Instructions for Form 4891
Corporate Income Tax (CIT) Annual Return

Purpose

To calculate the Corporate Income Tax for standard taxpayers. Insurance companies should file the *Insurance Company Annual Return for Michigan Corporate Income and Retaliatory Taxes* (Form 4905) and Financial Institutions should file the *CIT Annual Return for Financial Institutions* (Form 4908).

A *standard taxpayer* is an entity that is a C Corporation, an entity that has elected to be taxed federally as a C Corporation for the tax year included on this return, and a Unitary Business Group that includes members that are C Corporations or entities that have elected to be taxed federally as a C Corporation for the tax year included on this return.

Special Instructions for Unitary Business Groups

Under the CIT, *corporation* means an entity that is a C Corporation or has elected to file federally as a C Corporation for the tax year included on this return. A *taxpayer* is a corporation, an insurance company, a financial institution, or a unitary business group (UBG) that is liable for tax, interest, or penalty.

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

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

A *foreign operating entity* means a United States corporation that would otherwise be a part of a UBG that is taxable in Michigan; has substantial operations outside the United States, the District of Columbia, any territory or possession of the United States except for the commonwealth of Puerto Rico, or a political subdivision of the foregoing; and at least 80 percent of its income is active foreign business income as defined in Internal Revenue Code (IRC) § 861(c)(1)(B).

In Michigan, a UBG with members that are corporations must file Form 4891. A Designated Member (DM) must file the return on behalf of the standard members of the group. In a brother-sister controlled group, any member that has nexus with Michigan may be designated to serve as DM. In a parent-subsidiary controlled group or a combined controlled group (an interlocking combination of a parent-subsidiary group and a brother-sister group), the controlling member must serve as DM if it has nexus with Michigan. If it does not have nexus with Michigan, the controlling member may appoint any member with nexus to serve as DM. The tax year of the DM determines the filing period for the UBG. The combined return must include each tax year of each member that ends with or within the tax year of the DM.

The gross receipts of a UBG is the sum of the gross receipts of each member included in the UBG, other than a foreign operating entity or a person subject to the tax as an insurance company or financial institution. Gross receipts of each member should reflect the accounting method that member used to compute its federal taxable income. A UBG is not able to eliminate intercompany transactions when calculating its gross receipts for purposes of the gross receipts filing threshold.

The business income of a UBG is the sum of the business income of each member included in the UBG, other than a foreign operating entity or a person subject to the tax as an insurance company or financial institution, less any items of income and related deductions arising from transactions (including dividends) between members included in the UBG. Business income of each member should reflect the accounting method that member used to compute its federal taxable income.

In general, components used to determine tax liability relate to the group as a single taxpayer, not to the individual members that comprise the group. Exceptions to this general rule are noted in instructions to the applicable forms. The group of members on the combined return is treated as the taxpayer (a distinct entity) for purposes of the CIT Act.

For more information on UBGs, see the instructions for *CIT Tax Data for Unitary Business Group Members* (Form 4897) and the Department of Treasury Web site at **www.michigan.gov/taxes**.

Taxpayer Certification

A return filed by a UBG must be signed by an individual authorized to sign on behalf of the DM. Provide a telephone number for that individual at the DM's office. Treasury will only discuss the return with the authorized signer.

General Instructions

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

For periods less than 12 months, see the "General Information for Standard Taxpayers" section in Form 4890.

Every standard taxpayer with nexus in Michigan and with apportioned or allocated gross receipts of $350,000 or more and whose CIT tax liability is greater than $100 must file an annual CIT return. (The gross receipts filing threshold does not apply to insurance companies or financial institutions.) Businesses that operate less than 12 months must annualize their gross receipts to determine if a filing requirement exists. For a UBG, the $350,000 filing threshold is calculated without elimination of intercompany transactions.

For filing threshold purposes, apportioned or allocated gross receipts equals the total amount on line 10 multiplied by the apportionment percentage on line 9g, the result of which is then added to the amount on line 11. If the taxpayer is operating business for a period less than 12 months, the apportioned or allocated gross receipts figure for filing purposes must be annualized and then compared to the $350,000 threshold.

UBGs: Complete Form 4897 and, if necessary, the *CIT UBG Affiliates Excluded from the Return of Standard Taxpayers* (Form 4896), before beginning Form 4891. Answer lines 1 through 7 of Form 4891 as they apply to the DM.

