

2018
CITY OF GRAND RAPIDS INCOME TAX

NON-RESIDENT FORMS AND INSTRUCTIONS
Form GR-1040NR—Individual Return

For use by individuals who were not residents of the City of Grand Rapids at any time during 2018, but who earned taxable income in Grand Rapids during 2018 and by TRUSTS and ESTATES

FILING DATE: Your return must be filed by April 30, 2019

REMITTANCE: Make remittance payable to: GR City Treasurer

MAILING ADDRESS: Mail your return and remittance, with W-2 forms to:

Grand Rapids Income Tax
P.O. Box 347
Grand Rapids, MI 49501-0347



Telephone number: (616) 456-3415 Option 0



Business hours:

Monday through Friday 8 a.m. to 5:00 p.m.

Saturday 8am- 2pm on February 9th, February 23rd
March 9th, March 23rd, April 13th, April 20th, and April 27th 2019



Website: www.grcity.us/incometax

GENERAL INFORMATION

WHO MUST FILE A RETURN

Every nonresident who had income subject to Grand Rapids City income tax in 2018 of \$600 or more must file a return by April 30, 2019. See Taxable Income paragraph below.

Married persons may file either a joint return or separate returns. The total **Grand Rapids** income of both spouses must be included on a joint return, and each spouse must sign the return.

If you do not meet the requirements for filing a return but Grand Rapids tax was withheld or estimated tax was paid, you must file a return to receive a refund.

Every trust or estate with gross income of \$600 or more subject to Grand Rapids tax must file a Grand Rapids Schedule G with Form GR-1040NR. Schedule G is available from the Grand Rapids City Income Tax Department.

WHO MUST USE THIS FORM

Individuals who were nonresidents of the City of Grand Rapids during the entire year and worked in Grand Rapids must use this form.

An individual who was a resident of Grand Rapids during any part of the year must file form GR-1040R (Resident form).

EXTENSION OF TIME TO FILE

The due date of this return may be extended for a period not to exceed six months. **When a city extension is granted, tentative tax must be paid by April 30, 2019.** Applications for extensions are available online at www.GRCITY.US/IINCOMETAX

Applying for a Federal extension does not satisfy the requirement to file a Grand Rapids extension.

TAXABLE INCOME

The following income is subject to tax:

- Compensation received for work done or services performed in Grand Rapids—compensation includes, but is not limited to; salary, bonus, wages, commissions, vacation pay, holiday pay, sick pay, incentive pay to leave employment, incentive pay for “early retirement”, lump sum distribution of vacation pay, lump sum distribution of sick pay, employee savings plans, retirement stock purchase plans and profit sharing plans. **(Please note that these examples do not cover every possible filing situation. If you have any questions, please contact the Grand Rapids City Income Tax Department at (616) 456-3415 OPTION 0.)**
- The net profits from the operation of a business or profession attributable to business activity conducted in Grand Rapids whether or not such business is located in Grand Rapids.
- Net profits from the rental of real and tangible property located in Grand Rapids.
- Gain from the sale or exchange of real and tangible personal property located in Grand Rapids.
- Premature distribution of an Individual Retirement Account (IRA) when a deduction(s) has been taken on a Grand Rapids income tax return in previous year(s).

EXEMPT INCOME

Exempt income includes:

- Gifts, inheritances and bequests.
- Pensions (including disability pensions), social security, annuities, IRA distributions after age 59 ½, and rollover of amounts from IRA's to ROTH IRA's.
- Proceeds of insurance (except that payments from a health and accident policy paid for by your employer are taxable to the same extent as provided by the Internal Revenue Code).
- Unemployment compensation, supplemental unemployment benefits, welfare relief payments.
- Workers' compensation, or similar payments for death, injury or illness arising out of and in the course of an employee's job.
- Interest, dividends, and other forms of intangible income. (When the receipt of interest and other intangible income is part of a business, such interest, etc. shall be considered as business income taxable to nonresidents and reported on Schedule C.)
- Military pay of members of the National Guard and the Armed Forces of the United States.
- Income received by a nonresident as the result of disability after exhausting all vacation pay, holiday pay and sick pay.

