

SCHEDULE L OF GR-1040R

TAX YEAR: _____

CITY OF GRAND RAPIDS INCOME TAX

SCHEDULE L MUST BE ATTACHED TO GRAND RAPIDS RESIDENT INCOME TAX RETURN, FORM GR-1040R

FOR THE COMPUTATION OF GRAND RAPIDS INCOME TAX OF A PART-YEAR RESIDENT
SUBJECT TO GRAND RAPIDS INCOME TAX AS BOTH A RESIDENT AND NONRESIDENT

1. Name(s) as shown on GR-1040R	2. Your social security number
3. Grand Rapids resident from	4. Former address

COMPUTATION OF TAXABLE INCOME

INCOME		GRAND RAPIDS INCOME TAX WITHHELD	COLUMN 1 ALL INCOME WHILE A RESIDENT OF GRAND RAPIDS	COLUMN 2 GRAND RAPIDS INCOME WHILE A NONRESIDENT
5. Wages, tips and other compensation (deferred compensation, sick pay, etc.). Indicate husband's wages by placing an "H" in the brackets in front of the employer's name. Indicate wife's wages by placing a "W" in the brackets in front of the employer's name.				
EMPLOYER'S NAME	ADDRESS OF ACTUAL WORK STATION			
5a. ()	5a	00	00	00
5b. ()	5b	00	00	00
5c. ()	5c	00	00	00
5d. ()	5d	00	00	00
5e. ()	5e	00	00	00
5f. ()	5f	00	00	00
5g. ()	5g	00	00	00
5h. ()	5h	00	00	00
6. Total compensation and Grand Rapids tax withheld. (Add lines 5a through 5h)	6	00	00	00
7. Interest income. (See instructions)		7	00	
8. Dividend income from federal return.		8	00	
9a. Business and farming income. From page 2, line 25e, GR-1040R (ATTACH FED. SCH. C AND/OR FED. SCH. F)		9a	00	00
9b. Sale and exchange of property. From page 2, line 26c, GR-1040R (ATTACH FEDERAL SCH. D AND/OR FED. FORM 4797)		9b	00	00
9c. Rental real estate, royalties, partnerships, trusts, etc. From page 2, line 27d, GR-1040R (ATTACH SCH. E, K-1 & 8582)		9c	00	00
9d. Other income. From page 2, line 28c, GR-1040R (ATTACH ALL APPLICABLE FED. SCHEDULES AND FORMS 1099)		9d	00	00
10. Total income. Add lines 6 through 9d and enter total here		10	00	00
DEDUCTIONS (See instructions)				
11a. IRA deduction. (ATTACH COPY OF PG 1 OF FEDERAL RETURN & EVIDENCE OF DEPOSIT)	11a	00	00	00
11b. Employee business expenses. (ATTACH FEDERAL 2106 OR LIST)	11b	00	00	00
11c. Moving expenses (into Grand Rapids area only). (ATTACH FEDERAL 3903 OR LIST)	11c	00	00	00
11d. Alimony Paid. (Do not include child support.) (ATTACH PAGE 1 OF FED. RETURN)	11d	00	00	00
11e. Renaissance Zone deduction. (ATTACH SCHEDULE RZ OF GR-1040R OR GR-1040NR)	11e	00	00	00
11f. Total deductions. Add lines 11a through 11e and enter total here	11f		00	00
12. Total income (or loss) in each column. Subtract line 11f from line 10	12		00	00
13a. Exemption. Number of exemptions from GR-1040R, line 4, _____ multiplied by exemption amount per instructions	13a		00	
13b. Excess exemption amount. If amount on line 13a exceeds the amount in column 1, line 12, enter the unused portion	13b			00
14a. Total income subject to tax as a resident. Column 1: Subtract line 13a from line 12	14a		00	
14b. Total income subject to tax as a nonresident. Column 2: Subtract line 13b from line 12	14b			00
COMPUTATION OF TAX FOR TAX YEAR 1996 AND TAX YEARS AFTER 1996				
15a. Tax while RESIDENT (Multiply line 14a by .013)	15a		00	
15b. Tax while NONRESIDENT (Multiply line 14b by .0065)	15b			00
15c. Total tax (line 15a plus line 15b). Enter here and on line 15 of resident return, GR-1040R	15c			00

IF LINE 12, COLUMN 1 OR COLUMN 2 IS A LOSS, SEE INSTRUCTIONS.