Amended Returns: To amend a current or prior year annual return: complete the *CIT Amended Annual Return* (Form 4892) that is applicable for the year that is being amended. Include an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document, if applicable. Complete and file all schedules and all forms filed with the original return, even if not amending information on that schedule. **Do not include a copy of the original return with your amended return.**

Refund Only: If apportioned or allocated gross receipts are less than $350,000 and there is no recapture, and the taxpayer is filing Form 4891 to claim a refund of estimates paid, skip lines 12 through 41 and lines 47 through 51.

UBGs: If combined apportioned or allocated gross receipts of all members is less than $350,000 without eliminations and there is no recapture and the taxpayer is filing Form 4891 solely to claim a refund of estimates paid, the designated member must include a Form 4896, if necessary, and a Form 4897 for each member included in the UBG.

Public Law 86-272: If a taxpayer's business activity is protected under Public Law (PL) 86-272, but the taxpayer wishes to claim a refund, the taxpayer must file a Form 4891. When filing this form, leave lines 12 through 39 and lines 47 through 51 blank and include an attachment explaining the circumstances of the PL 86-272 protection. Lines 40 and 41 must be completed to report any recapture of credits.

UBGs: If all members of the UBG are claiming PL 86-272 protection, then the UBG will leave lines 12 through 41 and lines 47 through 51 blank and include a statement explaining the circumstances of the PL 86-272 protection for each member. However, as long as one member of a UBG has nexus with Michigan and exceeds the protections of PL 86-272, all members of the UBG — including members protected under PL 86-272 — must be included when calculating the UBG's Corporate Income Tax base and apportionment formula. PL 86-272 will only remove income from the apportionable CIT tax base when all members of the UBG are protected under PL 86-272.

Line-by-Line Instructions

Lines not listed are explained on the form.

Line 1: If not a calendar-year taxpayer, enter the beginning and ending dates (MM-DD-YYYY) that correspond to the taxable period included in this return.

Tax year means the calendar year, or the fiscal year ending during the calendar year, of which the tax base of a taxpayer is computed. If a return is made for a part of a year, tax year means the period for which the return is made. Generally, a taxpayer's tax year is for the same period as is covered by its federal income tax return.

Fiscal Year Taxpayers: For fiscal years ending in 2012 your CIT will be a short year and will begin January 1, 2012. Your first CIT return will only cover business activity that occurs after December 31, 2011.

Line 2: Enter the taxpayer's name. If a UBG, enter the name of the DM.

Line 3: Use the taxpayer's Federal Employer Identification Number (FEIN). Be sure to use the same account number on all forms.

NOTE: The taxpayer must register before filing this form. Taxpayer's are encouraged to register online at **www.michigan.gov/businesstaxes**. Taxpayers that register with the State online receive their notification of the registration within seven days.

If the taxpayer does not have an FEIN, the taxpayer must obtain an FEIN before filing. The Web site **www.michigan.gov/businesstaxes** provides information on obtaining an FEIN.

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

UBGs: Enter the FEIN of the DM for this UBG.

Line 4: Enter the complete address, including the two-digit abbreviation for the country code. See the list of country codes in Form 4890.

NOTE: Any correspondence regarding the return filed and/or refund will be sent to the address used here. The taxpayer's primary address in Treasury files, identified as the legal address and used for all purposes other than refund and correspondence on a specific CIT return, will not change unless the taxpayer files a Notice of Change or Discontinuance (Form 163) with Treasury.

UBGs: Enter the address of the DM for this UBG.

Line 5: Enter the entity's six-digit North American Industry Classification System (NAICS) code. For a complete list of six-digit NAICS codes, see the U.S. Census Bureau Web site at **www.census.gov/eos/www/naics/**, or enter the same NAICS code used when filing the entity's U.S. Form 1120, Schedule K; U.S. Form 1120S; U.S. Form 1065; or U.S. Form 1040, Schedule C.

UBGs: Leave this line blank. This information will be included on each members' Form 4897.

Line 6: Enter the date, if applicable, on which the taxpayer went out of existence.

NOTE: If the taxpayer is still subject to another tax administered by the Treasury, or continues to exist but has stopped doing business in Michigan, do not use this line. To complete the discontinuance for Michigan taxes, file Form 163, which is available on the Treasury Web site at **www.michigan.gov/treasuryforms**.

UBGs: Leave this line blank. This information will be included, if needed, on Form 4897.

