

MICHIGAN Farming Loss Carryback Refund Request

Loss Year (YYYY)

Issued under authority of Public Act 281 of 1967, as amended.

Use this form for Group 2 NOLs (loss year 2022 and future years). Type or print in blue or black ink.

Filer's First Name	M.I.	Last Name	Filer's Full Social Security No. (Example: 123-45-6789)
If a Joint Return, Spouse's First Name	M.I.	Last Name	Spouse's Full Social Security No. (Example: 123-45-6789)
Home Address (Number, Street, or P.O. Box)			
City or Town			State ZIP Code

1. ☐ Check the box and see instructions if there was a change in filing or marital status in any of the years since an NOL was created.

PART 1: DETERMINE FARMING LOSS AVAILABLE FOR CARRYBACK

2. Michigan NOL from Schedule MI-1045, line 19 from the loss year identified above. Enter as a positive number		00
3. Farming loss included in line 2. Enter as a positive number		00
4. Enter the lesser of line 2 or line 3		00

PART 2: REDETERMINE MICHIGAN INCOME TAX

If only one carryback year, use column A. Complete lines 5 through 34 one column at a time.

	A. Earliest Year		B. Following Year	
5. Year to which farming loss is being carried back.....				
6. Reported federal AGI for the year indicated on line 5.....		00		00
7. Additions from Schedule 1.....		00		00
8. Balance. Add lines 6 and 7		00		00
9. Subtractions from Schedule 1. Enter as a positive number.....		00		00
10. Subtotal. Subtract line 9 from line 8.....		00		00
11. Michigan NOL deduction included in line 9. Enter as a positive number.....		00		00
12. Income subject to tax without regard to Michigan NOL deductions. Add lines 10 and 11.....		00		00
13. NOL Carryback Deduction		00		
A. Earliest Year. Enter the lesser of line 4 or 80% of line 12, column A				
B. Following Year. Enter the lesser of line 34, column A or 80% of line 12, column B.....				00
14. Income subject to tax. Subtract line 13 from line 10. If line 13 is greater than line 10, enter "0"		00		00
15. Michigan exemption allowance from MI-1040, line 15.....		00		00
16. Taxable income. Subtract line 15 from line 14. If line 15 is greater than line 14, enter "0".....		00		00
17. Tax. Multiply line 16 by tax rate of carryback year.		00		00
18. Nonrefundable tax credits		00		00
19. Subtotal. Subtract line 18 from line 17. If line 18 is greater than line 17, enter "0".....		00		00

Continue on page 2.

Filer's Full Social Security Number

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	A. Earliest Year	B. Following Year
20. Use Tax and Voluntary Contributions (see instructions)	00	00
21. Tax due after NOL carryback. Add lines 19 and 20	00	00
22. Refundable credits.....	00	00
23. Tax withheld.....	00	00
24. Tax paid with prior returns	00	00
25. Estimated tax payments	00	00
26. Total. Add lines 22 through 25	00	00
27. Tax previously refunded or carried to next year.....	00	00
28. Balance of tax paid. Subtract line 27 from line 26. If line 27 is greater than line 26, enter "0"	00	00
29. Overpayment. Subtract line 21 from line 28..... REFUND	00	00

PART 3: COMPUTE THE NOL CARRYOVER**Section A: Carryover from the Earliest Year**

	A. Earliest Year	B. Following Year
30. Enter the lesser of line 10 or line 13.....	00	00
31. Column A. Unused farming carryback. Subtract line 30 from line 4. If line 30 is greater than line 4, enter "0"	00	
Column B. Remaining farming NOL before modifications. Subtract line 30 from line 34, column A.....		00
32. Excess Capital Loss deduction included in line 10.....	00	00
33. Tentative NOL carryover for the following year. Subtract lines 32 from line 31. If negative, enter "0." (See instructions)	00	00

