

2025 General Information for Financial Institutions

Standard Taxpayers and Insurance Companies: See the *Corporate Income Tax (CIT) Instruction Booklet for Standard Taxpayers* (Form 4890) or the *CIT Instruction Booklet for Insurance Companies* (Form 4904) at www.michigan.gov/taxes.

This booklet is intended as a guide to help complete the CIT return. It does not take the place of the law.

Who Files a Financial Return?

File a *CIT Annual Return for Financial Institutions* (Form 4908) if the taxpayer is any of the following:

- A bank holding company, a national bank, a state chartered bank, a state chartered savings bank, a federally chartered savings association, or a federally chartered farm credit system institution.
- Any entity, other than an entity subject to the tax imposed under Chapter 12 (insurance company), who is directly or indirectly owned by an entity described in 206.651(f)(i) and is a member of the UBG.
- A UBG consisting of entities described above.

NOTE: Because the definition of financial institution for CIT purposes includes any entity (except an insurance company) that is owned by a bank or other entity (as described above) and is a member of a UBG with its parent, this may cause an entity that is not commonly thought of as a financial institution to be treated as one for return filing purposes. A UBG of financial institutions must file a combined return on Form 4908 that includes each member of the group that is a financial institution.

If the taxpayer is not any of the above, check to see if filing either the *Insurance Company Annual Return for Corporate Income and Retailatory Taxes* (Form 4905) or the *CIT Annual Return* (Form 4891) for standard filers is required.

Using This Booklet

This CIT financial institution booklet includes forms and instructions for financial institutions. These forms are designed for calendar year 2025 and for a fiscal filer with a federal tax year ending in 2026.

Read the “General Information” first. It is recommended that taxpayers and tax preparers review the instructions for all forms.

Overview of CIT for Financial Institutions

Every financial institution with nexus in Michigan is subject to a franchise tax. The franchise tax is imposed upon the tax base of the financial institution after allocation or apportionment to Michigan at the rate of 0.29 percent.

Filing CIT Quarterly Tax Estimates

If estimated liability for the year is reasonably expected to exceed \$800, a taxpayer must file estimated returns. A taxpayer may remit quarterly estimated payments by check with a *Corporate Income Tax Quarterly Return* (Form 4913) or may remit monthly or quarterly estimated payments electronically by Electronic Funds Transfer (EFT). When payments are made by EFT, Form 4913 is not required. When payments are made by EFT, Form 4913 is not required. A taxpayer also

may remit monthly or quarterly estimated payments online. When payments are made online, Form 4913 is not required. Visit Michigan Treasury Online (MTO) at mto.treasury.michigan.gov, log in or create a user profile, and follow fast pay instructions to make your payment.

Estimated returns and payments for calendar year taxpayers are due to Treasury by April 15, July 15, October 15, and January 15 of the following year. Fiscal year taxpayers should make returns and payments by the appropriate due date which is fifteen days after the end of each fiscal quarter. The sum of estimated payments for each quarter must always reasonably approximate the liability for the quarter.

NOTE: Your debit transaction will be ineligible for EFT if the bank account used for the electronic debit is funded or otherwise associated with a foreign account to the extent that the payment transaction would qualify as an International ACH Transaction (IAT) under NACHA Rules. Contact your financial institution for questions about the status of your account. Contact the Michigan Department of Treasury’s (Treasury) Corporate Income Tax Division at 517-636-6925 for alternate payment methods.

The estimated payment made with each quarterly return must be computed on the actual CIT for the quarter, or 25 percent of the estimated total liability if paying a CIT liability.

To avoid interest and penalty charges, estimated payments must equal at least 85 percent of the total liability for the tax year and the amount of each estimated payment must reasonably approximate the tax liability for that quarter. If the prior year’s tax under the Income Tax Act is \$20,000 or less, estimated tax may be based on the prior year’s total tax liability paid in four equal installments. (“Four equal installments” describes the minimum pace of payments that will satisfy this safe harbor.) If the prior year’s tax liability was reported for a period less than 12 months, this amount must be annualized for purposes of both the \$20,000 ceiling and calculating the quarterly payments due under this method. Payments at a more accelerated pace also will qualify. If the year’s tax liability is \$800 or less, estimates are not required.

