### SCHEDULE RZ OF GR-1040
#### CITY OF GRAND RAPIDS INCOME TAX
#### COMPUTATION OF THE RENAISSANCE ZONE DEDUCTION
#### FOR USE BY A RESIDENT DOMICILED IN A RENAISSANCE ZONE,
#### AN INDIVIDUAL WITH INCOME FROM RENTAL REAL ESTATE LOCATED IN A RENAISSANCE ZONE OR
#### AN INDIVIDUAL PROPRIETORSHIP, PROFESSION OR PARTNERSHIP LOCATED AND CONDUCTING BUSINESS IN A RENAISSANCE ZONE

<table>
<thead>
<tr>
<th>Section</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DISQUALIFICATION SECTION</strong></td>
<td>An individual is not qualified to claim the Renaissance Zone deduction if any of the following taxes are delinquent: Grand Rapids Income Tax General &amp; Personal Property Tax Michigan Income Tax Michigan Single Business Tax Michigan Business Tax</td>
</tr>
<tr>
<td><strong>RESIDENT DOMICILED IN A RENAISSANCE ZONE</strong></td>
<td>Complete this section if you are or were a resident of Grand Rapids domiciled in a Renaissance Zone. A 183 day residence requirement must be completed before qualifying to claim the Renaissance Zone deduction.</td>
</tr>
<tr>
<td><strong>OTHER INDIVIDUAL (NOT DOMICILED IN A RENAISSANCE ZONE) WITH INCOME FROM RENTAL REAL ESTATE, A BUSINESS, A PROFESSION, A PARTNERSHIP OR AN S CORPORATION LOCATED AND DOING BUSINESS IN A RENAISSANCE ZONE</strong></td>
<td>Complete this section if you are a resident or nonresident individual with income from rental real estate, a business, a profession, a partnership or an S corporation located and doing business in a Renaissance Zone.</td>
</tr>
</tbody>
</table>

#### FOR TAX YEARS
- **2010 OR LATER**
- **Revised 03/16/11**

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### DISQUALIFICATION SECTION

An individual is not qualified to claim the Renaissance Zone deduction if any of the following taxes are delinquent:
- Grand Rapids Income Tax
- General & Personal Property Tax
- Michigan Income Tax
- Michigan Single Business Tax
- Michigan Business Tax

### RESIDENT DOMICILED IN A RENAISSANCE ZONE

Complete this section if you are or were a resident of Grand Rapids domiciled in a Renaissance Zone.

**A 183 DAY RESIDENCE REQUIREMENT MUST BE COMPLETED BEFORE QUALIFYING TO CLAIM THE RENAISSANCE ZONE DEDUCTION.**

#### 3. Address of domicile in Renaissance Zone

#### 4. Date domicile established at this residence

<table>
<thead>
<tr>
<th>/</th>
<th>/</th>
<th>If domicile is continuous for at least 183 days, taxpayer is qualified on this date.</th>
</tr>
</thead>
</table>

#### 5. Dates of domicile this year:

<table>
<thead>
<tr>
<th>Starting date</th>
<th>/</th>
<th>/</th>
<th>Ending date</th>
<th>/</th>
<th>/</th>
<th>Total number of days</th>
<th>Days</th>
</tr>
</thead>
</table>

#### 6. Percentage of year as a qualified resident of a Renaissance Zone (Line 5 divided by 365, part-year residents see instructions)

<table>
<thead>
<tr>
<th>Line 5</th>
<th>Days</th>
</tr>
</thead>
</table>

#### 7. Total income from line 17 of GR-1040

| 7. | 00 |

#### 8. Capital gains (not ordinary income) included in amount reported on GR-1040, line 7

| 8. | 00 |

#### 9. Lottery winnings included in income reported on GR-1040, line 16

| 9. | 00 |

#### 10. Total deductions related to income included in line 7 (Add amounts reported on GR-1040, line 18 through line 22)

| 10. | 00 |

#### 11. Base income for Renaissance Zone deduction (Line 7 less lines 8, 9 and 10)

| 11. | 00 |

#### 12. Total qualified ordinary income (Line 11 multiplied by line 6)

| 12. | 00 |

#### 13. Portion of gains from sale or exchange of property occurring after qualification date

| 13. | 00 |

#### 14. Lottery winnings from an instant lottery game or an on-line game won after becoming a qualified taxpayer

| 14. | 00 |

#### 15a. Renaissance Zone deduction base (Add lines 12, 13 and 14)

| 15a. | 00 |

#### 15b. Renaissance Zone deduction (Multiply line 15a by the Deduction Allowance Factor)

**Deduction Allowance Factor:**
- 100% for year’s 1 through 12 of the Renaissance Zone;
- 75% for the 13th year of the Renaissance Zone;
- 50% for the 14th year of the Renaissance Zone;
- 25% for the 15th year of the Renaissance Zone.

