

INSTRUCTIONS FOR SCHEDULE RZ OF GR-1120 CORPORATION RENAISSANCE ZONE DEDUCTION

Revised 11/15/2005

Ten geographic areas within Grand Rapids were designated as Renaissance Zones. This designation grants tax relief to a qualified corporation located and conducting business activity within a Grand Rapids Renaissance Zone. In conjunction with the designation of these zones, the Grand Rapids Income Tax Ordinance was amended, effective January 1, 1997, to include a Renaissance Zone deduction.

WHO MAY CLAIM A RENAISSANCE ZONE DEDUCTION

A corporation located and conducting business activity in a Grand Rapids Renaissance Zone is qualified to claim the deduction.

HOW TO CLAIM A RENAISSANCE ZONE DEDUCTION

To claim a Renaissance Zone deduction, a corporation must file a Grand Rapids income tax return and attach a completed Schedule RZ of GR-1120.

RENAISSANCE ZONE DEDUCTION DISQUALIFIERS

A corporation is not eligible to claim a Renaissance Zone deduction if the corporation:

1. Is delinquent in filing or paying any of the following state or local taxes: Michigan single business tax, Michigan income tax, city income tax, Act 198 industrial abatement tax, commercial abatement tax, enterprise zone tax, city utility tax or general property taxes.
2. Owns residential rental property and did not file an affidavit with the Grand Rapids City Treasurer's Office by December 31 of the prior tax year attesting that the property is in substantial compliance with all applicable state and local zoning, building and housing laws or codes.
3. Is located within Grand Rapids outside of a Renaissance Zone and moves to a location within a Renaissance Zone in Grand Rapids without approval of the City.
4. Relocates more than twenty five (25) full-time equivalent jobs from one or more non-renaissance zone local governmental units (city, village or township) and any of the local government units from which a job was relocated adopts a resolution objecting to the relocation within 60 days of being notified of the job relocation by the business.

QUALIFICATION DATE

RENAISSANCE ZONES 1 THROUGH 6

A corporation located in Renaissance Zones 1 through 6 becomes a qualified taxpayer on the first day after December 31, 1996, that the corporation is located and conducting business activity in a Grand Rapids Renaissance Zone. The qualification continues until the corporation ceases to be located and conducting business activity in a Grand Rapids Renaissance Zone or until expiration of the Renaissance Zone designation on December 31, 2011.

RENAISSANCE ZONES 7 THROUGH 10

A corporation located in Renaissance Zones 7 through 10 becomes a qualified taxpayer on the first day after December 31, 2002, that the corporation is located and conducting business activity in a Grand Rapids Renaissance Zone. The qualification continues until the corporation ceases to be located and conducting business activity in a Grand Rapids Renaissance Zone or until expiration of the Renaissance Zone designation on December 31, 2017.

DEDUCTIBLE INCOME

A corporation may deduct that portion of its net income from business activity within a Renaissance Zone. Business activity carried on within a Grand Rapids Renaissance Zone is determined via a two-factor Renaissance Zone Apportionment factor, property and payroll within a

Renaissance Zone to that in Grand Rapids. Income used to calculate any other deduction allowed by the income tax ordinance and income derived from illegal activity shall not be used to calculate this deduction.

LINE BY LINE INSTRUCTIONS

- Before filling in Schedule RZ, complete Form GR-1120 through line 9.
- Line 1. Enter corporation's name as shown on their Grand Rapids income tax return, Form GR-1120.
- Line 2. Enter the corporation's Federal Employer Identification Number.
- Line 3. Enter the address of each location in a Grand Rapids Renaissance Zone.
- Line 4. Enter the beginning date and ending date the corporation was qualified to claim the Renaissance Zone Deduction for the tax year.

RENAISSANCE ZONE APPORTIONMENT PERCENTAGE

The Renaissance Zone apportionment percentage is used by corporations doing business in Grand Rapids inside a Renaissance Zone and outside the Renaissance Zones.