NOTE: Reliance on the tax liability of the prior year as a means to avoid interest and penalty charges is only allowed if you had business activity in Michigan in that prior year and filed a CIT return for that prior year. A return must be filed to establish the tax liability for that prior year, even if gross receipts in the prior year were less than \$350,000. In addition, if your business was not in existence in the preceding year, no safe harbor exists. In such a case, estimates must be based on the CIT liability for the current year. There is no prior-year safe harbor for a taxpayer’s first CIT tax period. For a taxpayer’s first CIT tax period the estimates must equal at least 85 percent of the total CIT liability, as explained above.

Amending Estimates

If, after making payments, the estimated tax is substantially different than originally estimated, recompute the tax and adjust the payment in the next quarter.

Electronic Filing of CIT Returns

Michigan has an enforced CIT e-file mandate. Software developers producing CIT tax preparation software and computer-generated forms must support e-file for all eligible Michigan forms that are included in their software package. All eligible CIT returns prepared using tax preparation software or computer-generated forms must be e-filed.

Treasury will be enforcing the CIT e-file mandate. The enforcement includes not processing computer-generated paper returns that are eligible to be e-filed. A notice will be mailed to the taxpayer, indicating that the taxpayer's return was not filed in the proper form and content and must be e-filed. Payment received with a paper return will be processed and credited to the taxpayer's account even when the return is not processed.

Treasury will continue to accept certain PDF attachments with CIT e-filed returns. A current list of defined attachments is available in the CIT "Michigan Tax Preparer Handbook for Electronic Filing Programs," available at www.michigan.gov/taxes/efile by clicking on "Corporate Income Tax-Michigan Business Tax," then "Corporate Income Tax Handbook" for the applicable tax year. Follow your software instructions for submitting attachments with an e-filed return.

If the CIT return includes supporting documentation or attachments that are not on the predefined list of attachments, the return can still be e-filed. Follow your software instructions for including additional attachments. The tax preparer or taxpayer should retain file copies of all documentation or attachments.

For more information and program updates, including exclusions from e-file, visit the e-file Web site at www.MIfastfile.org.

The taxpayer may be required to e-file its federal return. Visit the Internal Revenue Service (IRS) Web site at www.irs.gov for more information on federal e-file requirements and the IRS Federal/State Modernized e-File (MeF) program.

Complete Federal Tax Forms First

Before preparing CIT returns, complete all federal tax forms. These forms may include:

- Fiduciaries — U.S. Form *1041*, *1065*, and related Schedules *C*, *C-EZ*, *D*, *E*, *K*, *4797*, and *8825*.
- Corporations — U.S. Form *1120*, *1120-S*, and Schedules *D*, *K*, *851*, *940*, *4562*, *4797*, and *8825*.
- Limited Liability Companies (LLCs) — federal forms listed above, depending on how federal returns have been filed.

Reference these federal forms to complete Form 4908.

Copies of certain pages from these federal forms must also be attached to the annual return filed. See the instructions for Form 4908 for further details.

Completing Michigan Forms

Treasury captures the information from paper CIT returns using an Intelligent Character Recognition process. If

completing a paper return, avoid unnecessary delays caused by manual processing by following the guidelines below so the return is processed quickly and accurately.

