

**2007 CITY OF GRAND RAPIDS
NONRESIDENT INCOME TAX RETURN FORMS AND INSTRUCTIONS
FORM GR-1040NR**

For use by individuals who were not residents of Grand Rapids at any time during 2007 but who earned taxable income in Grand Rapids during 2007 and by ESTATES AND TRUSTS

WHAT'S NEW FOR 2007:

- Online preparation of your 2007 Grand Rapids return. To access this income tax preparation tool go to www.grcity.us/incometax.
- E-file your 2007 return. Electronic filing is available through use of computer tax preparation software. Please note: Not all tax preparation software supports e-filing of 2007 Grand Rapids income tax returns.
- E-pay tax due via electronic funds (direct debit) withdrawal.
- Donate your overpayment. You may donate all or a portion of your income tax overpayment to:
 1. Purchase American flags for veterans' graves in Grand Rapids;
 2. The Grand Rapids Children's Fund; or
 3. The Grand Rapids Parks' Fund.

Telephone number: (616) 456-3415

Website address: www.grcity.us/incometax

Mailing address: PO Box 2528, Grand Rapids, MI 49501-2528

2007 FILING INSTRUCTIONS FOR FORM GR-1040NR

ELECTRONIC REFUND OR PAYMENT

Taxpayers may elect to receive their refund via direct deposit or to pay tax due via direct withdrawal. Please check the City's website, www.grcityus/incometax, for progress toward e-filing returns. Grand Rapids accepts paper filed returns.

WHO MUST FILE A RETURN

Every nonresident individual who received income taxable under the Grand Rapids Income Tax Ordinance greater than the amount of their personal exemption(s) must file a nonresident return by April 30, 2008.

RETURN FORM CHECK BOX

Mark the box on the upper right-hand side of the return form if you or your preparer use computer software that prints Grand Rapids income tax forms or if you do not need a return form mailed to you next year.

WHO MUST USE NONRESIDENT RETURN FORM

Every nonresident individual whose gross taxable income earned in Grand Rapids (see Grand Rapids Street Directory on website) was greater than the amount of their personal exemption(s) is required to file a return. If you do not meet the requirements for filing but Grand Rapids tax was withheld or estimated tax was paid, you must file a return to receive a refund.

Every estate or trust with gross income subject to tax greater than \$750 must file a nonresident return, Form GR-1040NR, with Schedule G attached. Schedule G is available on the website or from the Income Tax Department.

An individual who was a resident of Grand Rapids during any part of the year must file Form GR-1040R (resident form).

MARRIED PERSONS - JOINT OR SEPARATE RETURNS

Married persons may file either a joint return or separate returns. If a joint return is filed, both names and social security numbers must be listed, all Grand Rapids taxable income of both husband and wife must be included and the return must be signed by both individuals. A joint return may be filed when only one spouse has Grand Rapids income.

TAXABLE INCOME

The following income is subject to tax:

- Compensation received for work done or services performed in Grand Rapids (includes salaries, wages, bonuses, commissions, fees, tips, incentive payments, severance pay, vacation pay and sick pay).
- The net profits from the operation of a business or profession attributable to business activity conducted in Grand Rapids, whether or not such business is located in Grand Rapids.
- Net profits from the rental of real or tangible personal property located in Grand Rapids.
- Gain from the sale or exchange of real or tangible personal property located in Grand Rapids.
- Premature distributions from an Individual Retirement Account (IRA) or ROTH IRA (where a deduction was claimed on a current or previous year's Grand Rapids income tax return) or a pension plan.
- Deferred compensation received while still employed.

TAX EXEMPT INCOME

Tax exempt income includes:

- Gifts, inheritances and bequests.
- Social security, pensions and annuities (including disability pensions) and Individual Retirement Account distributions received after reaching age 59½.
- Proceeds of insurance 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).
- Unemployment and supplemental unemployment benefits.
- Worker's compensation, or similar payments for death, injury or illness arising in the course of an employee's job.
- Interest, dividends and other forms of intangible income. (EXCEPTION: interest and other intangible income as part of a business. Such interest, etc. shall be considered as business income taxable to nonresidents and reported on Schedule C.)

- Military pay of members of the armed forces of the United States, including Reserve and National Guard pay.
- Income received by a nonresident as the result of a long-term disability after exhausting all vacation pay, holiday pay, sick pay and short-term disability.
- Qualified deferred compensation received when no longer an employee. (4 USC Sec. 114)

ESTIMATED TAX PAYMENTS FOR YEAR 2008

Estimated tax payments are **REQUIRED** if 2008 Grand Rapids income not subject to withholding is more than \$15,400 after exemptions (\$100 in tax). A Declaration of Estimated Income Tax (Form GR-1040ES) **MUST** be filed by April 30, 2008 and one-fourth (¼) of the estimated tax due for 2008 must be paid with the declaration. The three remaining estimated tax payments are due at the end of June, September and January.

