

2012 MICHIGAN Business Tax Penalty and Interest Computation for Underpaid Estimated Tax

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
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PART 1: ESTIMATED TAX REQUIRED

- | | | |
|--|----|----|
| 1. Annual tax from Form 4567, line 59; or Form 4588, line 47; or Form 4590, line 32..... | 1. | 00 |
| 2. Required estimate amount. Enter 85% (0.85) of line 1..... | 2. | 00 |

See MBT instruction booklet for exceptions to penalty and interest computation.

3. ENTER THE PAYMENT DUE DATES (MM-DD-YYYY).... 3.
4. Divide amount on line 2 by 4, or by the number of quarterly returns required. If annualizing, enter the amount from Annualization Worksheet, line 70, page 2.... 4.

CAUTION: Complete lines 5 - 13 one column at a time

5. Prior year overpayment..... 5.
6. Amount paid on quarterly return or SUW return (see instr.) 6.
7. Enter amount, if any, from line 13 of the previous column. 7.
8. Add lines 5, 6 and 7..... 8.
9. Add amounts on lines 11 and 12 of the previous column and enter the result here 9.
10. Subtract line 9 from line 8. If less than zero, enter zero. For column A only, enter the amount from line 8 10.
11. Remaining underpayment from previous period. If amount on line 10 is zero, subtract line 8 from line 9 and enter result here. Otherwise, enter zero 11.
12. If line 4 is greater than or equal to line 10, subtract line 10 from line 4 and enter it here. Then go to line 6 of the next column. Otherwise, go to line 13 12.
13. If line 10 is larger than line 4, subtract line 4 from line 10 and enter it here. Then go to line 6 of next column 13.

	A	B	C	D
3.				
4.				
5.		X X X X X	X X X X X	X X X X X
6.				
7.	X X X X X			
8.				
9.	X X X X X			
10.				
11.	X X X X X			
12.				
13.				

PART 2: FIGURING INTEREST

14. TOTAL UNDERPAYMENT. Add lines 11 and 12..... 14.
15. Enter due date for the next quarter or date tax was paid, whichever is earlier. In column D, enter the due date for the annual return or date tax was paid, whichever is earlier 15.
16. Number of days from the due date of the quarter to the date on line 15..... 16.
17. No. of days on line 16 after 04-15-12 and before 07-01-12.. 17.
18. No. of days on line 16 after 06-30-12 and before 01-01-13.. 18.
19. No. of days on line 16 after 12-31-12 and before 07-01-13.. 19.
20. No. of days on line 16 after 06-30-13 and before 01-01-14.. 20.
21. Number of days on line 17 x 4.25% (0.0425) x line 14..... 21.
365
22. Number of days on line 18 x 4.25% (0.0425) x line 14..... 22.
365
23. Number of days on line 19 x 4.25% (0.0425) x line 14..... 23.
365
24. Number of days on line 20 x % x line 14..... 24.
365
25. Interest on underpayment. Add lines 21 through 24..... 25.
26. **Interest Due.** Add line 25 columns A through D and enter the result here..... 26.

	A	B	C	D
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
23.				
24.				
25.				
26.				00

* Interest rate will be set at 1% above the adjusted prime rate for this period.

PART 3: FIGURING PENALTY

		A	B	C	D
27. Enter the amount from line 12	27.				
28. Payment due dates from line 3 (MM-DD-YYYY)	28.				
29. Annual return due date or the date payment was made, whichever is earlier.....	29.				
30. Number of days from date on line 28 to date on line 29.	30.				
31. If line 30 is greater than 0 but less than 61, multiply line 27 by 5% (0.05) ..	31.				
32. If line 30 is greater than 60, but less than 91, multiply line 27 by 10% (0.10)..	32.				
33. If line 30 is greater than 90, but less than 121, multiply line 27 by 15% (0.15)..	33.				
34. If line 30 is greater than 120, but less than 151, multiply line 27 by 20% (0.20)..	34.				
35. If line 30 is greater than 150, multiply line 27 by 25% (0.25).....	35.				
36. Add lines 31 through 35.....	36.				
37. Total Penalty. Add line 36, columns A through D	37.				00
38. Total Penalty and Interest. Add lines 26 and 37. Enter here and on Form 4567, line 68; or Form 4588, line 56; or Form 4590, line 41	38.				00

PART 4: ANNUALIZATION WORKSHEET FOR MODIFIED GROSS RECEIPTS AND BUSINESS INCOME TAXES

(If filing Form 4588 or Form 4590, see instructions.)

