

2018
CITY OF Grand Rapids INCOME TAX

RESIDENT FORMS AND INSTRUCTIONS
Form GR-1040R—Individual Return

For RESIDENTS of the City of GRAND RAPIDS and INDIVIDUALS who lived in Grand Rapids at ANY TIME during 2018

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 and required attachments to:

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



Telephone number: (616) 456-3415



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 resident or part-year resident of Grand Rapids who had taxable income 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.

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 to receive a refund.

WHO MUST USE THIS FORM

Full-year resident - If you were a resident of Grand Rapids during all of 2018 and had taxable income, you must use this form (GR-1040R). All taxable income while a resident of Grand Rapids must be reported on this form, regardless of the source of the income. (See Taxable Income paragraph)

Part-year resident who worked in Grand Rapids as both a resident and a nonresident - In addition to filing a resident form, individuals who had income subject to the Grand Rapids tax both as a resident and as a nonresident must fill out and attach a Schedule TC. Schedule TC will be furnished on request and is necessary to compute the tax on those items of income that are taxed differently to residents and nonresidents. Do not use Schedule TC unless you had income subject to the Grand Rapids tax both as a resident and as a nonresident.

Indicate to the left of the dollar amount entered on line 7 that such amount has been transferred from Schedule TC. Do not fill in lines 1 through 6 on the front of the form.

Part-year resident who did not work in Grand Rapids as a nonresident - Do not use Schedule TC if you were a part-year resident of Grand Rapids and did not work in Grand Rapids during the part of the year that you lived outside of Grand Rapids. Report on this form only your taxable income while a resident, regardless of the source of the income. Show the period you were a resident and your former address in the spaces provided.

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 <http://www.grcity.us/incometax>

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

TAXABLE INCOME

Grand Rapids residents are required to report the same kinds of taxable income on their city return as they report on their federal return, **with the following exceptions:**

- Gifts, inheritances and bequests are not taxable income.
- Pensions (including disability pensions), social security, annuities, IRA distributions after age 59 ½, and rollover of amounts from IRA's to ROTH IRA's are not taxable income. See the Income Tax FAQ section on our website for more information regarding which pension codes from Box 7 of form 1099-R are exempt and which are taxable.
- 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 and supplemental unemployment benefits are not taxable income.
- Interest from obligations of the United States, the states, or subordinate units of government of the states, and gains or losses on the sales of obligations of the United States are not taxable income.
- Military pay of members of the National Guard and the Armed Forces of the United States including Reserve pay is not taxable income. Attach a copy of your military W-2.
- Michigan State Lottery prizes won before July 1, 1967 are not taxable income. Michigan State Lottery prizes won after July 1st, 1967 are taxable income.

DECLARATION OF ESTIMATED TAX

If you expect that your Grand Rapids income in 2019 not subject to withholding will be more than \$5,700 after deductions (\$100 in tax), you must file a Declaration of Estimated Tax (form W-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.

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 as employees—use information from W-2 form(s).
Schedule 3—Payments	ALL FILERS
Schedule 4—Other Income/Loss	Filers with income in addition to wages on their federal return. Filers with IRA contributions, Federal form 2106 or 3903 expenses; filers with alimony deductions on their federal returns
Schedule 5—Deductions	

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.

If you are taking an exemption for your spouse, you must show their social security number and they must sign the return even if they do not have any Grand Rapids income.

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 and B

All wages, salaries, sick pay, tips, bonuses, etc. earned by a resident of Grand Rapids while a resident of Grand Rapids are taxable regardless of where earned and must be included on Schedule 2.

Enter Grand Rapids income tax withheld by your employer in Column A as shown on your 2018 W-2 statements. The locality name on your W-2(s) must be Grand Rapids for you to receive credit for Grand Rapids income tax withholding. **The City of Grand Rapids copy of your W-2(s) must be submitted with your return.**

Enter total wages from box one of your W-2(s) in Column B.

SCHEDULE 3—PAYMENTS

Line 1—Tax withheld by your employer

Enter the amount of Grand Rapids tax withheld from Schedule 2, Column A, line 1a.

Line 2—Estimated payments, credit from a prior year, extension payments

If you made quarterly estimated payment(s), 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.

Line 3—Credit for tax paid to another city.

If you are a Grand Rapids resident subject to city income tax in another city, you may claim a credit against Grand Rapids income tax for the net amount paid to the other city. This credit may not exceed the tax that a nonresident of Grand Rapids would pay on the same income earned in Grand Rapids. Complete Worksheet 1 on page 2 of the form to determine the amount of credit to enter on line 3.