IF THE TOTAL TAX ON LINE 15c IS NEGATIVE, ENTER ZERO ON LINE 15c AND ON PAGE 1, LINE 15, FORM GR-1040R.

INSTRUCTIONS FOR SCHEDULE L OF GR-1040R

GENERAL INFORMATION

The purpose of Schedule L is to compute the tax due of a part-year resident who earned income both as a Grand Rapids resident and as a nonresident working in Grand Rapids. Income is taxed at different rates to residents of Grand Rapids and nonresidents working in Grand Rapids.

Schedule L must be filed with a Grand Rapids Resident Individual Tax Return (GR-1040R). Instructions for the resident individual return apply to income earned while a resident. Instructions for the Nonresident Individual Return (GR-1040NR) apply to income earned in Grand Rapids while a nonresident. The instructions for both returns should be read before attempting to fill out Schedule L.

Page 2 of the resident return must be filled out where required and the totals carried over to the appropriate lines on Schedule L. All supporting schedules and W-2 forms must be attached.

Complete lines 1 through 4 with information from the top section of GR-1040R.

COMPUTATION OF TAXABLE INCOME

Lines 5 through 9d of Schedule L describe the kinds of income subject to tax. Column 1 is for income earned while a resident of Grand Rapids. Column 2 is for income earned while a nonresident. Shaded areas in column 1 or column 2 indicate income as a nonresident is not taxable or indicate the line is not applicable to the particular column.

The following instructions for specific kinds of income must be used together with the instructions for the Grand Rapids resident and nonresident returns.

LINE 5 - WAGES, SALARIES, COMMISSIONS, TIPS, SICK PAY, ETC.

All wages earned while a resident must be reported in column 1 regardless of where earned. To determine resident wages use a check stub close to the date of the move as a guide. Nonresident wages for an employer equal box #1 of the W-2 form (total wages) less resident wages reported in column 1. Taxable nonresident wages earned in Grand Rapids are calculated for each employer as follows:

1. Compute the number of actual days worked in Grand Rapids as a nonresident for the employer.
2. Compute the total number of days worked while a nonresident for the employer.
3. Divide the days worked in Grand Rapids by the total days worked as a nonresident to compute the percentage of nonresident wages earned in Grand Rapids.
4. Multiply the wages as a nonresident by the percentage earned in Grand Rapids (number 3 above) to calculate nonresident wages earned in Grand Rapids.
5. Enter the nonresident wages earned in Grand Rapids in column 2 for each employer.

LINE 7 - INTEREST INCOME

Interest received while a resident (minus interest from government obligations) is taxable regardless of origin and must be entered in column 1. Interest received while a nonresident is not taxable.

LINE 8 - DIVIDEND INCOME

Dividends received while a resident (minus dividends from government obligations) are taxable and must be entered in column 1. Dividends received while a nonresident are not taxable.

LINE 9a - BUSINESS, PROFESSIONAL AND FARM INCOME

Business, professional and farm income earned while a resident of Grand Rapids is taxable regardless of where the business or profession is conducted. Nonresident business, professional and farm income earned in Grand Rapids is taxable. See the instructions for the nonresident return to determine the amount of this income to report.

The KEOGH, SEP or SIMPLE retirement deduction is subtracted from business, professional and farm income prior to the income being entered on line 9a. This deduction must be allocated between resident and nonresident status in the same manner as income. **Attach supporting schedules detailing computation of this deduction.**

LINE 9b - GAIN OR LOSS FROM THE SALE OR EXCHANGE OF PROPERTY

Residency status on the date the sale or exchange of property took place determines whether the sale or exchange is considered a transaction by a resident or a nonresident.