Failure to make required estimated tax payments or underpayment of estimated tax will result in assessment of penalty and interest.

If at any time during the year your income increases to such a level that one hundred dollars or more of tax will be due, a Declaration of Estimated Tax must be filed at that time.

The Declaration of Estimated Tax (Form GR-1040ES) is available from the Grand Rapids Income Tax Department or on the City's website.

EXTENSION OF TIME TO FILE

The due date of an annual return may be extended for a period not to exceed six months. **The tentative tax must be paid by April 30, 2008 for an extension to be valid.** Applications for extensions are available from the Grand Rapids Income Tax Department. Filing an extension with payment is no substitute for making estimated tax payments.

Applying for a federal extension does not satisfy the requirement for filing a city extension. Application for a Grand Rapids extension must still be made and any tentative tax due must be paid (Ord. Sec. 64).

DOCUMENTATION REQUIREMENTS

Copies of all federal schedules and other requested documentation supporting income, losses and deductions must be attached to your return.

Failure to attach schedules and documentation or attaching incomplete schedules and documentation will delay the processing of the return and may result in deductions being disallowed.

AMENDED RETURNS

Amended returns should be filed on the applicable resident or nonresident form and clearly marked **AMENDED** in the top margin. All supporting schedules should accompany filing with an explanation for each change. Tax paid or refunds received from the original return should be noted to the left of the box on line 16d. Tax paid should be added and refunds received should be subtracted from the other payments with the total entered on line 16d.

If a change on your federal return affects your Grand Rapids taxable income, you must file an amended Grand Rapids return within 90 days of the change. Include payment of any tax and interest due.

LINE BY LINE INSTRUCTIONS

LINE 1 THROUGH LINE 4 - EXEMPTIONS

Each individual filing a Grand Rapids income tax return is allowed one personal exemption. On a joint return the taxpayer and the spouse are each allowed one personal exemption. Do not prorate exemptions.

An individual who is 65 years of age or older may claim one additional personal exemption. On a joint return the taxpayer and/or the spouse, if they qualify, may claim an additional exemption for being 65 years of age or older.

An individual who is legally blind may also claim one additional personal exemption. On a joint return the taxpayer and/or the spouse, if they qualify, may claim an additional exemption for being blind.

LINE 5 & LINE 6 - GROSS INCOME FROM EMPLOYERS

Follow instruction (A) below if you performed all (100%) of your services in Grand Rapids. Use instruction (B) below if you performed part of your services in Grand Rapids. **Box #18 of Form W-2 is not to be used for reporting or allocating income.**

PLEASE TYPE OR PRINT

Personal information section including social security numbers, names, and address.

Check box if you DO NOT need a return form mailed to you next year.

EXEMPTIONS section with checkboxes for self, spouse, and dependents.

INCOME 5. ENTER ALL WAGES, TIPS AND OTHER COMPENSATION INCLUDING SICK PAY, ETC.

Table with columns for Employer's Name, Address, Total Wages, Grand Rapids Tax Withheld, and Wages Etc. Earned.

ATTACH COPY OF FORMS GRW-2 OR W-2 HERE

DEDUCTIONS If you worked only in Grand Rapids put nothing in column 1 or column 2 and enter the full amount in column 3.

Table for Deductions with columns for Federal Amount, %, and Times Column 2.

PAYMENTS AND CREDITS (If line 17 exceeds \$100 see instructions for making estimated tax payments.)

Table for Payments and Credits with columns for Description, Amount, and Total.

ENCLOSE CHECK OR MONEY ORDER FOR TAX DUE (DO NOT STAPLE TO RETURN)

TAX DUE 17. If tax (line 15) is larger than payments (line 16d) you owe tax. ENTER TAX DUE AND PAY WITH RETURN.

OVERPAYMENT 18. If payments (line 16d) are larger than tax (line 15) ENTER OVERPAYMENT.

CREDIT TO 2008 19. Overpayment to be HELD and APPLIED TO YOUR 2008 ESTIMATED TAX.

DONATION section with checkboxes for American flags, Grand Rapids Children's fund, and Grand Rapids Parks' fund.

REFUND 21. Overpayment refund. For direct deposit mark Refund box on line 22 and complete 22 a, b & c.