- **Use black or blue ink.** Do not use pencil, red ink, or felt tip pens. Do not highlight information.
- **Print using capital letters (UPPER CASE).** Capital letters are easier to recognize.
- **Print numbers like this:** 0123456789. Do not put a slash through the zero (\emptyset) or seven (\neq).
- **Fill check boxes with an [X].** Do not use a check mark [✓].
- **Leave lines/boxes blank** if they do not apply or if the amount is zero, unless otherwise instructed.
- **Do not enter data in boxes filled with Xs.**
- **Do not write extra numbers, symbols, or notes on the return,** such as cents, dashes, decimal points (excluding percentages), or dollar signs, unless otherwise instructed. Enclose any explanations on a separate sheet unless instructed to write explanations on the return.
- **Date format, unless otherwise specified, should be in the following format:** MM-DD-YYYY. Use dashes (-) rather than slashes (/).
- **Enter phone numbers using dashes** (e.g., 517-555-5555); do not use parentheses.
- **Stay within the lines** when entering information in boxes.
- **Report losses and negative amounts with a negative sign in front of the number (do not use parentheses).** For example, a loss in the amount of \$22,459 should be reported as -22,459.
- **Percentages should be carried out four digits to the right of the decimal point.** Do not round percentages. For example, 24.154266 percent becomes 24.1542 percent. When converting a percentage to a decimal number, carry numbers out six digits to the right of the decimal point. For example, 24.154266 percent becomes 0.241542.
- **Report all amounts in whole dollars.** Round down amounts of 49 cents or less. Round up amounts of 50 cents or more. If cents are entered on the form, they will be treated as whole dollar amounts.

Suggested Order of Analysis and Preparation of an CIT Annual Return

First, determine whether the taxpayer has nexus with Michigan. *Nexus* is a legal term that expresses whether a taxpayer has sufficient connection to Michigan to justify subjecting the taxpayer to Michigan tax.

For information on nexus, and other CIT issues, see the Michigan Department of Treasury (Treasury) Web site at www.michigan.gov/treasury. (Click on the "Corporate Income Tax" on the left side of the page.) Treasury will post updates here and via Revenue Administrative Bulletin (available in the "Reference" link on the left side of the page).

For a taxpayer using Form 4908, first complete lines 1 through

20, which is sufficient to calculate total liability before recapture of Certain Business Tax Credits. At that point, if any recapture of credits exists begin the *CIT Schedule of Recapture of Certain Business Tax Credits* (Form 4902).

Further General Guidance

For purposes of CIT, taxpayer means a C Corporation, insurance company, financial institution, or a unitary business group liable for tax, interest, or penalty.

A *Unitary Business Group* (UBG) is a group of United States persons that are corporations, insurance companies, or financial institutions, other than a foreign operating entity, that satisfies the following criteria:

- One of the persons owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting rights (or rights comparable to voting rights) of the other members; AND
- The UBG has operations which result in a flow of value between the members in the UBG or has operations that are integrated with, are dependent upon, or contribute to each other. Flow of value is determined by reviewing the totality of facts and circumstances of business activities and operations.

All financial institution members must file a combined return (addressed in the “UBGs and Combined Filing” section of this General Information).

NOTE: In general, a person that is a disregarded entity for federal tax purposes must file as if it were a branch or division if owned by another business entity.

UBGs and Combined Filing

NOTE: UBGs are addressed here, in general. In the instructions for each form, “Special Instructions for Unitary Business Groups” are located directly before “Line-by-Line Instructions.” The information in the “Line-by-Line Instructions” that apply only to UBGs are labeled “**UBGs**.” Additional direction is found in the “Supplemental Instructions for Standard Members in UBGs” section of this instruction booklet.

General Overview of Unitary Taxation

More than 20 states have adopted unitary taxation. Unitary taxation is a method of taxing related persons that, if it applies, generally treats those related persons as if they were one. There are specific tests, discussed below, to determine whether two or more business entities are sufficiently connected by ownership and business relationships to be treated as a group.

If those tests are satisfied and a UBG is found to exist, in most cases the members of that UBG will file a single CIT return. One member will be designated as the group’s representative for filing the return and corresponding with Treasury. Included in that return will be separate forms that report income, deductions, and activities separately by member, and then the combined amounts are entered on the Form 4891. References in the instructions to “the taxpayer” generally will refer to the group rather than any one of its members.

This is a simplification for introductory purposes, and there are many details and exceptions described throughout the CIT forms and instructions. In particular, tax credits, transactions between members, and the presence of financial institutions or insurance companies in the group require careful attention.

