9g, or Form 4908, line 9c | Apportioned Gain/Loss <i>Multiply Column C by Column D</i> | MBT ITC Recapture (Base 1) <i>Subtract Column E From Column B</i> |
| | | | | | |
| | | | | | |

Worksheet 1b — Depreciable Mobile Tangible Assets

| 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> | CIT Apportionment Percentage from Form 4891, line 9g, or Form 4908, line 9c | MBT ITC Recapture (Base 2) <i>Multiply Column D by Column E</i> |
| | | | | | |
| | | | | | |

Worksheet 1c — Assets Transferred Outside Michigan

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

For property placed in service after December 31, 2007, gain reflected in federal taxable income (as defined for MBT purposes) is the gain reported federally except that it shall be calculated as if IRC § 168(k) were not in effect.

NOTE: Sales price includes any benefit derived from the sale.

Worksheet 1c — Assets Transferred Outside Michigan

Enter all depreciable tangible assets other than mobile tangible

assets acquired after 2007 that were eligible for ITC and were transferred outside Michigan during the filing period. Give all information required for each disposition in column A and B. In column A, enter the taxable year in which the disposed of assets were acquired, and in column B, enter adjusted basis as used for federal purposes. Do not use a recomputed MBT basis for this purpose.

Calculation of MBT ITC Recapture Rates and Amounts

Complete Worksheet 2 (on the following page), entering each tax year (End Date) in which the disposed of assets that triggered MBT ITC recapture were acquired.

NOTE: Line references on columns below are based on the 2010 and 2011 MBT Form 4570. Lines for 2008 and 2009 MBT forms are different, so if copying information from a 2008 and 2009 MBT form, choose the appropriate lines.

Worksheet 2

- Column A: Enter in chronological order, beginning with the earliest, the tax year end date of each acquisition year of disposed of assets that triggered MBT ITC recapture from Worksheet 1a through 1c.

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, make a separate line entry for the tax year the member filed outside of the group. Take care to report in this line information requested in each column only from the member's single filings, not the group's.

- Column B: Enter allowable MI compensation and ITC amount from Form 4570, line 26 with the corresponding acquisition year in column A.

- Column C: Enter the MI compensation credit amount from Form 4570, line 3 with the corresponding acquisition year in column A.

- Column D: Calculate net ITC amount: subtract column C from column B for each tax year. If difference is negative, enter zero. This is the amount of ITC that offsets MBT liability.

- Column F: MBT capital investment amount. Enter total amount of capital investment reported on Form 4570, line 8, for each tax year listed on column E.

- Column G: ITC rate. Enter 2.32% for tax years on column E that end with 2008, otherwise enter 2.9%.

- Column H: Calculate gross ITC amount: multiply column F by column G for each tax year.

- Column J: MBT recapture of capital investment. Enter total amount of recapture of capital investment reported on Form 4570, line 16, for each tax year listed on column I.

- Column L: Gross MBT ITC recapture amount. Multiply column J by column K. This represents the total amount of ITC recapture available to be reported in the tax year.

- Column M: MBT ITC recapture amount offset by credit. Enter the lesser of columns H and L. This is the amount of available ITC recapture that was offset by the total amount of available ITC in the year.

- Column O: SBT credit recapture amount. Enter total amount from Form 4570, line 19 for each tax year listed on column N.

- Column P: SBT ITC recapture amount offset by credit. Enter lesser of the amount on column O, and the amount of column H minus column M. This is the amount of SBT ITC recapture that was offset by the total amount of available ITC in the tax year.

- Column Q: Total MBT ITC used. Add columns D, M, and P. The total amount of MBT ITC used equals to the amount of credit that offsets MBT ITC recapture, SBT ITC recapture, and the MBT liability.

- Column R: Extent used rate. Divide amounts on column Q by amounts on column H.

- Column T: MBT recapture base. Enter total amount of MBT ITC recapture base from Worksheet 1a, column F; Worksheet 1b, column F and Worksheet 1c, column B.

