Corporate tax rate is 1.5%.

All Grand Rapids income tax forms are available on the City's website, www.grcity.us/incometax, menu item, Tax Forms. Tax forms will be mailed upon request.

Schedule RZ of Form GR-1120 at: www.grcity.us/incometax menu item tax forms. To check which Renaissance Zone a property is located in, go to www.grcity.us and in search field type Renaissance Zone.

The due date is April 30, 2017. Penalty and interest ($2.00 minimum) will be assessed on all late payments.

Tax due (line 13) of one dollar ($1.00) or more must be paid with return. NOTE: If 2016 tax on line 10 is $250.00 or more, estimated income tax payments may be required for 2017. See page 4 of instructions for information.

Make check or money order payable to: CITY OF GRAND RAPIDS
Mail tax return and payment to: Grand Rapids Income Tax, PO Box 109, Grand Rapids, MI 49501-0109.

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

For assistance: find us online at www.grcity.us/incometax; e-mail questions to gr1120tax@grcity.us; call (616) 456-3415, option 5; or visit the Grand Rapids Income Tax Department at City Hall, 300 Monroe NW, Room 380, Grand Rapids, Michigan 49503.

Failure to attach documentation or attaching incorrect or incomplete documentation will delay processing of the return or result in corrections being made to the return.
CORPORATIONS REQUIRED TO FILE
Every corporation “doing business” in the city, whether or not it has an office or place of business in the city, is required to file an annual City of Grand Rapids Corporation Income Tax Return, Form GR-1120. Attach a copy of federal Form 1120, 1120-A, 1120S, or other corporate return form along with Schedule K and all ancillary schedules filed with the IRS to the Grand Rapids return.

Corporations cannot elect to file and be taxed as partnerships. A tax option corporation (S corporation, REIT, etc.) is treated as a C corporation.

The Grand Rapids Income Tax Ordinance specifically exempts financial institutions from taxation. “Financial institutions” are defined as state and national banks, trust companies, building and loan associations, savings and loan associations, credit unions, safety and collateral deposit companies, and any other association, joint stock company or corporation at least 90% of whose assets consist of intangible personal property and at least 90% of whose gross income consists of dividends, interest or other charges resulting from the use of money or credit.

OBTAINING RETURN FORMS
All Grand Rapids income tax forms are available on the City’s website, www.grcity.us/incometax, menu item, Corporation and Partnership Tax Forms. Request for tax forms may be e-mailed to: GR1120TAX@GRCITY.US.

RENAISSANCE ZONE DEDUCTION
TOOL AND DIE RECOVERY ZONE DEDUCTION
A qualified corporation located and “doing business” in a Grand Rapids Renaissance Zone or Tool or Die Recovery Zone may be eligible to claim the Renaissance Zone deduction. This deduction allows the corporation to deduct the portion of its income earned in a Grand Rapids Renaissance Zone from income subject to Grand Rapids income tax. A taxpayer is not qualified to claim the deduction if the corporation is delinquent for any Michigan or local taxes. A Grand Rapids income tax return must be filed to claim this deduction. Schedule RZ of GR-1120 is required to be attached to the corporation return when claiming the Renaissance Zone deduction.

A taxpayer claiming the RZ deduction uses Schedule RZ to compute the deduction. Schedule RZ of GR-1120 is designed to handle all calculations relative to the deduction. The calculation is complicated by the fact that the RZ deduction is reduced in each of the last three years of the zones existence and the fact that the reduction factors are based on a calendar year. See the instructions for Schedule RZ of GR-1120 and the form for additional information.

TAX RATE
The tax rate for 2016 is 1.5%.

FILING DATE
Taxpayers on a calendar year are required to file by April 30, 2017. Those on a fiscal year must file by the last day of the fourth month following the end of the fiscal year. Returns shall be for the same calendar year, fiscal year or other accounting period as the taxpayer uses for federal income tax purposes.

EXTENSIONS
A six month extension is automatically granted without a request if all tax has been paid by the due date of the return.

Upon filing an APPLICATION FOR EXTENSION OF TIME TO FILE GRAND RAPIDS INCOME TAX RETURN, Form GR-7004, on or before the due date for filing a return, the Income Tax Administrator may extend the time for filing up to six months. When an extension is requested, the tentative tax must be paid.

