**SCHEDULE RZ (FORM CF-1065) PARTNERSHIP RENAISSANCE ZONE DEDUCTION**

FOR COMPUTATION OF THE RENAISSANCE ZONE DEDUCTION

<table>
<thead>
<tr>
<th>COLUMN 1</th>
<th>COLUMN 2</th>
<th>COLUMN 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address of each location in a (City Name) Renaissance Zone (Use top line for street number, street name, suite number and use bottom line for city, state and zip code)</td>
<td>Renaissance Zone Number</td>
<td>Dates during year qualified to claim RZ deduction</td>
</tr>
<tr>
<td>1a.</td>
<td>1b.</td>
<td>1c. Starting date / /</td>
</tr>
<tr>
<td>1b.</td>
<td></td>
<td>1c. Ending date / /</td>
</tr>
<tr>
<td>2b.</td>
<td></td>
<td>2c. Starting date / /</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2c. Ending date / /</td>
</tr>
</tbody>
</table>

**DISQUALIFICATION SECTION**

A PARTNERSHIP IS NOT QUALIFIED TO CLAIM THE RENAISSANCE ZONE DEDUCTION IF ANY OF THE FOLLOWING TAXES ARE DELINQUENT:

- Michigan City Income Tax
- Personal Property Tax
- Commercial Facilities Tax (CFT)
- City (Detroit) Utilities Users Tax
- Michigan Income Tax
- Michigan Business Tax (or SBT)
- Enterprise Zone Tax
- Technology Park Development Tax
- General Property Tax
- Industrial Facilities Tax (IFT)
- Neighborhood Enterprise Zone Tax
- Commercial Forest Tax

**PARTNERSHIP LOCATED AND DOING BUSINESS IN A RENAISSANCE ZONE**

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

**RENAISSANCE ZONE ALLOCATION PERCENTAGE**

<table>
<thead>
<tr>
<th>COLUMN 1 LOCATED IN CITY</th>
<th>COLUMN 2 LOCATED IN RENAISSANCE ZONE</th>
<th>COLUMN 3 PERCENTAGE (Column 2 divided by column 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Average net book value of real and tangible personal property (if qualified for less than a full tax year, use monthly average)</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4. Gross rents paid on real property multiplied by 8</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>5. Total property (Add lines 3 and 4 of columns 1 and 2)</td>
<td>5</td>
<td>%</td>
</tr>
<tr>
<td>6. Total wages, salaries and other compensation</td>
<td>6</td>
<td>%</td>
</tr>
<tr>
<td>7. Total percentages (Add column 3 lines 5 and 6)</td>
<td>7</td>
<td>%</td>
</tr>
<tr>
<td>8. Renaissance Zone deduction percentage (Line 7 divided by 2)</td>
<td>8</td>
<td>%</td>
</tr>
</tbody>
</table>

**LINE 9 - RENAISSANCE ZONE DEDUCTION FOR ORDINARY BUSINESS INCOME PRIOR TO PHASE OUT**

<table>
<thead>
<tr>
<th>PARTNER NUMBER</th>
<th>COLUMN 1</th>
<th>COLUMN 2</th>
<th>COLUMN 3</th>
<th>COLUMN 4</th>
<th>COLUMN 5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ALLOCATED BUSINESS INCOME FROM CF-1065, SCHEDULE C</td>
<td>NET OPERATING LOSS DEDUCTION CLAIMED ON PARTNER'S CITY INCOME TAX RETURN, CF-1040</td>
<td>RETIREMENT PLAN DEDUCTION CLAIMED ON PARTNER'S CITY INCOME TAX RETURN, CF-1040</td>
<td>BASIS FOR COMPUTING RENAISSANCE ZONE DEDUCTION FOR BUSINESS INCOME PRIOR TO PHASE OUT (Column 1 less columns 2 and 3)</td>
<td>RENAISSANCE ZONE DEDUCTION FOR BUSINESS INCOME PRIOR TO PHASE OUT (Column 4 times line 8)</td>
</tr>
</tbody>
</table>

Line 9 totals

RENAISSANCE ZONE DEDUCTION CONTINUED ON NEXT PAGE

Revised 08/21/2015
### Line 10 - Renaissance Zone Deduction for Income Not Included in Line 9 and Guaranteed Payments Prior to Phase Out

