

Michigan Business Tax (MBT)

Sample Calculation Template (Updated for December 1, 2007 Changes)

Name of Business	
Michigan Compensation	
Michigan Investment	
Michigan R&D Expense	
Industrial Personal Prop Tax	

Business Income Tax

Modified Gross Receipts Tax

Federal Taxable Income (Line 30, of 1120)	
Additions:	
Non-MI Municipal Bond Interest	
MBT & State Net Inc. Taxes	
Federal NOLs	
Related Party Royalties, Interest, or Other Expenses	
Subtractions:	
Dividends (<i>including deemed dividends & Sec. 78 Gross Up</i>) & foreign royalties	
Partnership Income or (Loss)	
Interest income from U.S. obligations	
Modified Business Income	
Less: Allocable Income	
Apportionable Business Income	
Times Sales Apportionment %	
Apportioned Business Income	
Plus: Allocated Income (If Any)	
Less: BIT Loss C/O	
Business Income Subject to Tax	
Times Tax Rate	4.95%
BIT (Before Credits)	
Combined BIT + Mod GR Tax (Before Surcharge)	
Surcharge @ 21.99% (See Note)	
Combined BIT + Mod GR Tax + Surcharge	
Less: Comp Credit	
Less: ITC	
Less: R&D	
Combined Tax After Regular Credits	
Less: Personal Prop Tax Credit	
Less: Other Credits	
Combined MBT After Credits	

Gross Receipts	
Less: Purchases from Other Firms	
Less: Allocable GR	
Modified Gross Receipts	
Times Sales Apportionment %	
Apportioned Modified GRs	
Plus: Allocated GR (If Any)	
Modified GRs Subject to Tax	
Times Tax Rate	.80%
Mod GRs Tax (Before Credits)	

Note: Surcharge rate is 21.99% and is based taxpayer's MBT liability before credits. There is a cap of \$6 million on the amount of the surcharge, which may not be reduced by the Michigan compensation, investment or R&D credits.

BIT + Mod GR Plus ((BIT + Mod GR) Times Surcharge)

Michigan Compensation Times 0.296% (2008); .37% (2009 & Thereafter)
Capped at 50% of Tax before Surcharge for 2008 and 52% for 2009 & Thereafter

Michigan Investment Times 2.32% (2008); 2.9% (2009 & Thereafter)
Capped at 50% of Tax before Surcharge for 2008 and 52% for 2009 & Thereafter

Michigan R&D Times 1.52% (2008); 1.9% (2009 & Thereafter)
Capped at 65% of Tax before Surcharge

35% refundable MBT credit for taxes paid on "Industrial" PP.

Ordering of credits is not clear at this time, guidance required.