

# 2000 CITY OF FLINT, MICHIGAN INCOME TAX INSTRUCTIONS FOR RESIDENT RETURNS, FORM F1040-R

## WHO MUST FILE A TAX RETURN

- 1) Every resident of Flint whose gross income was greater than the exemption allowance in 2000 must file a return by April 30, 2001.
- 2) Even though tax was withheld by employer and/or estimated tax payments were made, a return must be filed.
- 3) Non-residents, estates and trusts, partnerships and corporations are also required to file if they have income derived from within Flint, but are to use the forms provided for their use, along with their separate instructions.
- 4) If income for the year was less than the exemption allowance, and tax was withheld, a return must be filed to claim a refund.

## WHO MUST USE THIS FORM

- 5) If you are a resident of Flint with taxable income (see paragraph (8) below) you must use this form, F-1040-R Individual Form - Resident. If you are a resident of Flint, your taxable income must be reported on this form regardless of where it was earned. If you were a resident of Flint for only part of the year, see instructions below.

## CHANGE OF RESIDENCE DURING TAXABLE YEAR

- 6) You must use this form if you lived in Flint during any part of 2000. Refer to paragraph 19 for computation of non-resident credit if you were a part-year resident.

## MARRIED PERSONS - JOINT OR SEPARATE RETURNS

- 7) Married persons may file either a joint return or separate returns. If a joint return is filed, both names and both social security numbers must be listed, all taxable income of both husband and wife must be included, and the return must be signed by both individuals.

## WHAT IS TAXABLE INCOME

- 8) Flint residents are required to report the same kinds of taxable income on their city returns that they reported on their federal return, regardless of where earned. EXCEPTIONS-see paragraph (9).

## WHAT IS EXEMPT INCOME

- 9) The following kinds of income are not taxable and should not be reported.
  - (A) Social security, proceeds of insurance, pensions, and annuities (including disability pensions), and Individual Retirement Account distributions received after reaching age 59 1/2, if the IRA distribution is the sole source of retirement income and taxpayer is not covered under any other pension plan.
  - (B) Proceeds of an insurance policy where the taxpayer paid policy premiums. (Payments from a health and accident policy paid for by employer are taxable to the same extent as provided by the Internal Revenue Code.
  - (C) Unemployment compensation, supplemental unemployment benefits **and** worker's compensation.
  - (D) **Interest** from obligations of the United States, the states or subordinate units of government of the states, and gains or losses on the sales of obligations of these units.
  - (E) Military pay of members of the armed forces of the United States, including Reserve and National Guard pay.
  - (F) Michigan lottery prizes on or before December 30, 1989. (Michigan lottery prizes won after December 30, 1989 are taxable).
  - (G) Subchapter S corporation flow through income (or loss).

## INSTRUCTIONS FOR PAGE 1, FORM 1040-R

- 10) **Line 1** - Enter employer's name, complete address (street, city and state) where employed (where your actual work station is located), amount of Flint Income Tax withheld from your wages, and total wages received (box #1 of Federal form W2) for each separate employment. You must attach a schedule explaining any difference if the wages reported on your return differ from the gross wages shown on your FW-2 or W2.
- 11) **Line 2** - Enter here, in appropriate columns, totals of all wages and withholding taxes claimed on Line 1 above.
- 12) **Line 3** - Enter total income from dividends and interest.
  - (A) Dividends-Include all dividends received except dividends from an insurance policy which are considered a refund or reduction in premiums and are not taxable income.
  - (B) Interest - All interest received or credited to your account is taxable except interest from obligations of the United States, the states, or subordinate units of government of the states. Interest credited to your account as of December 31, 2000 which could be withdrawn by you is considered constructively received on that date and must be included in income.
- 13) **Line 4** - Enter total of all other income, losses and deductions from line 1 1, Schedule A, page 2 of return. See instructions below and on page 2 of return for completing Schedule A.
- 14) **Line 6** - An exemption of \$600 is allowed for the taxpayer, for the taxpayer's husband or wife if filing joint, and for each dependent. Additional exemptions are allowed if the taxpayer or spouse is 65 or older, blind, deaf, or totally and permanently disabled.

## INSTRUCTIONS FOR SCHEDULE A - OTHER FLINT INCOME

- 15) Enter on Schedule A income from:
  - (A) Sales and exchanges of property - Enter on line I of Schedule A. Attach Federal Schedule.

1. Gains or losses from the sale or exchange of property are treated in the same manner, and the amount subject to tax determined on the same basis, as under the Federal Internal Revenue Code.
  2. Losses on the sale of your residence, car or other non-business property cannot be deducted. A gain on the sale of your residence need not be recognized if the conditions under the Federal Internal Revenue Code are met. Neither gains nor losses on the sale of United States government obligations are to be taken into account in arriving at taxable income.
- (B) Rents and Royalties - Enter on line 2, Schedule A. Attach Federal Schedule E.
1. Include in the schedule on line 2 rental income from property regardless of where the property is located.
  2. Royalties from mineral leases, copyrights, patents, and similar rights must also be reported in the same manner as explained above.
- (C) Profit (or loss) from business or profession - Enter on line 3, Schedule A. Attach Federal Schedule C.
1. Flint residents are taxed on the net profits from operation of a business or profession, regardless of whether in or out of the City of Flint. Attach copy of Federal Schedule C.
  2. A net operating loss carryover applicable to Flint may be taken on line 9, Schedule A. Attach copy of 1999 Flint income tax return.
- (D) Income from partnerships, estates, trusts, etc., - Enter on line 4, Schedule
- A. Attach Federal Schedules.
1. A partnership is required to file an information return on form F-1065. It may, if it elects, pay the tax on behalf of its partners. Report your share of the partnership income (or loss) on line 4 of Schedule A, enter your share of ordinary income only. Your share of interest earned and dividend income should be entered on line 3 of page I of return. Your share of rental income, capital or other gains or losses, etc., is treated as belonging to you as an individual and should be entered on lines I and 2 of Schedule A. If the partnership pays the tax on behalf of the partners, enter your share of the tax as a credit on line 9C of page 1.
  2. Income from an estate or trust is taxable to a Flint resident, regardless of the location of the estate or trust or location of property it may own. If any of the income is from a business which the estate or trust operates, or from rentals, you are permitted to reduce the income by the amount of depreciation allowable. The trust or estate officer can give you the information you need to compute depreciation. If the trust or estate receives interest from United States government obligations or dividends from national or state bank stock, your share of such interest or dividends is exempt and should not be reported.
  3. All corporations must **file** as corporations with the Flint Income Tax Office even though certain corporations can **file** as partnerships with the Federal Internal Revenue Service. If you are a stockholder of such a corporation, include all declared dividends but do not include your pro-rata share of the profits or loss of the corporations. The corporation must file and pay its own tax on its profits.
- (E) IRA Distributions and deferred compensation distributions (for which a deduction has been previously taken on a Flint return) - Enter on Line 5, Schedule A. See paragraph 9A above.