- Column U: MBT recapture amount. Multiply amount in column T by rates in column G, and in column R.

Add up figures in each row of column U, and carry that amount to Form 4902, line 1. If the total of all rows in column U is less than zero, enter zero on Form 4902, line 1.

Worksheet 2 — Calculation of MBT ITC Recapture Rates and Amounts

| A | B | C | D |
|--|---|--|---|
| Taxable Year (End Date) in which MBT ITC Disposed Assets were acquired | Allowable Michigan compensation and ITC credit amount from Form 4570, line 26 | Michigan Compensation Credit Amount from Form 4570, line 3 | ITC that offsets MBT liability Subtract column C from column B (Enter 0 if less than 0) |
| | | | |
| | | | |

| E | F | G | H |
|--|--|---|--|
| Taxable Year (repeat from column A) | MBT Capital Investment Amount from Form 4570, line 8 | ITC rate (2.32% for tax years ending in 2008, or 2.9% otherwise) | Gross ITC Credit Amount Multiply column F by column G |
| | | | |
| | | | |

| I | J | K | L | M |
|--|--|---|--|---|
| Taxable Year (repeat from column A) | MBT Recapture of Capital Investment Amount from Form 4570, line 16 | ITC rate (2.32% for tax years ending in 2008, or 2.9% otherwise) | Gross MBT ITC Recapture Multiply column J by column K | MBT ITC Recapture Amount Offset by Credit Lesser of column L and H |
| | | | | |
| | | | | |

| N | O | P | Q | R |
|--|---|--|--|--|
| Taxable Year (repeat from column A) | SBT ITC Credit Recapture Amount from Form 4570, line 19 | SBT ITC Recapture Amount Offset by Credit Lesser of column O, and column (H – M) | Total MBT ITC Credit Used Add columns D, M, and P | Extent Credit Used Rate Divide column Q by column H |
| | | | | |
| | | | | |

| S | T | U |
|--|--|--|
| Taxable Year (repeat from column A) | Recapture base. Enter total amount of recapture from Worksheet 1a, column F; Worksheet 1 b, column F; and Worksheet 1c, column B. | Recapture Amount. Multiply column T by column G and by column R |
| | | |
| | | |

Calculation of SBT ITC Recapture Amount

Calculation of SBT ITC Recapture Bases

For each category of asset disposed of (or moved out of Michigan) that triggers an SBT ITC recapture, enter the information requested below.

In each category of disposed of/moved asset, group assets by taxable year in which they were acquired. All events that have varying dates must be listed separately. Multiple dispositions (or transfers) may be combined as one entry, subject to the following: all combined events must satisfy the terms of the table in which they are entered. "Taxable Year in which disposed assets were acquired" must be the same for all events combined on a single line.

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 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 SBT ITC recapture) for those years, and must be reported on column C of the appropriate Worksheet based on the type of asset.

UBGs: Fill necessary Worksheets 3a, 3b, and 3c for each member of the group who has disposed of assets that triggered an SBT ITC recapture in the current filing period.

Worksheet 3a Depreciable Tangible Assets

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:

Line 1, Column A: Group the depreciable tangible assets that were disposed of during the current 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.

Line 1, 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 instructions for column C, however, with respect to the gain from that installment payment.

Worksheet 3a — 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 from Form 4891, line 9g, or Form 4908, line 9c | Apportioned Gain/Loss Multiply Column C by Column D | SBT ITC Recapture (Base 1) Subtract Column E From Column B |
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| | | | | | |
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Worksheet 3b — 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 Subtract Column C From Column B | Apportionment Percentage from Form 4891, line 9g, or Form 4908, line 9c | SBT ITC Recapture (Base 2) Multiply Column D by Column E |
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| | | | | | |
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Worksheet 3c — 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) |
| | |
| | |
| | |

Line 1, Column C: Net total gains/losses reflected in federal taxable income 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 that is attributed to an installment payment received during the current CIT filing period, from a prior installment sale of an asset that was of a type and acquisition date covered in this table. For property placed in service prior to January 1, 2008, gain reflected in federal taxable income 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 of 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 of assets acquired in the same taxable year. Start from the earliest acquisition year.