DECLARATION OF ESTIMATED TAX

If you expect that your Grand Rapids income in 2019 not subject to withholding will be more than \$13,200 after deductions (\$100 in tax), you must file a Declaration of Estimated Tax (form GR-1040ES) for 2019 by April 30, 2019 and pay at least one-fourth (1/4) of the estimated 2019 tax with your Declaration. The three remaining payments are due at the end of June, September and January.

Failure to file a Declaration of Estimated Tax and make the required payments will result in the assessment of penalty and interest for the late payment of tax.

To avoid penalty and interest charges, you must pay in through withholdings and/or quarterly estimated payments at least 70% of your current year or prior year liability, whichever is lower.

If at any time during the year your income increases to such a level that one hundred dollars tax or more will be due at the end of the year, a Declaration of Estimated Tax must be filed.

The Declaration of Estimated Tax Form GR-1040ES is available from the Grand Rapids City Income Tax Department or online at www.grcity.us/incometax

WHERE TO BEGIN

The table below will help you determine which schedules apply to you:

Schedule Name	Must Be Completed By:
Schedule 1—Exemptions	ALL FILERS
Schedule 2—Wage detail	Filers who worked in Grand Rapids as employees--use information from W-2 form(s)
Schedule 3—Payments	ALL FILERS
Schedule 4—Wages Earned in Grand Rapids	Filers who worked both in and out of Grand Rapids for the <u>same</u> employer
Schedule 5—Other Income/Loss	Filers with Federal Schedule C, D or E income/loss applicable to Grand Rapids
Schedule 6—Deductions	Filers with IRA contributions, Federal form 2106 or 3903 expenses, or alimony attributable to Grand Rapids

LINE BY LINE INSTRUCTIONS

SCHEDULE 1—EXEMPTIONS

Lines 1-3

All individuals filing a Grand Rapids income tax return are allowed one personal exemption even if they are eligible to be claimed as a dependent on another filer's return. On a joint return both individuals are allowed one personal exemption.

Individuals who are 65 years of age or older may claim one additional personal exemption. On a joint return either one or both individuals if they qualify may claim one additional exemption for being 65 years of age or older.

Individuals who are legally blind may also claim an additional personal exemption. On a joint return either one or both individuals if they qualify may claim an additional exemption.

SCHEDULE 2—WAGE DETAIL

Columns A, B and C

Follow instruction (a) below if you performed all (100%) of your services in Grand Rapids. Use instruction (b) below if you performed part of your services in Grand Rapids.

- (a) Nonresidents who worked 100% of their time in Grand Rapids: Enter in Column A the full amount of your earnings as recorded on your W-2 statement. Enter the same amount in Column C.
- (b) Nonresidents who performed only part of their services in Grand Rapids: Enter in Column A the full amount of your earnings as recorded on your W-2 statement. Compute the amount to be entered in Column C by completing Schedule 4.

SCHEDULE 3—PAYMENTS

Line 1—Tax withheld by your employer

Enter the amount of Grand Rapids tax withheld as shown on your 2018 W-2 statement(s). The City of Grand Rapids copy of your W-2 statement, showing clearly the amount of Grand Rapids tax withheld must be submitted with your return before credit can be allowed for Grand Rapids tax withheld.

Line 2—Estimated payments, credit from a prior year, extension payments
If you made a payment(s) on a 2018 City of Grand Rapids Declaration of Estimated Tax, applied an overpayment from your 2017 Grand Rapids return to 2018, or made a payment with an extension, enter the total of all payments on line 2. In addition, enter any Grand Rapids income tax paid on your behalf by a partnership of which you are a partner on line 2. Please indicate to the right of the amount that the payment was made by a partnership.

SCHEDULE 4—WAGES EARNED IN GRAND RAPIDS

Complete this schedule only if you worked both in and out of Grand Rapids for the same employer. Days worked on lines 1 and 2 of Schedule 4 refer only to the actual number of days you were on the job. Do not include holidays, vacation days or sick days. For full-time employment, use 240

days worked everywhere or attach a schedule showing how actual days were computed. Hours may be substituted for days.

