

**2008 CITY OF GRAND RAPIDS  
RESIDENT INCOME TAX FORMS AND INSTRUCTIONS  
FORM GR-1040R**

**For residents of Grand Rapids and individuals  
who lived in Grand Rapids at any time during 2008**

**ONLINE TAX PREPARATION TOOL**

***Do it Yourself***

File your Grand Rapids return online.

***Save a Stamp***

Pay your tax online or receive a quicker refund.

To find out more, go to [www.grcity.us/incometax](http://www.grcity.us/incometax).

Telephone number: (616) 456-3415

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Mailing address: PO Box 2528, Grand Rapids, MI 49501-2528

# 2008 FILING INSTRUCTIONS FOR FORM GR-1040R

## ELECTRONIC FILING

Taxpayers may elect to receive their refund via direct deposit or to pay tax due via direct withdrawal. Grand Rapids accepts paper filed and electronically filed returns.

## COMPUTER-GENERATED RETURN FORM

Grand Rapids accepts computer-generated returns using Form CF-1040 as well as the standard resident form, Form GR-1040R.

## WHO MUST FILE A RETURN

Every person who was domiciled in Grand Rapids at any time during 2008 and received income taxable under the Income Tax Ordinance greater than the amount of their personal exemption(s) must file a resident return by April 30, 2009.

**Every taxpayer filing a resident Grand Rapids income tax return must attach a copy of page 1 of their federal return to their Grand Rapids return as well as copies of their W-2 forms.**

## MAILING OF RETURN FORMS

Mark the box on the upper right-hand side of the return form if you or your preparer use computer software that prints Grand Rapids income tax forms or if you do not need a return form mailed to you next year.

## WHO MUST USE THIS RESIDENT RETURN FORM

**Full-year resident** - If you were a resident of Grand Rapids during the tax year and had taxable income greater than your personal exemptions, you must file Form GR-1040R. Income earned while a resident must be reported regardless of where earned. See the Grand Rapids Street Directory on the website for a listing of addresses located in the City.

**Part-year resident who worked in Grand Rapids as both a resident and a nonresident** - In addition to filing a resident form, individuals who moved during the year and received income subject to Grand Rapids tax both as a resident and nonresident must complete and attach a Schedule L. This form is used to compute the tax on items of income taxed differently to residents and nonresidents. Do not use Schedule L unless you received income subject to Grand Rapids tax as both a resident and nonresident. Schedule L is available on the City's website.

When using Schedule L, on page 1, line 15 of the return, enter the total tax from Schedule L, line 15c. Indicate to the left of the tax that it was transferred from Schedule L. Do not fill in lines 5 through 14, page 1, Form GR-1040R.

**Part-year resident who did not work in Grand Rapids as a nonresident** - Do not use Schedule L if you were a part-year resident of Grand Rapids and did not work in Grand Rapids during the part of the year you lived outside of Grand Rapids. Report on Form GR-1040R only the income earned while a resident. Enter the period you were a resident during the year and your former address on page 1.

**Nonresident working in Grand Rapids** - If you were not a resident at anytime during the tax year, you must file Form GR-1040NR.

## FILING A JOINT OR SEPARATE RETURN

Married persons may file either a joint return or separate returns. If a joint return is filed, both names and both social security numbers must be listed, all taxable income of both husband and wife must be included, and the return must be signed by both individuals.

## TAXABLE INCOME OF A RESIDENT

Tax applies to the income of a resident individual to the same extent and on the same basis the income is taxable on their federal return with **EXCEPTIONS FOR THE FOLLOWING NONTAXABLE INCOME:**

- Social security, pensions and annuities (including disability pensions), Individual Retirement Account (IRA) distributions received after reaching age 59½ and conversions to a ROTH IRA.
- Proceeds of insurance. (Amounts received for personal injuries, sickness or disability are excluded from taxable income only to the extent provided by the Internal Revenue Code).
- Unemployment compensation and supplemental unemployment benefits.
- 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.
- Military pay of members of the armed forces of the United States, including Reserve and National Guard pay.

- (F) Michigan Lottery prizes won on or before December 30, 1988.  
(Michigan lottery prizes won after December 30, 1988 are taxable.)

## ESTIMATED TAX PAYMENTS FOR YEAR 2009

Estimated tax payments are **REQUIRED** if 2009 Grand Rapids income not subject to withholding is more than \$7,700 after exemptions (\$100 in tax). A Declaration of Estimated Income Tax (Form GR-1040ES) **MUST** be filed by April 30, 2009 and one-fourth (¼) of the estimated tax due for 2009 must be paid with the declaration. The three remaining estimated tax payments are due at the end of June, September and January.

