

## Partnership Return

Instructions for Form F1065 for Partnerships  
doing business in Flint

**FILING DATE:** Calendar year taxpayers must file by April 30, 2001. Fiscal year taxpayers must file within four (4) months after the end of their fiscal year.

**REMITTANCE:** Partnerships electing to pay tax for Partners must remit for all Partners when filing return. Tax due of one dollar or more (\$1.00), must be paid when filing the return. Make remittance payable to:

TREASURER - CITY OF FLINT.

**MAILING ADDRESS:****REMITTANCE:**

TREASURER, CITY OF FLINT  
INCOME TAX OFFICE  
1101 S. SAGINAW ST  
FLINT, MICHIGAN 48502

**REFUND OR CREDIT:**

TREASURER, CITY OF FLINT  
INCOME TAX OFFICE  
P.O. BOX 1800  
FLINT, MICHIGAN 48501

**Who Must File a partnership Return (Form F1065)**

The City of Flint income tax became effective January 1, 1965. Every Partnership that conducts business activities in the City of Flint, whether or not an office or place of business is maintained in the city, is required to file a return within four (4) months following the end of the taxable year. If on a calendar year basis, the return must be filed by April 30. Syndicates, joint ventures, pools and like organizations will also use Form F1065. So called "tax option" corporations (under Secs. 1371 - 1377, Internal Revenue Code) must file as corporations on Form F1120.

**Resident vs. Non-Resident Partners**

Partners who are residents of Flint are taxed on their entire distributive shares of the net profits of the Partnership, including that arising from business activity outside the city, and including interest, dividends, and royalties and gains from the sale or exchange of property, either tangible or intangible.

Partners who are non-residents of Flint are taxed on their distributive shares of the portion of the net profit which is attributable to business activity in the City, plus net rentals of property in the city and gains from the sale or exchange of real or tangible personal property in the City. They are not taxed on their share of net rentals on property outside the City, gains from the sale or exchange of real or tangible property outside the City, gains from the sale or exchange of securities or other intangible property, or interest or dividends.

The Partnership Return, Form F1065, is designed to distinguish between that income taxed to residents and that taxed to non-residents.

The return shall set forth the entire net profit for the period covered and show the distributive share of each Partner, indicating those who are residents of Flint and those who are non-residents. If residency changes during the taxable period for any Partner, use two lines to indicate allocation of income by status in all schedules where applicable.

**Option to Pay Tax**

At its election, the Partnership may file either an information return or it may compute and pay the tax which is due with respect to each Partner's share of the net profit of the business, after giving effect to exemptions and other items to which each Partner is entitled. Such election is available to all Partnerships regardless

of the residency of the Partners. The Partnership may pay the tax for Partners only if it pays for all Partners subject to the tax.

If the Partnership elects to pay the tax on behalf of the Partners thereof, then such election and payment shall be deemed to meet the requirements for the filing of a return, as provided by the Ordinance, for each Partner who has no other income subject to the tax. However, a return shall be required from any Partner having taxable income other than his distributive share of the net profits of the Partnership. In such instances, the Partner should enter as "Income from Partnerships" on his individual return, the amount shown on the Partnership Return on Page 1, Column 1. The deductions shown in Columns 2 and 3 and the credit in Column 7 paid on his behalf by the Partnership should also be listed on his individual return.

**Partnership as Taxpayer**

If a Partnership elects to pay the tax on behalf of the Partners then it assumes the status of a taxpayer to the following extent:

1. Timely payment. Payment must be made within four (4) months from the end of the fiscal year or period, otherwise it will be subject to interest and penalties the same as a delinquent payment from any other taxpayer.
2. Payment of estimated tax. The election of the Partnership to pay the tax on behalf of the individual Partners also carries with it the requirements to file a Declaration of Estimated Income Tax, Form 1040-ES, if the total estimated tax for the Partnership is expected to exceed \$100, and to pay such tax. If the Partnership so files and makes payments, the Partners will not be required to file a Declaration as individuals, unless they have additional income (from which Flint income tax was not withheld) on which the Flint tax is expected to exceed \$100. The fiscal year of the Partnership will govern in establishing the dates for filing the Declaration and paying the estimated tax.

**Income: Instructions for Page 1****Column 2:**

Dividend Exclusion, Renaissance Zone Deduction and items of income which are non-taxable and which are included in Column 1 of this section may be deducted in Column 2. Partnerships qualified to claim the Renaissance Zone deduction must complete Schedule RZ of Form F-1065. Be certain to attach a copy of approval letter.

If the analysis of Column 7, Schedule 1 on Page 3 indicates that a net capital loss has been realized by any of the Partners, the amount of the excess of the net capital loss included in Column 7, Schedule 1, Page 3 over the Partners allowable capital loss deduction must be added back in Column 2, Page 1. The allowable capital loss deduction for each Partner is lower of (1) the net loss, (2) the amount in Column 1, Page 1, computed without regard to capital gains and losses, or (3) \$3,000.00

If the Partnership is filing an information return only, the individual partners will report their distributed shares of the Partnership's sales and exchanges of property on their individual F1040 returns in the same manner as provided by the Federal Internal Revenue Code.

Any deduction other than the dividend exclusion allowed by the Federal Internal Revenue Code must be explained in an attached schedule.

**Exemptions - Column 3.**

Exemptions are allowed for each Partner and his/her dependents. An exemption of \$600 is allowed for the Partner, the Partner's spouse, and each dependent. In general, the same rules apply in determining dependents as under the Internal Revenue Code. A spouse may be taken as an exemption on the Partnership return only if such spouse has no income subject to the Flint income tax and taxpayer