ELECTRONIC REFUND OR PAYMENT INFORMATION section with checkboxes for Refund - Direct deposit and Pay tax due - Electronic funds withdrawal.

Name(s) as shown on page 1	Your social security number
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FAILURE TO ATTACH DOCUMENTATION OR ATTACHING INCORRECT OR INCOMPLETE DOCUMENTATION WILL DELAY PROCESSING OF RETURN AND MAY RESULT IN DEDUCTIONS AND LOSSES BEING DISALLOWED

23. OTHER DEPENDENTS (Same as Federal)

NAME OF OTHER DEPENDENT	RELATIONSHIP OF OTHER DEPENDENT	MONTHS OTHER DEPENDENT LIVED IN YOUR HOME
23a.	23a	
23b.	23b	
23c.	23c	
23d.	23d	
23e. Number of other dependents listed on lines 23a through 23d. ENTER NUMBER HERE AND ON PAGE 1, LINE 3		23e

24. WAGE ALLOCATION

COMPUTATION OF GRAND RAPIDS WAGES OF A NONRESIDENT WHO WORKS BOTH IN AND OUTSIDE OF GRAND RAPIDS FOR THE SAME EMPLOYER.
 WAGES FROM LINE 24f ARE TO BE ENTERED ON THE APPROPRIATE LINE OF PAGE 1, LINES 5a THROUGH 5f, COLUMN C, "WAGES, ETC. EARNED IN GRAND RAPIDS."

24a. Employer name. (A COMPUTATION MUST BE MADE FOR EACH EMPLOYER)	24a 1.	2.	3.	4.
24b. Actual number of days or hours worked for employer. (DO NOT INCLUDE WEEKENDS OFF, HOLIDAYS, SICK OR VACATION DAYS, ETC. IN AMOUNTS ON 24b AND 24c)	24b			
24c. Actual number of days or hours worked in Grand Rapids.	24c			
24d. Percentage of days or hours worked in Grand Rapids. Line 24c divided by line 24b	24d	%	%	%
24e. Total wages shown on GRW-2 or W-2, box 1.	24e	00	00	00
24f. Wages earned in Grand Rapids. Line 24e multiplied by percentage on line 24d	24f	00	00	00

Enter on page 1, lines 5a through 5f, column C, (on the corresponding line for the employer) the Grand Rapids wages from line 24f for each employer.

25. BUSINESS INCOME

25a. Net profit (or loss) from business or profession. (ATTACH FEDERAL SCHEDULE C)	25a	00
25b. Apportionment percentage from line 26g below. (IF ALL BUSINESS WAS CONDUCTED IN GRAND RAPIDS ENTER 100%)	25b	%
25c. Apportioned income. Multiply line 25a by line 25b	25c	00
25d. Applicable portion of net operating loss carryover. (ATTACH SCHEDULE)	25d	00
25e. Applicable portion of retirement plan deduction. Check type of plan <input type="checkbox"/> KEOGH <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE (ATTACH FEDERAL SCHEDULE)	25e	00
25f. Total. Line 25c less lines 25d and 25e ENTER HERE AND ON PAGE 1, LINE 7	25f	00

26. BUSINESS ALLOCATION PERCENTAGE

	COLUMN 1 LOCATED EVERYWHERE	COLUMN 2 LOCATED IN GRAND RAPIDS	COLUMN 3 PERCENTAGE (COLUMN 2 DIVIDED BY COLUMN 1)
26a. Average net book value of real and tangible personal property.	26a		
26b. Gross rents paid on real property multiplied by 8.	26b		
26c. Total property. Add lines 26a and 26b	26c		%
26d. Total wages, salaries and other compensation of all employees.	26d		%
26e. Gross receipts from sales made or services rendered.	26e		%
26f. Total percentages. Add the percentages computed in column 3 lines 26c, 26d and 26e		26f	%
26g. Business Allocation Percentage. Divide line 26f by the number of factors used ENTER HERE AND ON LINE 25b ABOVE		26g	%

27. RENTAL, PARTNERSHIP AND OTHER INCOME

GRAND RAPIDS INCOME (LOSS) FROM RENTALS, PARTNERSHIPS, PROFIT SHARING DISTRIBUTIONS, PREMATURE IRA DISTRIBUTIONS, PREMATURE PENSION DISTRIBUTIONS, ETC. ATTACH COPIES OF FED. SCH. E, FED. FORM 8582, FED. K-1, FED. FORM 1099 AND OTHER APPLICABLE SCHEDULES.