Line 7: Check this box if filing a UBG return and include a Form 4897 for every member (including the DM) whose activity is included in this UBG return. Also file a Form 4896, if necessary.

Line 8: Check this box if the taxpayer has receipts from transportation services. Taxpayers that check this box also must complete lines 9a through 9g. To calculate Michigan Sales from Transportation Services, see the instructions for line 9 and the table in the "Sourcing of Sales to Michigan" section of the general instructions in Form 4890.

UBGs: If at least one member of the UBG has receipts from transportation services, check this box.

Line 9: For a Michigan-based taxpayer, all sales are Michigan sales unless the taxpayer is subject to tax in another state or foreign country. A taxpayer is subject to a tax in another state or foreign country if the taxpayer is subject to a business privilege tax, a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, a corporate stock tax, or if the state or foreign country has jurisdiction to subject the taxpayer to 1 or more of the above listed taxes, regardless of whether the tax is actually imposed against the taxpayer.

The CIT is based only on business activity apportioned to Michigan. A taxpayer that has not established nexus with one other state or a foreign country is subject to the CIT on its entire business activity.

If the taxpayer is able to apportion its business activity then its business activity will be apportioned to Michigan based on sales. *Sale* or *Sales* means the amounts received by the taxpayer as consideration from the following:

- The transfer of title to, or possession of, property that is stock in trade or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the tax period, or property held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business. For intangible property, the amounts received will be limited to any gain received from the disposition of that property.
- Performance of services which constitute business activities.
- The rental, leasing, licensing, or use of tangible or intangible property, including interest that constitutes business activity.
- Any combination of business activities described above.
- For taxpayers not engaged in any other business activities, sales include interest, dividends, and other income from investment assets and activities and from trading assets and activities.

Complete the Apportionment Calculation using amounts for the taxpayer's business activity only. Do not include amounts received from a profits interest in a Partnership, S Corporation, or LLC.

Use the information in the "Sourcing of Sales to Michigan" section of the general instructions in Form 4890.

Line 9a: Enter the Michigan sales that are directly attributable to the taxpayer.

Transportation services that source sales based on revenue miles: Enter on this line the taxpayer's total sales multiplied by the ratio of Michigan revenue miles over revenue miles everywhere as provided in the "Sourcing of Sales to Michigan" chart for that type of transportation service. Revenue mile means the transportation for consideration of one net ton in weight or one passenger the distance of one mile.

UBGs: Enter on this line the entire amount of Michigan sales of all members in the group after eliminations. For more information see the instructions for *Data for Unitary Business Group Members* (Form 4897).

Taxpayers that are unitary with one or more flow-through entities: Do not include on this line Michigan sales made by the taxpayer to a flow-through entity that is unitary with the taxpayer and is included on *Flow-Through Entities that are Unitary with the Taxpayer* (Form 4900).

Line 9b: If the taxpayer is unitary with a flow-through entity or flow-through entities, enter on this line the total proportionate amount of Michigan sales attributed to these flow-through entities in column J on Form 4900. For more information see the instructions for Form 4900. If an amount is entered on this line, then Form 4900 must be completed and included with the filing of this form.

Line 9d: Enter the total sales that are directly attributable to the taxpayer.

Transportation services that source sales based on revenue miles: Enter on this line the total sales that are directly attributable to the taxpayer.

UBGs: Enter on this line the entire amount of total sales of all members in the group after eliminations. For more information see the instructions for *Data on Unitary Business Group Members* (Form 4897).

Taxpayers that are unitary with one or more flow-through entities: Do not include on this line sales made by the taxpayer to a flow-through entity that is unitary with the taxpayer and is included in Form 4900.

Line 9e: If the taxpayer is unitary with a flow-through entity or flow-through entities, enter on this line the total proportionate amount of total sales attributed to these flow-through entities in column O on Form 4900. For more information see the instructions for Form 4900. If an amount is entered on this line, then Form 4900 must be completed and included with the filing of this form.

Line 9h: Check the box if you are a Fiscal Filer completing this form for the first CIT tax year beginning on January 1, 2012, and computing tax in accordance with the annual method. For information on filing a fiscal return, see "Supplemental Instructions for Initial Fiscal CIT Filers" in Form 4890. The method chosen must be consistent with the method chosen on this taxpayer's Michigan Business Tax (MBT) return for the tax year ending December 31, 2011, if one was filed.

