



# 2012 MICHIGAN BUSINESS TAX FOR INSURANCE COMPANIES

This booklet contains forms and instructions to complete a Michigan Business Tax return for calendar year 2012.

## INSIDE THIS BOOKLET:

- Page 2 — Important Information for 2012
- Page 3 — General Information for Standard Taxpayers
- Page 9 — Insurance Company Annual Return for Michigan Business and Retaliatory Taxes (Form 4588)
- Page 15 — Miscellaneous Credits for Insurance Companies (Form 4596)
- Page 21 — Schedule of Corporate Income Tax Liability for a Michigan Business Tax Insurance Filer (Form 4974)
- Page 25 — Michigan Business Tax Schedule of Flow-Through Withholding (Form 4966)

## E-FILE YOUR MBT RETURN.

See page 5 for more information, or visit the E-file Web site.

**[www.MIfastfile.org](http://www.MIfastfile.org)**

Find Michigan tax forms online at **[www.michigan.gov/taxes](http://www.michigan.gov/taxes)**.



# Important Information for 2012

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## Changes Beginning in 2012

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This MBT booklet includes forms and instructions designed for the calendar year 2012. All filers should read the instructions carefully.

**NOTE:** Per Public Act 39 of 2011, the Corporate Income Tax (CIT) replaces the MBT for most taxpayers effective January 1, 2012. After that date, the MBT continues as the MBT election. Beginning January 1, 2012, only those taxpayers with a certificated credit, which is awarded but not yet fully claimed or utilized, may elect to be MBT taxpayers. If a taxpayer files an MBT return and claims a certificated credit, the taxpayer makes the election to file and pay under the MBT until the certificated credit and any carryforward of that credit are exhausted. For most certificated credits, a taxpayer must claim the credit and elect to remain taxable under the MBT with the annual return filed for taxpayer's first tax year ending after December 31, 2011. Once the election is made and the return is submitted, the taxpayer may not amend the return to revoke the election.

If an insurance company does not have a certificated credit, it cannot make the MBT election and is subject to the CIT beginning January 1, 2012.

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## Helpful Hints for Completing an MBT Return

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### Estimates

If making estimated payments by Electronic Funds Transfer (EFT), the associated vouchers are not required to be submitted.

### Amended Returns

To amend a current or prior year annual return, complete the Form 4588 that is applicable for that year, check the box in the upper-right corner of the return, and attach a separate sheet explaining the reason for the changes. Include an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document. Include all schedules filed with the original return, even if not amending that schedule. Enter the figures on the amended return as they should be. Do not include a copy of the original return with your amended return.

### Changes for Disregarded Entities

Public Act 305 was enacted into law on December 27, 2011, to add Michigan Compiled Law 208.1512 to the MBT. This section provides that a person that is classified as a disregarded entity for federal purposes is classified as a disregarded entity for MBT purposes. This means that a disregarded entity for federal tax purposes, including a single member LLC or Q-Sub, must file as if it were a sole proprietorship if it is owned by an individual, or a branch or division if the branch or division is owned by another business entity.

### Accelerated Credits in 2012

A taxpayer with a certificated credit under section 435 (Historic) or 437 (Brownfield) of the Michigan Business Tax Act (MBTA), which certificated credit or any unused carryforward may be claimed in a tax year ending after December 31, 2011, may elect to pay the tax imposed by the MBTA in the tax year in which that certificated credit may

be claimed in lieu of the CIT. If a person with a certificated credit under section 435 or 437 that elects to pay the MBT is a member of a Unitary Business Group (UBG), the Designated Member of the UBG, and not the member, shall file a UBG return and pay the tax, if any, under the MBTA and claim that certificated credit.

For a tax year beginning after December 31, 2011, if a certificate of completion, assignment certificate, or component completion certificate is issued under section 437 to a taxpayer, or if a certificate of completed rehabilitation, assignment certificate, or reassignment certificate is issued under section 435 to a taxpayer, beginning on or after January 1, 2012, the taxpayer may elect to claim an accelerated refund for 90 percent of the amount of that certificate.

If section 437 or 435 provides that payment of a credit will be made over a period of years or limits the annual amount of a payment, an accelerated refund may only be claimed for the amount payable in the year claimed.

However, a taxpayer claiming the Special Consideration Historic Preservation Credit under section 435(20) may elect to claim an accelerated refund for the balance of the credit, but the amount of that refund shall be equal to 86 percent of the amount of the credit.

For more details, see the 2012 Request for Reduced Refundable Credit Payout for the *Brownfield Redevelopment Credit and Historic Preservation Credit* (Form 4889). Michigan Tax Forms are online at [www.michigan.gov/taxes](http://www.michigan.gov/taxes). An accelerated credit refund will be paid within 60 days after Form 4889 is filed.

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## Brief Overview of the CIT

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The CIT takes effect January 1, 2012, and replaces the MBT, except for certain businesses that wish to retain certain certificated credits. Among the highlights of the CIT:

The CIT applies to all insurance companies unless the insurance company is able to and does make the MBT election.

Flow-through entities may be subject to Flow-Through Withholding.

Taxpayers will be required to file quarterly estimated returns as well as an annual return.

Annual payments will still be due on the prescribed due date of the annual return.

For insurance companies, the CIT is equal to 1.25% of gross direct premiums written on property or risk located in Michigan.

Insurance companies may claim the Workers' Disability Supplemental Benefit (WDSB) Credit and certain insurance specific credits under the CIT, if eligible.

An entity that has received, has been approved to receive, or has been assigned certain certificated tax credits under MBT may elect to continue to file and pay under the MBT in lieu of the CIT. This election must be made with the annual return

filed for the first tax period beginning after 2011 for most certificated credits. The election is also made if a taxpayer files a Form 4889, Claim for Accelerated Credit.

Estimated payments will still be due on the prescribed due dates for quarterly estimated returns.

For more information on the CIT, go online to [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

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## Overview of Flow-Through Withholding

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Flow-through entities with non-resident individual owners must withhold tax on the distributive share of each non-resident individual owner. Beginning in 2012, flow-through entities

with more than \$200,000 of business income reasonably expected to accrue, after allocation or apportionment, will be required to withhold a tax on the distributive share of each owner that is a C Corporation or flow-through entity.

The flow-through entities will be required to file four quarterly returns and an annual return.

There will be no extensions granted to flow-through entities for their *FTW Quarterly Return* (Form 4917). However, fiscal year taxpayers will be granted an automatic extension until February 28, 2013, for their flow-through withholding annual reconciliation return for the 2012 portion of their 2011-12 federal tax year.

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## 2012 General Information for Insurance Companies

**Standard Taxpayers and Financial Institutions:** See the *Michigan Business Tax (MBT) Instruction Booklet for Standard Taxpayers* (Form 4600) or the *MBT Instruction Booklet for Financial Institutions* (Form 4599) at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

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

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### Who Files an Insurance Return?

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Beginning January 1, 2012, only those taxpayers with a certificated credit, which was awarded but not yet fully claimed or utilized, may elect to be MBT taxpayers. This election is irrevocable once the return is submitted to the Michigan Department of Treasury (Treasury). If a taxpayer files an MBT return and claims a certificated credit, the taxpayer makes the election to file and pay under the MBT until the certificated credit and any carryforward of that credit are exhausted.

All insurance companies that hold a certificated credit and wish to claim that credit must file the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588).

All insurers, domestic and foreign, must submit copies of Schedule T and the Michigan Business Page when filing this return.

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### What is a Certificated Credit

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Certificated credits are defined at MCL 208.1107. The certificated credits are either nonrefundable or refundable credits. Below is a list of the certificated credits potentially available to insurance companies, and the respective form used for their calculation.

#### Nonrefundable Certificated Credits:

- Renaissance Zone Credit (Forms 4595 and 4573)
- Historic Preservation Credit (Form 4573)
- Brownfield Redevelopment Credit (Forms 4584 and 4573)
- Film Infrastructure Credit, as assignee only (Form 4573)

#### Refundable Certificated Credits:

- Historic Preservation Credit (Form 4573)
- Brownfield Redevelopment Credit (Forms 4584 and 4573)
- MEGA Employment Tax Credit (Form 4574)
- Film Production Credit, as assignee only (Form 4574)
- MEGA Photovoltaic Technology Credit, as assignee only

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### Using This Booklet

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This MBT booklet includes forms and instructions for all insurance filers. Read the General Information first. It is recommended that taxpayers and tax preparers also briefly review the instructions for all forms listed below. There are both nonrefundable and refundable credits available for insurance companies to help reduce the initial calculation of tax. This includes a limited allowance for Single Business Tax (SBT) credit carryforwards.

The Michigan Association and Facilities Credit and the Michigan Examination Fees Credit are claimed on Form 4588. All remaining credits are claimed on the MBT Miscellaneous Credits for Insurance Companies (Form 4596). Some credits are calculated on additional forms, as indicated below.

Forms listed below are available on the Web at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

#### Nonrefundable Credits:

- SBT Credit Carryforwards (calculated on the Single Business Tax Credit Carryforwards (Form 4569)).
- Compensation Credit (calculated on Form 4596).
- Renaissance Zone Credit (calculated on the MBT Renaissance Zone Credit Schedule (Form 4595)).
- Brownfield Redevelopment Credit (calculated on the MBT Election of Refund or Carryforward of Credits (Form 4584)).
- Historic Preservation Credit (calculated on the Michigan Historic Preservation Tax Credit (Form 3581)).
- Film Infrastructure Credit (as assignee only).

