

# 2017 MICHIGAN Business Tax (MBT) Tribal Agreement Apportionment

Issued under authority of Public Act 36 of 2007.

This form is only available to signatory tribes with implemented agreements and their qualifying members.

|         |   |
|---------|---|
| 1. Name | 2. Federal Employer Identification Number (FEIN) or TR Number |
|---------|---|

## PART 1: APPORTIONMENT PERCENTAGE FOR TRIBES (MBT), TRIBAL MEMBERS (MBT) OR TRIBAL ENTITIES (MBT) OWNERSHIP PORTION

### Sales Factor

|   |    |  |    |
|---|----|--|----|
| 3. Michigan sales <b>outside</b> the Expanded Tribal Agreement Area (ETAA)..... | 3. |  | 00 |
| 4. Total Sales .....  | 4. |  | 00 |
| 5. Apportionment Percentage. Divide line 3 by line 4.....                       | 5. |  | %  |

## PART 2: APPORTIONMENT PERCENTAGE FOR NON TRIBES (MBT), NON TRIBAL MEMBERS (MBT) OR NON TRIBAL ENTITIES (MBT) OWNERSHIP PORTION

### Sales Factor

|   |    |  |    |
|---|----|--|----|
| 6. Michigan Sales .....                                   | 6. |  | 00 |
| 7. Total Sales .....                                      | 7. |  | 00 |
| 8. Apportionment Percentage. Divide line 6 by line 7..... | 8. |  | %  |

## PART 3: GROSS RECEIPTS TAX APPORTIONED TAX BASE

|   |     |  |    |
|---|-----|--|----|
| 9. Modified Gross Receipts. Enter the amount from Form 4567, line 23.....   | 9.  |  | 00 |
| 10. Enter the percentage from Form 4598, line 4.....  | 10. |  | %  |
| 11. Multiply line 9 by line 10 .....  | 11. |  | 00 |
| 12. Enter the percentage from Form 4598, line 5.....  | 12. |  | %  |
| 13. Multiply line 9 by line 12 .....  | 13. |  | 00 |
| 14. Apportioned Tax Base attributable to Tribes (MBT), Tribal Members (MBT), or Tribal Entities (MBT). Multiply line 11 by line 5.....              | 14. |  | 00 |
| 15. Apportioned Tax Base attributable to non Tribes (MBT), non Tribal Members (MBT), or non Tribal Entities (MBT). Multiply line 13 by line 8 ..... | 15. |  | 00 |
| 16. <b>Apportioned Modified Gross Receipts Tax Base.</b> Add line 14 and line 15. Enter here and on Form 4567, line 24.....                         | 16. |  | 00 |

## PART 4: BUSINESS INCOME TAX APPORTIONED TAX BASE

|   |     |  |    |
|---|-----|--|----|
| 17. Business Income Tax Base. Enter the amount from Form 4567, line 44.....   | 17. |  | 00 |
| 18. Enter the percentage from Form 4598, line 4.....  | 18. |  | %  |
| 19. Multiply line 17 by line 18 .....   | 19. |  | 00 |
| 20. Enter the percentage from 4598, line 5.....   | 20. |  | %  |
| 21. Multiply line 17 by line 20 .....   | 21. |  | 00 |
| 22. Apportioned Tax Base attributable to Tribes (MBT), Tribal Members (MBT), or Tribal Entities (MBT). Multiply line 19 by line 5.....              | 22. |  | 00 |
| 23. Apportioned Tax Base attributable to non Tribes (MBT), non Tribal Members (MBT), or non Tribal Entities (MBT). Multiply line 21 by line 8 ..... | 23. |  | 00 |
| 24. <b>Apportioned Business Income Tax Base.</b> Add line 22 and line 23. Enter here and on Form 4567, line 45.....                                 | 24. |  | 00 |

# Instructions for Form 4597

## Michigan Business Tax (MBT) Tribal Agreement Apportionment

**Purpose:** To determine the apportioned tax bases for entities owned in whole or in part by tribes with State / Tribal tax agreements (and their members) who have business activity within the Expanded Tribal Agreement Area (ETAA), as defined in the agreement.