An extension is automatically granted upon payment of the balance due (Form GR-7004, line 3). Failure to pay the balance due invalidates the extension request. An extension filed without a payment will not be accepted. Interest and penalty will be assessed on taxes paid late even if an extension of time to file is granted.

REMITTANCE
The tax due must be paid when filing the return. Make check or money order payable to:
CITY OF GRAND RAPIDS

MAILING ADDRESS
Mail return and payment to:
GRAND RAPIDS INCOME TAX DEPARTMENT
PO BOX 109
GRAND RAPIDS, MI 49501-0109

EFFECTIVE DATE OF TAX
The City of Grand Rapids income tax became effective July 1, 1967. Corporations are required to pay tax each year on that part of its net income attributable to business activity conducted in Grand Rapids, commencing with its first year ending after July 1, 1967.

BALANCE DUE
Line 15. If tax (line 12) plus interest and penalty (line 13c) is greater than the total payments (line 14e) subtract line 14e from the sum of lines 12 and 13c and enter the balance due.
To pay with a check or money order make the check or money order payable to the City of Grand Rapids and mail the payment with the return to the:  
Grand Rapids Income Tax Department  
PO Box 109  
Grand Rapids MI 49501-0109

To make payment by direct withdrawal from the corporation’s bank account, mark (X) the box on line 19b, Pay tax due—direct withdrawal and enter the bank routing number (line 19c), the bank account number (line 18d) and the account type checking (line 19e1) or savings (line 19e2) and mail the return to the address above.

OVERPAYMENT

Line 16. If the total tax payments (line 14e) is greater than the tax (line 12) plus the penalty and interest (line 13c) subtract the sum of lines 12 and 13c from line 14e and enter the overpayment.

Line 17. Enter all or any portion of the overpayment to be credited forward and applied as a payment against the corporation’s tax liability for the subsequent tax year.

Lines 18 and 19. Enter the amount of the overpayment to be refunded on line 18. A refund will be issued via a paper refund check unless you elect to receive the refund via direct deposit to the corporation's bank account. To receive the refund via an electronic direct deposit, mark (X) the box on line 19a, Refund – Direct Deposit and enter the bank routing number (line 19c), the bank account number (line 18d) and the account type (line 19e).

Mail a return requesting a refund and/or credit forward to:

Grand Rapids Income Tax Department  
PO Box 109  
Grand Rapids MI 49501-0109

PREPARER DISCLOSURE

Line 20. By marking (X) the “Yes” box on line 20, the corporation is authorizing the Grand Rapids Income Tax Department to: contact the preparer for answers to any questions that may arise relating to its return; and answer any questions from the preparer about the return. Also, by marking (X) the “Yes” box on line 20, the corporation is authorizing the preparer to: provide the Income Tax Department with any information about or missing from the return; contact the Income Tax Department for information about the return or the status of any related refund or payments; and respond to notices about math errors, offsets and return preparation.

PAGE 2 INSTRUCTIONS

SCHEDULE S – Subchapter S Corporation Income

Tax option corporations (S corporations) must file as C corporations. Schedule S is used to reconcile the amount reported on Form GR-1120, line 1, page 1, with the amounts on federal Form 1120S and Schedule K.

SCHEDULE S1 – S Corporation Shareholder Information Schedule

S Corporations must complete Schedule S1 and report the shareholder’s name and address in column 1, and their tax identification number in column 2. The information reported on Schedule S1 is the same as the information entered on federal Schedule K-1 (Form 1120-S), Part II, items D and E.

SCHEDULE S2 – S Corporation Shareholder’s Income and Tax Paid

S corporations must complete Schedule S2 and report, in columns 1 - 8, the shareholder’s: tax identification number; truncated name; entity classification; residence status of individual shareholders; share of federal taxable income; share of Grand Rapids taxable income; and share of Grand Rapids income tax paid by the S corporation.

SCHEDULE S3 – S Corporation Shareholder’s Share of Tax paid to another City

If the S corporation has paid tax to another Michigan city, Schedule S3, S Corporation Shareholder’s Share of Tax Paid to another City must be completed. For each other Michigan city to which the S corporation paid income tax, complete a column in the schedule by entering the other city’s name, its corporation tax rate and each shareholder’s share of the tax paid to the other named city.

SCHEDULE C

Column 1 – Add – Items Not Deductible
Line 1. Enter on line 1 all expenses (including interest expense) incurred in connection with the derivation of income not subject to Grand Rapids Income tax.