RECEIVED FROM	KIND OF INCOME	ADDRESS	FEDERAL I. D. NUMBER	AMOUNT
27a.			27a	00
27b.			27b	00
27c.			27c	00
27d.			27d	00
27e. Total. Add lines 27a through 27d ENTER HERE AND ON PAGE 1, LINE 9				27e

28. THIRD-PARTY DESIGNEE

Do you want to allow another person to discuss this return with the Income Tax Department? Yes. Complete the following. No

Designee's name	Phone No. ()	Personal identification number (PIN)
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I declare that I have examined this return (including accompanying schedules and statements) and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the preparer's declaration is based on all information of which preparer has any knowledge.

====> SIGN HERE ====>	TAXPAYER'S SIGNATURE - If joint return, both must sign.	DATE	SIGNATURE OF PREPARER OTHER THAN TAXPAYER	DATE
	SPOUSE'S SIGNATURE	DATE	FIRM'S NAME (OR YOURS IF SELF EMPLOYED), ADDRESS AND ZIP CODE	
	DAYTIME PHONE NUMBER ()		PHONE NUMBER ()	
	E-MAIL ADDRESS		E-MAIL ADDRESS	

PLEASE TYPE OR PRINT

Your social security number, Your first name, Initial, Last name, Your occupation, Spouse's soc sec number, If joint return, spouse's first name, Initial, Last name, Spouse's occupation, If married, is spouse filing a separate return? Present home address, Enter name and address used on 2006 return.

Check box if you DO NOT need a return form mailed to you next year.

EXEMPTIONS 1a. Yourself 65 or over Blind 1b. Spouse 65 or over Blind Number of boxes checked. 1, 2, 3, 4

INCOME 5. ENTER ALL WAGES, TIPS AND OTHER COMPENSATION INCLUDING SICK PAY, ETC. Table with columns: EMPLOYER'S NAME, ADDRESS OF ACTUAL WORK STATION, COLUMN A TOTAL WAGES, COLUMN B GRAND RAPIDS TAX WITHHELD, COLUMN C WAGES ETC. EARNED IN GRAND RAPIDS

ATTACH COPY OF FORMS GRW-2 OR W-2 HERE

DEDUCTIONS If you worked only in Grand Rapids put nothing in column 1 or column 2 and enter the full amount in column 3. Table with columns: DEDUCTION TYPE, COLUMN 1 FEDERAL AMOUNT, COLUMN 2 %, COLUMN 3 COL. 1 TIMES COLUMN 2

ENCLOSE CHECK OR MONEY ORDER FOR TAX DUE (DO NOT STAPLE TO RETURN)

PAYMENTS AND CREDITS (If line 17 exceeds \$100 see instructions for making estimated tax payments.) Table with columns: PAYMENT TYPE, COLUMN 1, COLUMN 2, COLUMN 3

TAX DUE 17. If tax (line 15) is larger than payments (line 16d) you owe tax. ENTER TAX DUE AND PAY WITH RETURN.

OVERPAYMENT 18. If payments (line 16d) are larger than tax (line 15) ENTER OVERPAYMENT.

CREDIT TO 2008 19. Overpayment to be HELD and APPLIED TO YOUR 2008 ESTIMATED TAX. DONATION 20. Overpayment donation: American flags for veterans' graves in Grand Rapids, Grand Rapids Children's fund, Grand Rapids Parks' fund.

REFUND 21. Overpayment refund. For direct deposit mark Refund box on line 22 and complete 22 a, b & c. 21

ELECTRONIC REFUND OR PAYMENT INFORMATION 22. Mark one: Refund - Direct deposit, Pay tax due - Electronic funds withdrawal. a. Routing number, b. Account number, c. Account type: Checking, Savings

Name(s) as shown on page 1	Your social security number
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FAILURE TO ATTACH DOCUMENTATION OR ATTACHING INCORRECT OR INCOMPLETE DOCUMENTATION WILL DELAY PROCESSING OF RETURN AND MAY RESULT IN DEDUCTIONS AND LOSSES BEING DISALLOWED

23. OTHER DEPENDENTS (Same as Federal)

NAME OF OTHER DEPENDENT	RELATIONSHIP OF OTHER DEPENDENT	MONTHS OTHER DEPENDENT LIVED IN YOUR HOME
23a.	23a	
23b.	23b	
23c.	23c	
23d.	23d	
23e. Number of other dependents listed on lines 23a through 23d. ENTER NUMBER HERE AND ON PAGE 1, LINE 3		23e

24. WAGE ALLOCATION

COMPUTATION OF GRAND RAPIDS WAGES OF A NONRESIDENT WHO WORKS BOTH IN AND OUTSIDE OF GRAND RAPIDS FOR THE SAME EMPLOYER.
WAGES FROM LINE 24f ARE TO BE ENTERED ON THE APPROPRIATE LINE OF PAGE 1, LINES 5a THROUGH 5f, COLUMN C, "WAGES, ETC. EARNED IN GRAND RAPIDS."