Complete worksheet if liability is not evenly distributed throughout year.

		A First 3 Months	B First 6 Months	C First 9 Months	D Full 12 Months
39. Gross receipts (GR).....	39.				
40. Subtractions.....	40.				
41. Modified GR. Subtract line 40 from line 39.....	41.				
42. Apportionment percentage from Form 4567, line 11c	42.	%	%	%	%
43. Apportioned GR Tax Base. Multiply line 41 by line 42.....	43.				
44. Multiply line 43 by 0.8% (0.008)	44.				
45. Enrichment Prohibition for dealers of boats/new motor vehicles ...	45.				
46. GR Tax Before Credits. Enter the greater of lines 44 or 45	46.				
47. Business Income (BI)	47.				
48. Additions.....	48.				
49. Add lines 47 and 48.....	49.				
50. Subtractions.....	50.				
51. BI Tax Base. Subtract line 50 from line 49.....	51.				
52. Apportioned BI Tax Base. Multiply line 51 by line 42.....	52.				
53. MBT business loss carryforward	53.				
54. Qualified Affordable Housing Deduction.....	54.				
55. Subtract line 54 and line 53 from line 52. If less than zero, enter zero.....	55.				
56. BI Tax Before Credits. Multiply line 55 by 4.95% (0.0495)	56.				
57. Total MBT Before Credits. Add lines 46 and 56.....	57.				
58. Annual Surcharge. Multiply line 57 by 21.99% (0.2199) (surcharge for the year should not exceed \$6,000,000)..	58.				
59. MBT (including surcharge) Before Credits. Add lines 57 and 58.	59.				
60. Nonrefundable Credits.....	60.				
61. Subtract line 60 from line 59. If less than zero, enter zero	61.				
62. Recapture of certain MBT credits and deductions.....	62.				
63. Corporate Income Tax adjustment (see instructions)	63.				
64. Net Tax Liability. Add lines 61, 62 and 63	64.				
65. Annualization ratios	65.	4	2	1.3333	1
66. Annualized tax. Multiply line 64 by line 65.....	66.				
67. Applicable percentage	67.	21.25%	42.5%	63.75%	85%
68. Multiply line 66 by line 67	68.				
69. Combined amounts of line 70 from all preceding columns	69.	X X X X X			
70. ESTIMATE REQUIREMENTS BY QUARTER. Subtract line 69 from line 68. If less than zero, enter zero. Enter here and on page 1, line 4.....	70.				

NOTE: Totals on line 70 must equal 85% of the current year tax liability on page 1, line 1.

Instructions for Form 4582, Michigan Business Tax (MBT) Penalty and Interest Computation for Underpaid Estimated Tax

Purpose

To compute penalty and interest for underpaying, late filing, or late payment of quarterly estimates. If a taxpayer prefers not to file this form, the Department of Treasury (Treasury) will compute any applicable penalty and interest and bill the taxpayer. Part 4 of this form also is used to determine and report the amount of estimates due when income is not evenly distributed through the tax year.

NOTE: Penalty and interest for late filing or late payment on the annual return is computed separately. See the “Computing Penalty and Interest” section of the “General Information for Standard Taxpayers” in the *MBT Forms and Instructions for Standard Taxpayers* (Form 4600).

Estimated returns and payments are required from any taxpayer that expects an annual MBT liability (including surcharge and Corporate Income Tax adjustment) of more than \$800. Exceptions are listed below. If a taxpayer owes estimated tax and the estimated return with full payment is not filed or is filed late, penalty is added at 5 percent of 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. If the taxpayer made no estimated tax payments and none of the exceptions below apply, compute the interest due (Part 2) and the penalty for non-filing (Part 3).