Enter here & on GR-1040, line 23

| 15b. | 00 |

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### OTHER INDIVIDUAL (NOT DOMICILED IN A RENAISSANCE ZONE) WITH INCOME FROM RENTAL REAL ESTATE, A BUSINESS, A PROFESSION, A PARTNERSHIP OR AN S CORPORATION LOCATED AND DOING BUSINESS IN A RENAISSANCE ZONE

Complete this section if you are a resident or nonresident individual with income from rental real estate, a business, a profession, a partnership or an S corporation located and doing business in a Renaissance Zone.

#### 16. Business name, DBA, and address of each location in a Renaissance Zone

<table>
<thead>
<tr>
<th>Column</th>
<th>Resident</th>
<th>Nonresident</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.</td>
<td>00</td>
<td>00</td>
</tr>
<tr>
<td>18.</td>
<td>00</td>
<td>00</td>
</tr>
<tr>
<td>19.</td>
<td>00</td>
<td>00</td>
</tr>
<tr>
<td>20.</td>
<td>00</td>
<td>00</td>
</tr>
</tbody>
</table>

#### 21. Renaissance Zone Apportionment Percentage

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>IN GRAND RAPIDS</td>
<td>IN REN. ZONE</td>
<td>PERCENTAGE (Column 2 divided by column 1)</td>
</tr>
<tr>
<td>21a.</td>
<td>Average net book value of real and personal property</td>
<td>%</td>
</tr>
<tr>
<td>21b.</td>
<td>Gross rents paid on real property multiplied by 8</td>
<td>%</td>
</tr>
<tr>
<td>21c.</td>
<td>Total property (Add line 21a and 21b)</td>
<td>%</td>
</tr>
<tr>
<td>21d.</td>
<td>Total wages, salaries and other compensation</td>
<td>%</td>
</tr>
<tr>
<td>21e.</td>
<td>Total percentages (Add column 3, line 21c and 21d)</td>
<td>%</td>
</tr>
<tr>
<td>21f.</td>
<td>Renaissance Zone deduction percentage (Line 21e divided by 2)</td>
<td>%</td>
</tr>
</tbody>
</table>

#### 22. Renaissance Zone deduction for business (Line 20 multiplied by line 21f)

| 22. | 00 |

#### 23. Renaissance Zone deduction from partnership or S corporation (See Instructions) FEIN

| 23. | 00 |

#### 24. Address of each parcel of rental real estate located in a Renaissance Zone

| 24. | 00 |

#### 25. Income from rental real estate located within a Renaissance Zone (See Instructions)

| 25. | 00 |

#### 26a. Renaissance Zone deduction base (Add lines 22, 23 and 25)

| 26a. | 00 |

#### 26b. Renaissance Zone deduction (Multiply line 26a by the Deduction Allowance Factor)

**Deduction Allowance Factor:**
- 100% for year’s 1 through 12 of the Renaissance Zone;
- 75% for the 13th year of the Renaissance Zone;
- 50% for the 14th year of the Renaissance Zone;
- 25% for the 15th year of the Renaissance Zone.

Enter here & on CF-1040, line 23

| 26b. | 00 |

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### FOR TAX YEARS
- **2010 OR LATER**
- **Revised 03/16/11**
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INSTRUCTIONS FOR SCHEDULE RZ OF GR-1040
RENAISSANCE ZONE DEDUCTION FOR TAX YEARS 2010 OR LATER

GENERAL INFORMATION
Ten geographic areas within Grand Rapids were designated as Renaissance Zones. This designation grants tax relief to a qualified taxpayer. 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.

The property located in Renaissance Zones 1 through 10 was designated as a being in a qualified Renaissance Zones for a period of 15 years. Additional property located in Renaissance Zones 11 through 22 was designated as being located in a qualified Renaissance Zone for period of time from 5 to 15 years.

PHASE OUT OF RENAISSANCE ZONE DEDUCTION
Prior to the phase out period, 100% of the income qualified as Renaissance Zone income is deductible. Over the last three years of designation, the deduction is phased out in 25% increments. In the second to the last year of designation the deduction allowed is 75% of the Renaissance Zone income. In the year prior to the last year of designation the deduction allowed is 50% of the Renaissance Zone income. In the last year of designation the deduction allowed is 25% of the Renaissance Zone income. No deduction is allowed after the expiration of the Renaissance Zone designation.