**Failure to make required estimated tax payments or underpayment of estimated tax will result in assessment of penalty and interest.**

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

The Declaration of Estimated Tax (Form GR-1040ES) is available from the Grand Rapids Income Tax Department or on the City's website.

## EXTENSION OF TIME TO FILE

The due date of Grand Rapids annual returns may be extended for a period not to exceed six months. Application for a Grand Rapids extension must be made and any tentative tax due must be paid (Ord. Sec. 64). Applying for a federal extension does not satisfy the requirement for filing a city extension. **When a city extension is granted, the tentative tax must be paid by April 30, 2009.** Filing an extension with payment is no substitute for making estimated tax payments.

## DOCUMENTATION REQUIREMENTS

Copies of all federal schedules and documentation supporting income, losses and deductions must be attached to your return.

**Failure to attach W-2 forms, other schedules and documentation or attaching incomplete schedules and documentation will delay the processing of your return and may result in deductions being disallowed.**

## AMENDED RETURNS

Amended returns should be filed on the applicable resident or nonresident form and clearly marked **AMENDED** on the top margin. All supporting schedules should accompany filing with an explanation for each change. Tax paid or refunds received from the original return should be noted to the left of the box on line 16d. Tax paid should be added and refunds received should be subtracted from other payments with the total entered on line 16d.

If a change on your federal return affects your Grand Rapids taxable income, you must file an amended Grand Rapids return within 90 days of the change. Include payment of any tax and interest due.

## LINE BY LINE INSTRUCTIONS

### LINE 1 THROUGH LINE 4 - EXEMPTIONS

Each individual filing a Grand Rapids income tax return is allowed one personal exemption. On a joint return, the taxpayer and the spouse are allowed one personal exemption each. Do not prorate exemptions of part-year residents.

An individual who is 65 years of age or older may claim one additional personal exemption. On a joint return, the taxpayer and/or the spouse, if they qualify, may claim an additional exemption for being 65 years of age or older.

Individuals who are legally blind may claim one additional personal exemption. On a joint return, the taxpayer and/or the spouse, if they qualify, may claim an additional exemption for being blind.

### LINE 5 & LINE 6 - GROSS INCOME FROM EMPLOYERS

All wages, salaries, tips, sick pay, bonuses, deferred compensation, severance pay and other compensation (box #1 of Form W-2) earned or received while a resident of Grand Rapids are taxable regardless of where earned and must be included on lines 5 and 6. **Box 18 of Form W-2 is not to be used for reporting income.**

### LINE 7 - INTEREST

Enter interest from your federal return minus interest from obligations of the United States and subordinate units of government. Interest received while a resident of Grand Rapids is taxable regardless of where earned.

PLEASE TYPE OR PRINT

Personal information section including social security numbers, names, addresses, and marital status.

EXEMPTIONS section with checkboxes for self, spouse, and children, and a list of dependent names.

INCOME table with columns for Employer's Name, Address, Grand Rapids Tax Withheld, and Wages, Etc.

DEDUCTIONS table listing various tax deductions like IRA, business expenses, and moving costs.

PAYMENTS AND CREDITS table for tax payments and credits.

TAX DUE section with instructions on how to pay.

OVERPAYMENT section for handling overpayments.

CREDIT TO 2009 and DONATION sections for tax credits and donations.

REFUND section for overpayment refunds.

ELECTRONIC REFUND OR PAYMENT INFORMATION section with routing and account numbers.

ATTACH COPY OF PAGE 1 OF FEDERAL FORM 1040 TO THIS RETURN

ATTACH COPY OF FORMS GRW-2 OR W-2 HERE

ENCLOSE CHECK OR MONEY ORDER FOR TAX DUE (DO NOT STAPLE TO RETURN)

Name(s) as shown on page 1	Your social security number
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**FAILURE TO ATTACH DOCUMENTATION OR ATTACHING INCORRECT OR INCOMPLETE DOCUMENTATION  
WILL DELAY PROCESSING OF RETURN AND MAY RESULT IN DEDUCTIONS AND LOSSES BEING DISALLOWED**

23. OTHER DEPENDENTS (Same as Federal)		
NAME OF OTHER DEPENDENT	RELATIONSHIP OF OTHER DEPENDENT	MONTHS OTHER DEPENDENT LIVED IN YOUR HOME
23a.		
23b.		
23c.		
23d.		
23e. Number of other dependents listed on lines 23a through 23d. ENTER NUMBER HERE AND ON PAGE 1, LINE 3		