Exceptions

If any of the conditions listed below apply, do not pay penalty and interest. If a business operated less than 12 months in the current or preceding year, annualize figures (as applicable) to determine if the exceptions apply. See Form 4600 for complete annualizing instructions.

- The annual tax (including surcharge) on the current annual return is \$800 or less.
- The return is for a taxable period of less than four calendar months.
- The estimated quarterly payments reasonably approximate the tax liability incurred for each quarter and the total of all payments equals at least 85 percent of the annual liability. Complete the Annualization Worksheet (Part 4) if the liability is not evenly distributed through the tax year.
- The sum of estimated payments equals the annual tax on the preceding year’s return, providing these payments were made in four timely equal payments, or 12, if paid on Sales, Use, and Withholding (SUW) returns, and the preceding year’s tax under the MBT Act, including surcharge, if applicable, was \$20,000 or less. 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. See “Filing if Tax Year Is Less Than 12 Months” in the “General Information” section of Form 4600 for more information. Reliance on the prior year’s tax liability as a means to avoid interest and penalty charges is only allowed if you had business activity in

Michigan in 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 MBT liability for the current year.

- The taxpayer is a farmer, fisherman, or seafarer and files the *MBT Annual Return* (Form 4567) by March 1, or a tentative annual return with payment by January 15, and the final return on or before April 15.

NOTE: For a taxpayer that calculates and pays estimated payments for federal income tax purposes pursuant to section 6655(e) of the Internal Revenue Code, that taxpayer may use the same methodology as used to calculate the annualized income installment or the adjusted seasonal installment, whichever is used as the basis for the federal estimated payment, to calculate the estimated payments required each quarter under this section. Retain the calculation for your records.

Line-by-Line Instructions

Lines not listed are explained on the form.

Do not enter data in boxes filled with Xs.

Dates must be entered in MM-DD-YYYY format.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either Form 4567, the *MBT Annual Return for Financial Institutions* (Form 4590), or the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588)).

PART 1: ESTIMATED TAX REQUIRED

Line 2: Enter 85 percent of the annual tax amount from line 1.

Line 3: Enter the due date for each quarterly return. For calendar year filers these dates are April 15, July 15, October 15, and January 15. For fiscal year filers, these dates are the 15th day of the 4th, 7th, 10th and 13th months after the start of the fiscal year. For any tax year that includes an estimated tax payment period of less than three months, the quarterly return for that period is due on the 15th day of the month immediately following the final month of the estimated tax payment period.

Line 4: Divide the amount of the estimated tax required for the year on line 4 by four and enter this as estimated tax for each quarter. If the business operated less than 12 months, divide by the number of quarterly returns required and enter this as the estimated tax for each quarter.

Actual Quarterly Tax. If a taxpayer computes quarterly tax due based on the actual tax base for each quarter, complete Part 4 first, then bring the tax from line 70 of the Annualization Worksheet to line 4. See Part 4 instructions for taxpayers filing a return other than Form 4567. The total of the four computed amounts cannot be less than line 2.

Line 5: Complete column A only. Enter the amount of prior

year overpayment credited to the current tax year estimates.

Line 6: Amount Paid.

- **Column A:** Enter estimated payments made by the due date for the first quarterly return. Also enter in column A the total Flow-Through Withholding payments from line 62 of the *MBT Annual Return* (Form 4567), line 35 of the *MBT Annual Return for Financial Institutions* (Form 4590) or line 50 of the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588). Also in column A, enter the total refundable credits from line 23 of the *MBT Refundable Credits* (Form 4574) or line 5 of the *Miscellaneous Credits for Insurance Companies* (Form 4596).
- **Column B:** Enter payments made after the due date in column A and by the due date in column B.
- **Column C:** Enter payments made after the due date in column B and by the due date in column C.
- **Column D:** Enter payments made after the due date in column C and by the due date in column D.

If quarterly payments are made after the due date, penalty and interest will apply until the payment is received. If less than full payment is made with a late filing, the taxpayer will need to compute multiple penalty and interest calculations for each column. Attach a separate schedule if necessary.