24a. Employer name. (A COMPUTATION MUST BE MADE FOR EACH EMPLOYER)	24a 1.	2.	3.	4.
24b. Actual number of days or hours worked for employer. (DO NOT INCLUDE WEEKENDS OFF, HOLIDAYS, SICK OR VACATION DAYS, ETC. IN AMOUNTS ON 24b AND 24c)	24b			
24c. Actual number of days or hours worked in Grand Rapids.	24c			
24d. Percentage of days or hours worked in Grand Rapids. Line 24c divided by line 24b	24d	%	%	%
24e. Total wages shown on GRW-2 or W-2, box 1.	24e	00	00	00
24f. Wages earned in Grand Rapids. Line 24e multiplied by percentage on line 24d	24f	00	00	00

Enter on page 1, lines 5a through 5f, column C, (on the corresponding line for the employer) the Grand Rapids wages from line 24f for each employer.

25. BUSINESS INCOME

25a. Net profit (or loss) from business or profession. (ATTACH FEDERAL SCHEDULE C)	25a	00
25b. Apportionment percentage from line 26g below. (IF ALL BUSINESS WAS CONDUCTED IN GRAND RAPIDS ENTER 100%)	25b	%
25c. Apportioned income. Multiply line 25a by line 25b	25c	00
25d. Applicable portion of net operating loss carryover. (ATTACH SCHEDULE)	25d	00
25e. Applicable portion of retirement plan deduction. Check type of plan <input type="checkbox"/> KEOGH <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE (ATTACH FEDERAL SCHEDULE)	25e	00
25f. Total. Line 25c less lines 25d and 25e ENTER HERE AND ON PAGE 1, LINE 7	25f	00

26. BUSINESS ALLOCATION PERCENTAGE

	COLUMN 1 LOCATED EVERYWHERE	COLUMN 2 LOCATED IN GRAND RAPIDS	COLUMN 3 PERCENTAGE (COLUMN 2 DIVIDED BY COLUMN 1)
26a. Average net book value of real and tangible personal property.	26a		
26b. Gross rents paid on real property multiplied by 8.	26b		
26c. Total property. Add lines 26a and 26b	26c		%
26d. Total wages, salaries and other compensation of all employees.	26d		%
26e. Gross receipts from sales made or services rendered.	26e		%
26f. Total percentages. Add the percentages computed in column 3 lines 26c, 26d and 26e		26f	%
26g. Business Allocation Percentage. Divide line 26f by the number of factors used ENTER HERE AND ON LINE 25b ABOVE		26g	%

27. RENTAL, PARTNERSHIP AND OTHER INCOME

GRAND RAPIDS INCOME (LOSS) FROM RENTALS, PARTNERSHIPS, PROFIT SHARING DISTRIBUTIONS, PREMATURE IRA DISTRIBUTIONS, PREMATURE PENSION DISTRIBUTIONS, ETC. ATTACH COPIES OF FED. SCH. E, FED. FORM 8582, FED. K-1, FED. FORM 1099 AND OTHER APPLICABLE SCHEDULES.

RECEIVED FROM	KIND OF INCOME	ADDRESS	FEDERAL I. D. NUMBER	AMOUNT
27a.			27a	00
27b.			27b	00
27c.			27c	00
27d.			27d	00
27e. Total. Add lines 27a through 27d ENTER HERE AND ON PAGE 1, LINE 9				27e align="right">00

28. THIRD-PARTY DESIGNEE

Do you want to allow another person to discuss this return with the Income Tax Department? Yes. Complete the following. No

Designee's name	Phone No. ()	Personal identification number (PIN)
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I declare that I have examined this return (including accompanying schedules and statements) and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the preparer's declaration is based on all information of which preparer has any knowledge.

