





# Instructions for Form MI-8949 *MICHIGAN Sales and Other Dispositions of Capital Assets MI-8949*

## When to File

**NOTE: Only use this form to adjust your Michigan taxable income if you have capital gains or losses attributable to one of the following:**

- Gains or losses from the sale of certain types of properties located in other states and/or subject to Michigan's allocation provisions. Gains or losses subject to Michigan's apportionment provisions, refer to the MI-1040H.
- Periods before October 1, 1967 (Section 271 adjustment). If you file U.S. *Schedule D* or Form 4797 and you elect to adjust under Section 271 of the Michigan Income Tax Act, you must file the equivalent Michigan forms (MI-1040D or MI-4797). You must include all items of gain or loss realized during the tax year; or
- Gains or losses from the sale or exchange of U.S. obligations that cannot be taxed by Michigan.

## General Information

Michigan Form MI-8949 follows the U.S. Form 8949 and all the information needed to complete it should be taken from your U.S. Form 8949.

Form MI-8949 computations must be carried to Form MI-1040D. Both forms (MI-8949 and MI-1040D) must be included with your Form MI-1040.

Michigan business income (loss) includes the distributive share of income (loss) from a flow-through entity, including net short-term and long-term capital gain (loss). Michigan business income subject to apportionment is to be reported on the MI-1040H or included on Form MI-461 (if applicable), do not use this form to apportion those gains or losses.

### Rounding Dollar Amounts

Round all amounts to whole dollar amounts. Round down amounts less than 50 cents. Round up amounts of 50 through 99 cents. Do not enter cents.

### Identification

For individual income tax filers, enter the filer's name and full nine-digit Social Security number at the top of the form. For fiduciary filers, enter the name of the estate or trust and full Federal Employer Identification Number (FEIN).

## Parts 1 and 2

### Federal Information

Complete columns A, B, C and D of the MI-8949 from corresponding columns a, b, c and h of your U.S. Form 8949. If an election to defer tax on an eligible gain was made by investing in a Qualified Opportunity (QO) Fund, report the QO Fund information from U.S. Form 8949, columns a and b in MI-8949, columns A and B for each QO Fund reported. Enter any amount of adjustment from U.S. Form 8949, column g in MI-8949, column D and zero in column E for each QO Fund reported.

**Line 2:** The amount reported on MI-1040D, line 1, includes this line and any amount reported on U.S. *Schedule D*, line 1a, column h.

**Line 4:** The amount reported on MI-1040D, line 6, includes this line and any amount reported on U.S. *Schedule D*, line 8a, column h.

### Michigan Information

For each asset, enter the portion of federal gain and loss subject to Michigan income tax in column E. If more space is needed to list assets, include additional sheets.

**Section 271.** To apportion under Section 271, multiply the gain or loss in column D by the number of months the property was held after September 30, 1967. Divide the result by the total number of months held. Enter the result in column E. For the purpose of this computation, the first month is excluded if acquisition took place after the 15th, and the last month is excluded if disposal took place on or before the 15th.

Gains from installment sales made before October 1, 1967, must show federal gain in column D and zero in column E. Gains from installment sales made after October 1, 1967, are subject to Michigan tax but may be apportioned under Section 271.

Distributions from pension, stock bonus or profit-sharing trust plans that are considered to be long-term capital gains (under Section 402 of the Internal Revenue Code) and capital gains distributions are not eligible for Section 271 treatment.

**Sale of Property.** Enter the total gain in the federal column. Enter in the Michigan column the gain or loss from the sale or exchange of:

- Real property located in Michigan; or
- Tangible personal property located in Michigan at the time of the sale or owned by a Michigan resident and not subject to tax in the state where the property is located; or
- Intangible personal property sold by a Michigan resident; or

Gains and losses from business property reported and apportioned to Michigan on Form MI-1040H should not be reported in the Michigan column E.

**U.S. Obligations.** Gains from the sale of some U.S. obligations are not subject to tax and losses are not deductible. Enter a zero in the Michigan column for gains or losses realized from the sale of these non-taxable U.S. obligations.

**Note:** Any interest expense and other expenses incurred in the production of income from U.S. obligations should be offset against dividend and interest income from U.S. obligations on the MI-1040 return. See the instructions for Schedule 1, line 10, in the MI-1040 instruction booklet.

**Out-of-State Property.** Gains from the sale of non business property located in another state are not subject to tax and losses are not deductible. Gains and losses from the sale of business property located in another state are sourced based the location of the business activity.

### Totals

Enter on line 2, the total from line 1 and any additional sheets listing short-term capital gains and losses. Enter on line 4, the total from line 3 and any additional sheets listing long-term capital gains and losses.