<table>
<thead>
<tr>
<th>Partner</th>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
<th>Column 4</th>
<th>Column 5</th>
<th>Column 6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Column 1</td>
<td>Column 2</td>
<td>Column 3</td>
<td>Column 4</td>
<td>Column 5</td>
<td>Column 6</td>
</tr>
</tbody>
</table>

**Notes:**
- In column 1 enter Renaissance Zone deduction phase out percentage for tax year on the form CF-1065 being filed, and in column 2 enter the deduction phase out percentage for the next. (Must be equal to 0%, 25%, 50%, 75% or 100%)
- Renaissance Zone phase out for each portion of the tax year (Line 11 multiplied by line 12 of the column divided by the total number of months in the tax year or short period, line 1, columns 1 and 2)
- The deduction is reduced during the last 3 calendar years of a zone's designation. The deduction phase out is: 0% for all but the last three years of a zone's designation; 25% 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 75% for the final year of designation.

### Line 15 - Renaissance Zone Deduction

<table>
<thead>
<tr>
<th>Partner</th>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
</table>

**Notes:**
- 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.
GENERAL INFORMATION

Renaissance Zone designation grants tax relief to qualified partnerships located and conducting business activity within a Renaissance Zone. In conjunction with the designation of these zones, the Michigan Uniform City Income Tax Ordinance was amended effective January 1, 1997, to include a Renaissance Zone deduction.

WHO MAY CLAIM A RENAISSANCE ZONE DEDUCTION

A partnership that is located and conducting business activity in a Renaissance Zone is qualified to claim the Renaissance Zone deduction. If the partnership elects to pay the tax for the partners the deduction is claimed on the partnership return. Otherwise, the deduction is passed through to the partners. Partners claim the deduction by filing Schedule RZ of CF-1040 with their individual returns.

HOW TO CLAIM A RENAISSANCE ZONE DEDUCTION

To claim or pass through the city’s Renaissance Zone deduction, a partnership must file Schedule RZ (Form CF-1065) with their partnership income tax return.

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.

RENAISSANCE ZONE DEDUCTION DISQUALIFIERS

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

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 on real or personal property.

2. Owns residential rental property and did not file an affidavit with the city 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 the city outside of a Renaissance Zone and moves to a location within a Renaissance Zone in the city without approval of the city.

4. 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 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 partnership located a Renaissance Zone becomes a qualified taxpayer on the first day after December 31, 1996, that the partnership is located and conducting business activity in a Renaissance Zone. The qualification continues until the partnership ceases to be located and conducting business activity in the Renaissance Zone or until expiration of the Renaissance Zone designation.

DEDUCTIBLE INCOME

A partnership may deduct that portion of its net income from business activity within a Renaissance Zone not phased out. Business activity consists of two components: 1) adjusted ordinary business income; and 2) income not included in adjusted ordinary business income (apportioned income). Business income from activity conducted within a Renaissance Zone is determined via a two-factor Renaissance Zone allocation formula. Income not included in adjusted ordinary business income (apportioned income) is apportioned based upon situs of the income, the type of partner and/or domicile of the individual resident or nonresident partner.

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

Fill out form CF-1065 through Schedule E, before doing Schedule RZ.

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

Line 2. Enter the beginning date and ending date the partnership was qualified to claim the Renaissance Zone Deduction for the tax year.

RENAISSANCE ZONE ALLOCATION PERCENTAGE - BUSINESS INCOME

The Renaissance Zone allocation percentage is used by partnerships located and doing business in a Renaissance Zone and also outside the Renaissance Zone.

Line 3. In column 1, enter the average net book value of all real and tangible personal property owned and located in the city. In column 2, enter the average net book value of the real and tangible personal property owned and located in a Renaissance Zone in the city. 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. If the business was located in the Renaissance Zone for less than a year, a monthly average basis is to be used.

Line 4. Enter in column 1 the gross annual rent multiplied by 8 for all rented real property located in the city. In column 2, show the gross annual rent multiplied by 8 for rented real property located in a Renaissance Zone in the city.

Line 5. In column 3, enter the total of columns 2 and 3, line 5.

Line 6. Enter in column 1 compensation paid to employees for work or services performed within the city. In column 2, enter compensation paid to employees for work or services performed within a Renaissance Zone in the city. In column 3, enter the percentage, column 2 divided by column 1.

Line 7. Enter the total of the amount from column 3, lines 5c and 6.

Line 8. Enter the result of line 7 divided by 2.