You must attach a copy of the 2018 city income tax return(s) that you filed with the other city(ies).

SCHEDULE 4—OTHER INCOME/LOSS

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

Line 1—Interest income

Enter interest from your federal return on line 1a. Enter interest from obligations of the United States on line 1b. Subtract line 1b. from line 1a. and enter the result on line 1c.

Line 2—Dividend income

Enter dividends from your federal return on line 2a. Enter dividends from obligations of the United States on line 2b. Subtract line 2b. from line 2a. and enter the result on line 2c.

Line 3—Income/loss from business (for filers of Federal Schedule C)

Grand Rapids residents are taxed on the net profits from their operation of a business or profession regardless of where it is located.

Enter your Schedule C income/loss on line 3a. Enter your SEP deduction, if applicable, on line 3b. Subtract line 3b. from 3a. and enter the result on line 3c. **You must attach a copy of Federal Schedule C.** If you have deducted a SEP contribution on line 3b. **you must attach a copy of page one of your Federal Form 1040.**

A net operating loss carryover may be deducted if the loss was incurred after July 1, 1967. Attach a schedule showing the calculation of any net operating loss carryover deducted from line 3c. You may not deduct a carryback loss.

Line 4—Income/loss from rents/royalties (for filers of Federal Schedule E, page one)

Enter all rent and royalty income included on your Federal Schedule E, page one and received while a resident of Grand Rapids. **Attach a copy of Federal Schedule E, page one.**

Line 5—Income/loss from partnerships (for filers of Federal Schedule E, page two)

Enter your share of the partnership income/loss on line 5 of Schedule 4 as reported on Federal Schedule E, page two. Your share of qualifying dividends, gains, etc. are treated as belonging to you as an individual and should be reported on the appropriate Federal and Grand Rapids schedules.

Attach a copy of Federal Schedule E, page two.

If you are claiming a loss from a partnership located outside of Grand Rapids, **a copy of your Federal Schedule K-1 must be attached.**

Line 6—Income/loss from sale or exchange of property (for filers of Federal Schedule D, Form 8949, Form 4797 and/or Form 6252)

Enter on line 6 the gain/loss from the sale or exchange of real or tangible personal property regardless of where located. The Grand Rapids Income Tax Ordinance follows the Internal Revenue Code in its treatment of capital gains, with two exceptions:

Gains on the sales of obligations of the United States are not taxable on this return.

Gain or loss on property purchased prior to July 1, 1967 must be determined by one of the following methods:

- The basis may be the adjusted fair market value of the property on July 1, 1967 (December 31, 1987 closing price for traded securities), or
- Divide the number of months the property has been held since July 1, 1967 by the total number of months the property was held, and apply this fraction to the total gain or loss as reported on your federal income tax return.

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

Line 7—Distributions from Subchapter S corporations.

Enter on line 7 cash or property distributions from S corporations from line 16, code D of Federal Schedule K-1. The Grand Rapids City Income Tax Ordinance does not recognize Subchapter S status. Distributions from an S corporation are taxable as if paid by a regular corporation as dividends.

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 from Federal Schedule K-1 lines 1 through 11, nor may you deduct your share of any loss or other deductions distributed by the corporation.

Attach copies of Federal Schedule K-1 for all S corporations listed on page two of your Federal Schedule E regardless of whether or not the S corporation made distributions.

Line 8—Income from estates and/or trusts.

Enter on line 8 all income from estates and/or trusts reported on your Federal Schedule E, page two. Income from an estate or trust is taxable to a Grand Rapids resident regardless of the location of the estate or trust, or the location of property it may own.

Attach a copy of Federal Schedule E, page two.

Line 9—Distributions from profit sharing plans, premature IRA distributions.

Enter on line 9 all early pension and profit sharing withdrawals and/or distributions subject to the 10% federal penalty. Also report on line 9 premature IRA distributions subject to the 10% federal penalty.

Line 10—Other income.

Enter on line 10 all other income reported on your federal return and not specifically exempted by the Grand Rapids City Income Tax Ordinance. Examples of the types of income reported on line 10 are gambling winnings, alimony received and miscellaneous income.

SCHEDULE 5—DEDUCTIONS

Part-year residents must allocate deductions the same way they allocate income. 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.

Attach page 1 of Federal Form 1040.

A SEP retirement plan deduction must be entered on line 1b. of Schedule 4.

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 into the City of Grand Rapids that qualify under the Internal Revenue Code as a deduction from federal gross income may be deducted on your Grand Rapids return.

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 4—Alimony deduction (**CHILD SUPPORT IS NOT DEDUCTIBLE**)

Enter alimony deducted on your 2018 federal return.