PART 2: FIGURING INTEREST

Compute the interest due for both non-filing and underpayment of the required estimated tax in this section. Follow the instructions for each line, as interest is calculated separately for each quarter and the interest rate might not be the same for each quarter.

Line 15: Enter the due date of the next quarter or the date the tax was paid, whichever is earlier. In column D, enter the earlier of the due date for the annual return or the date the tax was paid. An approved extension does not change the due date of the annual return (column D) for this computation.

PART 3: FIGURING PENALTY

Compute the penalty due for both non-filing and underpayment of the required estimated tax in this section. Follow the instructions for each line, as the penalty and interest is calculated separately for each quarter and the penalty percentage and interest rate might not be the same for each quarter.

Avoiding Penalty and Interest Under MBT

If estimated MBT liability for the year (including surcharge) is over \$800, a taxpayer must file estimated quarterly returns and payments. The taxpayer may make payments with any of the following:

- *CIT Quarterly Return* (Form 4913) or
- *Combined Return for Michigan Taxes* (Form 160) (if registered for SUW Taxes), or
- Electronic Funds Transfer (EFT).

If filing monthly using Form 160, monthly payments may be filed on the 20th day of the month. If filing quarterly via Form 160, payment for MBT is due on the 15th. For example, a calendar year taxpayer may file monthly MBT estimated tax payments using Form 160 on February 20, March 20, and April

20 rather than a single quarterly payment on April 15 provided the combined estimated tax payments for those months are calculated using the instructions provided with the form.

For taxpayers electing to make monthly remittances by EFT where the requirement to file a paper Form 160 has been waived, MBT estimates can be made by the 20th day of the month following the month's end. The estimated MBT for the quarter must also reasonably approximate the liability for the quarter.

NOTE: A 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 Treasury's Electronic Funds Transfer Unit at (517) 636-4730 for alternate payment methods.

PART 4: ANNUALIZATION WORKSHEET FOR MODIFIED GROSS RECEIPTS AND BUSINESS INCOME TAXES

Standard taxpayers may use the Annualization Worksheet to calculate and report the amount of estimates due when income is not evenly distributed throughout the tax year.

If filing the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588), or *MBT Annual Return for Financial Institutions* (Form 4590), submit a schedule showing the entity's computations for each quarter. Enter the total amounts on line 64 and follow the instructions for lines 65 through 70.

Each column represents a quarterly three-month filing period.

The Annualization Worksheet essentially leads filers through the steps required to calculate the actual MBT due for the tax year to date. The net tax liability is then annualized and multiplied by the percentage of estimates required for that quarter.

Line 42: If not subject to apportionment, enter 100 percent.

Line 53: Deduct any available MBT business loss incurred after December 31, 2007. Enter as a positive number.

Business loss means a negative business income tax base, after apportionment, if applicable.

NOTE: MBT business loss carryforward is not the same as the federal net operating loss carryforward or carryback. It also is not the same as the Single Business Tax business loss carryforward, which was partially allowed against the Modified Gross Receipts tax base only for tax years ending in 2008. It is also not the same as a Corporate Income Tax (CIT) business loss carryforward. Neither a SBT business loss carryforward nor a CIT business loss carryforward may be entered on this line or applied against the MBT tax base.

Line 58: Multiply line 57 by 21.99 percent (0.2199). The surcharge for the year should not exceed \$6,000,000.

For example, if 21.99 percent of line 58 is equal to \$4,000,000 in the first quarter, in the second quarter there is additional tax on line 57 that would add another \$1,000,000, the third quarter there was no additional tax, and the fourth quarter the

additional tax would add another \$2,000,000, enter as follows:

- **Column A:** \$4,000,000
- **Column B:** \$5,000,000
- **Column C:** \$5,000,000
- **Column D:** \$6,000,000

Line 63: Enter in Column A the entire amount of CIT adjustment from Form 4567, Line 58; Form 4590, Line 31; or Form 4588, Line 28. Only a positive amount may be entered on this line.

Line 70: The totals for line 70, columns A, B, C, and D, must equal 85 percent of the current year tax liability on page 1, line 1.

Include completed Form 4582 as part of the tax return filing.