MICHIGAN Net Operating Loss Carryback Refund Request

Issued under authority of Public Act 281 of 1967, as amended.

Loss Year (YYYY)

Use this form for loss years 2018 and 2019 as it accommodates provisions of the federal CARES Act.
Type or print in blue or black ink.

Filer's First Name	M.I.	Last Name	Filer's Full Social Security No. (Example: 123-45-6789)
If a Joint Return, Spouse's First Name	M.I.	Last Name	Spouse's Full Social Security No. (Example: 123-45-6789)
Home Address (Number, Street, or P.O. Box)			
City or Town		State	ZIP Code

1. ☐ Check the box and see instructions if there was a change in filing or marital status between the loss year and carryback year(s).

PART 1: NOL AVAILABLE FOR CARRYBACK

2. Enter Michigan NOL computed on MI-1045 for the loss year identified above as a positive number .... | | 00

PART 2: REDETERMINE MICHIGAN INCOME TAX

If only one carryback year, use column A. Complete lines 3 through 30 one column at a time.

	A.	B.	C.
3. Year to which NOL is being carried back....................			
4. Reported federal AGI for the year indicated on line 3..	00	00	00
5. Additions from Schedule 1......................................	00	00	00
6. Balance. Add lines 4 and 5	00	00	00
7. Subtractions from Schedule 1. Enter as a positive number	00	00	00
8. Income subject to tax. Subtract line 7 from line 6 (see instructions)	00	00	00
9. Michigan NOL Carryover (see instructions).................	00	00	00
10. Balance. Subtract line 9 from 8. If line 9 is greater than line 8, enter "0"	00	00	00
11. Michigan exemption allowance from MI-1040, line 15	00	00	00
12. Taxable income. Subtract line 11 from 10. If line 11 is greater than line 10, enter "0"...................................	00	00	00
13. Tax. Multiply line 12 by 4.25% (0.0425)	00	00	00
14. Nonrefundable tax credits...	00	00	00
15. Subtotal. Subtract line 14 from line 13. If line 14 is greater than line 13, enter "0"	00	00	00
16 Use Tax and Voluntary Contributions (see instructions)	00	00	00
17. Tax due after NOL Carryback. Add lines 15 and 16	00	00	00
18. Refundable credits..	00	00	00
19. Tax withheld..	00	00	00

Filer's Full Social Security Number | — | — |

	A.	B.	C.
20. Tax paid with prior returns.	00	00	00
21. Estimated tax payments	00	00	00
22. Total. Add lines 18 through 21.	00	00	00
23. Tax previously refunded or carried to next year..........	00	00	00
24. Balance of tax paid. Subtract line 23 from line 22. If line 23 is greater than line 22, enter "0"....................	00	00	00
25. **Overpayment.** Subtract line 17 from line 24 .... **REFUND**	00	00	00

PART 3: COMPUTE THE NOL CARRYOVER

	A.	B.	C.
26. Enter the lesser of line 8 or line 9.............................	00	00	00
27. NOL before modifications. Subtract line 26 from line 9	00	00	00
28. Excess Capital Loss deduction included in line 8........	00	00	00
29. Domestic production activities deduction (DPAD) included in line 8...	00	00	00
30. NOL carryover to a following year. Subtract lines 28 and 29 from line 27. If less than zero enter "0". (See instructions).......................................	00	00	00

Taxpayer Certification. *I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge.*		**Preparer Certification.** *I declare under penalty of perjury that this return is based on all information of which I have any knowledge.*
Filer's Signature	Date	Preparer's PTIN, FEIN or SSN
Spouse's Signature	Date	Preparer's Name (print or type)
☐ By checking this box, I authorize Treasury to discuss my return with my preparer.		Preparer's Business Name, Address and Telephone Number

Mail your completed form to: **Michigan Department of Treasury, P.O. Box 30058 Lansing, MI 48909**

NOTE: Do not file Form 5603-CARES Act with Form MI-1040 for the loss year indicated above. These forms are to be mailed to different addresses. Sending these forms together may delay the processing of your return.

Instructions for *Michigan Net Operating Loss Carryback Refund Request* (Form 5603-CARES Act)

Federal CARES Act of 2020

The federal CARES Act of 2020 amended the net operating loss (NOL) provisions in Internal Revenue Code (IRC) 172 for a carryback of any NOL arising in a taxable year beginning after December 31, 2017 and before January 1, 2021.

For tax years 2018 and 2019:

- NOL carrybacks are not limited to a farming loss
- NOLs can be carried back to the five preceding tax years
- NOL deductions are not limited to 80% of income subject to tax

Purpose

Form 5603-CARES Act is used to request a refund from a 2018 or 2019 NOL carryback. An NOL created in these years can be carried back to the five preceding tax years to offset income subject to tax. Include an additional Form 5603-CARES Act to carry the NOL back all five years.

If an election was made to forgo the entire carryback period, then do not file this form. Once the election is made, it is irrevocable. If you were statutorily prevented from carrying back the loss and carried your loss forward, the CARES Act now allows you to carry back the loss. You may carry back the loss by filing Form 5603-CARES Act and amending Form MI-1040 to account for the reduced NOL available in the carryforward year.

For more information on NOLs, see *Michigan Net Operating Loss Schedule* (Schedule MI-1045) instructions.