UBGs: If the DM is a calendar year filer, all members, including fiscal year members, must use the actual method. If the DM is a fiscal year filer, all members must use the same method of calculation, annual or actual, chosen by the DM. The method chosen must be consistent with the method chosen on this UBG's MBT return for the tax year ending December 31, 2011, if one was filed.

Line 9i: Enter the total number of months included in this return.

Line 9j: Enter the total number of months in the taxpayer's annual accounting period as included in the taxpayer's federal return.

Line 9k: Divide line 9i by line 9j to arrive at the proration percentage. This percentage will be applied at various points on this and other return forms.

Line 10: Enter the amount of total, unapportioned gross receipts received by the taxpayer.

Gross receipts means the entire amount received by the taxpayer from any activity, whether in intrastate, interstate, or foreign commerce, carried out for direct or indirect gain, benefit, or advantage to the taxpayer or to others, with certain exceptions. Use the checklist below and the Gross Receipts Worksheet in Form 4890 as a guide to be sure receipts have been totaled correctly. Gross receipts are not necessarily derived from the federal return; however, this worksheet will calculate gross receipts as defined by law in most instances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce gross receipts not identified by specific lines on the Gross Receipts Worksheet, and report that amount on the most appropriate line. Treasury may adjust the amount resulting from this worksheet to account properly for such uncommon situations.

Gross Receipts Checklist

NOTE: This checklist is not intended to be all encompassing.

Receipts include, but are not limited to:

- Receipts (sales price) from the sale of assets used in a business activity
- Sale of products
- Services performed
- Gratuities stipulated on a bill
- Sales tax collected on the sale of tangible personal property
- Dividend and interest income
- Gross commissions earned
- Rents
- Royalties
- Professional services
- Sales of scrap and other similar items
- Receipts from the production of oil and gas
- Client reimbursed expenses not obtained in an agency capacity
- Gross proceeds from intercompany sales.

Receipts exclude:

- Proceeds from sales by a principal that are collected in an agency capacity solely on behalf of the principal and delivered to the principal
- Amounts received as an agent solely on behalf of the principal that are expended by the taxpayer under certain circumstances
- Amounts excluded from gross income of a foreign corporation engaged in the international operation of aircraft under section 883(a) of the Internal Revenue Code
- Amounts received by an advertising agency used to acquire advertising media time, space, production, or talent on behalf of another person
- Amounts received by a person that manages real property owned by a client that are deposited into a separate account kept in the name of the client and that are not reimbursed and are not indirect payments for management services provided to that client
- Proceeds from the original issue of stock, equity instruments, or debt instruments
- Refunds from returned merchandise
- Cash and in-kind discounts
- Trade discounts
- Federal, State or local tax refunds
- Security deposits
- Payment of the principal portion of loans
- Value of property received in a like-kind exchange
- Proceeds from a sale, transaction, exchange, involuntary conversion, or other disposition of tangible, intangible, or real property that is a capital asset as defined in section 1221(a) of the Internal Revenue Code or land that qualifies as property used in the trade or business as defined in section 1231(b) of the Internal Revenue Code, less any gain from the disposition to the extent that gain is included in federal taxable income
- Proceeds from an insurance policy, settlement of a claim, or judgment in a civil action, less any proceeds that are included in federal taxable income
- Proceeds from the taxpayer's transfer of an account receivable, if the sale that generated the account receivable was included in gross receipts for federal income tax purposes. This provision will not apply to a taxpayer who both buys and sells any receivables during the tax year.

UBGs: Add the gross receipts amount reported on form 4897, line 18 for all members of the group and enter the sum here.

Line 11: Enter the imputed gross receipts from any (unitary or non-unitary) flow-through entity from which the taxpayer receives a distributive share of income.

Use the worksheet below to calculate the imputed apportioned or allocated gross receipts from each flow-through entity.

WORKSHEET ON FLOW-THROUGH GROSS RECEIPTS

A taxpayer must complete the following calculation for each flow-through entity, whether unitary or not, from which it receives a distributive share of income. The amount in line 5 of this worksheet for each flow-through entity must be added, and the sum carried to Form 4891, line 11.

NOTE: If the taxpayer is a Fiscal Filer and has properly elected to use the annual filing method for the first CIT filing period ending in 2012 then it will complete this worksheet using a prorated amount of the flow-through entity's gross receipts in line 1 of this worksheet. This amount will be prorated using the taxpayer's proration percentage. For more information on the annual method and proration, please see the "Supplemental Instructions for Fiscal Filers. If the taxpayer is a Fiscal Filer and did not elect the annual method then it will only include on Line 1 of this worksheet the flow-through entity's gross receipts for the period included in this return.