#### Refundable Credits:

- Michigan Economic Growth Authority (MEGA) Employment Tax Credit (claimed on Form 4596).
- Workers' Disability Supplemental Benefit (WDSB) Credit (claimed on Form 4596).
- Historic Preservation Credit (calculated on Form 3581).
- MEGA Photovoltaic Technology Credit (as assignee only).
- Brownfield Redevelopment Credit (calculated on Form 4584).
- Film Production Credit (as assignee only).

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## Overview of MBT for Insurance Companies

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MBT imposes a tax on insurance companies equal to 1.25 percent of gross direct premiums written on property or risk located in Michigan. There is no filing threshold for insurance companies.

Direct premiums do not include:

- Premiums on policies not taken.
- Returned premiums on canceled policies.
- Receipts from the sale of annuities.
- Receipts on reinsurance premiums if the tax had been paid on the original premiums.
- The first \$190,000,000 of disability insurance premiums written in Michigan other than credit insurance and disability income insurance premiums. This exemption is reduced by two dollars for every dollar that an insurance company's gross direct premiums everywhere (both within and outside of Michigan) exceed \$280,000,000.

An insurance company is subject to tax as calculated under MBT or the retaliatory tax under Michigan Compiled Law (MCL) 500.476a, whichever is greater. The tax imposed under Chapter 2A of the MBT Act is in lieu of all other privilege and franchise fees or taxes, except for real and personal property taxes and sales and use taxes.

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## Required CIT Tax Comparison

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If choosing to file MBT in 2012 to claim certain certificated credits, taxpayers are required to calculate MBT liability as the higher of MBT liability or hypothetical CIT liability. A taxpayer must pay the higher of the two or take the lesser refund.

A taxpayer calculates the premiums tax and surcharge of the MBT and applies all credits, including certificated credits, deductions, and exemptions available under the MBT. Then, as if they were subject to the CIT, taxpayers calculate the premiums tax under the CIT and apply deductions available under the CIT. The CIT liability is then reduced (not below zero) by the amount of certificated nonrefundable credit used to offset the MBT liability. The CIT liability offset by certificated nonrefundable MBT credits is further reduced by the total amount of certificated refundable credits claimed under the MBT liability calculation, resulting in the taxpayers' final CIT liability. Taxpayers' final MBT liability consists of the higher of the calculated MBT and CIT liabilities. If both MBT and CIT liabilities result in tax refunds (negative liability), taxpayers are entitled to the lower refund amount.

Specific forms are provided to perform the MBT to CIT comparison and determine the tax liability or refund. *Michigan Schedule of Corporate Income Tax Liability for a Michigan Business Tax Filer* (Form 4946) is used for the standard taxpayer comparison. *Michigan Schedule of Corporate Income Tax Liability for a Michigan Business Tax Insurance Filer* (Form 4974) is used for the insurance company's comparison. *Michigan Schedule of Corporate Income Tax Liability for a Michigan Business Tax Financial Filer* (Form 4975) is used for the financial institution's comparison.

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## Filing MBT/CIT Quarterly Tax Estimates for 2012

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If estimated combined liability for the year is reasonably expected to exceed \$800, a taxpayer must file estimated returns either monthly or quarterly. Payments can be made with either of the following returns:

- *Michigan Corporate Income Tax Quarterly Return* (Form 4913), or
- *Combined Return for Michigan Taxes* (Form 160) (if registered for Sales, Use, and Withholding Taxes).

If paying quarterly with Form 160 or Form 4913, estimates are due by the 15th of the month following the end of the quarter. If paying monthly using Form 160, monthly payments are due by the 20th day of the month. For example, a taxpayer may file monthly 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 Electronic Funds Transfer (EFT) where the requirement to file a paper Form 160 has been waived, estimates are due by the 20th day of the month following the month's end. The estimates for the quarter must also 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 Treasury's EFT Unit at (517) 636-6925 for alternate payment methods.

The estimated payment made with each quarterly return must be computed on the following:

- the actual CIT liability for the quarter, or 25 percent of the estimated total liability if paying a CIT liability, or
- the actual MBT premiums tax for the quarter, or 25 percent of the estimated annual total liability, plus the annual surcharge imposed, if continuing to file MBT in 2012.
- For insurance companies, estimates must be calculated on the higher of the premiums tax or the retaliatory tax.

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 continuing to file MBT and the prior year's tax under the MBT Act, including surcharge, 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.) Payments at a more accelerated pace also will qualify. 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. **NOTE:** For those continuing to file

MBT, 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. A return must be filed to establish the tax liability for that prior year. 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. **For those filing CIT, there is no safe harbor in this first year.** The estimates must equal at least 85 percent of the total liability as stated 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.

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### E-filing MBT Returns

Michigan has an enforced MBT e-file mandate. Software developers producing MBT 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 MBT returns prepared using tax preparation software or computer-generated forms must be e-filed.

Treasury will be enforcing the MBT 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 not process computer-generated paper returns that are eligible to be e-filed. A notice will be mailed to the taxpayer indicating the return was not filed in the proper form and content and must be e-filed.

Treasury will continue to accept certain Portable Document Format (PDF) attachments with MBT e-filed returns. A current list of defined attachments is available in the MBT "Electronic Filing Tax Preparer Handbook," which is available on Treasury's Web site at [www.Mifastfile.org](http://www.Mifastfile.org) by selecting "Business Taxpayer," then "Michigan Business Tax E-File," and looking under "Tax Preparer Resources." Follow your software instructions for submitting attachments with an e-filed return.

If the MBT 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](http://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](http://www.irs.gov) for more information on federal e-file requirements and the IRS Federal/State Modernized e-File (MeF) program.

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### Complete Federal Tax Forms First

Before preparing MBT 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 4588.

Copies of certain pages from these federal forms must also be attached to the annual return filed. See the instructions for Form 4590 for further details.

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### Completing Michigan Forms

Treasury captures the information from paper MBT 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:** 012345678. Do not put a slash through the zero (∅) or seven (≠).
- **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.

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## Suggested Order of Analysis and Preparation of an Insurance Company Annual Return

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First, determine whether the taxpayer has a certificated credit. If the insurance company taxpayer does not have a certificated credit, it is subject to the CIT.

Complete Form 4588, lines 1 through 23. At that point, if any miscellaneous credits will be claimed, begin with Form 4596, which serves several important functions:

- Acts as a checklist for all miscellaneous credits for insurance companies
- Calculates refundable credits
- Identifies the order in which nonrefundable credits must be claimed
- Identifies the form on which each nonrefundable credit is calculated
- Tracks tax liability as it is reduced by each credit in proper order
- Identifies (where applicable) the point at which tax liability reaches zero and no further nonrefundable credits may be claimed in the current filing period.
- Complete Form 4596 according to its instructions. For each applicable credit, calculate the credit as identified on the appropriate form and bring the result back to the appropriate line on Form 4596.

After total nonrefundable credits amount is determined on Form 4596, line 30, carry the figure to Form 4588, line 24. Total refundable credits amount calculated on Form 4596, line 7, is carried to Form 4588, line 48.

Insurance companies that are foreign or alien insurers must calculate a retaliatory tax on Form 4588, lines 29 through 43. The retaliatory tax requires a foreign insurer to pay the same type of obligation that a similar Michigan insurer is required to pay in the company's state of domicile. Domestic insurers do not calculate a retaliatory tax.

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## Further General Guidance

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For purposes of MBT, person means an individual, firm, bank, financial institution, insurance company, limited partnership, limited liability partnership, copartnership, partnership, joint venture, association, corporation, S corporation, LLC, receiver, estate, trust, or any other group or combination of groups acting as a unit.

A taxpayer includes a single person or a UBG liable for tax, interest, or penalty. A UBG must file a combined MBT return (addressed in the "UBGs and Combined Filing" section of this General Information).

**Limited Liability Company.** An LLC is classified for MBT purposes according to its federal tax classification. The following terms, whenever used in MBT forms, instructions, and statute, include LLCs as indicated:

- S Corporation includes an LLC federally taxed as an S Corporation, and a member of this LLC is a shareholder.
- C Corporation includes an LLC federally taxed as a C Corporation, and a member of this LLC is a shareholder. A

member or other person performing duties similar to those of an officer in a true corporation is an officer in this LLC.

**NOTE:** In this booklet, the term "corporation," used without a C or S, generally refers to both types.

**NOTE:** In general, a person that is a disregarded entity for federal tax purposes, including a single member LLC or Q-Sub, must file as if it were a sole proprietorship if owned by an individual, or a branch or division if owned by another business entity.

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## Unitary Business Groups (UBGs) and Combined Filing

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### Special UBG Instructions for Insurance Companies

By definition a UBG (as defined below) can include insurance companies, standard taxpayers, and financial institutions. However, in some cases not all members of the UBG will be included on the same return. All standard taxpayer members in a UBG (except those owned by and unitary with a financial institution) file a single combined return on the *MBT Annual Return* (Form 4567). Financial institution members of a UBG (and any standard taxpayer owned by and unitary with a financial institution in the group) file a combined return on the *MBT Annual Return for Financial Institutions* (Form 4590).

Insurance companies are not specifically excluded from the statutory definition of a UBG, and thus may be members of a UBG. However, the tax on authorized insurance companies is equal to 1.25 percent of gross direct premiums written on property or risk located or residing in Michigan. There is no traditional apportionment for insurance companies. Thus, even when an authorized insurance company is unitary with another authorized insurance company, this will have no effect in calculating the tax. As a result, a combined return is not required and each insurance company member of a UBG will file separately on Form 4588.

### General Information About UBGs

Unitary Business Group means a group of United States persons, 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 United States persons; AND

The UBG has operations that result in a flow of value between persons included 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.

United States person is defined in Internal Revenue Code (IRC) § 7701(a)(30). A foreign operating entity is defined by statute in MCL 208.1109(5).