Section B: Carryforward to the Year(s) After the Loss Year

34. Non-farming NOL. Subtract line 3 from line 2. If line 3 is greater than line 2, enter "0"	00
35. Farming NOL carryforward. Enter amount from line 33, column B. If only one carryback year, enter amount from line 33, column A.....	00
36. Group 2 NOL carryforward. Add lines 34 and 35.....	00

Taxpayer Certification. I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge.		Preparer Certification. I declare under penalty of perjury that this return is based on all information of which I have any knowledge.	
Filer's Signature	Date	Preparer's PTIN, FEIN or SSN	
Spouse's Signature	Date	Preparer's Name (print or type)	
<input type="checkbox"/> By checking this box, I authorize Treasury to discuss my return with my preparer.		Preparer's Signature	
		Preparer's Business Name, Address and Telephone Number	

Mail your completed form to: **Michigan Department of Treasury, P.O. Box 30058, Lansing, MI 48909**

NOTE: Do not file Form 5603 with Form MI-1040 for the loss year indicated above. These forms are to be mailed to different addresses. Sending these forms together may delay the processing of your return.

Instructions for *Michigan Farming Loss Carryback Refund Request (Form 5603)*

Purpose

Form 5603 is used to claim a refund from the carryback of a Group 2 TCJA net operating loss (NOL) attributable to a farming loss. This form is supported by Schedule MI-1045 for the loss year. If an election was made on Schedule MI-1045 to forgo the entire carryback period, then do not file this form. Once the election is made, it is irrevocable.

An amended MI-1040 may not be filed in lieu of Form 5603 to claim a carryback refund. For more information on NOLs, see *Michigan Net Operating Loss Schedule* (Schedule MI-1045) instructions.

NOTE: To request a refund from a 2018, 2019 and 2020 NOL carryback use Form 5603-CARES Act.

Group 1 NOLs

Group 1 NOLs are those created in 2017 and prior. For a Group 1 NOL carryback, see 2017 Form MI-1045 and instructions.

Group 2 NOLs

Group 2 CARES NOLs are those created in 2018, 2019 and 2020. Use Form 5603-CARES Act to carryback a loss created in these years.

Group 2 TCJA NOLs are those created in 2021 and future tax years. A Group 2 TCJA NOL carryback is limited to the portion of the NOL that is attributable to a farming loss from a farming business. Michigan follows IRC 172, therefore, any carryback of a Group 2 NOL is limited to the lesser of the Michigan NOL deduction or 80 percent of Michigan taxable income before exemptions and previously claimed NOL deductions. A Michigan excess business loss computed on Form MI-461 that may contain a farming loss cannot be carried back.

Farming Loss Carryback

The federal 2017 TCJA limits the carryback of a Group 2 TCJA NOL to only the portion of the NOL that is attributable to a farming loss from a farming business. A carryback of a non-farming Group 2 TCJA NOL is not allowed. The term “farming business” is defined in

IRC 263A. Farming loss, as defined in IRC 172, means the lesser of: the amount which would be the NOL for the taxable year if only income and deductions attributable to a farming business is considered or the amount of the NOL for such taxable year. Generally, the farming NOL carryback is limited to the two taxable years preceding the year of the loss. The farming carryback is subject to the 80 percent limitation, which is computed without regard to exemptions or any previously claimed NOL deduction. Any unused NOL may be carried forward indefinitely until absorbed.

When carrying back a Michigan farming NOL to prior years, Schedule MI-1045 and supporting documentation must be filed within four years after the date set for filing the return for the year in which the NOL was incurred. For example, if the NOL is created in 2022, the 2022 return is due April 18, 2023. Form 5603 must be filed by April 18, 2027 to carry back the 2022 Michigan farming NOL to a year that is otherwise outside the general four-year statute of limitations period to claim a refund. If Form 5603 is filed after the four-year statutory period has expired, no refund is allowed for the carryback year. However, after absorbing the farming NOL in those carryback periods, a carryforward may still exist to offset income in subsequent years.