Line 1, Column D: Enter the apportionment percentage from Form 4891, line 9g, or Form 4908, line 9c. If not apportioning, enter 100 percent. Enter the same apportionment percentage for each row completed.

Line 1, 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.

Worksheet 3b — Depreciable Mobile Tangible Assets

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:

Line 2, Column A: Group 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.

Line 2, 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.

Line 2, Column C: Net total gains/losses reflected in federal taxable income 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 that is attributed to an installment payment received during the current CIT filing period, from a prior installment sale of an asset that was of a type and acquisition date covered in this table. For property placed in service prior to January 1, 2008, gain reflected in federal taxable income 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 of 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 of assets acquired in the same taxable year.

Line 2, Column D: Subtract figures in column C from amounts 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.

Line 2, Column E: Enter the apportionment percentage from Form 4891, line 9g, or Form 4908, line 9c. If not apportioning, enter 100 percent. Enter the same apportionment percentage for each row completed.

Line 2, Column F: Multiply amounts in column D by column E for each row.

Worksheet 3c — Assets Transferred Outside Michigan

For depreciable tangible assets 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, enter the following:

Line 3, Column A: Group 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.

Line 3, 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 the 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.

Calculation of SBT ITC Recapture Rates

Recapture rates can be calculated using any of 3 methods described in the “Method Summary Table” below. The Table highlights the methods’ pros and cons. Choose your method, and follow the appropriate instructions to calculate the rates on Worksheet 4a, line 4, column E.

NOTE: Whichever method is 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 ON USING THE SIMPLEST METHOD: When the amount of SBT ITC used equals the amount of SBT ITC created, the three methods yield the same result. This occurs in either of the following situations:

Calendar year filer(*): 2009 MBT Form 4569, lines 2 and 3, are equal for the latest 2009 tax year return filed;

Fiscal year filer(*): 2008 MBT Form 4569, line 4, equals zero for the latest 2009 tax year return filed;

- Filers(**) who have filed an MBT Form 4583 for either 2008 or 2009 tax year; or

- Filers(**) who have NOT filed 2008 or 2009 MBT return, and have filed MBT return(s) for tax year(s) after 2009.

() For UBGs, the condition applies only for groups where all members were included in every 2008 and 2009 MBT return filed by the group.*

*(**) Filers refers to single filers (non-UBGs) or UBG members in the current tax year who were not part of a group in 2008 or 2009 and were single-filers then. Not filing a Form 4567 does not allow a taxpayer to preserve SBT credit carryforward from one year to the next.*

The simplest method that can be used is Method A. Taxpayers that meet either of the situations above should use Method A. It provides correct results using the least amount of data input from the taxpayer.

METHOD SUMMARY TABLE

| TYPE OF METHOD | PROS | CONS |
|-----------------|---|--|
| Method A | <ul style="list-style-type: none"> • Easy to calculate. • Works for all types of taxpayers, including any type of UBG groups. • Taxpayer or UBG member disposing of ITC asset only need to enter information on Worksheet 4a 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 credit 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 Worksheets 4a, 4b, and 4c and enter necessary information in Treasury webtool. • Information on Worksheet 4a must be entered for all years in which assets were bought and ITC was claimed, whether or not those assets were disposed of in the current tax year. |
| Method C | <ul style="list-style-type: none"> • Taxpayers fill only Worksheet 4a, 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. |

UBGs: Fill necessary Worksheets 3a, 3b, and 3c for each member of the group who has disposed of assets outside of the group, which triggered an SBT ITC recapture in the current filing period.

• **Method A:**

- **Worksheet 4a, line 4, columns A through D:** Enter in 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 Worksheet 3a through 3c.)