### **PART 1: Apportionment Percentage for Tribes (MBT), Tribal Members (MBT) or Tribal Entities (MBT) Ownership Portion.**

The Michigan tax bases attributable to signatory tribes and their members are based only on the business activity conducted outside the ETAA. This activity is measured by sales. The sales factor determines the portion of activity that is taxable.

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.

Complete this form using amounts for the taxpayer's business activity only. Do not include amounts from, or interest in, a partnership, S Corporation, or LLC.

#### **Sales Factor.**

The sales factor is equal to total sales in Michigan outside the ETAA (line 3), divided by the total sales everywhere (line 4).

*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.

Sales of tangible personal property are in this state, or within the ETAA, if the property is shipped or delivered, or, in the case of electricity and gas, the contract requires the property to be shipped or delivered, to any purchaser within this state, or the ETAA, based on the ultimate destination at the point the property comes to rest, regardless of the free on board point or other conditions of the sales.

*Tangible personal property* means that term as defined in Section 2 of the Use Tax Act, Public Act (PA) 94 of 1937, MCL 205.92.

For more information associated with the assignment of sales, refer to the "Sourcing of Sales to Michigan" section of the *MBT Forms and Instructions Book for Standard Taxpayers*

(Form 4600), located after the instructions for the *MBT Annual Return* (Form 4567). Note that the instructions will only reference sales within Michigan. The same principles will apply where such instances occur in the ETAA.

In calculating the State sales factor, the numerator only excludes sales that are destined to the Tribe (MBT), Resident Tribal Members (MBT) and sales shipped to destinations outside the state.

### **PART 2: Apportionment Percentage for Non Tribes (MBT), Non Tribal Members (MBT) or Non Tribal Entities (MBT) Ownership Portion.**

Entities which are not wholly owned by any combination of Tribes (MBT), Tribal Members (MBT) or Tribal Entities (MBT) must complete Parts 1 and 2 of this form. In Part 2, the sales factor is determined as described in Part 1, except the numerator incorporates all of Michigan (including within the ETAA).

In calculating the State sales factor, the numerator only excludes sales that are shipped to destinations outside the state.

### **PARTS 3 and 4: Apportioned Tax Bases.**

The apportioned tax bases attributable to Tribes (MBT), Tribal Members (MBT) or Tribal Entities (MBT) ownership are computed by applying the apportionment percentage determined in Part 1 to the tax bases attributable to the ownership interest held by Tribes (MBT), Tribal Members (MBT) or Tribal Entities (MBT).

The apportioned tax bases attributable to non Tribes (MBT), non Tribal Members (MBT) or non Tribal Entities (MBT) ownership are computed by applying the apportionment percentage determined in Part 2 to the tax bases attributable to the ownership interest held by non Tribes (MBT), non Tribal Members (MBT) or non Tribal Entities (MBT).

The two apportioned tax bases must be combined into a single apportioned tax base for both the Gross Receipts Tax and the Business Income Tax.

#### **Line-by-Line Instructions**

*Lines not listed here are explained on the form.*

### **PART 1: Apportionment Percentage for Tribes (MBT), Tribal Members (MBT) or Tribal Entities (MBT) Ownership Portion.**

**Line 5, Apportionment Percentage.** Use this percentage to calculate the apportioned tax bases in Part 3, line 14 and Part 4, line 22.

### **PART 2: Apportionment Percentage for Non Tribes (MBT), Non Tribal Members (MBT) or Non Tribal Entities (MBT) Ownership Portion.**

**Line 8, Apportionment Percentage.** Use this percentage to calculate the apportioned tax bases in Part 3, line 15 and Part 4, line 23.

### **PARTS 3 and 4: Apportioned Tax Bases.**

**Lines 10 and 18.** Enter the total percentage of ownership interest held by Tribes (MBT), Tribal Members (MBT) or Tribal Entities (MBT) from the *MBT Tribal Agreement Ownership Schedule* (Form 4598), line 4.

**Lines 12 and 20.** Enter the total percentage of ownership interest held by non Tribes (MBT), non Tribal Members (MBT) or non Tribal Entities (MBT) from Form 4598, line 5.