

2005 MICHIGAN SBT Schedule of Shareholders and Officers
For all corporations claiming statutory exemption or small business credit

Issued under authority of P.A. 228 of 1975. See instruction booklet for filing guidelines.

1. Name	2. Federal Employer Identification Number (FEIN) or TR Number
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PART 1: SHAREHOLDERS AND OFFICERS - See instruction booklet.

3A. Shareholder (including corporation and trust) or officer name (Last, First, Initial)	B. Social Security Number	C. If an officer, check here.	D. % Time	E. % Stock	F. % Stock with attribution	G. % Stock from col. F less any attribution between 2 active shareholders
a.						
b.						
c.						
d.						
e.						
f.						
g.						
h.						
☞ % of stock (not listed above) owned by shareholders who own less than 20% and receive no compensation.					%	
Continue below using same a through h line references.				Total	100%	
H. Dividends -used to determine active shareholders	I. Salaries, wages and/or director fees	J. Employee insurance plans, pensions, etc.	K. Total compensation and director fees for officers and/or shareholders -add columns I & J	L. Share of business income/loss -Form C-8000C, line 6 x column G.	M. Total shareholder/officer income -add columns K & L.	
a.						
b.						
c.						
d.						
e.						
f.						
g.						
h.						

If more space is needed, attach additional C-8000KC forms. Identify each additional form and complete Part 1.

PART 2: STATUTORY EXEMPTION - See definition of qualified shareholder in the instruction booklet.

4. Qualified shareholders. Add the number of qualified shareholders from Part 1.
Enter here and on C-8043, line 8a 4. _____
5. Compensation and director fees of ALL shareholders. Add amounts in column K for each shareholder showing ownership in column E. Enter here and on C-8043, line 5 5. _____ .00

PART 3: SMALL BUSINESS CREDIT - See definition of active shareholder in the instruction booklet.

6. Compensation and director fees of active shareholders. Add amounts in column K for each active shareholder. Enter here and on C-8000C, line 7 or C-8044, line 11 6. _____ .00
7. Compensation and director fees of officers. Add amounts in column K for each officer who is not an active shareholder. Enter here and on C-8000C, line 8 or C-8044, line 11 7. _____ .00

Instructions for C-8000KC

Schedule of Shareholders and Officers

Purpose: For all **corporations** to determine eligibility for the standard small business credit or alternate tax and for professional and S Corporations to determine which shareholders qualify for the increased exemption.

① **Note:** For purposes of computing the statutory exemption only, a member of an LLC is treated as a shareholder if the LLC is taxed as a corporation. For the purpose of computing the small business credit, a manager of an LLC is treated as an officer if the LLC is taxed as a corporation.

If filing as a corporation and claiming a statutory exemption, standard small business credit or calculating the alternate tax, complete this form and attach it to the annual return to report:

- Qualified shareholders for the increased statutory exemption
- Compensation and director fees of all shareholders for the computation of the statutory exemption
- Shareholders and officers qualifications for the small business credit or alternate tax
- Compensation and director fees of active shareholders and all officers for the computation of the small business credit or alternate tax.

Line-By-Line Instructions

Lines not listed here are explained on the form.

Line 2, Account Number. Enter the same account number used on page 1 of the annual return.

PART 1: Shareholders and Officers

Line 3 (Columns A-M). In column 3A, a through h, list and describe all shareholders and officers who:

- Are employees of the corporation;
- Are directors of the corporation; or
- Own 20 percent or more of the stock of the corporation, including those by attribution.

Shareholder means a person who owns outstanding stock in the business. An individual is considered as owning the stock, directly or indirectly, by or for family members as defined by IRC Section 318(a)(1). An **officer** of any corporation, **other than an S Corporation**, includes the chairperson of the board, president, vice-president, secretary and treasurer, or persons performing similar duties.

Columns A and B: Identify each officer and shareholder (including corporation and trust and those with ownership by attribution) by name and Social Security number. Corporations or trusts should be identified using federal employer identification number (FEIN) or Michigan Treasury (TR) number.

① **Note:** Rules of attribution do not differentiate between an adult and a minor child [IRC Section 318(a)(1)].

Column D: Enter the percentage of each shareholder's time that is spent working in this business. This is used for the statutory exemption only.

Column E: Enter the percentage of outstanding stock each officer or shareholder owns. If a shareholder owned stock for a period less than the corporation's tax year, multiply that shareholder's percentage of ownership by the number of months owned and divide the result by the number of months in the corporation's tax year.

Taxpayers must account for 100 percent of the stock. If it is not accounted for, processing of the return may be delayed.