WHO MAY CLAIM A RENAISSANCE ZONE DEDUCTION
A qualified resident of Grand Rapids domiciled in a Renaissance Zone for 183 consecutive days, and qualified resident and nonresident individuals with income from rental real estate, business, profession or other activity located and doing business in a Renaissance Zone.

HOW TO CLAIM A RENAISSANCE ZONE DEDUCTION
To claim a Renaissance Zone deduction, a taxpayer must file a Grand Rapids income tax return and attach a completed Schedule RZ of GR-1040R or GR-1040NR.

RENAISSANCE ZONE DEDUCTION DISQUALIFIERS
A person is not eligible to claim a Renaissance Zone deduction if:

1. The person is delinquent in filing or paying any of the following state or local taxes: Michigan Business Tax, 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. The person 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.

A business owner is subject to the above disqualifiers and not eligible to claim a Renaissance Zone deduction if the business:

1. 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.

2. Relocates more than 25 full-time equivalent jobs from one or more non-Renaissance Zone local governmental units (city, village or township) and any of the 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.

RESIDENT DOMICILED IN A RENAISSANCE ZONE
DOMICILE DEFINED: Domicile is the place where a person has his or her true, fixed and permanent home and principal establishment, to which, whenever absent therefrom, he or she intends to return.

QUALIFICATION DATE: A resident domiciled in a Renaissance Zone for the required 183 consecutive days becomes a qualified taxpayer as of the first day of domicile.

DEDUCTIBLE INCOME: Income earned or received during the period of domicile in a Renaissance Zone may be deducted except the following: Lottery winnings from an instant game or on-line game won before becoming a qualified taxpayer; the portion of gains from the sale or exchange of property occurring before the qualification date; and income from illegal activities.

OTHER INDIVIDUAL (NOT DOMICILED IN A RENAISSANCE ZONE) WITH INCOME FROM RENTAL

REAL ESTATE, A BUSINESS, A PROFESSION, A PARTNERSHIP OR AN S CORPORATION LOCATED AND DOING BUSINESS IN A RENAISSANCE ZONE
INCOME QUALIFIED FOR RENAISSANCE ZONE DEDUCTION

1. That portion of business or professional income from business activity in a Renaissance Zone after adjustment for any net operating loss deduction and other deductions related to the income from the business activity in the zone. The Renaissance Zone portion of business activity is determined via a two-factor apportionment formula, property and payroll within a Grand Rapids Renaissance Zone to that in Grand Rapids.

2. Income from rental of real property located in a Renaissance Zone after adjustment for any net operating loss deduction and other deductions related to the income from the business activity in the zone.

3. The partner’s share of partnership income from business activity in a Renaissance Zone after adjustment for any net operating loss deduction and other deductions related to the income from the business activity in the zone.

4. The resident owner’s share of S corporation income from business activity in a Renaissance Zone after adjustment for any net operating loss deduction and other deductions related to the income from the business activity in the zone. This is not applicable to a nonresident taxpayer.

LINE BY LINE INSTRUCTIONS
Before filling in Schedule RZ, complete Form GR-1040R or GR-1040NR through line 11d.

Line 1. Enter taxpayer’s name as shown on the Grand Rapids income tax return, Forms GR-1040R or GR-1040NR.

Line 2. Enter the taxpayer’s Social Security number.

RESIDENTS DOMICILED IN A RENAISSANCE ZONE
(Other skip to Instructions for line 18)

Line 3. Enter address of domicile in the Renaissance Zone.

Line 4. Enter the date domicile was established at residence on line 3.

Line 5. Enter the starting and ending dates of domicile in the Renaissance Zone this year and the total number of days domiciled.

Line 6. Divide the number of days on line 5 by 365, and enter the percentage. Part-year Grand Rapids residents divide the number of days as a resident domiciled in a Renaissance Zone (line 5) by the total number of days as a Grand Rapids resident during tax year.

Line 7. Enter total income reported on GR-1040, line 17.

Line 8. Enter the capital gain or loss (not ordinary income or loss) included in the amount reported for sale or exchange of property on GR-1040, line 7.

Line 9. Enter all lottery winnings included in the other income reported on GR-1040, line 16.