24. ADDITIONAL WAGES FROM EMPLOYERS NOT INCLUDED ON PAGE 1, LINES 5a THROUGH 5d				
ENTER WAGES, TIPS AND OTHER COMPENSATION (DEFERRED COMPENSATION, SICK PAY, ETC.) EARNED IN AND OUTSIDE OF GRAND RAPIDS THAT ARE NOT INCLUDED ON PAGE 1, LINES 5a THROUGH 5d. PART-YEAR RESIDENTS INCLUDE WAGES EARNED DURING RESIDENCY				
EMPLOYER'S NAME	ADDRESS OF ACTUAL WORK STATION	GRAND RAPIDS TAX WITHHELD	WAGES, ETC. (FORM W-2, BOX 1.)	
24a.		24a	00	00
24b.		24b	00	00
24c.		24c	00	00
24d.		24d	00	00
24e. Total. Add lines 24a through 24d. ENTER TOTALS HERE AND ON PAGE 1, LINE 5e		24e	00	00

25. BUSINESS AND FARMING INCOME				
25a. Net profit (or loss) from business or profession. (ATTACH FEDERAL SCHEDULE C)			25a	00
25b. Net profit (or loss) from farming. (ATTACH FEDERAL SCHEDULE F)			25b	00
25c. Applicable portion of net operating loss carryover. (ATTACH SCHEDULE)			25c	00
25d. Retirement plan deduction	Check type of plan	<input type="checkbox"/> KEOGH <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE (ATTACH FEDERAL SCHEDULE)	25d	00
25e. Total. Add lines 25a and 25b and subtract lines 25c and 25d. ENTER HERE AND ON PAGE 1, LINE 9a			25e	00

26. SALES AND EXCHANGES OF PROPERTY				
THE GRAND RAPIDS INCOME TAX ORDINANCE FOLLOWS THE INTERNAL REVENUE CODE IN ITS TREATMENT OF CAPITAL GAINS. ALL CAPITAL GAINS RECEIVED BY A RESIDENT OF GRAND RAPIDS ARE TAXABLE EXCEPT THE PORTION OF THE GAIN (OR LOSS) OCCURRING PRIOR TO JULY 1, 1967. IF THE AMOUNT OF CAPITAL GAINS REPORTED TO GRAND RAPIDS IS DIFFERENT FROM THE FEDERAL AMOUNT, ATTACH A SCHEDULE SHOWING THE COMPUTATION OF THE GRAND RAPIDS TAXABLE PORTION.				
26a. Capital Gains from federal Schedule D. (ATTACH FEDERAL SCHEDULE D) Check box if no federal Sch. D filed <input type="checkbox"/>			26a	00
26b. Other Gains from federal Form 4797. (ATTACH FEDERAL FORM 4797)			26b	00
26c. Total. Add lines 26a and 26b. ENTER HERE AND ON PAGE 1, LINE 9b			26c	00

27. RENTAL REAL ESTATE, ROYALTIES, PARTNERSHIPS, TRUSTS, ETC.				
THE FEDERAL RULES CONCERNING PASSIVE LOSSES ARE APPLICABLE TO LOSSES DEDUCTED ON THIS RETURN.				
27a. Income or loss from rental real estate and royalties from federal Schedule E, Part I. (ATTACH FEDERAL SCHEDULE E AND FORM 8582)			27a	00
27b. Income or loss from partnerships and S corporations from federal Schedule E, Part II. (ATTACH FEDERAL SCHEDULE E, SCHEDULE K-1's AND FORM 85			27b	00
27c. Income or loss from estates, trusts from federal Schedule E, Part III. (ATTACH FEDERAL SCHEDULE E, SCHEDULE K-1's AND FORM 8582)			27c	00
27d. Income or loss from from real estate mortgage investment conduits (REMICs) from federal Schedule E, Part IV. (ATTACH A COPY OF FED. SCH. E)			27d	00
27e. Net farm rental income or loss from federal Schedule E, Part V, line 40. (ATTACH A COPY OF FEDERAL SCHEDULE E)			27e	00
27f. Total. Add lines 27a, 27b, 27c, 27d and 27e. ENTER HERE AND ON PAGE 1, LINE 9c			27f	00

28. OTHER INCOME				
OTHER INCOME INCLUDES: GAMBLING AND LOTTERY WINNINGS, INDIAN GAMING PROCEEDS, ALIMONY RECEIVED, PROFIT SHARING PLAN DISTRIBUTIONS, PREMATURE IRA AND PENSION DISTRIBUTIONS, ETC. ATTACH COPIES OF ALL APPLICABLE FED. SCHEDULES AND FORMS 1099.				
RECEIVED FROM	KIND OF INCOME	AMOUNT		
28a.		28a		00
28b.		28b		00
28c. Total. Add lines 28a and 28b. ENTER HERE AND ON PAGE 1, LINE 9d		28c		00

29. 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. ( )	Personal identification number (PIN)		

I declare that I have examined this return (including accompanying schedules and statements) and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the preparer's declaration is based on all information of which preparer has any knowledge.