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 who 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) Taxpayer who 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; subtract the percentage found on C-8000S, line 6, from 100%, and multiply the result of that subtraction by the calculated credit rate on C-8000ITC, line 26. Enter the result on column E.

- **Worksheet 4b, line 5, columns A and B:** Leave lines blank.
- **Worksheet 4a, 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.
- **Worksheet 4c, lines 6, 7, and 8:** leave all columns blank.

• **Method B:**

- **Worksheet 4a, 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).

NOTE: For SBT tax years when the taxpayer filed a C-8000 with no C-8000ITC, or a C-8030, enter on line 4A the taxable year end date, and enter zero for lines 4B, 4C, and 4D. Do not enter any information on lines 4A through 4D for SBT tax years in which the taxpayer filed nothing OR filed a C-8044. If more than one return was filed for the same tax year (that is, the taxpayer filed an amended return), use only the information

from the latest return filed for that tax year.

UBGs: Fill set of Worksheets 4a, 4b, and 4c for each member of the group who disposed of assets that triggered SBT ITC recapture in the current tax year.

- **Worksheet 4b, 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. If more than one return was filed for the same tax year (that is, the taxpayer filed an amended return), use only the information from the latest return filed for that tax year.

NOTE: For MBT tax years that the taxpayer filed Form 4567 and no Form 4569, enter on line 5A the taxable year end date, and enter zero for line 5B. Do not enter any information on lines 5A and 5B for MBT years in which the taxpayer filed nothing or filed a Form 4583. See **Note on Using the Simplest Method** under the heading **Calculation of SBT ITC Recapture Rates** in these instructions. Not filing a Form 4567 does not allow a taxpayer to preserve SBT credit carryforward from one year to the next.

UBGs: During tax years ending in 2008 and 2009, UBG groups were allowed to offset the group liability by claiming member's SBT ITC carryforward. When completing Worksheet 4b, line 5, column B, enter the portion of the total group SBT ITC carryforward used by the group for each year that pertains to the specific member that is disposing of SBT ITC asset in the current tax year, as calculated in the example below. If the member completing Worksheet 4b was not part of a UBG in 2008 and/or 2009 tax years, and filed as a stand alone filer, take care to report on Worksheet 4b, lines 5A and 5B information from the member's singly filed returns.

Example: In 2008, group ABC files MBT return claiming \$1,000,000 in SBT ITC carryforward. The group consisted of Company 1, Company 2, Company 3, and Company 4. Company 4's tax year ended after the tax year of the group's Designated Member, so Company 4's data was not included in group ABC's 2008 MBT return, even though Company 4 was part of the UBG. The total \$1,000,000 in SBT ITC carryforward resulted from the sum of \$200,000 in SBT ITC carryforward from Company 1, \$300,000 from Company 2, and \$500,000 from Company 3. In the current year, companies 2, 3 and 4 dispose of capital investment outside of the group, which triggers SBT ITC recapture. Therefore, Group ABC fills a Form 4902 to report the sum of SBT ITC recapture from Company 2, Company 3, and Company 4. When filling the Worksheet 4b, line 5, column B for Company 2, report \$200,000 – which represents the portion of the total SBT ITC carryforward claimed by the group in 2008 that corresponds only to Company 2's SBT ITC carryforward in 2008. When filling Worksheet 4b, line 5, column B for Company 3, report \$500,000 – which represents Company 3's portion of the total SBT ITC carryforward claimed by the group in 2008. When filling Worksheet 4b, line 5, column B for Company 4, report \$0 – which represents Company 4's portion of the total SBT ITC carryforward claimed by the group in 2008.