After the loss is carried back to the earliest year allowed, the carryover must be reduced by any Michigan sourced excess capital loss and other modifications required under IRC 172 or elections under IRC 965 claimed in the carryback year(s). For example, an NOL created in 2022 is carried back to 2020. The 2020 adjusted gross income (AGI) included excess capital loss and domestic production activities deduction (DPAD). Therefore, the NOL created in 2022 that is carried back to 2020 must be reduced to the extent the deductions reduced 2020 Michigan taxable income before exemptions. Any remainder may be carried forward. This adjustment occurs in Part 3 of Form 5603.

Line-by-Line Instructions for Form 5603

Lines not listed are explained on the form.

Line 1: If there was a change in filing or marital status between the loss year and carryback year(s), the allowed NOL deduction may be affected. See IRS Publication 536 to determine how to compute your share of a Michigan NOL and/or how to recompute your Michigan taxable income, in accordance with your situation for purposes of this form. Complete Form 5603 according to the form instructions, except when instructed differently below.

If your situation requires you to recompute your Michigan NOL, enter any recomputed Group 2 TCJA NOL on line 2 and adjust line 3 as necessary. Include a separate computation showing how the Group 2 TCJA NOL was recomputed.

If your situation requires you to recompute your Michigan taxable income on this form, enter your share of AGI reported on the MI-1040 for the carryback year on line 6. Enter your share of total additions included in Schedule 1 on line 7. Enter your share of total subtractions included in Schedule 1 on line 9. Enter your share of Michigan exemption allowance from the MI-1040 on line 15. Include a separate statement detailing which items of income or loss included in AGI are yours, include the type and location for each item listed.

Part 2: Redetermine Michigan Income Tax

Line 7: Enter Michigan Schedule 1 Additions from the year indicated on line 5.

Line 9: Enter Michigan Schedule 1 Subtractions from the year indicated on line 5.

Line 10: If zero or less, enter zero and STOP. You cannot apply an NOL carryback to a year when there is no income to be offset.

Line 13, Column A: Multiply line 12, column A by 80%. Enter the lesser of line 4 or 80% of line 12, column A.

Line 13, Column B: Multiply line 12, column B by 80%. Enter the lesser of line 34, column A or 80% of line 12, column B.

Line 18: Enter the total of nonrefundable credits received for Income Tax Imposed by government units outside Michigan and the Michigan Historic Preservation Tax Credit carryforward for the year listed on line 5, if applicable.

Line 20: Enter the total of Voluntary Contributions and Use Tax reported on the MI-1040 for the year listed on line 5, if applicable.

Line 22: Enter the total refundable credits received for the Homestead Property Tax, Farmland Preservation Tax and any other refundable credits for the year listed on line 5, if applicable.

Line 24: Enter the total tax paid with Form MI-1040 plus any additional tax paid after the original return was filed for the year listed on line 5. Do not include penalty or interest that was reported on the return or included with any payment(s).

Part 3: Compute the NOL Carryover

Lines 32 and 33: Remove the excess capital loss and DPAD from the amount of the NOL available to be carried forward to the next year.

Line 34, Column A: If the result is less than zero enter "0" or if carrying back to only one year, continue to Section B to compute the Group 2 TCJA NOL carryforward. If the result is greater than zero and the NOL must be applied to another carryback year, continue to Part 2, column B.

Line 34, Column B: Continue to Section B to compute the Group 2 TCJA NOL carryforward.

Required Supporting Documentation

To help reduce processing delays, review the following to ensure all supporting documents are included when claiming an NOL deduction.

- ☐ MI-1045 and all supporting documentation (if not already provided to the Michigan Department of Treasury for the loss year). See *Michigan Net Operating Loss Schedule* (Schedule MI-1045) instructions
- ☐ If the box on Form 5603, line 1 is checked, provide the calculation showing how you redetermined your Michigan NOL and/or Michigan taxable income
- ☐ If requesting a Farmland Preservation Tax Credit, include an MI-1040CR-5 see MI-1040CR-5 instruction book for additional required documentation.