<b>====&gt;</b> <b>SIGN</b> <b>HERE</b> <b>====&gt;</b>	TAXPAYER'S SIGNATURE - If joint return, both husband and wife must sign. DATE	SIGNATURE OF PREPARER OTHER THAN TAXPAYER	DATE		
		/ /		/ /	
	SPOUSE'S SIGNATURE	DATE	FIRM'S NAME (OR YOURS IF SELF EMPLOYED), ADDRESS AND ZIP CODE		
		/ /			
	DAYTIME PHONE NUMBER ( )	PHONE NUMBER ( )			
	E-MAIL ADDRESS	E-MAIL ADDRESS			

PLEASE TYPE OR PRINT

Your social security number, Your first name, Initial, Last name, Your occupation, Spouse's soc sec number, If joint return, spouse's first name, Initial, Last name, Spouse's occupation, If married, is spouse filing a separate return? Present home address, Enter name and address used on 2007 return.

PART-YEAR RESIDENT FROM MO. DAY YR. TO MO. DAY YR. FORMER ADDRESS, Check box if you DO NOT need a return form mailed next year.

EXEMPTIONS 1a. Yourself 65 or over Blind, 1b. Spouse 65 or over Blind, Number of boxes checked, 2. List first names of your dependent children who live with you: Number of children listed, 3. Number of other dependents. Number of other dependents, 4. Total number of exemptions. Total number of exemptions

INCOME 5. ENTER WAGES, TIPS AND OTHER COMPENSATION (DEFERRED COMPENSATION DISTRIBUTIONS, SICK PAY, ETC.) EARNED IN AND OUTSIDE OF GRAND RAPIDS. PART-YEAR RESIDENTS INCLUDE ALL WAGES EARNED DURING RESIDENCY.

Table with columns: EMPLOYER'S NAME, ADDRESS OF ACTUAL WORK STATION, GRAND RAPIDS TAX WITHHELD, WAGES, ETC. (W-2 FORM, BOX 1). Rows include 5a-5e, 6, 7, 8, 9a-9d, 10.

DEDUCTIONS See instructions (PART-YEAR RESIDENTS ALLOCATE DEDUCTIONS FOR PERIOD OF RESIDENCY.)

Table with columns: Description, Line Number, Amount. Rows include 11a-11e, 12, 13, 14, 15.

PAYMENTS AND CREDITS (If line 17 exceeds \$100 see instructions for making estimated tax payments.)

Table with columns: Description, Line Number, Amount. Rows include 16a, 16b, 16c, 16d.

TAX DUE 17. If tax (line 15) is larger than payments (line 16d) you owe tax. ENTER TAX DUE AND PAY WITH RETURN. Enclose check or money order payable to the Grand Rapids City Treasurer.

OVERPAYMENT 18. If payments (line 16d) are larger than tax (line 15) ENTER OVERPAYMENT.

CREDIT TO 2009 19. Overpayment to be HELD and APPLIED TO YOUR 2009 ESTIMATED TAX.

DONATION 20. Overpayment donation: a. American flags for veterans' graves in Grand Rapids, b. Grand Rapids Children's Fund, c. Grand Rapids Parks' Fund.

REFUND 21. Overpayment refund. For direct deposit mark Refund box on line 22 and complete 22 a, b & c.

ELECTRONIC REFUND OR PAYMENT INFORMATION 22. Mark one: Refund - Direct deposit, Pay tax due - Electronic funds withdrawal. Includes routing and account numbers.

ATTACH COPY OF PAGE 1 OF FEDERAL FORM 1040 TO THIS RETURN

ATTACH COPY OF FORMS GRW-2 OR W-2 HERE

ENCLOSE CHECK OR MONEY ORDER FOR TAX DUE (DO NOT STAPLE TO RETURN)

Name(s) as shown on page 1	Your social security number
----------------------------	-----------------------------

**FAILURE TO ATTACH DOCUMENTATION OR ATTACHING INCORRECT OR INCOMPLETE DOCUMENTATION  
WILL DELAY PROCESSING OF RETURN AND MAY RESULT IN DEDUCTIONS AND LOSSES BEING DISALLOWED**