One key issue in dealing properly with unitary taxation is to recognize that it is not limited to large, multi-state companies. Businesses of any size and any geographic extent may find that they are members of a UBG.

Determining the Existence and Membership of a UBG

Unitary Business Group means a group of United States persons that are corporations, insurance companies, or financial institutions, other than a foreign operating entity, that satisfies the control test and relationship test.

- **Control test.** One of the persons owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting rights (or rights comparable to voting rights) of the other members; AND
- **Relationship test.** The UBG has operations which result in a flow of value between the members in the UBG or has operations that are integrated with, are dependent upon, or contribute to each other. Flow of value is determined by reviewing the totality of facts and circumstances of business activities and operations.

Additional information can be found under the “Corporate Income Tax” page at www.michigan.gov/taxes (see Revenue Administrative Bulletin (RAB) 2018-12, Unitary Business Group Control Test And Relationship Tests).

United States person is defined in the Internal Revenue Code (IRC) § 7701(a)(30).

A *foreign operating entity* means a United States corporation that would otherwise be a part of a UBG that is taxable in Michigan; has substantial operations outside the United States, the District of Columbia, any territory or possession of the United States except for the commonwealth of Puerto Rico, or a political subdivision of the foregoing; and at least 80 percent of its income is active foreign business income as defined in IRC § 871(l)(1)(B)(ii).

An alternate, elective method for determining the existence and membership of a UBG under the affiliated group election is discussed in the instructions for Form 4908.

Filing the Correct Form

A different primary return and instruction booklet are available for standard taxpayers (Form 4891) and insurance companies (Form 4905).

Filing if Tax Year Is Less Than 12 Months

Tax year means the calendar year, or the fiscal year ending during the calendar year, upon the basis of which the tax base of a taxpayer is computed. If a return is made for a fractional part of a year, tax year means the period for which the return is made.

A taxpayer that has a 52- or 53-week tax year beginning not more than seven days before December 31 of any year is considered to have a tax year beginning after December of that tax year.

Example 1: A taxpayer with a federal tax year beginning on Saturday, December 26, 2022, will be treated as follows:

- 2022 tax year end of December 31, 2022.
- Due date of April 30, 2023.
- 2023 tax year beginning January 1, 2023.

Example 2: A taxpayer with a federal tax year ending on Sunday, January 3, 2023, will be treated as follows:

- 2022 tax year end of December 31, 2022.
- Due date of April 30, 2023.
- 2023 tax year beginning on January 1, 2023.

Example 3: A 52- or 53-week year closing near the end of January is common in the retail industry. Such a taxpayer will be treated as follows:

- 2022-23 fiscal year end will be January 31, 2023.
- Due date will be May 31, 2023.
- 2023-24 fiscal year will begin on February 1, 2023.

Annualizing

If the prior filing period is less than 12 months, annualize the prior year's tax liability to determine whether estimates may be based on that liability. If the prior year's annualized liability is \$20,000 or less, estimates may be based on the annualized amount if paid in four equal, timely, installments.

To annualize the prior year's tax liability, multiply the prior year's tax liability by 12 and divide the result by the number of months the business operated. Generally, a business is considered in business for one month if the business operated for more than half the days of the month. A business whose entire tax year is 15 days or less, however, is considered in business for one month.

- **Example:** A fiscal year taxpayer with a tax year ending in June files a six-month return ending June 2014 reporting a tax liability of \$9,000. Estimates for the tax year ending June 2015 may be based on the annualized liability of \$18,000. Estimates must be paid in four equal installments of \$4,500.

Due Dates of Annual Returns

Annual returns of calendar year taxpayers are due by April 30, 2026. For fiscal years ending in 2026, the 2025-2026 fiscal year return will be due on the last day of the fourth month after the end of the tax year.

Additional Filing Time

If additional time is needed to file an annual tax return, request a Michigan extension by filing an *Application for Extension of Time to File Michigan Tax Returns* (Form 4).

Filing a federal extension request with the IRS does not automatically grant a CIT extension. The IRS does not notify state governments of extensions.

Extension applications must be postmarked on or before the due date of an annual return.

