



2009 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 2009 must file a return by April 30, 2010.
- 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 2009. Refer to paragraph 23 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 59½.
 - (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 is exempt if paid by the corporation.

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, 2009 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 11, 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 1, Schedule A. Attach Federal Schedule D, and/or Form 4797 and/or Form 6252.
 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 and Form 8582.
 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 2008 Flint income tax return.
- (D) Income from partnerships, estates, trusts, etc. - Enter on line 4, Schedule A. Attach Federal Schedules K-1's, Form 8582 and Form 1099.
 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 1 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 1 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 including Sub-Chapter S 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 if the corporation files and pays its own tax on its profits. If the corporation is located outside the city and is not required to file a corporate return and pay tax on its profits, include your actual distributions of Sub-Chapter S earnings (dividends) on line 4. Attach Schedule K-1's.
- (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.

DEDUCTIONS

- 16) Under the City of Flint Income Tax Ordinance, no deductions are allowed for personal expenses such as taxes on your home, charitable deductions and medical expenses.
- 17) The only deductions or exclusions are:
- (A) Employee Business Expenses. Attach Federal Form 2106. 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. Enter total Employee Business expenses on line 6, Schedule A.
 - (B) Self-employment Retirement Deduction in accordance with section 404 of Federal Internal Revenue Code. Enter on line 9, Schedule A.
 - (C) Individual Retirement Account (attach Form 5498, issued by your financial institution). Enter on line 8, Schedule A.
 - (D) Moving Expenses (**into city only**), attach Form 3903. Enter on line 7, Schedule A.
 - (E) Alimony, separate maintenance payments and principle sums payable in installments. Child support payments are NOT deductible. Enter on line 9, Schedule A.
 - (F) Renaissance Zone Deduction - New For 2009 - The Renaissance Zone deduction is limited to 75% of income. A Renaissance Zone Deduction may be claimed by a qualified resident domiciled in a Renaissance Zone, an individual with income from rental real estate located in a Renaissance Zone, or an individual proprietor or a partner in a partnership that has business activity with a Renaissance Zone. **Individuals who qualify for deduction must attach a copy of the Approval letter for 2009 issued by the assessment division to claim the deduction.** Residents are not qualified to claim deduction until they have been domiciled in a Renaissance Zone for 183 consecutive days. Individuals are not qualified to claim the Renaissance Zone deduction if they are delinquent for any Michigan or Flint taxes or have failed to file any state or local tax return. A Flint tax return must be filed to qualify and claim this deduction. Enter deductible amount on line 10, Schedule A.

IMPORTANT: The above deductions (A thru E) are limited to the amount taken on your federal returns and by the extent they apply to income taxable under the Flint Income Tax Ordinance. Any of the above deductions taken must be entered on Schedule A, page 2 of the return. A copy of the federal schedule(s) supporting such deductions MUST be attached.

COMPUTATION OF TAX

- 18) On page 1, add lines 2, 3, and 4, enter total on line 5, subtract exemptions on line 6 and enter net taxable income on line 7. Multiply this by 1% to determine the City of Flint tax, and enter tax on line 8.
- 19) **Filer assumes full liability for errors in computation of tax.** Penalty and interest shall be applied per Public Act 284 of the Michigan Compiled Law for failure to pay the full amount of tax by April 30, 2010. If the total interest or interest and penalty to be assessed is less than \$2.00, a minimum charge of \$2.00 shall be assessed.
- 20) Computation errors will result in a delay in the issuance of refund checks.

PAYMENTS AND CREDIT

- 21) On line 9a, page 1, enter the amount of Flint tax withheld as shown on your FW-2 or W-2 statements. **The city copy of your FW-2 or W-2 showing clearly the amount of Flint tax withheld must be submitted with your return before credit can be allowed for the Flint tax withheld.**
- 22) On line 9b, page 1, enter the amount of any payments you made on your 2009 City of Flint Declaration of Estimated Tax (Form F-1040-ES). Also, enter 2009 credit taken from your 2008 Flint income tax return.
- 23) If filer is a part-year resident, compute the tax through line 8 as though you were a resident for the full year. To claim credit for period of non-residency, multiply the tax amount computed on line 8 by the percentage (%) opposite the number of months you lived OUTSIDE the City of Flint in:
- (1) Table A, Schedule B, page 2 if your work was performed inside Flint or,
 - (2) Table B, Schedule B, page 2 if your work was performed outside Flint. Enter this amount on line 9C, page 1. Report dates you lived inside Flint on line 9C, page 1 of return.