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

COMPLETING YOUR RETURN

After completing schedules 1 through 5 as applicable (see **Where to Begin**), transfer the results of schedules 1 through 5 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, d, 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 8 are more than Grand Rapids Tax on line 7, you have overpaid your tax for 2018.

- If you want your overpayment to be HELD and applied to your 2019 estimated tax, enter the overpayment on line 11.
- If you want your overpayment to be DONATED, enter the overpayment on line 12. Select where you want your donation to go to on page 2.
- If you want your overpayment MAILED to you, enter the overpayment on line 13.
- 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 there is no appointment required just bring the first and second page 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.

CITY OF GRAND RAPIDS RESIDENT INDIVIDUAL INCOME TAX RETURN

GR-1040R

Due April 30, 2019

2018

Please print. Complete social security numbers are required.	Your first name & initial	Last name	Your Social Security Number--REQUIRED			
	If joint, spouse's first name & initial	Last name	□	□	□	□
	Home address (Number and street or rural route)		Spouse's Social Security Number			
SEE INSTRUCTIONS	City, town or post office	State	Zip code	Day phone	Evening phone	

<input type="checkbox"/> Part Year Resident from ___/___/___ to ___/___/___	<input type="checkbox"/> Taxpayer only <input type="checkbox"/> Spouse only <input type="checkbox"/> Both	If married, is spouse filing a separate return? <input type="checkbox"/> Yes <input type="checkbox"/> No
Former Address: _____		

Date of Birth Primary ___/___/___ Secondary ___/___/___

Schedule 1 Exemption Amount				
Check boxes that apply:	Regular	65 or over	Blind	1. Number of boxes checked
Yourself	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Number of dependent children and/or other dependents for which you claimed an exemption on your federal return
Spouse	<input type="checkbox"/> **	<input type="checkbox"/>	<input type="checkbox"/>	3. Total number of exemptions--add lines 1 and 2
**If this box is checked, you must enter spouse's social security number above and spouse must sign return				Multiply number of exemptions in line 3 by \$600 and enter on line 5 of return summary below.

Schedule 2 Wage Detail		ATTACH GR COPY OF FORM(S) W-2	Column A Grand Rapids tax withheld	Column B Total wages from Box 1 of W-2
Employer's name	Street address of actual work location(s)		.00	.00
			.00	.00
			.00	.00
			.00	.00
Totals			1a. .00	1b. .00

Schedule 3 Payments		
1. Tax withheld by your employer from line 1a. of Schedule 2		1. .00
2. 2018 estimated payments, credit from 2017 GR-1040R, payment with extension		2. .00
3. Credit for tax paid to another city--from Page 2, Worksheet 1		3. .00
4. Total payments--enter here and on line 8 of return summary below		4. .00
		Attach copy of other return

Return Summary	1. Total wages, salaries and tips from Schedule 2, line 1b. Attach your W-2 form(s)	1. .00
	2. Other income/loss from Page 2, Schedule 4, line 11	2. .00
	3. Deductions from Page 2, Schedule 5, Line 5 (Enter as negative amount)	3. .00
	4. Combine lines 1, 2 and 3. This is your total Grand Rapids income	4. .00
Exemptions	5. Multiply number of exemptions from Schedule 1, line 3 by \$600 and enter here	5. .00
Taxable Income	6. Subtract line 5 from line 4. This is your taxable income	6. .00
Tax	7. Multiply line 6 by 1.5% (.015) This is your Grand Rapids tax Tax >>>	7. .00
Payments	8. Total of Grand Rapids payments from Schedule 3, line 4 Payments >>>	8. .00
Tax Due	9. If tax (line 7) is larger than payments (line 8) enter amount you owe. MAKE CHECK PAYABLE TO GRAND RAPIDS INCOME TAX OR PAY WITH A DIRECT ELECTRONIC WITHDRAWAL (Mark pay tax due, line 14b, and complete lines 14 c,d,e & f) Pay With Return >>>	9. .00
Overpayment	10. If payments (line 8) are larger than tax (line 7) ENTER OVERPAYMENT Overpayment >>>	10. .00
Credit to 2019	11. Amount of overpayment to be held and applied to your 2019 estimated tax Credit to 2019 >>>	11. .00
Donation	12. Donate Refund <input type="checkbox"/> Flags for Veterans Graves Amount To Donate 12a. <u>.00</u> <input type="checkbox"/> GR Childrens Fund Amount To Donate 12b. <u>.00</u> Total Donation >>>	12C. .00
Refund	13. Amount of overpayment to be refunded (For direct deposit, mark refund box, line 14a, and complete lines 14 c,d,e & f) Refund >>>	13. .00
Direct Deposit or Direct Payment	14. Direct deposit refund or direct withdrawal payment Mark one: 14a <input type="checkbox"/> Refund-direct deposit 14b <input type="checkbox"/> Pay tax due-direct withdraw c. Routing number _____ e. Type of account: <input type="checkbox"/> Checking <input type="checkbox"/> Savings (Default is date processed) d. Account number _____ f. Withdrawal date: _____	