For more information on the control and relationship tests for UBGs, see Revenue Administrative Bulletin (RAB) 2010-1, MBT—Unitary Business Group Control Test, and RAB 2010-2, MBT—Unitary Business Group Relationship Tests, on the Treasury Web site at [www.michigan.gov/taxes](http://www.michigan.gov/taxes). (Click on the "Reference Library" link on the left side of the page.)

## Exemption Guidelines

The tax imposed and levied under the MBT Act does not apply to an insurance company authorized under Chapter 46 or 47 of the Insurance Code of 1956, PA 218 of 1956, MCL 500.4601 to 500.4673, and MCL 500.4701 to 500.4747.

## Filing the Correct Form

A different primary return and instruction booklet are required for standard taxpayers (Form 4567) and financial institutions (Form 4590).

## Due Dates of Annual Returns

The tax year of an insurance company is the calendar year. An insurance company must file the annual return before March 2 after the end of the tax year. The extension that is available to the standard taxpayer under MCL 208.1505(4) is not available to insurance companies.

## Amending a Return

A taxpayer may not amend to revoke the election to remain taxable under the MBT. Once the taxpayer makes a valid election to claim a certificated credit, the taxpayer must remain in the MBT until the certificated credit and any carryforward of that credit are exhausted. Most certificated credits must be claimed for the taxpayer's first tax year ending after December 31, 2011.

To amend a current or prior year annual return, complete Form 4588 that is applicable for that year and check the box in the upper-right corner of the return, and attach a separate sheet explaining the reason for the changes. Include all schedules filed with the original return, even if not amending that schedule. Enter the figures on the amended return as they should be. Do not include a copy of the original return with your amended return.

Current and past year forms are available on Treasury's Web site at [www.michigan.gov/treasuryforms](http://www.michigan.gov/treasuryforms).

To amend a return to claim a refund, file within four years of the original return's due date. 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 an MBT tax base, filing an amended return is required. To avoid penalty, file the amended return within 120 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 MBT Penalty and Interest Computation for Underpaid Estimated Tax (Form 4582). 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, 2012	4.25%	0.0001164
July 1, 2012	4.25%	0.0001161
January 1, 2013	4.25%	0.0001161

For a complete list of interest rates, see the Revenue Administrative Bulletins on Treasury's Web site at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).

## Signing the Return

All returns must be signed and dated by the taxpayer or the taxpayer's authorized agent. This may be the owner, partner, 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 staple in the upper-left corner. (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-file 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 MBT 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-MBT (also called the MBT e-file Authorization MI-8879-MBT, Form 4763). 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.

Form MI-8879-MBT will be printed and contain the taxpayer PIN. The tax preparer will retain Form MI-8879-MBT in his or her records as part of the taxpayer's printed return. MBT State Stand Alone e-filings submitted without a taxpayer PIN will be rejected by Treasury. Do not mail Form MI-8879-MBT to Treasury and do not include Form MI-8879-MBT as an attachment with the e-file return.

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## **Mailing Addresses**

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Mail the annual return and all necessary schedules to:

**With payment:**

Michigan Department of Treasury  
PO Box 30113  
Lansing MI 48909

**Without payment:**

Michigan Department of Treasury  
PO Box 30783  
Lansing MI 48909

**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 FEIN or TR Number, the tax year, and "MBT" on the front of the check. Do not staple the check to the return.

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## **Correspondence**

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Address changes and business discontinuance can be reported by using the Notice of Change or Discontinuance (Form 163), which can be found online at [www.michigan.gov/treasuryforms](http://www.michigan.gov/treasuryforms) or inside the Sales, Use, and Withholding Tax booklet.

**Mail correspondence to:**

Customer Contact Division, MBT Unit  
Michigan Department of Treasury  
PO Box 30059  
Lansing MI 48909

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## **To Request Forms**

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**Internet**

Current and past year forms are available on Treasury's Web site at [www.michigan.gov/treasuryforms](http://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 Center by calling 1-800-649-3777 or 711.

# 2012 Insurance Company Annual Return for Michigan Business and Retaliatory Taxes

Issued under authority of Public Act 36 of 2007.

Check if this is an amended return.  
Attach supporting documents.

1. Company Name				2. Federal Employer Identification Number (FEIN) or TR Number	
Address (Number, Street)			<input type="checkbox"/> Check if new address. (See instructions)	3. <input type="checkbox"/> Check if Foreign Insurer	
City	State	ZIP/Postal Code		Country Code	4. State of Incorporation (use 2 letter abbreviation)

## GROSS DIRECT PREMIUMS WRITTEN IN MICHIGAN

5. Gross direct premiums written in Michigan.....					5. <input style="width:80px;" type="text"/> <input style="width:40px;" type="text"/>
6. Premiums on policies not taken.....	6.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
7. Returned premiums on canceled policies.....	7.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
8. Receipts on sales of annuities.....	8.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
9. Receipts on reinsurance assumed.....	9.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
10. Add lines 6 through 9.....	10.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
11. <b>Direct Premiums Written in Michigan.</b> Subtract line 10 from line 5. If less than zero, enter zero.....	11.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		

## DISABILITY INSURANCE EXEMPTION

12. Disability insurance premiums written in Michigan, not including credit or disability income insurance, OR \$190,000,000, whichever is less.....					12. <input style="width:80px;" type="text"/> <input style="width:40px;" type="text"/>
13. Gross direct premiums from all lines of insurance carrier services received everywhere.....	13.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
14. Phase out.....	14.	280,000,000	<input style="width:40px;" type="text"/>		
15. Subtract line 14 from line 13. If less than zero, enter zero.....	15.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
16. Exemption reduction. Multiply line 15 by 2.....	16.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
17. Subtract line 16 from line 12. If less than zero, enter zero.....	17.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
18. Adjusted Tax Base. Subtract line 17 from line 11.....	18.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
19. <b>Michigan Business Tax Before Credits.</b> Multiply line 18 by 1.25% (0.0125).....	19.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		

## CREDITS

20. Enter amounts paid from 1/1/2011 to 12/31/2011 to each of the following					
a. Michigan Workers' Compensation Placement Facility.....	20a.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
b. Michigan Basic Property Insurance Association.....	20b.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
c. Michigan Automobile Insurance Placement Facility.....	20c.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
d. Property and Casualty Guaranty Association.....	20d.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
e. Michigan Life and Health Insurance Guaranty Association.....	20e.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
21. Add lines 20a through 20e.....	21.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
22. a. Michigan Examination Fees.....	22a.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
b. Credit. Multiply line 22a by 50% (0.50).....	22b.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
23. <b>Tax Before Miscellaneous Nonrefundable Credits.</b> Subtract lines 21 and 22b from line 19.....	23.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
24. Miscellaneous Nonrefundable Credits from Form 4596, line 28.....	24.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
25. <b>Michigan Business Tax After Nonrefundable Credits.</b> Subtract line 24 from line 23. If less than zero, enter zero..	25.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
26. Recapture of Certain Business Tax Credits and Deductions from Form 4587, line 13.....	26.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
27. <b>Total Michigan Business Tax.</b> Add lines 25 and 26.....	27.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
28. Corporate Income Tax Adjustment from Form 4974, line 20.....	28.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		
29. <b>Tax Liability.</b> Add lines 27 and 28.....	29.	<input style="width:80px;" type="text"/>	<input style="width:40px;" type="text"/>		

**Return is due March 1, 2013.**

**WITHOUT PAYMENT:** Mail return to:  
Michigan Department of Treasury  
PO Box 30783  
Lansing MI 48909

**WITH PAYMENT:** Pay amount on line 58 and mail check and return to:  
Michigan Department of Treasury  
PO Box 30113  
Lansing MI 48909

Make check payable to "State of Michigan." Print taxpayer's FEIN or TR Number, the tax year, and "MBT" on the front of the check. Do not staple the check to the return.

Foreign and alien insurers complete lines 30 through 46. Domestic insurers, go to line 47.

**TAXES**

- 30. State of incorporation tax..... 30.
- 31. Tax Liability from line 29..... 31.

A — State of Incorporation	B — Michigan
X X X X X X X X	X X X X X X X X
X X X X X X X X	

**FEES AND ASSESSMENTS**

- 32. Annual statement filing fee..... 32.
- 33. Certificate of Authority renewal fee..... 33.
- 34. Certificate of Compliance..... 34.
- 35. Certificate of Deposit..... 35.
- 36. Certificate of Valuation..... 36.
- 37. Enter total of other fees paid in the state of incorporation.  
Attach a detailed schedule of fees..... 37.
- 38. Fire Marshall Tax..... 38.
- 39. Second Injury Fund..... 39.
- 40. Silicosis and Dust Disease Fund..... 40.
- 41. Safety Education and Training Fund..... 41.
- 42. Total of all other assessments. Attach schedule of assessments..... 42.

<b>25</b>
X X X X X X X X
X X X X X X X X
X X X X X X X X
X X X X X X X X
X X X X X X X X

**TOTAL**

- 43. Add lines 30 through 42..... 43.
- 44. Accelerated and Certificated Refundable Credits (see instructions)..... 44.
- 45. Total Taxes, Fees and Assessments. Subtract line 44 from line 43..... 45.
- 46. Retaliatory Amount. Subtract line 45, column B, from column A. If less than zero, enter zero..... 46.
- 47. **Total MBT Tax Liability.** Add lines 29 and 46. Domestic insurers, enter amount from line 29..... 47.

X X X X X X X X		
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**PAYMENTS, REFUNDABLE CREDITS AND TAX DUE**

- 48. Overpayment credited from prior MBT return..... 48.
- 49. Estimated tax payments..... 49.
- 50. Flow-Through Withholding payments..... 50.
- 51. Tax paid with request for extension..... 51.
- 52. Refundable Credits (see instructions)..... 52.
- 53. Total Payments. Add lines 48 through 52. (If not amending, then skip to line 55.)..... 53.