SALES OR EXCHANGES WHILE A RESIDENT

All gains or losses from the sale of both tangible and intangible property are taxable to residents regardless of where the property is located. The Grand Rapids Income Tax Ordinance follows the Internal Revenue Code except for gains on the sales of obligations of the United States (and

subordinate units of government) and gains from sales or exchanges of property purchased prior to July 1, 1967.

SALES OR EXCHANGES WHILE A NONRESIDENT

Only that portion of a gain or loss from the sale of tangible real and personal property located in Grand Rapids occurring after July 1, 1967, is taxable to a nonresident. The gain or loss from the sale of intangible property is not taxable to a nonresident.

LINE 9c - INCOME (OR LOSS) FROM RENTAL REAL ESTATE, ROYALTIES, PARTNERSHIPS, S CORPORATIONS, TRUSTS, ETC.

RENTAL AND ROYALTY INCOME

Rental and royalty income earned while a resident must be reported regardless of the location of the property. Nonresidents must report only that portion of rental income derived from the rental of real and tangible personal property located in Grand Rapids. (See the instructions to the nonresident return.)

PARTNERSHIP, S CORPORATION, ESTATE AND TRUST INCOME (OR LOSS)

Partnership, S corporation, estate and trust income of a resident must be reported regardless of where located. **Attach a copy of federal Schedule K-1.** A nonresident must report only that portion of partnership income (or loss) allocated to Grand Rapids on the partnership's Grand Rapids Partnership Return (GR-1065). If there is no partnership return on file the processing of the individual return will be delayed until a partnership return is filed. Income from S corporations, estates, trusts, etc. is not taxable to a nonresident.

LINE 9d - OTHER INCOME

Other income of a resident is taxable. See resident return instructions. Other income of a nonresident earned in Grand Rapids is taxable. See nonresident return instructions for line 9, rental real estate, partnership and other income, for taxability of a nonresident's other income.

LINE 11 - DEDUCTIONS

With the exception of the KEOGH, SEP and SIMPLE retirement deduction, residents and nonresidents are limited to the deductions listed on line 11. The KEOGH, SEP or SIMPLE retirement deduction must be included on line 9a. (See instructions for line 9a.)

Nonresidents must allocate deductions in the same manner they allocate their income. (See the instructions to the nonresident return.)

LINE 13 - PERSONAL EXEMPTIONS

Complete the exemption section of the resident return form (lines 1 through 4) and enter the total number of exemptions on line 13a of Schedule L. Multiply the number of exemptions by: \$1,000 for tax years 2001 through 2004; or \$750 for all other tax years. Enter total on line 13a, column 1. If line 13a exceeds resident income on line 12, column 1, enter the excess exemption amount on line 13b, column 2.

COMPUTATION OF TAX

Transfer the tax from line 15c of tax computation to Form GR-1040R, page 1, line 15. Insert the words "Schedule L" to the left of the tax amount on Form GR-1040R to indicate the tax was computed on and transferred from Schedule L.

NEGATIVE TAX

If taxpayer is a resident at tax year end and line 12, column 1, is a loss, multiply the loss by the tax rate for line 15a (resident rate) of computation (A or B) and enter this amount on line 15a. If taxpayer is a nonresident at tax year end and line 12, column 1 is a loss, multiply the loss by the tax rate for line 15b (nonresident rate) of the computation (A or B) and enter this amount on line 15a. If line 12, column 2, is a loss, multiply the loss by the tax rate for line 15b (nonresident rate) of computation (A or B) and enter this amount on line 15b. Indicate negative totals by putting them in parentheses ().

If combining lines 15a and 15b results in tax due, the tax due must be entered on line 15c Schedule L, and line 15 of the resident return. However, if combining lines 15a and 15b results in a negative tax, enter zero on line 15c of Schedule L and on line 15 of the resident return.

COMPLETION OF RESIDENT RETURN GR-1040R

Schedule L is not a return: It must be attached to a resident return. After entering the tax on line 15 of the resident return, follow the resident return instructions to complete the remainder of the return.