Line 10. Enter the total of the deductions claimed on GR-1040, lines 18 through 22.

Line 13. Determine the portion of capital gains (not including capital losses) from sale or exchange of property reported on GR-1040R, line 9b that occurred after the qualification date listed on line 4 and enter the amount. Attach a schedule showing the computation. The allowable Renaissance Zone deduction for capital gains may be determined by one of the following methods:

A. Adjust the basis for the property to the fair market value on the qualification date (the prior days closing price for traded securities) and subtract the basis from the sale proceeds; or
INSTRUCTIONS FOR SCHEDULE RZ OF GR-1040
RENAISSANCE ZONE DEDUCTION FOR TAX YEARS 2010 OR LATER

B. Divide the number of months the property was held since the qualification date by the total number of months the property was held and apply this fraction to the gain reported for the property on the federal income tax return.

Line 14. Enter lottery winnings from instant games or on-line games won after the qualification date listed on line 4.

Line 15a. Enter the totals of lines 12, 13 and 14) to determine your Renaissance Zone deduction base.

Line 15b. Enter the Renaissance Zone deduction. Compute the deduction by multiplying the amount on line 15a by the Renaissance Zone allowance factor. Also enter on GR-1040 line 23.

INDIVIDUALS (NOT DOMICILED IN A RENAISSANCE ZONE) WITH INCOME FROM RENTAL REAL ESTATE, BUSINESS, PROFESSION, PARTNERSHIP OR S CORPORATION

For this section of Schedule RZ residents (not domiciled in a Renaissance Zone) are to use the resident column and nonresidents are to use the nonresident column. A part-year resident is to divide each line item and report the resident and nonresident portions accordingly.

Line 16. List the business name, DBA and address of each location within a Renaissance Zone.

Line 17. Enter the business and farm income reported on GR-1040, lines 6 and 13, from business activity in a Renaissance Zone.

Line 18. Enter the net operating loss deduction claimed on GR-1040, line 16, related to the income reported on line 17.

Line 19. Enter the total of the deductions reported on Form GR-1040, lines 18 through 22, related to income reported on line 17.

Line 20. Base for Renaissance Zone Deduction, line 17 less lines 18 and 19.

Line 21. The Renaissance Zone apportionment percentage is used by companies doing business in Grand Rapids inside a Renaissance Zone and outside the Renaissance Zones. If the business income is 100% within the Renaissance Zones, enter 100% on line 21f and complete the form from there.

Line 21a. 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 21b. 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 21c. Total column 1 and column 2. In column 3 enter the percentage, column 2 divided by column 1.

Line 21d. 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 21e Add column 3, line 21c and 21d.

Line 21f Divide line 21e by 2.

Line 22. Renaissance Zone Deduction for business, line 20 multiplied by line 21f.

Line 23 Enter partnership’s FEIN and the partner’s share of the partnership’s Renaissance Zone deduction (Schedule RZ of GR-1065, line 12, column 3, for the partner) less the following deductions related to the partnership income in the zone: any net operating loss deduction claimed on Form GR-1040, line 16; and any deductions claimed on Form GR-1040 lines 18 through 23.

Grand Rapids residents with flow through income from an S corporation include on this line their portion of the S corporation’s Renaissance Zone deduction (Schedule RZ of GR-1120, line 14, columns 1, 2 and 3) less the following deductions related to the S corporation income in the zone: any net operating loss deduction claimed on Form GR-1040, line 16; and any deductions claimed on Form GR-1040 lines 18 through 23.

Attach list if more than one partnership or S corporation included in amount reported on this line.

Line 24. Enter the address for each parcel of rental real estate located in a Renaissance Zone. Attach list if more room is needed to report the address of each parcel of rental real estate located in a Grand Rapids Renaissance Zone.

Line 25. Enter the income from rental real estate located in a Grand Rapids Renaissance Zone less the following deductions related to the rental income in the zone: any net operating loss deduction claimed on Form GR-1040, line 16; and any deductions claimed on Form GR-1040 lines 18 through 23.

Line 26a Enter the total of lines 22, 23 and 25 to determine your deduction before phase-out and Partnership returns.

Line 26b Enter the Renaissance Zone deduction. Compute the deduction by multiplying the amount on line 26a by the Renaissance Zone allowance factor. Also enter on GR-1040 line 23.

ASSISTANCE
If you have questions or need assistance, contact the Grand Rapids Income Tax Office by phone at (616) 456-3415 or by mail sent to PO Box 2528, Grand Rapids, Michigan 49501.

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.