Although Treasury may grant extensions for filing CIT returns, it will not extend the time to pay. Extension applications received without proper payment will not be processed. Penalty

and interest will accrue on the unpaid tax from the original due date of the return.

Properly filed and paid estimates along with the amount included on the extension application will be accepted as payment on a tentative return, and an extension may be granted. It is important that the application is completed correctly.

Once a properly prepared and timely filed application along with appropriate estimated tax payments is received, Treasury will grant an extension of eight months to file the tax return.

Any estimated tax that may be due with the request should be paid in the same manner as estimated payments were paid during the year.

A written response will be sent to the legal address on file when a valid extension application is received.

If a CIT extension is filed on time but the total payments received by the original due date are less than 90 percent of the tax liability, a 10 percent negligence penalty may apply.

An extension of time to file will also extend the statute of limitations.

Amending a Return

To amend a current or prior year annual return, complete the *Michigan CIT Amended Return for Financial Institutions* (Form 4909) that is applicable for that year, explaining the reason for the changes. Include all schedules filed with the original return, even if not amending that schedule. Do not include a copy of the original return with your amended return.

Current and past year forms are available at www.michigan.gov/treasuryforms.

To amend a return to claim a refund, file within four years of the due date of the original return (including valid extensions). Interest will be paid beginning 45 days after the claim is filed or the due date, whichever is later.

If amending a return to report a deficiency, penalty and interest may apply from the due date of the original return.

If any changes are made to a federal income tax return that affect the CIT tax base, filing an amended return is required. To avoid penalty, file the amended return within 180 days after the final determination by the IRS.

Computing Penalty and Interest

Annual and estimated returns filed late or without sufficient payment of the tax due are subject to a penalty of 5 percent of the tax due, for the first two months. Penalty increases by an additional 5 percent per month, or fraction thereof, after the second month, to a maximum of 25 percent.

Compute penalty and interest for underpaid estimates using the *CIT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4899). If a taxpayer prefers not to file this form, Treasury will compute the penalty and interest and send a bill.

The following chart shows the interest rate that applies to each filing period. A new interest rate is set at 1 percent above the adjusted prime rate for each six-month period.

Beginning Date	Rate	Daily Rate
January 1, 2025	9.47%	0.0002595
July 1, 2025	8.66%	0.0002373
January 1, 2026	8.48%	0.0002324

For a list of interest rates, click on “Reports and Legal” on the Treasury website at www.michigan.gov/treasury/. Interest rates are updated in RABs.

Signing the Return

All returns must be signed and dated by the taxpayer or the taxpayer’s authorized agent. This may be the owner, corporate officer, or association member. The corporate officer may be the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign the corporation’s tax return.

If someone other than the above prepared the return, the preparer must give his or her business address and telephone number.

Print the name of the authorized signer and preparer in the appropriate area on the return.

Assemble the returns and attachments (in sequence order) and use a clip in the upper-left corner or rubber band the pages together. (Do not staple a check to the return.) In an e-filed return, the preparation software will assemble the forms and PDF attachments in the proper order automatically.

IMPORTANT REMINDER: Failure to include all the required forms and attachments will delay processing and may result in reduced or denied refund or credit forward or a bill for tax due.

SIGNING AN E-FILED RETURN: As with any tax return submitted to Treasury on paper, an electronic tax return must be signed by an authorized tax return signer, the Electronic Return Originator (ERO), if applicable, and the paid tax preparer, if applicable. **NOTE:** If the return meets one of the exceptions to the e-file mandate and is being filed on paper, it must be manually signed and dated by the taxpayer or the taxpayer’s authorized agent.

The CIT Fed/State e-file signature process is as follows:

Fed/State Returns: Michigan will accept the federal signature method. Michigan does not require any additional signature documentation.

State Stand Alone Returns: State Stand Alone returns must be signed using Form MI-8879 (also called the *Michigan e-file Authorization for Business Taxes MI-8879*, Form 4763), provided in the e-file software. Returns are signed by entering the taxpayer PIN in the software after reading the perjury statement displayed in the software. The taxpayer PIN will be selected by the taxpayer, or the taxpayer may authorize his or her tax preparer to select the taxpayer PIN.