1. Flow-through entity's gross receipts that fall with or within the taxpayer's tax year included in this return	1.		00
2. Percentage of the flow-through entity's income or loss received by the taxpayer	2.		%
3. Gross receipt amount before apportionment. Multiply line 1 by line 2	3.		00
4. Flow-through entity's apportionment percentage (Michigan sales divided by total sales)*.............................	4.		%
5. Flow-through gross receipts to be imputed to the taxpayer. Multiply line 3 by line 4	5.		00

*** Line 4:** If the FTE is unitary with the UBG, use the group's apportionment percentage from line 9g. Otherwise, use the FTE's apportionment percentage.

UBGs: Include on this line the imputed gross receipts from all members of the UBG.

Gross Receipts Filing Threshold: If the taxpayer with allocated or apportioned gross receipts of less than $350,000 does not have to file a CIT return and does not have to pay the tax imposed by the CIT. To calculate the taxpayer's gross receipts for this purpose, multiply Line 10 by the percentage on Line 9g and add that amount to Line 11 to get the taxpayer's total gross receipts for the tax year. For periods less than 12 months, this amount must be annualized. To annualize this amount multiply the total gross receipts as calculated above by 12 and divide the result by the number of months in the tax year.

UBGs: If the DM is a calendar year filer, then gross receipts will not be annualized for purposes of the filing threshold. If the DM is a fiscal filer then gross receipts, for purposes of the gross receipts filing threshold, will be annualized using the DM's tax year.

PART 1: CORPORATE INCOME TAX

Line 14: There currently are no miscellaneous items to be entered on this line. Leave this line blank.

Line 15: Adjustments are required for all assets placed into service after December 31, 2007, for which bonus depreciation was taken.

Line 17: For UBGs only: Enter the group's total eliminations from federal taxable income.

NOTE: Elimination, where required, applies to transactions between any members of the UBG supported by this form. For example, if the UBG includes standard taxpayers (not owned by and unitary with a financial institution in the UBG), an insurance company, and a financial institution with nexus, transactions between a standard taxpayer member and an insurance or financial member are eliminated whenever elimination is required, despite the fact that the insurance and financial members are not reported on the combined return filed by standard taxpayer members. If a transaction between two members of a UBG is reported on the group's current return by one member but reported on the preceding or succeeding group return by the other member (due to differing year ends or accounting methods of the members), the side of that transaction that is included in the group's current filing period must be eliminated. The other side of the same transaction will be eliminated on the group return for the filing period in which the other member reports the transaction.

However, there is no elimination with an otherwise related entity if the related entity is excluded from the UBG. For example, consider a group with a U.S. parent, a U.S. subsidiary, and a foreign operating entity subsidiary that would otherwise be a UBG, but the foreign operating entity is excluded from the UBG by definition. The U.S. parent filing a UBG return may not eliminate intercompany transactions between itself and the foreign operating entity.

Additions to Business Income

Line 19: Enter any interest income and dividends from bonds and similar obligations or securities of states other than Michigan and their political subdivisions in the same amount that was excluded from federal taxable income (as defined for CIT purposes). Reduce this addition by any expenses related to the foregoing income that were disallowed on the federal return by IRC § 265 and § 291.

Line 20: Enter all taxes on, or measured by, net income including city and state taxes, Foreign Income Tax, and Federal Environmental Tax claimed as a deduction on the taxpayer's federal return. This would include the tax imposed under the CIT to the extent claimed as a deduction on the taxpayer's federal return that includes the tax period on this return. This would also include, to the extent deducted in arriving at federal taxable income (as defined for CIT purposes), the Business Income Tax portion of the MBT.

Line 21: Enter any net operating loss carryback or carryover that was deducted in arriving at federal taxable income (as defined for CIT purposes). Enter this amount as a positive number.