Line 2. Enter on line 2 the amount of Grand Rapids income paid or accrued during the tax year.

Line 3. Enter on line 3 the nondeductible portion of a loss from the sale or exchange of property acquired prior to July 1, 1967. The portion of the loss occurring prior to the inception of the Ordinance, July 1, 1967 is not recognized. The amount of loss occurring prior to July 1, 1967, is determined by either (1) computing the difference between the total gain or loss for the property as reported for federal income tax purposes and the Grand Rapids taxable portion of the loss computed by substituting the fair market value of the property on July 1, 1967, (the June 30, 1967, closing price for traded securities) for the basis in determining or loss; or (2) by multiplying the loss for the entire holding period, as computed for federal income tax purposes, by a fraction, the numerator being the number of months the property was held prior to July 1, 1967 and denominator being the total number of months the property was held. See line 10 for instructions relative to gains from sales or exchanges of property acquired prior to July 1, 1967.

Capital losses from U.S. Government obligations included in income reported on page 1, line 1, are not deductible. Remove these losses by including them in the amount reported on line 3.

Line 4. Reserved for future use.

Line 5a. Enter losses from entities filing as partnerships that is included in taxable income reported on page 1, line 1.

Lines 5b and 5c. Identify and enter the amount of any other item reported on the federal return and not deductible under the Grand Rapids Income Tax Ordinance. If needed, use Schedule N to identify the nondeductible items and their nondeductible amount, total the nondeductible items and on line 5b enter “see Schedule N” and enter the total of such items as reported on Schedule N.

Line 6. Enter the total of Lines 1 through 5c; also enter this total on page 1, line 2.

Column 2 – Deduct – Items Not Taxable and Allowable Deductions

Line 7. Enter the amount of interest income from obligations of the United States, the states or subordinate units of government of the state that is included in taxable income reported on page 1, line 1.

Line 8. Enter the amount of the dividend-received deduction allowed by the federal Internal Revenue Code for dividends received.

Line 9 and 10. Taxpayers may deduct income, war profits and excess profits taxes imposed by foreign countries or possessions of the United States, allocable to income included in taxable net income, any part of which would be allowable as a deduction in determining federal taxable income under the applicable provisions of the federal Internal Revenue Code.
2016 INSTRUCTIONS FOR FILING FORM GR-1120, CORPORATION INCOME TAX RETURN

If a foreign tax credit, rather than a foreign tax deduction, was claimed on your federal return, enter on line 9 the portion of the foreign tax credit claimed on the federal return, not in excess of the federal limitations. The balance of your foreign tax credit is not deductible.

Enter on line 10 the "foreign taxes paid or accrued" portion of the foreign tax credit claimed on the federal return, not in excess of the federal limitations. The balance of your foreign tax credit is not deductible.

Line 11. Enter the nontaxable portion of a gain from the sale or exchange of property acquired prior to July 1, 1967 and capital gains from US Government obligations.

The portion of the gain occurring prior to the inception of the Ordinance, July 1, 1967, is not recognized. Refer to the instructions for Schedule C, line 3 for computation instructions.

Capital gains from US Government obligations included in income reported on page 1, line 1, are not taxable. Remove these gains by including them in the amount reported on line 11.

Line 12a. Enter income from entities filing as partnerships that is included in taxable income reported on page 1, line 1.

Line 12b. Enter the amount of wages taken as a credit on the corporation's federal return.

Line 12c. Identify and enter the amount of any other nontaxable item reported as income on the federal return and not taxable under the Grand Rapids Income Tax Ordinance. If needed, use Schedule N to identify the nontaxable items and their nontaxable amounts, total the nontaxable items and on line 12c enter “see Schedule N” in the explanation area and enter the total of such nontaxable items as reported on Schedule N.

SCHEDULE D
The business allocation percentage formula must be used by corporations “doing business” both within and outside the City of Grand Rapids who have not been approved to use separate accounting or an alternative allocation method.

Multistate Tax Compact Apportionment. Elective use of the Multistate Tax Compact apportionment provisions is no longer allowed. On September 14, 2014 the Governor signed Act 282 of 2014 which retroactively repealed the Multistate Tax Compact provisions of Michigan law effective 01/01/2008.