SCHEDULE 5—OTHER INCOME/LOSS

The federal rules concerning passive losses are applicable to losses deducted on this return.

Line 1—Income/loss from business (for filers of Federal Schedule C)

You must attach a copy of Federal Schedule C.

If your Schedule C business is operated entirely within Grand Rapids, enter your Schedule C income/loss on line 1a. Enter your SEP deduction, if applicable, on line 1b. Subtract line 1b. from 1a. and enter the result on line 1c. If you have deducted a SEP contribution on line 1b. **you must attach a copy of page one of your Federal Form 1040.**

If your Schedule C business is operated partly within Grand Rapids and partly within another locality, complete Worksheets 1 and 2 on page 2 to calculate the amount to be entered on line 1.

If your Schedule C business is operated entirely outside of Grand Rapids, do not enter an amount on line 1a. or 1b.

You may not deduct a carryback loss on your Grand Rapids Income Tax return.

Line 2—Income/loss from rents/royalties (for filers of Federal Schedule E, page one)

If you have rent/royalty income/loss from property located in Grand Rapids, enter the applicable amount from your Federal Schedule E, page one on line 2. **Attach a copy of Federal Schedule E.**

Line 3—Income/loss from partnerships (for filers of Federal Schedule E, page two)

Enter your share of the partnership income/loss on line 3 of Schedule 5. Enter your share of ordinary income only. Your share of qualifying dividends, gains, etc. are treated as belonging to you as an individual.

A partner is not allowed to apportion income distributed by a partnership. All apportionment of distributed income must be made on the Grand Rapids Partnership Return, form GR-1065.

If you are a shareholder in a corporation that has elected to file under Subchapter S of the Internal Revenue Code, you are not required to report any distributed income nor may you deduct your share of any loss or other deductions distributed by the corporation.

Line 4—Income/loss from sale or exchange of property (for filers of Federal Schedule D or Form 4797)

Enter on line 4 the gain/loss from the sale or exchange of real or tangible personal property located in Grand Rapids. The Grand Rapids Income Tax Ordinance follows the Internal Revenue Code in its treatment of capital gains. All capital gains received from the sale or exchange of real or tangible personal property located within the City of Grand Rapids are fully taxable on this return.

Attach Federal Schedule D and Form 8949. Also attach Form 4797 and Form 6252 if applicable.

Line 5—Premature IRA distribution(s)

Enter on line 5 premature distributions (before age 59 ½) from an IRA when a deduction has been taken on a current or previous year's Grand Rapids Income Tax return and/or premature distributions from a pension plan. If you have completed Schedule 4, apply the percentage on Schedule 4, Line 3 to your total distribution and enter the taxable portion of the distribution on line 5.

SCHEDULE 6—DEDUCTIONS--All deductions are limited to the extent they apply to income earned in Grand Rapids. The only deductions allowed by the Income Tax Ordinance are:

Line 1—IRA deduction

The rules governing IRA deductions on this return are the same as under the Internal Revenue Code. Contributions to ROTH IRA's are not deductible. If your earned income on which the federal IRA deduction is based is earned both in and out of Grand Rapids, you must apportion your IRA deduction regardless of whether the income is from a single employer or multiple employers.

Attach page 1, 2, and Schedule 1 of Federal Form 1040.

A SEP retirement plan deduction must be entered on line 1b. of Schedule 5.

Line 2—Employee business expenses

The employee business expenses listed below are not subject to the same reductions and limitations required under the Internal Revenue Code. These expenses are, however, allowed only to the extent not paid or reimbursed by your employer and only when incurred in the performance of service for your employer.

The only deductions allowed by the City of Grand Rapids Income Tax Ordinance are as follows:

- Expenses of travel, meals and lodging while away from home

- Expenses as an outside salesperson who works away from his employer's place of business (does not include driver/salesperson whose primary duty is service and delivery).
- Expenses of transportation (but not transportation to and from work).
- Expenses reimbursed under an expense account or other arrangement with your employer, if the reimbursement has been included in reported gross earnings.