Line 22: Enter, to the extent deducted in arriving at federal taxable income (as defined for CIT purposes), any royalty, interest, or other expense paid to a person related to the taxpayer by ownership or control for the use of an intangible asset if the person is not included in the taxpayer's UBG. Royalty, interest, or other expense described here is not required to be included if the taxpayer can demonstrate that the transaction has a nontax business purpose other than avoidance of this tax, is conducted with arm's-length pricing and rates and terms as applied in accordance with IRC § 482 and § 1274(d), and satisfies one of the following:

- Is a pass through of another transaction between a third party and the related person with comparable rates and terms.
- Results in double taxation. For this purpose, double taxation exists if the transaction is subject to tax in another jurisdiction.
- Is unreasonable as determined by the Treasurer, and the taxpayer agrees that the addition would be unreasonable based on the taxpayer's facts and circumstances.
- The related person (recipient of the transaction) is organized under the laws of a foreign nation which has in force a comprehensive income tax treaty with the United States.

Line 23: Enter on this line the expenses included on line 12 that resulted from the production of oil and gas if that production of oil and gas is subject to the Severance Tax on Oil or Gas, 1929 PA 48. If the taxpayer does not have an oil and gas expense that qualifies, leave this line blank. There are no other miscellaneous additions that can be entered on this line.

Subtractions from Business Income

Subtractions are generally available to the extent included in arriving at federal taxable income (as defined for CIT purposes).

Line 26: Enter on this line the sum of all entries in Column C of *Non-Unitary Relationships with Flow-Through Entities* (Form 4898). Flow-through entities include partnerships and S corporations as well as limited liability companies that are not taxed as a C corporation. If an amount is entered on this line, Form 4898 must be completed and included with the filing of this form.

UBGs: The amount entered on Line 26 must equal the sum of all entries in Column C of all Forms 4898 that were filed by the UBG.

Line 27: Enter, to the extent included in federal taxable income (as defined for CIT purposes), any dividends and royalties received from persons other than United States persons and foreign operating entities, including, but not limited to, amounts determined under IRC § 78 or IRC § § 951 to 964.

Line 28: To the extent included in federal taxable income (as defined for CIT purposes), deduct interest income derived from United States obligations.

Line 29: Enter on this line the income included on line 12 that resulted from the production of oil and gas if that production of oil and gas is subject to the Severance Tax on Oil or Gas, 1929 PA 48. If the taxpayer does not have oil and gas income that qualifies, leave this line blank. There are no other miscellaneous subtractions that can be entered on this line.

Line 33: Enter on this line the sum of all entries in Column E of Form 4898. Flow-through entities include partnerships and S corporations as well as limited liability companies that are not taxed as a C corporation. If an amount is entered on this line, Form 4898 must be completed and attached/included with the filing of this form.

UBGs: The amount entered on Line 33 must equal the sum of all entries in Column E of all Forms 4898 that were filed by the UBG.

Line 35: Deduct any available CIT business loss incurred after December 31, 2011. Enter as a positive number.

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

NOTE: CIT business loss carryforward is not the same as the federal net operating loss carryforward or carryback. It also is not the same as the Single Business Tax or Michigan Business Tax business loss carryforward. You may not claim any SBT or MBT business loss carryforward on this return. As a result, if this return is filed for the period beginning January 1, 2012, the taxpayer has no CIT business loss that may be claimed.

UBGs: If the group created a business loss carryforward in a preceding CIT tax period, Treasury will have maintained that carryforward on the DM's account. Enter unused carryforwards of this type from line 11 of the DM's copy of Form 4897.

If a member created a CIT business loss carryforward from a CIT tax period prior to joining the UBG, Treasury will maintain that carryforward on that member's account, subject to use by the group, until it is fully consumed or that member leaves the group. Enter unused carryforwards of this type on the copy of Form 4897 filed for the member that brought the carryforward to the group. Available carryforwards, regardless of whether they arose within the group or outside of it, are applied against the UBG's tax liability on the basis of age (oldest first). If two members each created a carryforward that are the same age, and together they exceed the amount allowable in this filing period, those members' respective carryforwards are used in proportion to the amount they contributed to the group. If a member that generated a carryforward in a prior period leaves the group, that member will take with it an amount equal to the group's remaining carryforward from that period multiplied by the amount that member contributed relative to the total amount contributed by all group members for the carryforward in that same period. It is important to review a carryforward for the possibility that some or all of it has expired, or that some or all of it was withdrawn from the group by a departing member.

Line 35 is the amount of the business loss carryforward that may be claimed in this filing period. See the "Supplemental Instructions for Standard Members in UBGs" in Form 4890 for more information on the effects of members leaving or joining a UBG.

Line 36: Subtract line 35 from line 34b. Any negative amount on line 36 is a CIT business loss which may be carried forward to the next filing period, except to the extent that all or some portion of this business loss has exceeded its usable life of ten tax years.