====> SIGN HERE ====>	TAXPAYER'S SIGNATURE - If joint return, both must sign.	DATE	SIGNATURE OF PREPARER OTHER THAN TAXPAYER	DATE
		/ /		/ /
	SPOUSE'S SIGNATURE	DATE	FIRM'S NAME (OR YOURS IF SELF EMPLOYED), ADDRESS AND ZIP CODE	
		/ /		
	DAYTIME PHONE NUMBER ()		PHONE NUMBER ()	
	E-MAIL ADDRESS		E-MAIL ADDRESS	

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- A. Nonresidents who worked 100% of their time in Grand Rapids: enter in column A (TOTAL WAGES) the full amount of wages recorded in box 1 of your GRW-2 or W-2 statement. Enter the same amount in column C (WAGES ETC. EARNED IN GRAND RAPIDS).
- B. Nonresidents who performed only part of their services in Grand Rapids: enter in column A (TOTAL WAGES) the full amount of wages recorded in box 1 of your GRW-2 or W-2 statement. Compute the amount to be entered in column C (WAGES ETC. EARNED IN GRAND RAPIDS) by filling in page 2, lines 24a-24f, WAGE ALLOCATION. Use a separate column for each employer. "Days or hours worked" on lines 24b and 24c, refers only to the actual number of days or hours you were working. You are not working when you are paid for a holiday, sick day, or vacation day.

LINE 7 - PROFIT (OR LOSS) FROM BUSINESS (Complete lines 25a-25f, page 2)

Complete page 2, lines 25a through 25f, Business Income. Enter amount from line 25f on line 7, page 1. **A complete copy of federal Schedule C must be submitted for each business, profession or other activity.**

The federal rules concerning passive losses are applicable to losses deducted on this return.

Enter on line 25d the applicable portion of your net operating loss carryover. A net operating loss carryover may be deducted. Carryback losses are not allowed (Ord. Sec 7.2). For instructions on City net operating losses (NOL) call the office or visit our website.

If you have business activity both in and outside of Grand Rapids, compute the Business Allocation Percentage, lines 26a through 26g, page 2:

- Line 26a. In column 1 enter the average net book value of all real and tangible personal property owned by the business regardless of location. In column 2 enter the average net book value of the real and tangible personal property owned and located in Grand Rapids. The average net book value of real and tangible personal property may be determined by adding the net book value at the beginning of the year to the net book value at the end of the year and dividing the sum by two.
- Line 26b. Enter in column 1 the gross annual rent multiplied by 8 for all rented real property regardless of location. In column 2 show the gross annual rent multiplied by 8 for rented real property located in Grand Rapids. Gross annual rent must include money and other consideration given for the use or possession of real property rented or leased.
- Line 26d. Enter in column 1 the total compensation paid to all employees during the year. In column 2 enter compensation paid to employees for work or services performed in Grand Rapids.
- Line 26e. Enter in column 1 the total gross revenue from all sales or services rendered during the year. In column 2 enter the amount of revenue derived from sales made or services rendered in Grand Rapids. Rental income is considered to be derived from services rendered and must be included in gross receipts.
- Line 26g. Enter average percentage on line 26g and on line 25b.

LINE 8 - SALE OR EXCHANGE OF PROPERTY

The Grand Rapids Income Tax Ordinance follows the Internal Revenue Code in its treatment of capital gains. All capital gains attributable to the time period after July 1, 1967, from the sale or exchange of real or tangible personal property located within the city are fully taxable on this return.

Enter on line 8 net profit or loss from sale or exchange of real or tangible personal property located in Grand Rapids. **Attach a copy of Schedule D and/or Form 4797 from your federal income tax return.**

LINE 9 - RENTAL REAL ESTATE, PARTNERSHIP AND OTHER INCOME (Complete lines 27a-27e, page 2)

Report your income (or loss) from rental real estate activities in Grand Rapids on lines 27a through 27d.

Partnerships engaged in business activity in the city are required to file Grand Rapids partnership returns (GR-1065). Report only your share of the partnership income (or loss) on lines 27a through 27d. A partner is not allowed to apportion income from a partnership. All apportionment of

distributed income must be made on the Grand Rapids partnership return (GR-1065). Your share of qualifying dividends, gains, etc. are treated as belonging to you as an individual.

Do not include on this return any gains, losses or other deductions from a Subchapter S corporation. All corporations taxable under the Grand Rapids Income Tax Ordinance must file a corporate income tax return.

Lines 27a through 27d are also used to report premature distributions from a pension plan and the portion of a premature distribution (before age 59½) from an Individual Retirement Account (IRA) that was deducted from Grand Rapids taxable income in a current or prior tax year—**excluding ROTH IRA conversions** included in federal adjusted gross income. If you have completed the Wage Allocation Schedule, page 2, line 24, apply the percentage from line 24d to each distribution and enter the taxable portion of the distribution.

Line 27e. Add the amounts reported on lines 27a through 27d, and enter the total here and on line 9, page 1.

LINE 10 - TOTAL INCOME

Add lines 6c through 9 and enter on line 10.