IMPORTANT: Business expenses claimed on Line 4 of Federal Form 2106 are not an allowable deduction on the Grand Rapids return unless the taxpayer qualifies as an outside salesperson.

You must attach a copy of your Federal 2106 or a list of your employee business expenses.

Line 3—Moving expenses

Moving expenses that qualify under the Internal Revenue Code as a deduction from federal gross income may be deducted on your Grand Rapids return. However, the Grand Rapids deduction is limited to those expenses that are applicable to income taxable under the Grand Rapids Income Tax Ordinance.

You must attach a copy of Federal Form 3903 or a list of your moving expenses, including the distance in miles from where you moved.

Line 7—Alimony deduction (**CHILD SUPPORT IS NOT DEDUCTIBLE**)

Alimony deducted on your 2018 federal return is subject to adjustment before it may be deducted on this return. The alimony adjustment is computed as follows:

Grand Rapids Income (Line 4, Page 1)

(without alimony deduction)

- X Alimony Paid
Federal Adjusted Gross Income
(without alimony deduction)

You must attach a copy of schedule one of your Federal Form 1040.

COMPLETING YOUR RETURN

After completing schedules 1 through 6 as applicable (see **Where to Begin** on page 1 of the instructions), transfer the results of schedules 1 through 6 to lines 1, 2, 3, 5 and 8 on the front of the form.

Follow the instructions on the front of the form for lines 4, 6 and 7.

Line 9—Tax due

If after computing your Grand Rapids Income tax and deducting your payments and credits, the balance due is one dollar (\$1.00) or more, it must be entered on Line 9.

Make check or money order payable to CITY TREASURER and mail with this return to: GRAND RAPIDS CITY INCOME TAX DEPARTMENT, P.O. BOX 347, GRAND RAPIDS, MI 49501-0347. For direct electronic withdrawal, mark pay tax due, line 14b, and complete lines 14c, de, e and f. Withdrawal date (line 14f) must be no later than the due date of the return. If no date is entered, the default withdrawal date will be the date processed.

Line 10—Overpayment

If your total payments and credits on line 9 are more than Grand Rapids Tax on line 7, you have overpaid your tax for 2018.

1. If you want your overpayment to be HELD and applied to your 2019 estimated tax, enter the overpayment on line 11.
2. If you want your overpayment to be DONATED enter the overpayment on line 12. Select the program you want donated to on page 2.
3. If you want your overpayment MAILED to you, enter the overpayment on line 13.
4. If you want your overpayment REFUNDED VIA DIRECT DEPOSIT, enter the overpayment on line 13 and complete the routing number, type of account and account number boxes provided in line 14.

Refunds or credits of less than one dollar (\$1.00) cannot be made.

THIRD PARTY DESIGNEE

If you want to allow a friend, family member or any other person you choose to discuss your 2018 tax return with the Income Tax Department, give the Department any information missing from your return, receive copies of notices and/or respond to notices about math errors, offsets and return preparation, check the "Yes" box in the designated area. Enter the designee's name and phone number. To designate the preparer who signed your return, enter "Preparer" in the space for designee's name.

ASSISTANCE

If you have questions not answered in these instructions or if you need assistance in preparing your return, call (616) 456-3415 Option 0.

We would be happy to prepare your Grand Rapids Income Tax Return free of charge. Please contact bring in a copy of your federal return and your W-2s.

Questions by mail should be directed to: Grand Rapids City Income Tax Department, P.O. Box 347, Grand Rapids, MI 49501-0347.

NOTICE

These instructions are an interpretation of the Grand Rapids City Income Tax Ordinance. If any discrepancy exists between the instructions and the Ordinance, the Ordinance prevails.

Schedule 4 Wages Earned in Grand Rapids

A SEPARATE COMPUTATION MUST BE MADE FOR EACH JOB PERFORMED BOTH INSIDE AND OUTSIDE OF GR

If you have more than two jobs you can use the wages and excludable wages schedule.