Column F: Enter the percentage of outstanding stock each shareholder owns, including attribution of ownership from family members under IRC section 318(a)(1). The percentage of ownership in column F **must be greater than or equal to** the percentage of ownership in column E.

Column G: Enter the percentage of outstanding stock each shareholder owns, including attribution of ownership **only** from, or to, family members who are **not** active shareholders. See definition of active shareholders on the next page. For the purposes of determining disqualification, an active shareholder's share of business income is not attributed to another active shareholder.

① **Note:** Column G is the same as Column F, minus any attribution between two active shareholders. All columns should add up to at least 100 percent.

Example

In this case, the husband and daughter are active shareholders. The wife and son are not active because compensation, directors fees or dividends from the business are less than \$10,000.

	STOCKPERCENTAGE		
	<u>Column E</u>	<u>Column F</u>	<u>Column G</u>
Husband (active)	40%	100% (all shareholders)	70% (husband/wife/son)
Wife (inactive)	10%	100% (all shareholders)	100% (all shareholders)
Son (inactive)	20%	70% (husband/wife/son)	70% (husband/wife/son)
Daughter (active)	30%	80% (husband/wife/ daughter)	40% (wife/daughter)

Column H: Enter total dividends received by each shareholder during the tax year from this business (used to determine active shareholders). This includes regular distributions for an S Corporation.

Column I: Enter salaries, wages and director's fees from Form C-8000, line 12 that are attributable to each shareholder or officer.

ⓘ **Note:** All compensation must be included, whether the shareholder/officer worked in Michigan or not.

Column J: Enter employee insurance payments and pensions from Form C-8000, lines 13 through 15, that are attributable to each shareholder or officer.

Column L: In determining share of business income/loss, the Department of Treasury cannot attribute stock ownership between two active shareholders.

Multiply the amount on Form C-8000C, *SBT Credit for Small Businesses and Contribution Credits*, line 6 (sum of business income and losses), by the percentage in column G for each shareholder and enter the result in column L.

Members of a controlled group or affiliated companies. Multiply the percentage in column G by the sum of the following:

- Business income on Form C-8000, line 11
- Any capital loss carryover or carryback on Form C-8000, line 21
- Any net operating loss carryover or carryback on Form C-8000, line 22.

Remember, percentages in column G must be equal to or greater than those in column E.

PART 2: Statutory Exemption

Line 4, Qualified Shareholders. S Corporations and professional corporations, enter on line 4 the number of shareholders who qualify for the increased exemption. Enter the same number on Form C-8043, *SBT Statutory Exemption Schedule*, line 8a.

A qualified shareholder:

- Is a shareholder of an S Corporation or professional corporation (PC), and
- Is a full-time employee of the taxpayer or devotes at least 51 percent of his or her time to the business (column D = 51 percent or more), and
- Owns, without attribution, at least 10 percent of the business (column E = 10 percent or more), and
- Has a share of business income of at least \$12,000. Share of business income = compensation + share of business income determined without attribution.

For short-period returns or a part-year shareholder,

the shareholder's business income must be annualized to meet this requirement. See page 6.

ⓘ **Note:** A person cannot serve as a qualified shareholder in more than one business.

Line 5, Compensation and Director Fees of All Shareholders. All corporations, regardless of type, should add the compensation and director fees in column K for each shareholder showing ownership in column E and enter the result on Form C-8043, line 5.

ⓘ **Note:** Complete Form C-8043 to determine the allowable exemption.

PART 3: Small Business Credit

Line 6, Compensation and Director Fees of Active Shareholders. Add compensation and director fees in column K for each active shareholder and enter the result on line 6 and on Form C-8000C, line 7.

An active shareholder:

- Is a shareholder of the corporation, *including through attribution*, and
- Owns at least 5 percent of outstanding stock, *including through attribution* (column F = 5 percent or more), and
- Receives at least \$10,000 in compensation, director fees or dividends from the business (sum of columns H and K = \$10,000 or more).

For short-period returns or a part-year shareholder, the shareholder's compensation, director fees and dividends must be annualized to meet this requirement. See page 6 for complete annualization instructions.

Line 7, Compensation and Director Fees of Officers. Add the compensation and director fees in column K for each officer who is **not** an active shareholder and enter the result on line 7 and on Form C-8000C, line 8.

Remember, officers of an S Corporation are not included in this calculation.

ⓘ **Note:** If filing Form C-8044, *Single Business Tax Simplified Return*, enter the total of lines 6 and 7 on line 11 of that form.

Attach this schedule to the return.