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**AMENDED RETURN ONLY**

- a. Payment made with the original return..... 54a.
- b. Overpayment received on the original return..... 54b.
- c. Add lines 53 and 54a and subtract line 54b from the sum..... 54c.

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		00

- 55. **TAX DUE.** Subtract line 53 (or line 54c, if amending) from line 47. If less than zero, leave blank..... 55.
- 56. Underpaid estimate penalty and interest from Form 4582, line 38..... 56.
- 57. Annual return penalty (a)  % = (b)  00 plus interest of (c)  00. Total..... 57d.
- 58. **PAYMENT DUE.** If line 55 is blank, go to line 59. Otherwise add lines 55, 56 and 57d..... 58.

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**OVERPAYMENT, REFUND OR CREDIT FORWARD**

- 59. Overpayment. Subtract lines 47, 56 and 57d from line 53 (or line 54c, if amending).  
If less than zero, leave blank (see instructions)..... 59.
- 60. **CREDIT FORWARD.** Amount on line 59 to be credited forward and used as an estimate for next MBT tax year .... 60.
- 61. **REFUND.** Amount on line 59 to be refunded..... 61.

		00
		00
		00

<p><b>Taxpayer Certification.</b> I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge.</p> <p><input type="checkbox"/> By checking this box, I authorize Treasury to discuss my return with my preparer.</p> <p>Authorized Signature for Tax Matters</p>	<p><b>Preparer Certification.</b> I declare under penalty of perjury that this return is based on all information of which I have any knowledge.</p> <p>Preparer's PTIN, FEIN or SSN</p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <p>Preparer's Business Name (print or type)</p>
<p>Authorized Signer's Name (print or type) _____ Date _____</p>	<p>Preparer's Business Address and Telephone Number (print or type)</p>
<p>Title _____ Telephone Number _____</p>	

# Instructions for Form 4588

## Insurance Company Annual Return for Michigan Business and Retaliatory Taxes

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### Purpose

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To calculate the tax liability and to claim credits for insurance companies for both Michigan Business and Retaliatory Taxes.

**NOTE:** Beginning January 1, 2012, only those taxpayers with a certificated credit, which is awarded but not yet fully claimed or utilized, may elect to be MBT taxpayers. If a taxpayer files an MBT return and claims a certificated credit, the taxpayer makes the election to file and pay under the MBT until the certificated credit and any carryforward of that credit are exhausted.

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### General Instructions

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**MBT Liability:** Beginning January 1, 2012, a taxpayer calculates MBT liability as the greater of MBT liability after of all credits, deductions, and exemptions or hypothetical CIT liability minus deductions and credits available under that act and minus certificated credits allowed under the MBT. This calculation of liability requires a taxpayer to calculate the premiums tax base and apply available MBT credits, including certificated credits, deductions, and exemptions available under the MBT. Then, the taxpayer will calculate the CIT comparison on Form 4974, Schedule of Corporate Income Tax Liability for an Insurance Filer. A taxpayer is permitted to reduce hypothetical CIT liability by all deductions and credits which would be allowed under that tax as well as the amount of certificated credit allowed under the MBT. The amount of certificated credit allowed under the MBT is the amount of nonrefundable credit needed to offset MBT liability or the entire amount of a refundable credit.

If the taxpayer's hypothetical CIT liability would be higher than its MBT liability, the taxpayer will add the difference to MBT liability on line 28 of this form (4588). This is the CIT adjustment. If the result of both steps of the calculation is a negative number, the taxpayer will receive a refund of the lower negative; but a nonrefundable credit cannot be used to reduce liability below zero. Remaining nonrefundable certificated credit may be carried forward to succeeding tax years.

**Amended Returns:** To amend a current or prior year annual return, complete the Form 4588 that is applicable for that year, check the box in the upper-right corner of the return, and attach a separate sheet explaining the reason for the changes. Include an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document. Include all schedules filed with the original return, even if not amending that schedule. Enter the figures on the amended return as they should be. Do not include a copy of the original return with your amended return. A taxpayer may not amend to revoke the election to remain taxable under the MBT. Once the taxpayer makes a valid election to claim a certificated credit, the taxpayer must remain in the MBT until the credit and any carryforward of that credit are exhausted.

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### Line-by-Line Instructions

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*Lines not listed are explained on the form.*

Do not enter data in boxes filled with Xs.

**Line 1:** Enter the complete address and, if other than the United States, enter the two-digit abbreviation for the country code. See the list of country codes in the *Michigan Business Tax (MBT) Forms and Instructions for Insurance Companies* (Form 4592).

Correspondence about and any refund from this return will be sent to the address used here. Check the new address box if the address used on this line has changed from last filing. The taxpayer's primary address in Department of Treasury (Treasury) files, identified as the legal address and used for all purposes other than refund and correspondence on a specific MBT return, will not change unless the taxpayer files a *Notice of Change or Discontinuance* (Form 163). **Exception:** If mail sent to the legal address has been returned to Treasury by the United States Postal Service, Treasury will update the taxpayer's legal address with the address used on this line in the most recent MBT return.

**Line 2:** Use the taxpayer's Federal Employer Identification Number (FEIN) or the Michigan Treasury (TR) assigned number. Be sure to use the same account number on all forms.

If the taxpayer does not have an FEIN or TR number, the taxpayer **MUST** register before filing this form. They are encouraged to register online at [www.michigan.gov/businesstaxes](http://www.michigan.gov/businesstaxes). The Web site provides information on obtaining an FEIN, which is required to submit taxes through e-file. Taxpayers usually can obtain an FEIN from the IRS within 48 hours. Taxpayers registering with the State online usually receive an account number within seven days.

Returns received without a registered account number will not be processed until such time as a number is provided.

**Line 3:** Check this box if the company is a foreign insurer. Alien insurers are considered foreign insurers, unless their port of entry is Michigan, in which case the company is considered domestic for the filing of this return.

**Line 4:** Alien insurers, enter the two-letter postal code for the U.S. state that is your port of entry.

**Line 5:** Enter all gross direct premiums written on property or risk located or residing in Michigan.

**Line 6:** Enter premiums on policies not taken to the extent these premiums were included in line 5.

**Line 7:** Enter returned premiums on canceled policies to the extent these premiums were included in line 5.

**Line 8:** Enter receipts on sales of annuities to the extent these receipts were included in line 5.

**Line 9:** Enter receipts on reinsurance premiums assumed to the extent these receipts were included in line 5, and only if tax was paid on the original premiums.

### CREDITS

**Line 20:** Enter the amounts paid to the listed facilities or associations from January 1, 2011, to December 31, 2011, the

year immediately preceding the 2012 tax year, including special assessments. Net the amounts paid and refunds received during the 2011 tax year for the same facility or association. If refunds received exceed the amount paid in the year for the same facility or association, enter zero.

**Line 22a:** Enter the amount of Michigan Examination Fees paid in 2012 (under Michigan Compiled Law 500.224).

**Line 24:** Enter the Miscellaneous Nonrefundable Credits from *Michigan Business Tax Miscellaneous Credits for Insurance Companies* (Form 4596), line 28.

### Retaliatory Instructions

*For foreign and alien insurers only; domestic insurers skip lines 30 through 46.*

Do not mail this return with the Michigan Annual Financial Statement, and do not send the annual statement filing fee with this return. The taxpayer will be billed separately for the annual statement filing fee by the Michigan Insurance Bureau.

Foreign insurers must pay to Michigan the same type of obligation a similar Michigan insurer is required to pay in the company's state of domicile. Enter all items that are required of a Michigan insurance company. Some taxes and obligations imposed in other states may have no corresponding requirement in Michigan; however, this does not relieve the foreign insurer from the obligation of computing and paying the tax.

Do not include the following Michigan assessments, or comparable assessments in the company's state of incorporation, in the retaliatory calculation:

- Michigan Workers' Compensation Placement Facility
- Michigan Basic Property Insurance Association
- Michigan Automobile Insurance Placement Facility
- Property and Casualty Guaranty Association
- Michigan Life and Health Insurance Guaranty Association
- Catastrophic Claims Association
- Assessment under Health Insurance Claims Assessment Act (HICAA).

California insurers must include Bureau of Fraudulent Claims assessments. New York domiciled companies must file and pay a tentative retaliatory tax to Michigan by the annual due date, March 1, 2012. An amended Form 4588 must be filed after the actual CT33 is filed with New York. Transfer the CT33 numbers onto the amended Form 4588 and attach a copy of the CT33 to substantiate the taxpayer's claim.

**Line 30:** Enter the tax a Michigan company would pay in the state of incorporation for the company's Michigan business. Attach a copy of the state's tax form on which Michigan premiums were reported.

**Lines 32 through 42:** In column A, "State of Incorporation," enter the payments that would have been payable by a similar Michigan company doing business in the company's home state. In column B, "Michigan," enter actual payments made to Michigan.

**Lines 38 through 42:** Attach proof of payment for any items listed in the "Michigan" column. Itemize any other assessments not listed. Attach a separate list if necessary.

**Line 44:** Enter the sum of accelerated and certificated refundable credits:

- **Accelerated credits:** The amount from the *Request for Accelerated Payment for the Brownfield Redevelopment Credit and the Historic Preservation Credit* (Form 4889), line 10. (If the taxpayer has filed more than one Form 4889 during the tax year, enter here the combined total of credits claimed on all Forms 4889, line 10);
- **Certificated Refundable credits:** The sum of the amounts reported on Form 4596, lines 2, 3, and 4.

