

FEIN or TR Number

UBG Member FEIN or TR Number

# Business Income Worksheet

Complete the appropriate parts below, based on the person's organization type. Part 1 is for an Individual or Fiduciary; Part 2 is for a C Corporation (or a person filing federal returns as a C Corporation); and Part 3 is for a Partnership or S Corporation (or a person filing a federal return as a Partnership or an S Corporation). This worksheet will calculate business income as defined by law in most circumstances. Taxpayers and tax professionals are expected to be familiar with uncommon situations within their experience, which produce business income not identified by specific lines on this worksheet, and report that amount on the most appropriate line. Include an attachment explaining that line. The Michigan Department of Treasury may adjust the figure resulting from this worksheet to account properly for such uncommon situations. Complete and attach this worksheet to your return. Unitary Business Groups (UBG) must complete and attach a worksheet for each member.

## PART 1: INDIVIDUALS AND FIDUCIARIES

- 1. U.S. Form 1040, Schedule C or C-EZ, net profit/loss..... 1. 

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- 2. U.S. Form 1040, Schedule D, gain/loss <sup>(a)</sup>..... 2. 

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- 3. U.S. Form 1040, Schedule E, line 26 rent and royalty income/loss ..... 3. 

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- 4. U.S. Form 4797 gain/loss not included in Schedule D <sup>(a)</sup>..... 4. 

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- 5. Domestic Production Activities deduction based on IRC § 199 reported on U.S. Form 8903, to the extent deducted from federal taxable income <sup>(d)</sup>..... 5. 

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- 6. Other Income. Include an attachment explaining this line. .... 6. 

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- 7. **Total business income before adjustment.** Add lines 1 through 6..... 7. 

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- 8. Adjustments due to decoupling of Michigan depreciation from section 168(k) of IRC. If adjustment is negative, enter as negative:
  - a. Net bonus depreciation adjustment <sup>(b)</sup> ..... 8a. 

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  - b. Gain/loss adjustment on the sale of an eligible depreciable asset <sup>(c)</sup> ..... 8b. 

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- 9. Add lines 8a and 8b. If negative, enter as negative..... 9. 

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- 10. **Total business income after adjustment.** Add lines 7 and 9. Carry amount to Form 4567, line 28. For a UBG member, carry amount to Form 4580, Part 2A, line 30 ..... 10. 

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## PART 2: C CORPORATIONS

- 11. Federal taxable income from U.S. Form 1120..... 11. 

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- 12. Domestic Production Activities deduction based on IRC § 199 reported on U.S. Form 8903, to the extent deducted from federal taxable income <sup>(d)</sup>..... 12. 

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- 13. Miscellaneous. Include an attachment explaining this line ..... 13. 

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- 14. **Total business income before adjustment.** Add lines 11, 12 and 13 ..... 14. 

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- 15. Adjustments due to decoupling of Michigan depreciation from section 168(k) of IRC. If adjustment is negative, enter as negative:
  - a. Net bonus depreciation adjustment <sup>(b)</sup> ..... 15a. 

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  - b. Gain/loss adjustment on the sale of an eligible depreciable asset <sup>(c)</sup> ..... 15b. 

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- 16. Add lines 15a and 15b. If negative, enter as negative..... 16. 

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- 17. **Total business income after adjustment.** Add lines 14 and 16. Carry amount to Form 4567, line 28. For a UBG member, carry amount to Form 4580, Part 2A, line 30 ..... 17. 

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## PART 3: PARTNERSHIPS AND S CORPORATIONS

- 18. U.S. Form 1065, or 1120S Schedule K, Income (loss):
  - a. Ordinary income/loss..... 18a. 

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  - b. Net real estate rental income/loss ..... 18b. 

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  - c. Net other rental income/loss ..... 18c. 

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  - d. Interest, dividend, and royalty income ..... 18d. 

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  - e. Net short-term gain/loss ..... 18e. 

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  - f. Net long-term gain/loss..... 18f. 

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  - g. Other portfolio income/loss..... 18g. 

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  - h. Guaranteed payments to partners or wages paid to a member of a LLC Partnership ..... 18h. 

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  - i. Other net gain/loss under section 1231 ..... 18i. 

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  - j. Other income. Include an attachment explaining this line ..... 18j. 

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- 19. **Total income/loss.** Add lines 18a through 18j..... 19. 

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PART 3: PARTNERSHIPS AND S CORPORATIONS (CONT.)

20. U.S. Form 1065 or 1120S, Schedule K, Deductions:

a. Charitable contributions.....	20a.		00
b. Section 179 expense.....	20b.		00
c. Deductions related to portfolio income.....	20c.		00
d. Other deductions, excluding deductions for domestic production activities (IRC § 199). <sup>(d)</sup> Include an attachment explaining this line.....	20d.		00
21. <b>Total deductions.</b> Add lines 20a through 20d.....	21.		00
22. <b>Total business income before adjustments.</b> Subtract line 21 from line 19.....	22.		00
23. Adjustments due to decoupling of Michigan depreciation from section 168(k) of IRC (If adjustment is negative, enter as negative):			
a. Net bonus depreciation adjustment <sup>(b)</sup> .....	23a.		00
b. Gain/loss adjustment on the sale of an eligible depreciable asset <sup>(c)</sup> .....	23b.		00
24. Add lines 23a and 23b. If negative, enter as negative.....	24.		00
25. <b>Total business income after adjustment.</b> Add lines 22 and 24. Carry amount to Form 4567, line 28. For a member of a UBG, carry amount to Form 4580, Part 2A, line 30.....	25.		00

- (a) U.S. Forms 1040D and 4797: Report only gains or losses from assets used in a business activity. Do not include personal gains and losses.
- (b) For the computation of business income for Michigan Business Tax (MBT) purposes, persons who claimed a federal special depreciation deduction under IRC § 168(k) on property first placed in service in 2008 or later must calculate the net bonus depreciation adjustment on those assets as follows: net bonus depreciation adjustment in tax year equals the total federal depreciation claimed in tax year less the total amount of depreciation that would be claimed in the federal return in the tax year if the person had elected not to utilize the bonus depreciation allowance at IRC § 168(k). A person may not elect IRC § 179 expensing of an asset for MBT purposes if it did not elect to use IRC § 179 for that asset federally.
- (c) For the computation of business income for MBT purposes, persons who claimed a federal special depreciation deduction under IRC § 168(k) on property first placed in service in 2008 or later and subsequently disposed of that property in the current tax year must calculate the gain/loss adjustment on the sale of those assets as follows: gain/loss adjustment in tax year equals the total amount of federal depreciation that would be claimed in the federal return over the years (starting the year the asset was placed in service and ending on the current tax year) if the person had elected not to utilize the bonus depreciation allowance at IRC § 168(k) on the property being disposed LESS the total federal depreciation claimed over the years (starting the year asset was placed in service and ending on the current tax year). A person may not elect IRC § 179 expensing of an asset for MBT purposes if it did not elect to use IRC § 179 for that asset federally.
- (d) Generally, IRC 199 was repealed effective for tax years beginning after December 31, 2017. Therefore, most taxpayers will leave this line blank. However, the federal deduction can still be taken in limited circumstances or it's possible that a member of a UBG return includes in this return its tax year beginning before January 1, 2018. In any case, to the extent a deduction was taken in this tax year's federal taxable income, report that deduction here.