- 24) On line 9c, page 1, enter a credit if you are a Flint resident subject to a municipal income tax in another city. You may claim a credit for the amount paid such other municipality. Enter the amount of any city income tax paid because of employment in any other city with a municipal income tax, but not to exceed the amount of tax you would have owed Flint on the same income as a non-resident (1/2%). If amount withheld in another city exceeds the amount of your tax, the excess must be obtained by filing a return and requesting a refund from the other city. Such excess cannot be claimed as a credit on your Flint return. This credit also must apply to the same tax year for which the return is being filed and must be supported by a copy of the return filed with the other city.

TAX DUE OR REFUND

- 25) Amount you owe - Enter on line 11, page 1. After computing your Flint Income tax and deducting your credits, **if the balance due is one dollar (\$1.00) or more, it must be paid when filing this return.** Tax due of less than one dollar (\$1.00) need not be paid. However, the income tax return must be filed. Make check or money order payable to the "Treasurer, City of Flint" and mail with this return to: Treasurer, City of Flint, Income Tax Office, P.O. Box 99, Flint, MI 48501-0099.
- 26) Amount due you - Enter on line 12, page 1. If your payment and credits exceed the tax, show the amount of such over-payment on line 12 and check the proper box on line 13 to indicate whether you wish the over-payment as a refund or as a credit on your 2010 estimated tax, and mail to: Treasurer, City of Flint, Income Tax Office, P.O. Box 1800, Flint, MI 48501-1800, (refund returns mailed to the wrong address will be delayed). Refunds will be made as quickly as possible, but please allow 90 days before making any inquiry. Refunds of less than one dollar (\$1.00) will not be made. Over-payments of less than one dollar (\$1.00) will not be applied as a credit on the next year's tax.

DECLARATION OF ESTIMATED TAX

- 27) You must make estimated income tax payments if you expect to owe more than \$100 when you file your 2010 annual return. This is after crediting amounts you paid through withholding and all other credits. Estimated payments are due April 30, June 30, September 30, and January 31. Interest and penalty will be assessed for failure to comply with this provision. Exception: If you owe more than \$100 you may not have to make estimated payments if you expect your 2010 withholding and credits to be at least 70 percent of your total 2010 or 2009 tax (line 8). If you filed estimates for 2009 the City of Flint will send you personalized forms for 2010. Otherwise, request Form F-1040-ES.

AMENDED RETURNS

- 28) Amended returns should be filed on regular City of Flint income tax return clearly labeled as amended and the tax year applicable. Computations should show corrected amounts and include adjustments for payments made or refunds received on original return. Explanation must be included for amended returns.

TAXPAYER'S RIGHT OF APPEAL

- 29) In accordance with Section 92, City of Flint Income Tax Ordinance, "a taxpayer or employer may file a written notice of appeal with the secretary of the income tax board of review within 30 days after receipt of a final assessment, denial in whole or in part of a claim for refund, or special ruling of the administrator." The board of review shall grant the appellant a hearing and render a decision based on evidence presented by both the city and the appellant.

EXTENSIONS

- 30) You may request more time to file your return by sending payment of your estimated annual liability to the City of Flint with a written request for an extension (up to six months) on or before the due date of your return. An extension of time to file is not an extension of time to pay. If you underestimate your tax due and do not pay enough with your extension request, you must pay interest and penalty on the unpaid amount. Do not request an extension if you will be claiming a refund.

ASSISTANCE

- 31) If you have any questions not answered in this instruction sheet, or if you need assistance in preparing your return, call (810) 766-7015 or visit the Income Tax Office. Questions by mail should be directed to:

Income Tax Administrator
City of Flint Income Tax Office
1101 S. Saginaw Street
Flint, MI 48502
www.cityofflint.com