

## WHO MUST FILE A TAX RETURN

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

- 1) Every Non-resident individual whose gross income was greater than the exemption allowance for 2000 from sources listed under "What is Taxable Income" and every trust and estate which had gross income from sources listed under "What is Taxable Income" must **file** a return by April 30, 2001.
- 2) Even though tax was withheld by employer or estimated tax payments were made, a return must be filed.
- 3) If income for the year was less than exemption allowance and tax was withheld, a return must be filed to claim a refund.

## WHO MUST USE THIS FORM

- 5) If all of your income subject to Flint income tax during 2000 was received while a non-resident, you must use this form. F-1040-N Individual Form Non-resident. If you were a resident of Flint any time during 2000, see instructions below (paragraph 8).
- 6) Estates and trusts must also use this form.
- 7) If all of your income is from a partnership which elects to file and pay the tax for all of the partners, it is not necessary for the partners to **file** individual returns unless they have income in addition to partnership income. If a partner does have income in addition to partnership income, he must include his distributive share of Flint income in this return and take credit on line 9C, page 1, for tax payments made by the partnership in his behalf

## CHANGE OF RESIDENCE DURING TAXABLE YEAR

- 8) If you were a Flint resident during any part of 2000, do not use this form. You must use the resident form. F-1040-R.

## MARRIED PERSONS - JOINT OR SEPARATE RETURNS

- 9) A husband and wife may file a joint return or separate returns. The total income of both spouses must be included on a joint return, and each spouse must sign the return.

## WHAT IS TAXABLE INCOME

- 10) The only types of income taxable to a non-resident are the following:
  - (A) Compensation received for work done or services performed in Flint, including severance pay, sick pay and vacation pay.
  - (B) The net profits from the operation of a business or profession attributable to business activity conducted in Flint, whether or not such business is located in Flint.
  - (C) Net profits from rentals, from real and tangible property located in Flint.
  - (D) Gain from the sale or exchange of real and tangible personal property located in Flint.
  - (E) Distributions from employee's savings or retirement stock purchase and profit sharing plans received because of services rendered as an employee for work done or services performed in Flint.
  - (F) IRA distributions and deferred compensation distributions (for which a deduction has been previously taken on a Flint return). IRA distributions are not taxable if you are over 59 1/2 AND the distributions are your sole source of retirement income and you are not covered under any other pension plan.

## WHAT IS EXEMPT INCOME

- 11) The following kinds of income are not taxable and should not be reported.
  - (A) Gifts, inheritances and bequests, lottery and gambling winnings.
  - (B) Pensions and annuities, including disability pensions (issued by employer on W2-P or 1099-R).
  - (C) Proceeds of insurance (except that payments from a health and accident policy paid for by your employer are taxable the same as other sick and/or disability pay, to the same extent as provided by the Federal Internal Revenue Code).
  - (D) Unemployment compensation, supplemental unemployment benefits, welfare relief payments.
  - (E) Worker's compensation, or similar payments for death, injury or illness arising out of and in the course of an employee's job.
  - (F) Interest, dividends and other forms of intangible income. When the receipt of interest and other intangible income is part of the business, such interest, etc. shall be considered as business income taxable to non-residents, and is to be reported on Federal Schedule C.
  - (G) Military pay of members of the National Guard and the Armed Forces of the United States.
  - (H) Income that the non-resident receives as a result of disability after exhausting all vacation pay, holiday pay, and sick pay.

## INSTRUCTIONS FOR PAGE 1, FORM 1040-N

- 12) **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 Federal wages received (**box #1 of Federal form W-2**) for each separate employment.
- 13) **Line 2** - Enter here, in appropriate columns, totals of all wages and withholding taxes claimed on Line 1 above.
- 14) **Line 3** - Enter amount to be deducted for wages not earned in the City of Flint. Complete Schedule B, page 2 of return.
- 15) **Line 4** - Enter total of all other Flint income, losses and deductions from Schedule A, page 2 of return. See instructions below and on page 2 of return for completing Schedule A.

- 16) **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. The same rules apply in determining dependents as under the Federal Internal Revenue Code. Additional exemptions are allowed if the taxpayer or spouse is: 65 or older, blind, deaf, or totally and permanently disabled.

**INSTRUCTIONS FOR SCHEDULE A**

- 17) Enter on Schedule A income from:
- (A) Sales and exchanges of property located in Flint - Enter on line I of Schedule A.
    - 1. Gains or losses from the sale or exchange of property located in Flint are treated in the same manner, and the amount subject to tax determined on the same basis, as under the Federal Internal Revenue Code. Attach Federal Schedule.
    - 2. The City of Flint Income Tax became effective on January 1, 1965, therefore only the portion of the gain or loss occurring in Flint from January 1, 1965, to date of disposition shall be recognized for purposes of the Flint income tax. Attach a copy of Federal Schedule D.
  - (B) Rents and Royalties on property located in Flint - Enter on line 2, Schedule A. Attach copy of Federal Schedule E.
  - (C) Profit (or loss) earned inside Flint from business or profession - Enter on line 3a, Schedule A.
    - 1. If all your business was conducted in the city, enter 100% on line 3b. If you have business activity both in and out of the city complete Schedule D. Multiply Line 3a by 3b, enter on line 3c. 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) Other Flint Income, Income from partnerships, estates, trusts, etc., located in Flint - enter on line 4, Schedule A.
    - 1. A partnership located or doing business in Flint 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 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. Businesses, trusts, etc. who file with the Federal Internal Revenue Service as Corporations will also file as corporations with the Flint Income Tax Office.
    - 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.
  - (E) IRA distributions and deferred compensation distributions (for which a deduction has been previously taken on a Flint return) - Enter amount on line 5, Schedule A. See paragraph IO(F).

**DEDUCTIONS ALLOWED**

- 18) Under the City of Flint Income Tax Ordinance, no deductions are allowed for personal expenses such as taxes on your home, church and charitable deductions and medical expenses.
- 19) The only deductions or exclusions are listed below. These deductions and exclusions are to be pro-rated at the same percentage as the income to which they apply is taxable to Flint.
- (A) Employee Business Expenses. These expenses are allowed only to the extent not paid by your employer and are limited to the following:
    - 1. Expenses of travel, meals and lodging while away from home.
    - 2. Expenses as an outside salesman, who works away from his employer's place of business (does not include driver-salesmen whose primary duty is service and delivery).
    - 3. Expenses of transportation (but not transportation to and from work).
    - 4. Expenses reimbursed under an expense account or other arrangement with your employer, if the reimbursement has been included in gross earnings reported.
  - (B) Self-employment Retirement Deduction in accordance with section 404 of Federal Internal Revenue Code.