LINE 11 - DEDUCTIONS

ALL DEDUCTIONS ARE LIMITED BY THE EXTENT THEY APPLY TO INCOME EARNED IN GRAND RAPIDS.

Deductions allowed by the Grand Rapids Income Tax Ordinance:

Line 11a. **Individual Retirement Account Deduction** – To compute the allowable IRA deduction, multiply the IRA contributions by the percentage Grand Rapids earned income (wages) is to total federal earned income. The rules controlling IRA deductions on this return are the same as under the Internal Revenue Code. **Attach page 1 of federal return and evidence of payment** which includes, but is not limited to, one of the following: receipt for IRA contribution; a copy of Federal Form 5498; a copy of a cancelled check that clearly indicates it is for an IRA contribution. KEOGH, SEP or SIMPLE retirement plan deductions must be entered on page 2, line 25e. ROTH contributions are not deductible.

Line 11b. **Employee Business Expense Deduction** – Employee business expenses are allowed only when incurred in the performance of service for your employer, only to the extent not paid or reimbursed by your employer and only to the extent they apply to income earned in Grand Rapids. Meal expenses are not subject to the same reductions and limitations of the Internal Revenue Code. Under the Grand Rapids Income Tax Ordinance meals must be incurred while away from home overnight on business to be deductible.

BUSINESS EXPENSES ARE LIMITED TO THE FOLLOWING:

- Expenses of transportation (but not transportation to and from work).
- Expenses of travel, meals and lodging while away from home overnight on business for employer.
- Expenses incurred as an "outside salesperson" who works away from the employer's place of business (does not include driver-salesperson whose primary duty is service and delivery).
- Expenses reimbursed under an expense account or other arrangement with your employer, if the reimbursement has been included in reported gross earnings.

IMPORTANT: Business expenses claimed on line 4 of federal Form 2106 are not an allowable deduction on the Grand Rapids return unless the taxpayer qualifies as an outside salesperson. Attach a copy of federal Form 2106 or a list of your employee business expenses.

Line 11c. **Moving Expense Deduction** – Moving expenses (into the Grand Rapids area only) that qualify under the Internal Revenue Code as a deduction from federal gross income may be deducted on your Grand Rapids return. However, the Grand Rapids deduction is limited to expenses that are applicable to income taxable under the Grand Rapids Income Tax Ordinance. Moving must be related to starting work in a new location. **Attach a copy of federal Form 3903 or a list of moving expenses including the distance in miles from where you moved.**

Line 11d. **Alimony Paid Deduction** – Alimony, separate maintenance payments and principal sums payable in installments (to the extent includable in the spouse's or former spouse's adjusted gross income under the Internal Revenue Code) and deducted on your federal return are deductible. Child support is not deductible. These

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amounts are subject to adjustment before they may be deducted on this return. **Attach a copy of page 1 of your federal return.** The alimony adjustment is computed as follows:

Grand Rapids income (line 12, page 1)
(without alimony deduction) _____ X Alimony Paid
Federal Adjusted Gross Income
(without alimony deduction)

IMPORTANT: The above deductions are limited to the amount claimed on your federal return, except meals. The deductions are limited by the extent they apply to income taxable under the Grand Rapids Income Tax Ordinance.

Line 11e. Renaissance Zone Deduction - This deduction may be claimed only by individual taxpayers who have income from rental real estate, an individual proprietorship (federal Schedule C business) or a partnership that has business activity within any Grand Rapids Renaissance Zone. Those individuals who qualify for the deduction **must attach Schedule RZ of GR-1040R or GR-1040NR** to their return to claim the deduction. Schedule RZ is available on the website or from the Income Tax Department.

LINE 12 THROUGH LINE 15

Subtract deductions on line 11f from line 10, and enter on line 12. Subtract the total amount for personal exemptions on line 13 from line 12, and enter the remainder on line 14. Multiply line 14 by .65% (.0065) to determine the City of Grand Rapids income tax, and enter the tax amount on line 15.

LINE 16A THROUGH LINE 16d - PAYMENTS & CREDITS

On line 16a, enter the amount of Grand Rapids Tax withheld as shown on your GRW-2 or W-2 statement(s). **The City copy of your 2007 GRW-2 or 2007 W-2 clearly showing the locality as Grand Rapids (GR) and the amount of tax withheld in box 19 must be submitted with your return before credit can be allowed for Grand Rapids tax withheld.**

On line 16b, enter the total of the following: 2007 City of Grand Rapids estimated tax paid, the tax paid with an extension and the prior year credit forward.