- Line 5a. In column 1, enter the average net book value of all real and tangible personal property owned and located in Grand Rapids. In column 2, enter the average net book value of the real and tangible personal property owned and located in a Grand Rapids Renaissance Zone. 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, or if the business was located in the Renaissance Zone for less than a year, on a monthly average basis.
- Line 5b. Enter in column 1 the gross annual rent multiplied by 8 for all rented real property located in Grand Rapids. In column 2 show the gross annual rent multiplied by 8 for rented real property located in a Grand Rapids Renaissance Zone.
- Line 6. Enter in column 1 compensation paid to employees for work or services performed within Grand Rapids. In column 2, enter compensation paid to employees for work or services performed within a Grand Rapids Renaissance Zone. In column 3, enter the percentage, column 2 divided by column 1.
- Line 9. Enter the total income subject to tax from GR-1120, line 9.
- Line 12. Compute the tax due at 1.3% (.013). Be sure to enter the tax due on the corporation return, GR-1120, line 10.

ASSISTANCE

If you have questions not answered in these instructions, or if you need assistance in preparing your return call (616)456-3415. Questions by mail should be directed to: Grand Rapids Income Tax Department, PO Box 2528, Grand Rapids, Michigan 49501-2528.

WEBSITE

Income tax forms, instructions and additional information are available under the Income Tax Department section of the City of Grand Rapids website, www.ci.grand-rapids.mi.us.

NOTICE

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

**CORPORATION
SCHEDULE RZ OF GR-1120
CITY OF GRAND RAPIDS INCOME TAX**

TAX YEAR: _____

FOR COMPUTATION OF THE RENAISSANCE ZONE DEDUCTION
FOR USE BY A CORPORATION LOCATED AND DOING BUSINESS IN A GRAND RAPIDS RENAISSANCE ZONE

INSTRUCTIONS ON OTHER SIDE

| | |
|--|---|
| 1. Corporation name as shown on GR-1120 | 2. Federal Employer Identification Number - |
| 3. Address of each location in a Grand Rapids Renaissance Zone | |
| 4. Dates qualified to claim Renaissance Zone deduction this tax year : | Starting date / / Ending date / / |

| DISQUALIFICATION SECTION | | | |
|---|---------------------------------|----------------------------------|------------------------------------|
| A CORPORATION IS NOT QUALIFIED TO CLAIM THE RENAISSANCE ZONE DEDUCTION IF ANY OF THE FOLLOWING TAXES ARE DELINQUENT: | | | |
| Grand Rapids Income Tax | Personal Property Tax | Commercial Facilities Tax (CFT) | City (Detroit) Utilities Users Tax |
| Michigan Income Tax | Michigan Single Business Tax | Enterprise Zone Tax | Technology Park Development Tax |
| General Property Tax | Industrial Facilities Tax (IFT) | Neighborhood Enterprise Zone Tax | Commercial Forest Tax |

CORPORATION LOCATED AND DOING BUSINESS IN A GRAND RAPIDS RENAISSANCE ZONE

TO CLAIM A RENAISSANCE ZONE DEDUCTION A CORPORATION MUST HAVE REAL AND/OR PERSONAL PROPERTY LOCATED IN A GRAND RAPIDS RENAISSANCE ZONE AND BE CONDUCTING BUSINESS ACTIVITY IN THE ZONE

| RENAISSANCE ZONE APPORTIONMENT PERCENTAGE | COLUMN 1 LOCATED IN GRAND RAPIDS | COLUMN 2 LOCATED IN RENAISSANCE ZONE | COLUMN 3 PERCENTAGE |
|--|--|--|--------------------------------------|
| 5a. Average net book value of real and tangible personal property (If qualified for less than a full tax year, use monthly average) 5a | | | (Column 2 divided by column 1) |
| 5b. Gross rents paid on real property multiplied by 8 5b | | | |
| 5c. Total property (Add lines 5a and 5b of columns 1 and 2) 5c | | | % |
| 6. Total wages, salaries and other compensation 6 | | | % |
| 7. Total percentages (Add column 3 lines 5c and 6) | | 7 | % |
| 8. Renaissance Zone deduction percentage (Divide line 7 by 2) | | 8 | % |

| TAXABLE INCOME AND TAX COMPUTATION | |
|---|----|
| 9. Total income subject to tax from GR-1120, line 9 | 9 |
| 10. Renaissance Zone deduction for business (Line 9 multiplied by line 8) | 10 |
| 11. Adjusted income subject to tax (Line 9 less line 10) | 11 |
| 12. City of Grand Rapids Tax (Multiply line 11 by .013) Enter here and on GR-1120 line 10 | 12 |