**Line 46:** Subtract line 45, column B, from line 45, column A. If less than zero, enter zero. If line 45, column B, is a negative number, add column A to the negative number in column B. This will increase the retaliatory amount reported.

### PAYMENTS, REFUNDABLE CREDITS, AND TAX DUE

**Line 49:** Enter the total tax paid with the quarterly estimated tax returns.

**Line 50:** Enter the total withholding payments made on your behalf by flow-through entities. Include all withholding payments made on returns that apply to the tax year included in this return. Included on this line would be Flow-Through Withholding payments made by flow-through entities whose tax years ended with or within the tax year included in this return. For example, a calendar year filer would include Flow-Through Withholding payments made by a flow-through entity whose tax year ended on or after January 1, 2012, and on or before December 31, 2012. Any flow-through entity that has withheld on behalf of the taxpayer should have provided the taxpayer with the amount for its records.

If an amount is entered on this line, complete the MBT Schedule of Flow-Through Withholding (Form 4966) to account for the Flow-Through Withholding payments received. The amount entered on this line must equal the sum of the combined amount from Form 4966, column E.

**Line 51:** Enter any tentative payment of estimated tax made with a request for an extension of time to file the return.

**Line 52:** If claiming a credit, enter the amount from Form 4596, line 5.

#### Amended Returns Only:

**Line 54a:** Enter payment made with the original return.

**Line 54b:** Enter overpayment received (refund received plus credit forward created) on the original return.

**Line 54c:** Add lines 53 and 54a and subtract line 54b from the sum.

**Line 56:** If penalty and interest are owed for not filing estimated returns or for underestimating tax, complete the *MBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4582) to compute penalty and interest due. If a taxpayer chooses not to file Form 4582, Treasury will compute penalty and interest and bill for payment. (Form 4582 is available on the Web at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).)

**Line 57:** Enter the annual return penalty rate in line 57a. Add the overdue tax penalty in line 57b to the overdue tax interest in line 57c. Enter total in line 57d.

Refer to the “Computing Penalty and Interest” section in Form 4592 to determine the annual return penalty rate and use the following Overdue Tax Penalty and Overdue Tax Interest worksheets.

**WORKSHEET – OVERDUE TAX PENALTY**

A. Tax due from Form 4588, line 55 .....		<b>00</b>
B. Late/extension or insufficient payment penalty percentage .....		<b>%</b>
C. Multiply line A by line B.....		<b>00</b>

Carry amount from line C to Form 4588, line 57b.

**WORKSHEET – OVERDUE TAX INTEREST**

A. Tax due from Form 4588, line 55 .....		<b>00</b>
B. Applicable daily interest percentage ..		<b>%</b>
C. Number of days return was past due ...		
D. Multiply line B by line C .....		
E. Multiply line A by line D .....		<b>00</b>

Carry amount from line E to Form 4588, line 57c.

**Line 57c: NOTE:** If the late period spans more than one interest rate period, divide the late period into the number of days in each of the interest rate periods identified under the “Computing Penalty and Interest” section in Form 4592 and apply the calculations in the Overdue Tax Interest worksheet separately to each portion of the late period. Combine these interest subtotals and carry the total to Form 4588, line 57c.

**Line 59:** If the amount of the overpayment, less any penalty and interest due on lines 56 and 57d, is less than zero, enter the difference (as a positive number) on line 58. If the amount is greater than zero, enter on line 59.

**NOTE:** If an overpayment exists, a taxpayer must elect a refund of all or a portion of the amount and/or designate all or a portion of the overpayment to be used as an estimate for the next MBT tax year. Complete lines 60 and 61 as applicable.

**Line 60:** If the taxpayer anticipates an MBT liability in the filing period subsequent to this return, some or all of any overpayment from line 59 may be credited forward to the next tax year as an estimated payment. Enter the desired amount to use as an estimate for the next MBT tax year.

**Reminder:** Taxpayers must sign and date returns. Tax preparers must provide a Preparer Taxpayer Identification Number (PTIN), FEIN or Social Security number (SSN), a business name, and a business address and phone number.

**Other Supporting Forms and Schedules**

The following forms and their requested attachments should be included as part of this return, as applicable:

- *Michigan Historic Preservation Tax Credit* (Form 3581)
- *MBT Single Business Tax (SBT) Credit Carryforwards* (Form 4569)
- *MBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4582)

- *MBT Election of Refund or Carryforward Credits* (Form 4584)
- *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587)
- *MBT Renaissance Zone Credit Schedule* (Form 4595)
- *MBT Miscellaneous Credits for Insurance Companies* (Form 4596)
- *MBT Schedule of Flow-through Withholding* (Form 4966)
- Proof of payment for any items listed in the “Michigan” column for lines 39 through 42.



# 2012 MICHIGAN Business Tax Miscellaneous Credits for Insurance Companies

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
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## PART 1: REFUNDABLE CREDITS

**Workers' Disability Supplemental Benefit (WDSB) Credit.** If not claiming, skip to line 2.

1. WDSB Credit allowed by the Workers' Compensation Agency (attach document) ..... 1. 

	00
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**MEGA Employment Tax Credit.** If not claiming, skip to line 3.

2. Credit amount from *MEDC Annual Tax Credit Certificate* (attach) ..... 2. 

	00
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**MEGA Photovoltaic Technology Credit.** If not claiming this credit, skip to line 4.

3. Credit amount from *Assignment Certificate* provided by MEDC (attach) ..... 3. 

	00
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**Film Production Credit.** If not claiming, skip to line 5.

4. Assigned credit amount (see instructions)..... 4. 

	00
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5. **TOTAL REFUNDABLE CREDITS.** Add lines 1 through 4. Enter total here and carry to Form 4588, line 52. .... 5. 

	00
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## PART 2: NONREFUNDABLE CREDITS

6. Single Business Tax credit carryforward from Form 4569, line 13. If not claiming, enter zero ..... 6. 

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**Compensation Credit.** If not claiming, subtract line 6 from Form 4588, line 23 and enter on line 14. If less than zero, enter zero.

7. Michigan Compensation ..... 7. 

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8. Compensation Credit. Multiply line 7 by 0.37% (0.0037)..... 8. 

	00
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### Reduced Compensation Credit

9. Tax before credits from Form 4569, line 12, or if line 6 above is zero, enter amount from Form 4588, line 23 .... 9. 

	00
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10. WDSB Credit from line 1 above..... 10. 

	00
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11. Subtract line 10 from line 9. If less than zero, enter zero ..... 11. 

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12. Multiply line 11 by 65% (0.65)..... 12. 

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13. **Allowable Compensation Credit.** Enter lesser of line 8 or line 12..... 13. 

	00
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14. Tax After Compensation Credit. Subtract line 13 from line 9. If less than zero, enter zero ..... 14. 

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**Renaissance Zone Credit.** If not claiming, carry amount from line 14 to line 16.  
If claiming, complete and include the *MBT Renaissance Zone Credit Schedule* (Form 4595).

15. <b>Renaissance Zone Credit.</b> Amount from Form 4595, line 25b .....	15.	<input type="text"/>	<input type="text" value="00"/>
16. Tax After Renaissance Zone Credit. Subtract line 15 from line 14. If less than zero, enter zero .....	16.	<input type="text"/>	<input type="text" value="00"/>

**Historic Preservation Credit.** If not claiming, carry amount from line 16 to line 19.

17. <b>Historic Preservation Credit</b> from Form 4584, line 28.....	17.	<input type="text"/>	<input type="text" value="00"/>
18a. Recapture of Historic Preservation Tax Credit from Form 4584, line 2 .....	18a.	<input type="text"/>	<input type="text" value="00"/>
18b. Historic Preservation Credit Net of Recapture. Subtract line 18a from line 17. If less than zero, enter as a negative number.....	18b.	<input type="text"/>	<input type="text" value="00"/>
19. Tax After Historic Preservation Credit. Subtract line 17 from line 16 and add line 18a .....	19.	<input type="text"/>	<input type="text" value="00"/>

**Brownfield Redevelopment Credit.** If not claiming, carry amount from line 19 to line 21.

20. <b>Brownfield Redevelopment Credit</b> from Form 4584, line 55.....	20.	<input type="text"/>	<input type="text" value="00"/>
21. Tax After Brownfield Redevelopment Credit. Subtract line 20 from line 19. If less than zero, enter zero .....	21.	<input type="text"/>	<input type="text" value="00"/>

**Film Infrastructure Credit.** If not claiming, carry amount from line 21 to line 26.

22. Assigned credit amount.....	22.	<input type="text"/>	<input type="text" value="00"/>
23. Unused credit from previous period MBT return.....	23.	<input type="text"/>	<input type="text" value="00"/>
24. Total Available Credit. Add lines 22 and 23 .....	24.	<input type="text"/>	<input type="text" value="00"/>
25. <b>Film Infrastructure Credit.</b> Enter the lesser of line 21 or 24 .....	25.	<input type="text"/>	<input type="text" value="00"/>
26. Tax After Film Infrastructure Credit. Subtract line 25 from line 21. If less than zero, enter zero.....	26.	<input type="text"/>	<input type="text" value="00"/>
27. Credit carryforward. If line 24 is greater than line 21, enter the difference.....	27.	<input type="text"/>	<input type="text" value="00"/>

28. <b>TOTAL NONREFUNDABLE CREDITS.</b> Add lines 6, 13, 15, 18b, 20, and 25. Enter total here and carry amount to Form 4588, line 24 .....	28.	<input type="text"/>	<input type="text" value="00"/>
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# Instructions for Form 4596

## Michigan Business Tax (MBT) Miscellaneous Credits for Insurance Companies

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### Purpose

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To allow insurance companies to calculate certain miscellaneous credits. There are strict eligibility requirements, so review the descriptions carefully before claiming a credit. Follow the instructions on the form for each credit.