The MI-8879 (Form 4763) will be printed and contain the taxpayer PIN. The tax preparer will retain Form MI-8879 in his or her records as part of the taxpayer’s printed return. CIT State Stand Alone e-filings submitted without a taxpayer PIN

will be rejected by Treasury. Do not mail Form MI-8879 to Treasury and do not include Form MI-8879 as an attachment with the e-file return.

Mailing Addresses

Mail the annual return and all necessary schedules to:

With payment:

Michigan Department of Treasury
PO Box 30804
Lansing MI 48909

Without payment:

Michigan Department of Treasury
PO Box 30803
Lansing MI 48909

Mail an extension application (Form 4) to:

Michigan Department of Treasury
PO Box 30774
Lansing MI 48909-8274

Mail CIT quarterly estimate payments (Form 4913) to:

Michigan Department of Treasury
PO Box 30774
Lansing MI 48909-8274

Courier delivery service mail should be sent to:

Michigan Department of Treasury
7285 Parsons Dr.
Dimondale MI 48821

Make all checks payable to “State of Michigan.” Print taxpayer’s Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number, the tax year, and “CIT” on the front of the check. Do not staple the check to the return.

Correspondence

An address change or business discontinuance can be reported online by using Michigan Treasury Online (MTO), Business Tax Services. See www.michigan.gov/mtobusiness for information. In the alternative, *Notice of Change or Discontinuance* (Form 163), can be found online at www.michigan.gov/treasuryforms.

Mail correspondence to:

Michigan Department of Treasury
Business Taxes Division, CIT Unit
PO Box 30059
Lansing MI 48909

To Request Forms

Internet

Current and past year forms are available on Treasury’s Web site at www.michigan.gov/treasuryforms.

Alternate Format

Printed material in an alternate format may be obtained by calling 517-636-6925.

TTY

Assistance is available using TTY through the Michigan Relay Service by calling 711.

Revenue Administrative Bulletins (RABs)

Treasury provides updates via RABs on the Treasury Web site at www.michigan.gov/taxes. (Click on “Reports and Legal.”)

RABs for the CIT are:

- 2013-9, CIT Definition of “Actively Solicits”
- 2014-5, Michigan CIT Nexus Standards
- 2018-12, CIT Unitary Business Group Control Test and Relationship Tests
- 2019-22, Corporate Income Tax – Financial Institution Franchise Tax
- 2024-10, Corporate Income Tax (CIT) Penalty and Interest for Underpaid Estimated Tax
- Interest Rates: For a list of interest rates, go to www.michigan.gov/treasury/ and click on “Reports and Legal.”

2025 Supplemental Instructions for Financial Institution Members in Unitary Business Groups (UBGs)

NOTE: These instructions for Unitary Business Groups (UBGs) are meant to supplement general instructions and form-specific instructions for financial institution taxpayers of the Corporate Income Tax (CIT), not to replace them.

Standard taxpayers and *standard members* refer to all taxpayers or UBG members, respectively, other than financial institutions or insurance companies. Standard members of a UBG should see the “Supplemental Instructions for Standard Members in UBGs” section in the *CIT Forms and Instructions for Standard Taxpayers* (Form 4890).

There is not a corresponding supplement for insurance companies because, although they can be members of a UBG, they do not file combined returns.

Introductory pages of this CIT instruction booklet contain general information designed to assist in identifying the existence and membership of a UBG. The following instructions address:

- Filing combined returns by different member types within a UBG.
- Understanding the role of the Designated Member (DM).
- For each type of UBG member that is reported on a combined return (standard and financial institution), there is a required form that collects data that is necessary for preparation of a combined return:
 - The *CIT Unitary Business Group Affiliates Excluded from the Return of Standard Taxpayers* (Form 4896) and *CIT Data on Unitary Business Group Members* (Form 4897) support a combined return of standard members to be filed on the *CIT Annual Return* (Form 4891).
 - The *CIT Unitary Business Group Combined Filing Schedule for Financial Institutions* (Form 4910) supports a combined return of financial institution members to be filed on the *CIT Annual Return for Financial Institutions* (Form 4908).