NOL Carryback

Form 5603-CARES Act must be filed to request a refund from an NOL carryback. This form must be supported by an MI-1045 for the loss year and all supporting documentation. An amended MI-1040 may not be filed in lieu of Form 5603-CARES Act to claim a refund from an NOL carryback.

To carry back a Michigan NOL to prior years, Form 5603-CARES Act must be filed within four years after the date set for filing the return for the year in which the NOL was incurred. For example, if the NOL is created in 2018, the 2018 return is due April 15, 2019. Form 5603-CARES Act must be filed by April 15, 2023 to carry back the 2018 Michigan NOL to a year that is otherwise outside the general four-year statute of limitations period to claim a refund. If Form 5603-CARES Act is filed after the four-year statutory period has expired, no refund is allowed for the carryback year. However, after absorbing the NOL in those carryback periods, a carryforward may still exist to offset income subject to tax in subsequent years.

After the loss is carried back to the earliest year allowed, the carryover must be reduced by any Michigan sourced excess capital loss and other modifications required under IRC 172 that were claimed in the carryback year(s). For example, if excess capital loss and domestic production activities deduction (DPAD) were in 2013 adjusted gross income (AGI), the NOL created in 2018 that is carried back to 2013 must be reduced to the extent the deductions reduced 2013 Michigan taxable income before the remainder may be carried to the next year. These modifications are required even if there is no income subject to tax.

After computing the carryover, the unused NOL is carried to the next carryback year. After the five-year carryback, any unused NOL may be carried forward indefinitely until absorbed.

Note: To carryback NOLs created in 2017 and prior, see 2017 Form MI-1045 and instructions.

Line-by-Line Instructions for Form 5603-CARES Act

Lines not listed are explained on the form.

Line 1: If there was a change in filing or marital status between the loss year and carryback year(s), the allowed NOL deduction may be affected. See IRS Publication 536 to determine how to compute your share of a Michigan NOL and/or how to recompute your Michigan taxable income, in accordance with your situation for purposes of this form. Complete Form 5603-CARES Act according to the form instructions, except when instructed differently below.

If your situation requires you to recompute your Michigan taxable income on this form, enter your share of AGI reported on the MI-1040 for the carryback year on line 3. Enter your share of total additions included in Schedule 1 on line 5. Enter your share of total subtractions

included in Schedule 1 on line 7. Enter your share of Michigan exemption allowance from the MI-1040 on line 11. Include a separate statement detailing your portion of the income or loss included in AGI. Include the type and location for each item listed.

Part 2: Redetermine Michigan Income Tax

To carry back the NOL to all five preceding tax years, an additional Form 5603-Cares Act is required.

Line 5: Enter Michigan Schedule 1 Additions from the year reported on line 3.

Line 7: Enter Michigan Schedule 1 Subtractions from the year reported on line 3.

Line 8: If income subject to tax before any Michigan NOL deduction is negative, there is no income to be offset. **Do not** complete lines 9 through 29, skip to line 30 and enter the following to determine your carryover to the following year, when applicable:

- For the earliest year of the carryback, enter the amount from line 2 on line 30.
- For all other years, enter the amount from line 30 of the previous column on line 30 of this column.

Line 9: Start with Column A for the earliest year of the carryback.

- Column A: Enter the Michigan NOL from line 2
- Column B: Enter the NOL carryover computed on line 30, Column A
- Column C: Enter the NOL carryover computed on line 30, Column B

If an additional Form 5603-CARES Act is required, continue with the following instructions

- Column A: Enter the NOL carryover computed on line 30, Column C of the first form
- Column B: Enter the NOL carryover computed on line 30, Column A of the second form

Line 14: Enter the total of nonrefundable credits received for Income Tax Imposed by government units outside Michigan and the Michigan Historic Preservation Tax Credit carryforward for the year reported on line 3, if applicable.

Line 16: Enter the total of Use Tax and Voluntary Contributions reported on the MI-1040 for the year reported on line 3, if applicable.

Line 18: Enter the total refundable credits received for the Homestead Property Tax, Farmland Preservation Tax and any other refundable credits for the year reported on line 3, if applicable.

Line 24: Enter the total tax paid with Form MI-1040 plus any additional tax paid after the original return was filed for the year reported on line 3. Do not include penalty or interest that was reported on the return or included with any payment(s).

Part 3: Compute the NOL Carryover

Lines 28 and 29: For the required modifications under IRC 172, report the excess capital loss deduction and DPAD included in line 8.

Line 30: NOL carryover to the following year. If the result is less than zero enter "0". After the carryback, any unused NOL may be carried forward indefinitely until absorbed.

Required Supporting Documentation

To help reduce processing delays, review the following to ensure all supporting documents are included when claiming an NOL deduction.

☐ MI-1045 and all supporting documentation (if not already provided to the Michigan Department of Treasury for the loss year). See Schedule MI-1045 instructions

☐ If the box on Form 5603-CARES Act, line 1 is checked, provide the calculation showing how you redetermined your Michigan NOL and/or Michigan taxable income

☐ If requesting a Farmland Preservation Tax Credit in a carryback year, include an MI-1040CR-5. See the MI-1040CR-5 instruction book for additional required documentation.