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### Historic Preservation Credit

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Beginning January 1, 2012, the historic preservation credit is available to the extent that a taxpayer had a Part 2 approval, approved rehabilitation plan, approved high community impact rehabilitation plan or preapproval letter before by December 31, 2011, but has not fully claimed the credit before January 1, 2012. The credit may be claimed as either a refundable accelerated credit on the *Request for Accelerated Payment for the Brownfield Redevelopment Credit and the Historic Preservation Credit* (Form 4889) or a non-refundable credit. Non-refundable credits and non-refundable carryforwards of the credit are claimed here. A taxpayer may elect to claim a certificated historic preservation credit in the year in which a credit is available and will taxable under the MBT until the qualifying credit and any carryforward of the credit are extinguished. The credit must first be claimed in the year that the certificate of completed rehabilitation of the historic resource was issued.

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### Line-by-Line Instructions

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*Lines not listed are explained on the form.*

**NOTE:** Beginning January 1, 2012, only those taxpayers with a certificated credit, which is awarded but not yet fully claimed or utilized, may elect to be MBT taxpayers.

#### PART 1: REFUNDABLE CREDITS

##### Workers' Disability Supplemental Benefit (WDSB) Credit

The WDSB Credit is available to an insurance company subject to the Workers' Disability Compensation Act of 1969. The credit is equal to the amount paid during that tax year by the insurance company pursuant to Section 352 of the act, as certified by the director of the Workers' Compensation Agency, Department of Licensing and Regulatory Affairs (LARA), during the tax year. The amount of the credit is provided to taxpayers by LARA.

For more information on WDSB credit eligibility, contact LARA, Workers' Compensation Agency, at (517) 322-1879 or 1-888-396-5041 or visit the LARA Web site at [www.michigan.gov/lara](http://www.michigan.gov/lara).

**Line 1:** Attach a copy of the document provided by LARA to the return to substantiate the claim for this credit.

##### MEGA Employment Tax Credit

The Michigan Economic Growth Authority (MEGA) Employment Tax Credit promotes economic growth and jobs

in Michigan. For a period of time not to exceed 20 years, a taxpayer that is an authorized business or an eligible taxpayer may claim a credit equal to the amount certified each year by MEGA.

Beginning January 1, 2012, this credit is available as a certificated credit to the extent that the taxpayer has entered into an agreement with MEGA by December 31, 2011, but the credit has not been fully claimed or paid prior to January 1, 2012. This credit must be claimed beginning with the taxpayer's first tax year ending after December 31, 2011, in order for the taxpayer to remain taxable under the MBT and claim the credit.

**NOTE:** MEGA may certify a credit based on an agreement entered into prior to January 1, 2008, under the Single Business Tax (SBT). The number of years for which the credit may be claimed for MBT will be equal to the maximum number of years designated in the resolution reduced by the number of years for which a credit has been claimed or could have been claimed under SBT.

**NOTE:** A taxpayer that claimed a credit under either SBT or MBT that had an agreement with MEGA based on qualified new jobs as defined in the MEGA Act, and that removes 51 percent or more of those qualified new jobs from Michigan within three years after the first year in which the taxpayer claimed a credit must pay an amount equal to the total of all credits claimed no later than 12 months after those qualified new jobs are removed from Michigan. Recapture is reported on the *MBT Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

For more information, call the Michigan Economic Development Corporation (MEDC) at (517) 373-9808 or visit the MEDC Web site at <http://www.michiganadvantage.org/>.

**Line 2:** Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Annual Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

##### MEGA Photovoltaic Technology Credit

The MEGA Photovoltaic Technology Credit is available to a qualified taxpayer that enters into an agreement with MEGA to construct and operate a new facility in Michigan which serves to develop and manufacture photovoltaic energy, photovoltaic systems, or other photovoltaic technology. **This credit is available to an insurance company as an assignee only.** Photovoltaic energy, systems, or technology rely on solar power. The credit is available for 25 percent of the taxpayer's capital investment in the new facility during the tax year.

The credit generally must be taken in equal installments over a two-year period beginning in the tax year in which the certificate is issued. A taxpayer may make an irrevocable

assignment of all or a portion of the credit or may convey the right to the assignment on a form provided by MEGA, which will then issue assignment certificates to the assignee(s).

A taxpayer or assignee that claims a credit and subsequently fails to meet the requirements of the 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. Credit recapture is reported on Form 4587.

A taxpayer certified to take the polycrystalline silicon credit under Michigan Compiled Laws (MCL) 208.1432 is disqualified from taking this credit.

Beginning January 1, 2012, this credit is available as a certificated credit to the extent that the taxpayer has entered into an agreement with MEGA by December 31, 2011, but the credit has not been fully claimed or paid prior to January 1, 2012. An insurance company assignee must claim this credit beginning with its first tax year ending after December 31, 2011, in order to remain taxable under the MBT and claim the credit.

**Line 3:** To claim this credit, attach a copy of the assignment certificate received from MEGA. (If the certificate is not attached, the credit will be disallowed.)

### **Film Production Credit**

This credit is available to an insurance company as an assignee only.

The Michigan Film Office, with the concurrence of the State Treasurer, may enter into an agreement with an eligible production company providing the company with a refundable credit against MBT tax liability or against taxes withheld under Chapter 7 of the Michigan Individual Income Tax Act of 1967.

A *Post-Production Certificate of Completion* will be issued verifying the amount of the credit to be claimed once the Michigan Film Office is satisfied that company expenditures and eligibility are adequately met.

The credit may be assigned in the tax year in which the Post-Production Certificate of Completion is received but such assignment is irrevocable. The credit must first be claimed in the year of assignment.

Beginning January 1, 2012, this credit is available as a certificated credit to the extent that the taxpayer has entered into an agreement with the Michigan Film Office with the concurrence of the State Treasurer by December 31, 2011, but the credit has not been fully claimed or paid prior to January 1, 2012. An insurance company assignee must claim this credit beginning with its first tax year ending after December 31, 2011, in order to remain taxable under the MBT and claim the credit.

For more information, contact the Michigan Film Office at 1-800-477-3456 or visit the Web site at [www.michiganfilloffice.org](http://www.michiganfilloffice.org).

**Line 4:** To claim this credit, include a copy of the *MBT Film Credit Assignment* (Form 4589) to the return.

## **PART 2: NONREFUNDABLE CREDITS**

### **SBT Credit Carryforward**

The Historic Preservation Credit and Brownfield Redevelopment Credit carryforwards from SBT may be claimed against MBT tax liability for the remaining years the carryforward would have been available under the SBT Act.

### **Compensation Credit**

An insurance company may claim a credit equal to a percentage of compensation in Michigan, not to exceed 65 percent of the insurance company's tax liability for the tax year after claiming the other credits allowed under Chapter 2A of the MBT Act.

**Line 7:** Enter compensation payments made in the tax year on behalf of or for the benefit of employees, officers, or directors as defined in MCL 208.1107(2). Generally, under this definition, *compensation* includes, but is not limited to, payments that are subject to or specifically exempt or excepted from withholding under Internal Revenue Code (IRC) § 3401 through § 3406.

Compensation also includes fringe benefits and any earnings that are net earnings from self-employment, as defined under IRC § 402, of the taxpayer or partner or LLC member of the taxpayer. Wages, salaries, fees, bonuses, commissions, and other payments made in the tax year on behalf of or for the benefit of employees, officers, or directors as well as self-employment earnings must be reported on a cash basis.

Payments made to a pension plan, retirement or profit sharing plan, employee insurance plans, and payments under health and welfare benefit plans, as well as the administration fees paid for the administration of the health and welfare benefit plan, are compensation. Compensation also includes certain payments made by licensed taxpayers that are statutorily identified. These compensation payments are calculated on a cash or accrual basis consistent with the taxpayer's method of accounting for federal income taxes. The statute provides for certain exclusions from compensation including employee discounts on merchandise and services, payments for state and federal unemployment compensation and federal insurance contributions, and payments made to independent contractors.

Expense incurred for the benefit of the taxpayer rather than for the benefit of employees of the taxpayer is not compensation. Noncompensation expenses might include payments reported on a Form 1099 to an employee for the rental of a building or for interest income.

This credit is calculated against the taxpayer's Michigan compensation.

Compensation is "in this state" if (a) the individual's service is performed entirely within Michigan, or (b) the individual's service is performed both within Michigan and outside Michigan, but the services performed outside Michigan are incidental to the individual's service within Michigan.

**Example 1:** Sales Co. employs Salesperson whose territory includes both Detroit, Michigan, and Toledo, Ohio. Salesperson calls on customers located in both Michigan and Ohio. The compensation paid to Salesperson is not “compensation in this state” because Salesperson’s activity is not limited solely to Michigan, and calling on customers in Ohio is not incidental to Salesperson’s activity in Michigan.

**Example 2:** Manufacturer employs Engineer at its Michigan facility. Several times a year, Engineer travels out of state to meet with suppliers. Although Engineer performs services both within Michigan and outside Michigan, Engineer’s out-of-state services are incidental to Engineer’s services within Michigan. The compensation paid to Engineer is “compensation in this state.”

**Renaissance Zone Credit**

The Renaissance Zone Credit encourages businesses and individuals to move into a designated Zone to help revitalize the area by providing a credit for businesses located and conducting business activity within the Zone.

**Line 15:** Complete and include the *MBT Renaissance Zone Credit Schedule* (Form 4595) to claim this credit.

If located in more than one zone, complete and include a separate Form 4595 for each zone. Add line 25b from each Form 4595 and enter the sum on Form 4596, line 15.