Line 1a. Enter in column 1 the average net book value of all real and tangible personal property owned by the business, regardless of location, and in column 2, show the net book value of the real and tangible personal property owned and located or used in the City of Grand Rapids. The average net book value of real and tangible personal property may be determined by adding the net book values at the beginning of the year and the net book values at the end of the year and dividing the sum by two.

Line 1b. 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 the City of Grand Rapids. Gross annual rent refers to real property only, rented or leased during the taxable period, and should include the actual sums of money or other consideration paid, directly or indirectly, by the taxpayer for the use or possession of such property.

Line 2. Enter in column 1 the total compensation paid to all employees during the year, and in column 2 show the amount of compensation paid to employees for work or services performed within the City of Grand Rapids during the year.

Line 3. Enter in column 1 the total gross revenue from all sales or services rendered during the year, and in column 2 show the amount of revenue derived from sales made or services rendered in the City of Grand Rapids during the year. A corporation must be “doing business” outside of Grand Rapids to allocate net profit (or loss). Separate Accounting - The taxpayer may request, or the administrator may require, use of the separate accounting method. If such method is requested, the administrator may require a detailed statement to determine whether the net profits attributable to the City will be apportioned with reasonable accuracy (Ordinance Section 19).

Generally, a corporation that is unitary in nature (i.e., has central management, purchasing, warehousing, advertising, etc.) cannot use separate accounting. Taxpayers allocating on any basis other than separate accounting shall include all interest, dividends and other non-operating income to arrive at the total income subject to the allocation percentage.

Taxpayers using separate accounting shall include in income subject to tax a proportionate share of dividends, interest and other non-operating income of the total corporation. This type of income is apportioned to Grand Rapids activity on the same basis as general administrative and overhead costs are apportioned.

SCHEDULE G
Line 1. Net operating losses carried forward are to be reported on this line. There is no provision for carrying back losses to prior tax years. Carryover losses are allocated to Grand Rapids at the same apportionment percentage reported for the year in which the loss was sustained. If all business was not conducted in Grand Rapids in the year in which the loss was sustained, use the business allocation percentage formula to arrive at the deductible portion of the loss. Attach a schedule showing the computation for the amount reported on Line 1.

Line 2. Enter on this line the net capital loss carryover applicable to Grand Rapids. Net capital losses sustained by a corporation may be carried forward in the same manner as under the federal Internal Revenue Code. If all business was not conducted in Grand Rapids in the year in which the loss was sustained, use the business allocation percentage formula for the year of the loss to calculate the deductible portion of the loss. Attach a schedule showing your computation of the amount reported on this line.

Line 3. A corporation who is a partner in a business activity taxed as a partnership that has business activity in Grand Rapids must enter on this line their portion of the Grand Rapids taxable income or loss from the partnership. Attach a schedule showing the computation for the amount reported on this line including the name and taxpayer identification number of the partnership.

ESTIMATED INCOME TAX PAYMENTS
1. WHO MUST FILE: Every corporation subject to the tax on all or part of its net profits must make estimated income tax payments using Form GR-1120ES or Form CF-1120ES. Estimated income tax payments are not required from corporations if the estimated tax is two hundred fifty dollars ($250.00) or less.

2. WHEN AND WHERE TO FILE AND PAY:
   A. Calendar year taxpayers must make the first estimated payment on or before April 30th of the year. The estimated tax is payable in equal installments on or before April 30th, June 30th, September 30th of the tax year and January 31st of the following year.
   B. A corporation filing on a fiscal year or a short tax year basis must make the first quarterly estimated income tax payment within four (4) months after the beginning of each fiscal year or short period. For example, if a fiscal year begins on April 1st, the first quarterly payment is due on or before July 31st of the tax year. The remaining installments must be paid on or before the last day of the 6th, 9th and 13th months after the beginning of the tax year.
C. Filing and Payment: Corporate estimated tax payments should be mailed to: Grand Rapids Income Tax Department, PO Box 109, Grand Rapids, MI 49501-0109. The estimated tax may be paid in full by the due date of the first quarterly installment.

ASSISTANCE
For assistance find us online at www.grcity.us/incometax, e-mail questions to GR1120TAX@grcity.us, call (616) 456-3415, option 5 for corporations, or visit the Grand Rapids Income Tax Department at City Hall, 300 Monroe NW, Room 380, Grand Rapids, Michigan 49503.

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: 09/12/2016