I have read this return. Under the penalties of perjury, I declare that to the best of my knowledge and belief the return is true, correct and accurately lists all amounts and sources of Grand Rapids income I received during the tax year. If prepared by a person other than the taxpayer, his/her declaration is based on all information of which he/she has any knowledge.

PLEASE SIGN HERE	Your signature	Spouse's signature if joint return	Paid preparer's signature
	Date	Your occupation	Date
		Spouse's occupation	Address

YOU MUST ATTACH A COPY OF PAGE 1 & 2 OF YOUR 2018 FEDERAL 1040

Mail return to: City of Grand Rapids Income Tax Dept., PO Box 347, Grand Rapids, MI 49501-0347

Schedule 4 Other Income/Loss							
PART YEAR RESIDENTS INCLUDE ONLY INCOME/LOSS ATTRIBUTABLE TO PERIOD OF RESIDENCY							
1. Interest income from Federal return	1a.	.00	U.S. interest	1b.	.00	1c.	.00
2. Dividend income from Federal return	2a.	.00	U.S. dividends	2b.	.00	2c.	.00
3. Income/loss from business--Federal Schedule C	3a.	.00	SEP deduction	3b.	.00	3c.	.00
4. Income/loss from rents/royalties--Federal Schedule E, page 1						4.	.00
5. Income/loss from partnerships--Federal Schedule E, page 2						5.	.00
6. Income/loss from sale or exchange of property (Capital gains)--Federal Schedule D/Form 8949						6.	.00
7. Distributions from Subchapter S corporations--Federal Schedule K-1						7.	.00
8. Income from estates/trusts--Federal Schedule E, page 2						8.	.00
9. Premature distributions from profit sharing plans, pension plans and/or IRAs						9.	.00
10. Other income (alimony received, gambling winnings, taxable scholarships, etc.)						10.	.00
11. Total--combine lines 1c. through 10--enter here and on page 1, line 2 of return summary						11.	.00

Schedule 5 Deductions	
PART YEAR RESIDENTS ALLOCATE DEDUCTIONS FOR PERIOD OF RESIDENCY	
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--Only for Military Federal 3903 or list	3. .00
4. Alimony paid--attach Schedule 1 of Federal 1040	4. .00
5. Total--add lines 1 through 4--enter here and on page 1, line 3 of return summary	5. .00

Worksheet 1 Credit for Tax Paid to Another City	
1. Total income after deductions (before exemptions) from 2018 non-resident city return	1. .00
2. Less: exemption amount from Grand Rapids return--page 1, line 5	2. .00
3. Subtract line 2 from line 1	3. .00
4. Rate (if the other City is Detroit the Rate would be .0075)	4. .005
5. Multiply line 4 by line 3--enter here and on page 1, schedule 3, line 3	5. .00

(Credit is limited to actual tax liability from other city's return)

Part year residents: Include income on line 1 of this worksheet only to the extent that it is taxable by Grand Rapids as a resident and taxable by another city that imposes an income tax as a non-resident

Note: You must complete a separate Worksheet 1 for each city in which you filed a non-resident return

YOU MUST ATTACH A COPY OF PAGE ONE OF THE OTHER CITY'S RETURN

Summary of Required Attachments	
<u>All Filers:</u>	<u>If Applicable:</u>
◆ All form W-2's	◆ Federal Schedule 1
◆ Page 1 & Page 2 of Federal Form 1040	◆ Federal Form 2106
	◆ Federal Form 3903
	◆ Federal Schedule C
<u>Filers Taking a Credit for Tax Paid to Another City:</u>	◆ Federal Schedule D, Forms 8949, 4797, 6252
◆ Copy of page one of the other city(ies) return	◆ Federal Schedule E including Federal Schedule K-1 for all S corporations shown on Schedule E, if any
	◆ Copies of all forms 1099-R for taxpayers under age 65

Third Party Designee	
Do you want to allow another person to discuss this return with the Income Tax Department?	<input type="checkbox"/> Yes--Complete the following: <input type="checkbox"/> 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 the first and second page of your federal return
- ✓ 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.