On line 16c, enter Grand Rapids Income Tax paid on your behalf by a partnership (indicate the tax paid by a partnership).

IMPORTANT: If your 2008 Grand Rapids income not subject to withholding is expected to be more than \$15,400 after deductions (\$100 in tax), you must file a Declaration of Estimated Tax (Form GR-1040ES) by April 30, 2008, and pay at least one-fourth (¼) of the estimated tax with your declaration. The three remaining payments are due at the end of June, September and January. You may amend your estimate at the time of making any quarterly payment.

Failure to make required estimated tax payments or underpayment of estimated tax will result in assessment of penalty and interest.

LINE 17 - TAX DUE

If the total payments and credits on line 16d is less than the tax on line 15, enter the difference, the tax due, on this line. The tax due is to be paid when filing the return or payment is to be made via direct bank account withdrawal from your bank account.

To pay with a check or money order make the check or money order payable to the GRAND RAPIDS CITY TREASURER and mail the payment with the return to: Grand Rapids Income Tax Department, P.O. Box 2528, Grand Rapids, Michigan 49501-2528.

To make payment via direct withdrawal from your bank account, on line 22, mark the box to Pay tax due – Electronic funds withdrawal and enter the electronic funds withdrawal effective date and complete (a) the bank routing number, (b) your bank account number and (c) the account type. For additional information on completing line 22 to make a payment via an electronic funds withdrawal, refer to the Income Tax Department web page located at: www.grand-rapids.mi.us/index.pl?binobjid=3937.

Mail your return to the address listed in the preceding paragraph.

LINE 18 THROUGH LINE 22 - OVERPAYMENT

If the total payments and credits on line 16d exceed the Grand Rapids tax on line 15, your tax is overpaid. Enter the overpayment on line 18.

Line 19. Credit forward – On line 19 enter the amount of the overpayment to be held and applied to your 2008 estimated income tax as a credit forward, otherwise leave blank.

Line 20a, b, c. Donation – On line 20, if you wish to make a donation of any portion or all of your overpayment to the City to purchase American flags to be placed on veteran's graves in Grand Rapids, to support the Grand Rapids Children's Fund or to support the Grand Rapids Parks' Fund, mark the box in front of your choice(s) and enter the amount of the overpayment you wish to donate, otherwise leave blank.

Line 21. Refund – On line 21 enter the amount of your overpayment to be refunded. A refund will be issued via a paper refund check unless you choose to have the refund deposited directly into your checking or savings account. To do this mark the box on line 22 for Refund – Direct Deposit and enter (a) the bank routing number, (b) your bank account number and (c) the account type. For additional information on completing line 22 to receive your refund via direct deposit, refer to the City's website at www.grcity.us/index.pl?binobjid=3937.

The total of the amounts entered on lines 19 through 22 must be equal to the overpayment on line 18.

Please wait 90 days from the time you filed your return before making an inquiry concerning a refund.

LINE 28 - THIRD-PARTY DESIGNEE

If you want to allow a friend, family member or other person to discuss your 2007 tax return with the Grand Rapids Income Tax Department, check the "Yes" box in the "Third party designee" area of the return. Also, enter the designee's name, phone number and any five digits the designee chooses as his or her personal identification number (PIN). To designate the preparer who signed the return as your designee, enter "Preparer" in the space for the designee's name.

If the "Yes" box is checked, you, and your spouse if filing a joint return, are authorizing the Grand Rapids Income Tax Department to call the designee to answer any questions that may arise during the processing of your return. You are also authorizing the designee to: give the Grand Rapids Income Tax Department any information that is missing from the return; call the Income Tax Department for information about the processing of the return or the status of any related refund or payments; receive copies of notices or transcripts related to your return on request; and respond to notices about math errors, offsets and return preparation.

SIGNING THE RETURN

You must sign and date the return and the return must be received by the Grand Rapids Income Tax Department for it to be a valid return. If the return is filed jointly with your spouse, both you and your spouse must sign and date the return.

If someone other than you or your spouse prepared your return, they are required to sign and date the return and provide their address and telephone number.

ASSISTANCE

If you need forms or assistance, call (616) 456-3415. Questions by mail should be directed to: Grand Rapids Income Tax Department, P.O. Box 2528, Grand Rapids, Michigan 49501-2528. Income tax forms, instructions and additional data are available on the Income Tax Department's section of the City's website at www.grcity.us/incometax.

DISCLAIMER NOTICE

These instructions are interpretations of the Grand Rapids Income Tax Ordinance. The Ordinance will prevail in any disagreement between forms or instructions and the Ordinance.