

# 2012 MICHIGAN Schedule of Apportionment MI-1040H

Type or print in blue or black ink. Print numbers like this : 0123456789 - NOT like this: 0 1 4 7  
 Attach to the MI-1040. Read the instructions before completing this form.

**Attachment 09**

Your First Name	M.I.	Last Name	Your Social Security Number (Example: 123-45-6789)  — —
Name of Business Entity			Federal Employer Identification Number (FEIN)

## PART 1: COMPUTATION OF APPORTIONMENT PERCENTAGE FOR SALES FACTOR

1. Michigan sales (see instructions regarding throwback sales) .....	1.		00	
2. Total sales.....	2.		00	
3. Percentage. Divide line 1 by line 2. ....	3.		%	

## PART 2: COMPUTATION OF INCOME ATTRIBUTABLE TO ANOTHER STATE(S)

4. Business income included in adjusted gross income that is subject to apportionment (include ordinary and portfolio income, and all other business income).....	4.		00	
5. Multiply the amount on line 4 by the percentage on line 3. ....	5.		00	
6. Income or loss attributable to another state(s). Subtract amount on line 5 from line 4. Enter here and on Michigan Schedule 1, line 11 or line 4 (loss). Nonresidents and part-year residents include this amount on the appropriate line in column C of the Schedule NR .....	6.		00	

### Changes for 2012:

**The apportionment has been changed from a three factor (property, payroll and sales) to a one factor (sales) apportionment.**

Business income from business activity that is taxable both within and outside Michigan is apportioned to Michigan using this form. If you have more than one MI-1040H Schedule of Apportionment, total losses attributable to other states should be reported on line 4 of the Michigan Schedule 1. Total income attributable to other states should be reported on line 11 of the Michigan Schedule 1. The Michigan income tax statute uses the standards prescribed by federal Public Law (P.L.) 86-272 to determine if a taxpayer's income is taxable in another state.

A taxpayer's income is taxable in another state if:

1. In that state the taxpayer is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, a corporate stock tax, or
2. That state has jurisdiction to subject the taxpayer to a net income tax regardless of whether the state does or does not.

## Instructions for Form MI-1040H, Schedule of Apportionment

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### Sales Factor

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Divide the total sales in Michigan during the tax year by the total sales everywhere during the tax year.

“Sales” includes gross receipts from sales of tangible property, rental of property and providing of services that constitute business activity. Exclude all receipts of nonbusiness income.

**Note:** Throwback sales for individual income tax follow federal P.L. 86-272 standards. The business must have physical presence in the other state or activity beyond solicitation of sales in order to exclude sales into another state or country from the numerator. The Michigan income tax act definition of “state” includes a foreign country. Therefore, foreign sales are considered Michigan sales unless the business entity is taxable in the foreign country.

Sales of tangible personal property are in Michigan if:

1. The property is shipped or delivered to a purchaser (other than the United States government) within Michigan regardless of the free on board (F.O.B.) point or other conditions of the sale, or
2. The property is shipped from an office, store, warehouse, factory or other place of storage in Michigan and the purchaser is the United States government or the taxpayer is not taxable in the state of the purchaser.

Sales (other than of tangible personal property) are in Michigan if:

1. The business activity is performed in Michigan, or
2. The business activity is performed both in Michigan and in another state(s), but based on cost of performance, a greater proportion of the business activity is performed in Michigan.

There are special formulas for transportation companies and other authorized taxpayers. Those formulas are identified in Chapter 3 of the Income Tax Act.