PART 2: TOTAL CORPORATE INCOME TAX

Line 39: IMPORTANT: If apportioned or allocated gross receipts are less than $350,000, enter a zero on this line. If a business operated less than 12 months, annualize gross receipts to determine if a filing requirement exists. For instructions on how to calculate the taxpayer's allocated or apportioned gross receipts, see the instructions to Line 11.

UBGs: If apportioned or allocated gross receipts before intercompany eliminations are less than $350,000, enter a zero on this line. When determining whether the UBG satisfied the $350,000 gross receipts filing threshold, do not annualize this amount on this form. The gross receipts will have been annualized on each member's Form 4897.

Line 40: Enter the amount of recapture from line 22 of Form 4902. A taxpayer subject to recapture is required to report and pay the amount of recapture due regardless of whether the taxpayer has $350,000 or more of apportioned or allocated gross receipts.

Line 41: Add lines 39 and 40, if less than or equal to $100, enter zero.

PART 3: PAYMENTS AND TAX DUE

Line 43: Enter the total estimated CIT tax paid with the *CIT Quarterly Tax Return* (Form 4913), the estimated CIT paid with Form 160, or the amount of estimated CIT tax paid through Electronic Funds Transfer. Include all payments made on returns that apply to the tax year included in this return. For example, calendar year filers include money paid with the above listed returns for return periods January through December.

UBGs: Include all applicable estimated payments made by the members of the UBG for the tax year included in this return.

Line 44: Enter the total withholding payments made on your behalf by Flow-Through Withholding 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 CIT Schedule of Flow-Through Withholding (Form 4911) 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 4911, column E.

Line 48: If penalty and/or interest are owed for not filing estimated returns or for underestimating tax, complete the *CIT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4899), to compute penalty and interest due. If a taxpayer chooses not to file Form 4899, Treasury will compute penalty and interest and bill for payment.

Line 49: Enter the overdue tax penalty. Use the following "Overdue Tax Penalty" worksheet. Refer to the "Computing Penalty and Interest" section in Form 4890 to determine the appropriate penalty percentage.

WORKSHEET – OVERDUE TAX PENALTY

A.	Tax due from Form 4891, line 47	00
B.	Late/extension or insufficient payment penalty percentage	%
C.	Multiply line A by line B	00

Carry amount from line C to Form 4891, line 49.

Line 50: Enter the overdue tax interest. Use the following "Overdue Tax Interest" worksheet. Refer to the "Computing Penalty and Interest" section in Form 4890 to determine the appropriate penalty percentage.

WORKSHEET – OVERDUE TAX INTEREST

A.	Tax due from Form 4891, line 47	00
B.	Applicable daily interest percentage	%
C.	Number of days return was past due	
D.	Multiply line B by line C	%
E.	Multiply line A by line D	00

Carry amount from line E to Form 4891, line 50.

Line 50 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 in the "Computing Penalty and Interest" section in Form 4890, 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 line 50.

PART 4: REFUND OR CREDIT FORWARD

Line 52: If the amount of the tax overpayment, less any penalty and interest due on lines 48, 49 and 50 is less than zero, enter the difference (as a positive number) on line 51. If the amount is greater than zero, enter on this line.

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 CIT tax year. Complete lines 53 and 54 as applicable.

Line 53: If the taxpayer anticipates a CIT liability in the filing period subsequent to this return, some or all of any overpayment from line 52 may be credited forward to the next tax year as an estimated payment. Enter on this line the desired amount to use as an estimate for the next CIT tax year.

Line 54: Enter the amount of refund requested.

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

Other Supporting Forms and Schedules

Federal Forms: Include copies of these forms to the return.

- **C Corporations:** U.S. Form *1120* (pages 1 through 5), *Schedule D*, Form *851*, Form *4562,* and Form *4797.* If filing as part of a consolidated federal return, attach a pro forma or consolidated schedule.
- **Limited Liability Companies:** Attach appropriate schedules listed above if you have elected to be taxed as a C corporation.
- **Federally Exempt Entities:** In certain circumstances, a federally tax exempt entity must file a CIT return. In those cases, attach U.S. Form 990-T (pages 1 through 4).

UBGs: See the instructions for Forms 4896 and 4897 for information regarding federal attachments for members of UBGs.

* Do not send copies of Federal K-1s. Treasury will request them if necessary.