	JOB #1	JOB #2
1. Actual number of days worked everywhere. (Do not include weekends off, vacations, sick days, etc.)	1.	1.
2. Actual number of days worked in Grand Rapids.	2.	2.
3. Percentage of days worked in Grand Rapids (line 2 divided by line 1)	3.	3.
4. Total wages shown in Box 1 of WW-2 or W-2	4. .00	4. .00
5. Wages earned in Grand Rapids (line 4 multiplied by percentage on line 3) Enter here and in Column C, "Wages earned in Grand Rapids," on Schedule 2	5. .00	5. .00

IMPORTANT! You must show the street address of your work station outside of GR on Schedule 2 or your allocation will be disallowed.

Schedule 5 Other Income/Loss

INCLUDE INCOME/LOSS ONLY TO THE EXTENT THAT THE INCOME/LOSS IS RELATED TO GR--SEE INSTRUCTIONS

1. Income/loss from business--Federal Schedule C	1a. .00	SEP deduction	1b. .00	1c. .00
2. Income/loss from rents/royalties--Federal Schedule E, page 1				2. .00
3. Income/loss from partnerships--Federal Schedule E, page 2				3. .00
4. Income/loss from sale or exchange of property (Capital gains)--Federal Schedule D/Form 8949				4. .00
5. Premature pension and IRA distributions				5. .00
6. Total--combine lines 1c. through 5--enter here and on page 1, line 2 of return summary				6. .00

Schedule 6 Deductions

1. IRA deduction--attach Schedule 1 of Federal 1040 (No deduction is allowed for contributions to a ROTH IRA)	1. .00
2. Employee business expenses--attach Federal 2106 or list	2. .00
3. Moving expenses--MILITARY ONLY -attach Federal 3903 or list	3. .00
4. Subtotal--add lines 1 through 3	4. .00
5. % from Schedule 4, line 3 (enter 100% if Schedule 4 is not required)	5.
6. Multiply line 4 by line 5	6. .00
7. Allowable alimony deductions--see instructions and attach SCH. 1 of Federal 1040	7. .00
8. Total deductions--add lines 6 and 7--enter here and on page 1, line 3 of return summary	8. .00

Worksheet 1

USE THIS WORKSHEET TO CALCULATE THE BUSINESS INCOME OR LOSS ATTRIBUTABLE TO GR IF YOU OPERATE YOUR SCHEDULE C BUSINESS PARTLY WITHIN GRAND RAPIDS AND PARTLY WITHIN OTHER LOCALITIES.

1. Net profit or loss from business--from Federal Schedule(s) C	1. .00
2. LESS: SEP deduction--attach copy of SCH. one of Federal Form 1040	2. .00
3. Subtotal--subtract line 2 from line 1	3. .00
4. Apportionment percentage from Worksheet 2 below	4.
5. Apportioned income--multiply line 3 by line 4	5. .00
6. LESS: applicable portion of net operating loss carryover	6. .00
7. Total--subtract line 6 from line 5--enter here and on Schedule 5, line 1c.	7. .00

Worksheet 2 Business Allocation Formula

	I		II Divided by I Percentage
	Located Everywhere	Located in GR Rapids	
8. Average net book value of real and tangible personal property			
a. Gross rent paid for real property multiplied by 8			
b. Total--add lines 8 and 8a.			
9. Total wages, salaries, commissions and other compensation of employees			
10. Gross receipts from sales made or services rendered			
11. Total percentages--add the three percentages computed for lines 8, 9 and 10 which you entered in the last column			
12. Average percentage--divide line 11 by 3--enter here and on line 4 of Worksheet 1			

Third Party Designee

Do you want to allow another person to discuss this return with the Income Tax Department? Yes--Complete the following: No

Designee's Name:

Phone No. ()

GRAND RAPIDS INCOME TAX DEPT.
300 Monroe Ave NW
Grand Rapids, MI 49503

PLEASE REMEMBER TO:

- ✓ Sign your return. If a joint return, both spouses must sign even if only one had income subject to Grand Rapids income tax.
- ✓ Attach copies of Form(s) W-2. If you are claiming a credit for Grand Rapids withholding, the locality name on your W-2 must be Grand Rapids.