RENAISSANCE ZONE DEDUCTION FOR ORDINARY BUSINESS INCOME PRIOR TO PHASE OUT

Line 9.

Partner Number Enter the partner number for each partner.

Column 1. Enter the allocated ordinary business income from the partnership return, Form CF-1065, Schedule C, column 3, for each partner.

Column 2. Enter the net operating loss deduction from the partnership claimed on each partner’s individual city’s income tax return.

Column 3. Enter the retirement plan deduction claimed on each partner’s individual city’s income tax return that was based upon income from the partnership.

Column 4. Enter the basis for computing the Renaissance Zone deduction for business income, column 1 less columns 2 and 3.

Column 5. Enter the Renaissance Zone deduction for business income before phase out, column 4 multiplied by line 8 for each partner.

Total each column of line 9.

RENAISSANCE ZONE DEDUCTION FOR PARTNERSHIP INCOME NOT INCLUDED IN LINE 9 AND GUARANTEED PAYMENTS PRIOR TO PHASE OUT

Line 10.

Partner Number Enter the partner number for each partner.

Column 1. For each partner who was a qualified resident domiciled in a Renaissance Zone during the tax year, enter the
INSTRUCTIONS FOR SCHEDULE RZ (CF-1065)  
PARTNERSHIP RENAISSANCE ZONE DEDUCTION

beginning and ending dates of qualification. For other partners leave this column blank.

Column 2. For each partner who was a resident domiciled in a Renaissance Zone, enter the partner’s taxable share of the interest and dividend income included in the amount reported on Form CF-1065, Schedule B, column 3, lines 1 and 2. For each partner who is another partnership or a corporation enter the partner’s share of the interest and dividend income included in the amount reported on Form CF-1065, Schedule B, column 3, lines 1 and 2. For individual nonresident partners enter zero.

Column 3. For each partner who was a resident domiciled in a Renaissance Zone, enter the partner’s share of income from the sale and exchange of property included in the amount reported on Form CF-1065, Schedule B, columns 3 or column 5, lines 3, 4 and 5. For all other partners enter their share of income from the sale and exchange of property located in a Renaissance Zone included in the amount reported on Form CF-1065, Schedule B, columns 3 or column 5, lines 3, 4 and 5.

Column 4. For each partner who was a resident domiciled in a Renaissance Zone, enter the partner’s share of income from rents and royalties included in the amounts reported on Form CF-1065, Schedule B, column 3, lines 6, 7 and 8. For other partners enter partner’s share of rent and royalty income from property located in a Renaissance Zone included in the amounts reported on Form CF-1065, Schedule B, column 3 or column 5, lines 6, 7 and 8.

Column 5. For each partner who was a resident domiciled in a Renaissance Zone, enter the partner’s share of other income included in the amounts reported on Form CF-1065, column 3, lines 9 and 10. For all other partners enter their share of the other income reported on Form CF-1065, Schedule B, column 3 or column 5, lines 9 and 10.

Column 6. For each partner receiving guaranteed payments, enter the amounts reported on Form CF-1065, Schedule C, column 4.

Column 7. For each partner, add the amounts reported on line 10, columns 2 through 6, and enter the total in column 7.

Total each column of line 10.

RENAISSANCE ZONE DEDUCTION PHASE OUT PERCENTAGE

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 reduction phase out is: 0% for all but the last three years of a zone’s designation; 25% for the tax year that is two years before the final year of designation; 50% for the tax year immediately preceding the final year of designation; and 75% for the final year of designation. For example, properties in Renaissance within Zones 1 through 6, designated beginning January 1, 1997, entered the phase out period in 2009 (unless the specific property was granted an extension).

If the partnership files their city income tax return on a fiscal year basis, the deduction phase out will be made up of two different phase out percentages, one for the number of months of the fiscal year in the year in the first phase out calendar year, and one for the number of months in the fiscal year in the following phase out year. A short tax year may or may not be in two different phase out years.

Line 11. In column 1 enter the number of months in the tax year or short period prior to January 1, 2017. In column 2 enter the number of months in the tax year or short period after December 31, 2016.

Line 12. In column 1 enter the Renaissance Zone deduction phase out percentage for calendar year 2016. In Column 1 enter the Renaissance Zone deduction phase out percentage for calendar year 2016.

Line 13. Calculate and enter the Renaissance Zone phase out percentage for each column by multiplying line 11 by line 12 and dividing the result by the number of months in the tax year or short period (usually 12).