Claim only a non-certificated renaissance zone credit on this form. A certificated renaissance zone credit is calculated on Form 4595 and claimed on the *Schedule of Corporate Income Tax Liability for a Michigan Business Tax Insurance Filer* (Form 4974). For more information on certificated and non-certificated renaissance zone credits, see special instructions to Form 4595.

**NOTE:** Although Insurance companies do not normally calculate business income, or apportion their tax base by a sales factor, both are required in the calculation of a Renaissance Zone credit. Use the *Business Income Worksheet* (Worksheet 4746) to calculate a pro forma business income, and calculate pro forma sales in Michigan and sales everywhere. See instructions for the *MBT Annual Return* (Form 4567) for guidance on the definition of sales and applicable sourcing provisions.

For more information on Renaissance Zones, contact the MEDC at (517) 373-9808 or visit their Web site at <http://www.michiganadvantage.org/>. For information on the MBT credit, contact the Michigan Department of Treasury, Customer Contact Division, MBT Unit, at (517) 636-6925.

**Historic Preservation Credit**

The Historic Preservation Credit provides tax incentives for homeowners, commercial property owners, and businesses to rehabilitate historic resources located in Michigan. Rehabilitation projects must be certified by SHPO.

**Line 17:** Complete Form 4584 to claim this credit and carryforward the resulting overpayment, if any.

**Line 18a: Recapture from Form 4584, line 2.** If the resource is sold or the certification of completed rehabilitation or preapproval letter is revoked less than five years after the

historic resource is placed in service, a percentage of the credit may be subject to recapture.

100 percent	If less than 1 year
80 percent	If at least 1 year, but less than 2 years
60 percent	If at least 2 years, but less than 3 years
40 percent	If at least 3 years, but less than 4 years
20 percent	If at least 4 years, but less than 5 years

Questions regarding federal and State certification may be directed to SHPO at (517) 373-1630. For additional information, visit the SHPO Web site at [www.michigan.gov/shpo](http://www.michigan.gov/shpo). Information about Federal Historic Preservation Tax Incentives is available at [www.nps.gov/hps/tps/tax/index.htm](http://www.nps.gov/hps/tps/tax/index.htm).

**Brownfield Redevelopment Credit**

Beginning January 1, 2012, the brownfield redevelopment credit may be claimed as a certificated credit if a taxpayer has a preapproval letter by December 31, 2011, but has not fully claimed the credit by January 1, 2012. The credit may be claimed as either a refundable accelerated credit (on Form 4889) or a non-refundable credit. Non-refundable credits and non-refundable carryforwards of the credit are claimed here. The credit must first be claimed in the year in which the certificate of completion is issued.

**Line 20:** Complete Form 4584 to claim this credit and carryforward the resulting overpayment.

The administration of the Brownfield Redevelopment Credit program is assigned to MEGA. For more information on the approval process, contact the MEDC at (517) 373-9808.

**Film Infrastructure Credit**

This credit is available to an insurance company as an assignee only.

An eligible taxpayer may claim a credit for investment in a qualified film and digital media infrastructure project equal to 25 percent of the base investment expenditures for the project, provided the taxpayer enters into an agreement with the Michigan Film Office, concurred in by the State Treasurer. The credit is reduced by the amount of any Brownfield Redevelopment Credit claimed under Section 437 of the MBT Act for the same base investment. If the credit exceeds the taxpayer’s tax liability for the tax year, the excess may be carried forward to offset tax liability in subsequent years for a maximum of ten years.

Upon verification that the taxpayer has complied with the agreement terms and investment expenditures and eligibility are adequately met, the Michigan Film Office will issue an Investment Expenditure Certificate stating the amount of the credit. The certificate received must be attached to the return.

The credit may be assigned in the tax year in which the *Investment Expenditure Certificate* is received but any such assignment is irrevocable. Form 4589 must be attached to the return on which the credit is claimed.

An assigned credit amount must first be claimed against the assignee's MBT liability during the assignee's tax year in which the credit was assigned.

Beginning January 1, 2012, this credit is available as a certificated credit to the extent that the taxpayer has entered into an agreement with the Michigan Film Office with the concurrence of the State Treasurer by December 31, 2011, but the credit has not been fully claimed or paid prior to January 1, 2012.

**NOTE:** To qualify for the credit, a taxpayer must not be delinquent in a tax or other obligation owed to Michigan nor be owned or under common control of an entity that is delinquent. A credit cannot be claimed for any direct expenditure for which a Film Production Credit was claimed against either an MBT or withholding tax liability.

For more information, contact the Michigan Film Office at 1-800-477-3456 or visit the Web site at **[www.michiganfilmoffice.org](http://www.michiganfilmoffice.org)**.

***Include completed Form 4596 as part of the tax return filing.***

# 2012 MICHIGAN Schedule of Corporate Income Tax Liability for a Michigan Business Tax Insurance Filer

Issued under authority of Public Act 36 of 2007 and PA 39 of 2011.

Name (print or type)	Federal Employer Identification Number (FEIN)
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## PART 1: CERTIFICATED NONREFUNDABLE CREDITS

1. Tax Before Nonrefundable Credits from Form 4588, line 23 .....	1.	00
2. Noncertificated nonrefundable credits (see instructions).....	2.	00
3. Tax After noncertificated nonrefundable credits. Subtract line 2 from line 1. If less than zero, enter zero .....	3.	00
4. Available Renaissance Zone Credit (see instructions).....	4.	00
5. Renaissance Zone Credit. Enter lesser of line 3 or 4 .....	5.	00
6. Tax After Renaissance Zone Credit. Subtract line 5 from line 3 .....	6.	00
7. Available Historic Preservation Credit Net of Recapture from Form 4596, line 18b. If negative, enter as a negative number.....	7.	00
8. Historic Preservation Credit Net of Recapture. Enter lesser of line 6 or 7.....	8.	00
9. Tax After Historic Preservation Credit Net of Recapture. Subtract line 8 from line 6.....	9.	00
10. Available Brownfield Redevelopment Credit from Form 4596, line 20 .....	10.	00
11. Brownfield Redevelopment Credit. Enter lesser of line 9 or 10.....	11.	00
12. Tax After Brownfield Redevelopment Credit. Subtract line 11 from line 9 .....	12.	00
13. Film Infrastructure Credit from Form 4596, line 25.....	13.	00
14. Certificated Nonrefundable Credits for CIT. Add lines 5, 7, 11, and 13, and carry to line 16.....	14.	00

## PART 2: CIT LIABILITY

15. MBT Tax Before Miscellaneous Nonrefundable Credits from Form 4588, line 23 .....	15.	00
16. CIT After Certificated Nonrefundable Credits. Subtract line 14 from 15.....	16.	00
17. Total Recapture of Certain Business Tax Credits for CIT from Form 4588, line 26.....	17.	00
18. CIT After Recapture. Add lines 16 and 17 .....	18.	00

## PART 3: MBT TAX COMPARED AGAINST CIT FOR INSURANCE

19. Total MBT liability from Form 4588, line 27 .....	19.	00
20. Subtract line 19 from line 18. Carry amount to Form 4588, line 28.....	20.	00



# Instructions for Form 4974

## Schedule of Corporate Income Tax Liability for a Michigan Business Tax Insurance Filer

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### Purpose

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The purpose of this form is to determine the Corporate Income Tax (CIT) liability of an insurance company that files under the Michigan Business Tax. The CIT liability will be compared against the MBT liability in order to determine which liability is greater.

**NOTE:** A credit or recapture should not be reported on this form if it is not reported on one of the following forms:

- *Miscellaneous Credits for Insurance Companies* (Form 4596).
- *Schedule of Recapture of Certain Business Tax Credits and Deductions* (Form 4587).

**NOTE:** Beginning January 1, 2012, only those taxpayers with a certificated credit, which is awarded but not yet fully claimed or utilized, may elect to be MBT taxpayers.

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### Line-by-Line Instructions

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Lines not listed are explained on the form.

Enter the taxpayer's name and Federal Employer Identification Number (FEIN) in the appropriate field.

#### **PART 1: CERTIFICATED NONREFUNDABLE CREDITS**

**Line 2:** Combine the total amount of noncertificated nonrefundable credits from Form 4596, line 6, and the amounts from Form 4596, lines 13 and 15. Enter the total combined amount, as this represents the allowable amount of noncertificated nonrefundable credits.

**Line 3:** Subtract line 2 from line 1. If less than zero, enter zero. This is the MBT liability after noncertificated nonrefundable credits.

**Line 4:** Enter the available **Certificated** Renaissance Zone Credit. Not all Renaissance Zone credits are certificated credits to be reported on this form. See special instructions on the *MBT Renaissance Zone Credit Schedule* (Form 4595) to determine which Renaissance Zone credits are certificated. A certificated Renaissance Zone credit will be identified by the checkbox on line 2 of Form 4595. Only a credit of that type is reported here. Enter credit amount from Form 4595, line 25b.

If a taxpayer has activity in more than one certificated Renaissance Zone, a separate Form 4595 will be filed for each Zone. In that case, report here the combined total of credits claimed on all Forms 4595, line 25b, for which certificated status is properly claimed on Form 4595, line 2.

DO NOT use the Renaissance Zone credit amount from Form 4573 or Form 4596 to complete this line.

**Line 6:** Subtract line 5 from line 3 and enter amount in field. This figure represents the MBT liability after applying the Renaissance Zone Credit.

**Line 9:** Subtract line 8 from line 6 and enter amount in field. This figure represents the MBT liability after applying the Historic Preservation Credit Net of Recapture.

**Line 12:** Subtract line 11 from line 9 and enter amount in field. This figure represents the MBT liability after applying the Brownfield Redevelopment Credit.