- **Worksheet 4a, Column E:** For each taxable year, enter the rates calculated on Worksheet 4c, line 8, column M.

o **Worksheet 4c** (lines and columns not listed are explained on the table):

- **Line 6, column A:** Enter only taxable years in which SBT ITC disposed assets were acquired. Dates should match those listed on Worksheets 3a, 3b, and 3c, columns A. List each date only once.
- **Line 6, column C:** For each taxable year on line 6, column A, find the corresponding SBT ITC amount reported on worksheet 4a, line 4, column C, and Net

Capital Investment amount reported on Worksheet 4a, line 4, column B. Divide amounts from Worksheet 4a, line 4, column C by amounts from worksheet 4a, line 4, column B for each taxable year and enter results here. If the quotient of that division for a particular tax year on line 6, column A equals zero, and the amount on Worksheet 4c, line 6, column B is positive, instead of zero, enter the following on line 6, column C as appropriate:

Worksheet 4a

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

Worksheet 4b

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

Worksheet 4c

| 6. | A | B | C | D |
|----|--|--|---|---|
| | Taxable Year (End Date) In Which Disposed Asset Were Acquired (MM-DD-YYYY) | 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 |
| | | | | |
| | | | | |
| | | | | |

| 7. | 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 |
| | | | | |
| | | | | |
| | | | | |

| 8. | 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 |
| | | | | | |
| | | | | | |
| | | | | | |

- 1) Taxpayer used the straight method to calculate the SBT liability for that taxable year: 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; subtract the percentage found on C-8000S, line 6, from 100%, and multiply the result of that subtraction by the calculated credit rate on C-8000ITC, line 26. Enter the result here.
- **Line 8, column J:** Enter amount of ITC used provided by the webtool that corresponds to each taxable year displayed on line 8, column I. Access the Michigan Department of Treasury (Treasury) Web tool by going to the Treasury site (www.michigan.gov/mbt4585tool), and enter the necessary information as instructed.

- **Line 8, column M:** For each taxable year on line 8, column I, multiply line 6, column C by line 8, column L. Enter results here. Match the taxable year on line 8, column I with the taxable year on Worksheet 4a, line 4, column A, and carry amount from line 8, column M to Worksheet 4a, line 4, column E for each appropriated tax year line.

• **Method C:**

- **Worksheet 4a, columns A through D:** Fill column A, and leave all others blank.
- **Worksheet 4b, columns A and B:** Leave lines blank.
- **Worksheet 4a, 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.

Calculation of SBT ITC Recapture Amounts

To complete Worksheet 5, follow the instructions below:

Line 9, 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 Worksheets 3a through 3c.

Line 9, Column B: Separately for each acquisition year listed in column A, combine the corresponding amounts in Worksheet 3a, column F, Worksheet 3b, column F, and Worksheet 3c, column B for all disposed assets that triggered SBT ITC recapture.

Line 9, Column C: For each acquisition year listed in

column A, enter the corresponding SBT ITC effective rate from Worksheet 4a, column E. Match the acquisition year in Worksheet 5, column A, with the corresponding acquisition year in Worksheet 4a, column A.

Line 9, Column D: Multiply column B by column C for each acquisition year.

Add up figures in each row of Worksheet 5, column D, and carry that amount to Form 4902, line 2.

UBGs: Add up figures in each row of Worksheet 5, line 9, column D from every group member that has disposed assets that triggered SBT ITC recapture. Carry the sum of all years, for all group members, to form 4902, line 2.

Worksheet 5 — Calculation of SBT ITC Recapture Amounts

| 9. A | B | C | D |
|---|---|--|--|
| Taxable Year (End Date) In Which Disposed Assets Were Acquired (MM-DD-YYYY) | Total SBT ITC Recapture Base by Year of Acquisition <i>Add amounts from Worksheet 3a, column F; Worksheet 3b, column F; and Worksheet 3c, column B</i> | Year-Specified Recapture Percentage Rate from Line 4, Column E | Recapture Amount <i>Multiply Column B by Column C</i> |
| | | % | |
| | | % | |
| | | % | |

10. TOTAL. Enter total of line 9, column D. Carry total to Form 4902, line 2. If less than zero, enter zero.

| | |
|--|----|
| | 00 |
|--|----|