**CORPORATION RENAISSANCE ZONE DEDUCTION, SCHEDULE RZ OF FORM GR-1120**

For Use by a Corporation Located and Doing Business in a Grand Rapids Renaissance Zone

### 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

<table>
<thead>
<tr>
<th>COLUMN 1 LOCATED IN GRAND RAPIDS</th>
<th>COLUMN 3 PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>COLUMN 2 LOCATED IN RENAISSANCE ZONE</td>
<td>(Column 2 divided by column 1)</td>
</tr>
</tbody>
</table>

#### RENAISSANCE ZONE DEDUCTION

The Renaissance Zone designation starts on January 1 of the first year of designation and ends on December 31 of the final year of designation. The deduction is reduced during the last 3 calendar years of a zone's designation. The deduction allowance factor is: 100% for all but the last three years of a zone's designation; 75% for the tax year that is 2 years before the final year of designation; 50% for the tax year immediately preceding the final year of designation; and 25% for the final year of designation. For example, properties in Renaissance within Zones 1 through 6, began having reduced deductions in 2009 (unless a specific property was granted an extension).

#### CALCULATION OF RENAISSANCE ZONE DEDUCTION

(for both fiscal year and calendar year taxpayers)

<table>
<thead>
<tr>
<th>COLUMN 1 MONTHS IN TAX YEAR PRIOR TO 01/01/2016</th>
<th>COLUMN 2 MONTHS IN TAX YEAR AFTER 12/31/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>9. Total allocated income (Form CF-1120, page 1, line 7)</td>
<td>9</td>
</tr>
<tr>
<td>10. Renaissance Zone deduction base (Line 9 multiplied by line 8)</td>
<td>10</td>
</tr>
<tr>
<td>11. Enter the number of months in each column for the stated time period</td>
<td>11</td>
</tr>
<tr>
<td>12. Renaissance Zone deduction base for portion of year (Line 10 times line 11 of the column divided by the total number of months in the tax year or short period)</td>
<td>12</td>
</tr>
<tr>
<td>13. Enter Renaissance Zone Deduction Allowance Factor for each column. (Must be equal to 100%, 75%, 50%, 25% or 0%)</td>
<td>%</td>
</tr>
<tr>
<td>14. Renaissance Zone deduction for each portion of the tax year (Line 12 multiplied by line 13 of the column)</td>
<td>14</td>
</tr>
<tr>
<td>15. Renaissance Zone deduction for the tax year (Add amounts on line 14 of columns 1 and 2; enter here and on Form CF-1120, page 1, line 8)</td>
<td>15</td>
</tr>
</tbody>
</table>

Revised 11/12/2014
INSTRUCTIONS FOR SCHEDULE RZ OF GR-1120
CORPORATION RENAISSANCE ZONE DEDUCTION

Many geographic areas within Grand Rapids have been 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.

RENAISSANCE ZONE DEDUCTION DISQUALIFIERS
A corporation is not qualified 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 188 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 - Designation as Renaissance Zones expired on December 31, 2011 for property located zones 1 through 6. A few properties located in these zones had their Renaissance Zone designations extended for a short period of time. Visit the Grand Rapids website, www.grcity.us, and search for Renaissance Zones for maps of the zones and a portal to the Assessor’s records for checking to see if a property in these zones had its designation extended.

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.

Additional Renaissance Zones have been designated for periods from 5 to 15 years. For more information, go to the Grand Rapids website, www.grcity.us, and search for Renaissance Zones.

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.
On Schedule RZ enter corporation’s name and federal employer identification number (FEIN) as shown on their Grand Rapids income tax return, Form GR-1120.

Line 1. Enter the address of each location in a Grand Rapids Renaissance Zone.

Line 2. Enter the beginning date and ending date the corporation was located in Grand Rapids or within a Renaissance Zone.

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 3. 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 a Renaissance Zone for less than a year, on a monthly average basis.

Line 4. 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 5. For columns 1 and 2 enter the sum of the amounts on lines 3 and 4 of the column. In column 3 enter the percentage, column 2 by column 1.

Line 6. Enter in column 1 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 7. Total the percentages on line 5 and line 6.

Line 8. Calculate and enter the Renaissance Zone percentage by dividing line 7 by 2.

CALCULATION OF RENAISSANCE ZONE DEDUCTION
(For both fiscal and calendar year taxpayers)
The Renaissance Zone designation starts on January 1 of the first year of designation and ends on December 31 of the final year of designation. The deduction is reduced during the last 3 calendar years of a zone’s designation. The deduction allowance factor is: 100% for all but the last three years of a zone’s designation; 75% for the tax year that is 2 years before the final year of designation; 50% for the tax year immediately preceding the final year of designation; and 25% for the final year of designation. For example, properties within Zones 1 through 6, began having reduced deductions in 2009 (unless a specific property was granted an extension of its designation).

Line 9. Enter the net income from GR-1120, page 1, line 9.

Line 10. Calculate and enter the Renaissance Zone Deduction base by multiplying line 9 by line 8.

Line 11. Enter the number of months of the tax year, or short tax year in each of the three columns based upon the time frame of the column. Calendar year taxpayers enter 12 in column 1 and calculate only the totals from column 1.

Line 12. Calculate and enter the taxable income for each column by multiplying line 9 by line 11 and then dividing the result by the total number of months in the tax year (or short tax year) for each column.

Line 13. Enter the Renaissance Zone deduction allowance factor in each of the columns based on the time period for the column.

Line 14. Calculate and enter the Renaissance Zone deduction allowed for each period of the tax year by multiplying line 10 by line 11, then divide the result by the total number of months in the tax year (or short tax year) and multiply the result by the percentage on line 13 for each column.

Line 15. Calculate and enter the Renaissance Zone deduction for the tax year, add line 4 of each column. Also enter the Renaissance Zone deduction on Form GR-1065, page 1, 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 Office, PO Box 109, Grand Rapids, Michigan 49501-0109.

WEBSITE
Income tax forms, instructions and additional information are available under the Income Tax Office section of the City of Grand Rapids website, www.grcity.us/incometax.

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.

Revised 04/01/2013