**Line 14:** Add lines 5, 7, 11 and 13 and carry amount to line 16. This is the total amount of Certificated Nonrefundable Credits for CIT.

#### **PART 2: CIT LIABILITY**

**Line 16:** Subtract line 14 from line 15. This is the amount of the CIT liability after Certificated Nonrefundable Credits.

**Line 18:** Add lines 16 and 17. This is the amount of CIT liability after the Recapture of Certain Business Tax Credits.

#### **PART 3: MBT TAX COMPARED AGAINST CIT FOR INSURANCE**

**Line 20:** Subtract line 19 from line 18, and carry to the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588), line 28. This amount is used to calculate the tax liability for an MBT filer.

*Include completed Form 4596 as part of the tax return filing.*







# Instructions for Form 4966

## Michigan Business Tax Schedule of Flow-Through Withholding

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### Purpose

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The purpose of this form is to report the Flow-Through Withholding payments made by a flow-through entity on behalf of a Michigan Business Tax (MBT) filer.

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### General Instructions

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This form is intended to be used by a taxpayer that is a standard filer, insurance company, financial institution, or Unitary Business Group (UBG) that has an ownership or beneficial interest in a flow-through entity that has remitted Flow-Through Withholding payments to the state of Michigan on behalf of the taxpayer that is filing this form. Reported on this form will be the Flow-Through Withholding payments made by the flow-through entity if that flow-through entity's tax year ended with or within the tax year of the taxpayer filing this form.

A flow-through entity is an entity that, for the applicable tax year, is treated as a subchapter S Corporation under section 1362(a) of the internal revenue code, a general partnership, a trust, a limited partnership, a limited liability partnership, or a limited liability company that is not taxed as a C Corporation for federal income tax purposes.

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### Column-by-Column Instructions

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**Name and Account Number:** Enter the name and Federal Employer Identification Number (FEIN) of the taxpayer as reported on page 1 of the *Michigan Business Tax Annual Return* (Form 4567), *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588), or *Michigan Business Tax Annual Return for Financial Institutions* (Form 4590).

**UBGs:** Complete one form for each member of the UBG. Enter the FEIN and name of the Designated Member in the Taxpayer Name and FEIN fields and the member's name and FEIN to whom the schedule applies on the line below.

**Columns A and B:** Identify each flow-through entity that remitted Flow-Through Withholding payments on behalf of the taxpayer filing this form by name and FEIN.

**Column C: UBGs only:** Enter an 'X' in this column if the flow-through entity is in a UBG with the member that is completing this form.

**Column D:** Enter the apportioned distributive share of the flow-through entity's taxable income received by the taxpayer completing this form.

**Column E:** Enter the total withholding payments paid on behalf of the taxpayer filing this form that apply to the tax year included in this return. Included on this column would be Flow-Through Withholding payments made by flow-through entities whose tax years ended within the tax year of the taxpayer filing this form. For example, a calendar year filer would include Flow-Through Withholding payments made by a flow-through entity whose tax year ended on or after January 1, 2012, and on or before December 31, 2012. Any flow-through entity that has withheld on behalf of the taxpayer filing this form should have provided the taxpayer the amount for its records.

The combined amount entered in this column should be entered on line 62 of Form 4567 if this form is filed by a standard taxpayer; line 68 of Part 2B of the *MBT UBG Combined Filing Schedule for Standard Members* (Form 4580) if this form is filled out by a member of a UBG of standard taxpayers; line 50 of Form 4588 if this form is filled out by an insurance company; line 35 of Form 4590 if this form is filled out by a financial institution; or line 35 of the *MBT UBG Combined Filing Schedule for Financial Institutions* (Form 4752) if this form is filled out by a member of UBG of financial institutions.

## Country Codes

Countries are identified by two-letter codes – Country Codes – which are required on some Michigan Business Tax (MBT) forms, including the annual returns. The following is a list of countries and their codes.

AF	Afghanistan	CK	Cook Islands	IN	India	NR	Nauru	SB	Solomon Islands
AX	Åland Islands	CR	Costa Rica	ID	Indonesia	NP	Nepal	SO	Somalia
AL	Albania	CI	Côte D'ivoire	IR	Iran	NL	Netherlands	ZA	South Africa
DZ	Algeria	HR	Croatia	IQ	Iraq	AN	Netherlands Antilles	GS	S. Georgia, Sandwich
AS	American Samoa	CU	Cuba	IE	Ireland	NC	New Caledonia	KR	South Korea
AD	Andorra	CY	Cyprus	IM	Isle Of Man	NZ	New Zealand	ES	Spain
AO	Angola	CZ	Czech Republic	IL	Israel	NI	Nicaragua	LK	Sri Lanka
AI	Anguilla	CD	Dem. Rep. of Congo	IT	Italy	NE	Niger	SD	Sudan
AQ	Antarctica	DK	Denmark	JM	Jamaica	NG	Nigeria	SR	Suriname
AG	Antigua & Barbuda	DJ	Djibouti	JP	Japan	NU	Niue	SJ	Svalbard, Jan Mayen
AR	Argentina	DM	Dominica	JE	Jersey	NF	Norfolk Island	SZ	Swaziland
AM	Armenia	DO	Dominican Republic	JO	Jordan	KP	North Korea	SE	Sweden
AW	Aruba	EC	Ecuador	KZ	Kazakhstan	MP	N. Mariana Islands	CH	Switzerland
AU	Australia	EG	Egypt	KE	Kenya	NO	Norway	SY	Syrian Arab Republic
AT	Austria	SV	El Salvador	KI	Kiribati	OM	Oman	TW	Taiwan
AZ	Azerbaijan	GQ	Equatorial Guinea	KW	Kuwait	PK	Pakistan	TJ	Tajikistan
BS	Bahamas	ER	Eritrea	KG	Kyrgyzstan	PW	Palau	TZ	Tanzania
BH	Bahrain	EE	Estonia	LA	Laos	PS	Palestinian Occ. Terr.	TH	Thailand
BD	Bangladesh	ET	Ethiopia	LV	Latvia	PA	Panama	TL	Timor-Leste
BB	Barbados	FK	Falkland Islands	LB	Lebanon	PG	Papua New Guinea	TG	Togo
BY	Belarus	FO	Faroe Islands	LS	Lesotho	PY	Paraguay	TK	Tokelau
BE	Belgium	FJ	Fiji	LR	Liberia	PE	Peru	TO	Tonga
BZ	Belize	FI	Finland	LY	Libya	PH	Philippines	TT	Trinidad & Tobago
BJ	Benin	FR	France	LI	Liechtenstein	PN	Pitcairn	TN	Tunisia
BM	Bermuda	GF	French Guiana	LT	Lithuania	PL	Poland	TR	Turkey
BT	Bhutan	PF	French Polynesia	LU	Luxembourg	PT	Portugal	TM	Turkmenistan
BO	Bolivia	TF	Fr. Southern Terr.	MO	Macao	PR	Puerto Rico	TC	Turks & Caicos
BA	Bosnia, Herzegovina	GA	Gabon	MK	Macedonia	QA	Qatar	TV	Tuvalu
BW	Botswana	GM	Gambia	MG	Madagascar	RE	Réunion	UG	Uganda
BV	Bouvet Island	GE	Georgia	MW	Malawi	RO	Romania	UA	Ukraine
BR	Brazil	DE	Germany	MY	Malaysia	RU	Russian Federation	AE	United Arab Emir.
IO	Brit. Ind. Ocean Terr.	GH	Ghana	MV	Maldives	RW	Rwanda	GB	United Kingdom
BN	Brunei Darussalam	GI	Gibraltar	ML	Mali	BL	St. Barthélemy	US	United States
BG	Bulgaria	GR	Greece	MT	Malta	SH	St. Helena	UM	U.S. Minor Out. Isl.
BF	Burkina Faso	GL	Greenland	MH	Marshall Islands	KN	St. Kitts & Nevis	UY	Uruguay
BI	Burundi	GD	Grenada	MQ	Martinique	LC	St. Lucia	UZ	Uzbekistan
KH	Cambodia	GP	Guadeloupe	MR	Mauritania	MF	St. Martin	VU	Vanuatu
CM	Cameroon	GU	Guam	MU	Mauritius	PM	St. Pierre & Miquelon	VE	Venezuela
CA	Canada	GT	Guatemala	YT	Mayotte	VC	St. Vincent, Grenad.	VN	Vietnam
CV	Cape Verde	GG	Guernsey	MX	Mexico	WS	Samoa	VG	Virgin Islands, British
KY	Cayman Islands	GN	Guinea	FM	Micronesia	SM	San Marino	VI	Virgin Islands, U.S.
CF	Cent. African Repub.	GW	Guinea-Bissau	MD	Moldova	ST	Sao Tome & Principe	WF	Wallis & Futuna
TD	Chad	GY	Guyana	MC	Monaco	SA	Saudi Arabia	EH	Western Sahara
CL	Chile	HT	Haiti	MN	Mongolia	SN	Senegal	YE	Yemen
CN	China	HM	Heard, McDonald Isl.	ME	Montenegro	RS	Serbia	ZM	Zambia
CX	Christmas Island	VA	Holy See (Vatican)	MS	Montserrat	SC	Seychelles	ZW	Zimbabwe
CC	Cocos Islands	HN	Honduras	MA	Morocco	SL	Sierra Leone		
CO	Colombia	HK	Hong Kong	MZ	Mozambique	SG	Singapore	XX	Countries-Other
KM	Comoros	HU	Hungary	MM	Myanmar	SK	Slovakia		
CG	Congo	IS	Iceland	NA	Namibia	SI	Slovenia		