Guidance that is specific to only one form is contained in the instructions for that form, in sections titled either “Special Instructions for Unitary Business Groups” or simply “UBGs.” Following are instructions that apply to more than one form.

Special Instructions and the Designated Member

Special Instructions for the Annual Return

By definition, a UBG can include standard members, insurance companies, and financial institutions. However, in some cases not all members of the UBG will be included on the same return. All standard members in a UBG (except those owned by and unitary with a financial institution) file a single combined return on Form 4891. Financial institution members of a UBG (including any standard member owned by and unitary with a financial institution in the group) file a combined return on Form 4908. Insurance company members of a UBG each file separately on Form 4905.

Before completing a combined return, UBGs should first complete Form 4896 and Form 4897 or Form 4910. These forms are used to gather data from each member included in the combined filing schedule, and eliminate intercompany transactions where applicable, to support the primary return. Insurance companies that are part of a UBG will each file a separate Form 4905, but should be listed as an excluded affiliate with an incompatible tax base on Form 4896 or Form 4910, as applicable.

The Designated Member (DM)

A UBG combined return of financial institutions is filed under the name and Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number of the DM of the financial institution group. Designated Member means a UBG member that has nexus with Michigan and will file the combined CIT return on behalf of the financial institution members of the group. In a brother-sister controlled group, any member with nexus may be designated to serve as DM. In a parent-subsidiary controlled group or a combined controlled group (an interlocking combination of a parent-subsidiary group and a brother-sister group), the controlling member must serve as DM if it has nexus with Michigan. If it does not have nexus, the controlling member may appoint any member with nexus with Michigan to serve as DM. That DM must continue to serve as such every year, unless it ceases to be a group member or the controlling member attains Michigan nexus. The filing period of a combined return is based on the tax year of the DM.

If a UBG is comprised of both standard members and financial institutions, the UBG will have two DMs (one for the standard members completing Form 4891 and related forms, and one for the financial institution members completing Form 4908 and related forms).

If the standard members are owned by a financial institution, they will file as part of the financial UBG return, Form 4910.

NOTE: If the UBG filed under MBT in 2011 and is now filing under CIT, the UBG must use the same DM if the DM still has nexus, is a C corporation, and is still a member of the UBG. If the DM no longer has nexus, is not a C corporation, or is no longer a member of the UBG, then the UBG must select a new DM using the rules laid out in these instructions.

Role of the DM: The DM speaks, acts, and files the CIT return on behalf of the group for CIT purposes. Only the DM may file a valid extension request for the group. Treasury maintains the group’s CIT tax data (e.g., prior CIT returns, overpayment credit forward) under the DM’s name and account number. The DM must be of the same taxpayer type (standard or financial institution) as the members for which it files a combined return.

Recapture of Certain Credits

Recapture of credits, must be earned and calculated based on actions performed on or after January 1, 2012, regardless of the method selected for the tax calculation.

Effects of Members Joining a Group

When an entity becomes a member of a UBG part way through the member's tax year, for CIT purposes the new member will experience a short tax year beginning on the date the member joins the group, even if it does not have a short period for federal purposes.

For both the UBG return and the new member's separate short period return, tax bases will be calculated using actual numbers from the applicable short period of the new member.

Effects of Members Leaving a Group

When a member of a UBG ceases to be a member part way through the member's tax year, for CIT purposes the departing member will experience a short tax year ending on the departure date, even if it does not have a short period for federal purposes.

For both the UBG return and the departing member's separate short period return, tax bases will be calculated using actual numbers from the applicable short period of the departing member.

Other UBG-Related Issues

An affiliated person that is excluded from membership in a UBG because it is a foreign person, which has nexus and meets the applicable filing threshold, must file a separate CIT return.

Further Guidance

For information on CIT issues, see the Treasury Web site at www.michigan.gov/taxes.