23. OTHER DEPENDENTS (Same as Federal)		
NAME OF OTHER DEPENDENT	RELATIONSHIP OF OTHER DEPENDENT	MONTHS OTHER DEPENDENT LIVED IN YOUR HOME
23a.		
23b.		
23c.		
23d.		
23e. Number of other dependents listed on lines 23a through 23d. ENTER NUMBER HERE AND ON PAGE 1, LINE 3		

24. ADDITIONAL WAGES FROM EMPLOYERS NOT INCLUDED ON PAGE 1, LINES 5a THROUGH 5d				
ENTER WAGES, TIPS AND OTHER COMPENSATION (DEFERRED COMPENSATION, SICK PAY, ETC.) EARNED IN AND OUTSIDE OF GRAND RAPIDS THAT ARE NOT INCLUDED ON PAGE 1, LINES 5a THROUGH 5d. PART-YEAR RESIDENTS INCLUDE WAGES EARNED DURING RESIDENCY				
EMPLOYER'S NAME	ADDRESS OF ACTUAL WORK STATION	GRAND RAPIDS TAX WITHHELD	WAGES, ETC. (FORM W-2, BOX 1.)	
24a.		24a	00	00
24b.		24b	00	00
24c.		24c	00	00
24d.		24d	00	00
24e. Total. Add lines 24a through 24d. ENTER TOTALS HERE AND ON PAGE 1, LINE 5e		24e	00	00

25. BUSINESS AND FARMING INCOME				
25a. Net profit (or loss) from business or profession. (ATTACH FEDERAL SCHEDULE C)			25a	00
25b. Net profit (or loss) from farming. (ATTACH FEDERAL SCHEDULE F)			25b	00
25c. Applicable portion of net operating loss carryover. (ATTACH SCHEDULE)			25c	00
25d. Retirement plan deduction	Check type of plan	<input type="checkbox"/> KEOGH <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE    (ATTACH FEDERAL SCHEDULE)	25d	00
25e. Total. Add lines 25a and 25b and subtract lines 25c and 25d. ENTER HERE AND ON PAGE 1, LINE 9a			25e	00

26. SALES AND EXCHANGES OF PROPERTY				
THE GRAND RAPIDS INCOME TAX ORDINANCE FOLLOWS THE INTERNAL REVENUE CODE IN ITS TREATMENT OF CAPITAL GAINS. ALL CAPITAL GAINS RECEIVED BY A RESIDENT OF GRAND RAPIDS ARE TAXABLE EXCEPT THE PORTION OF THE GAIN (OR LOSS) OCCURRING PRIOR TO JULY 1, 1967. IF THE AMOUNT OF CAPITAL GAINS REPORTED TO GRAND RAPIDS IS DIFFERENT FROM THE FEDERAL AMOUNT, ATTACH A SCHEDULE SHOWING THE COMPUTATION OF THE GRAND RAPIDS TAXABLE PORTION.				
26a. Capital Gains from federal Schedule D. (ATTACH FEDERAL SCHEDULE D) Check box if no federal Sch. D filed <input type="checkbox"/>			26a	00
26b. Other Gains from federal Form 4797. (ATTACH FEDERAL FORM 4797)			26b	00
26c. Total. Add lines 26a and 26b. ENTER HERE AND ON PAGE 1, LINE 9b			26c	00

27. RENTAL REAL ESTATE, ROYALTIES, PARTNERSHIPS, TRUSTS, ETC.				
THE FEDERAL RULES CONCERNING PASSIVE LOSSES ARE APPLICABLE TO LOSSES DEDUCTED ON THIS RETURN.				
27a. Income or loss from rental real estate and royalties from federal Schedule E, Part I. (ATTACH FEDERAL SCHEDULE E AND FORM 8582)			27a	00
27b. Income or loss from partnerships and S corporations from federal Schedule E, Part II. (ATTACH FEDERAL SCHEDULE E, SCHEDULE K-1's AND FORM 85			27b	00
27c. Income or loss from estates, trusts from federal Schedule E, Part III. (ATTACH FEDERAL SCHEDULE E, SCHEDULE K-1's AND FORM 8582)			27c	00
27d. Income or loss from from real estate mortgage investment conduits (REMICs) from federal Schedule E, Part IV. (ATTACH A COPY OF FED. SCH. E)			27d	00
27e. Net farm rental income or loss from federal Schedule E, Part V, line 40. (ATTACH A COPY OF FEDERAL SCHEDULE E)			27e	00
27f. Total. Add lines 27a, 27b, 27c, 27d and 27e. ENTER HERE AND ON PAGE 1, LINE 9c			27f	00

28. OTHER INCOME				
OTHER INCOME INCLUDES: GAMBLING AND LOTTERY WINNINGS, INDIAN GAMING PROCEEDS, ALIMONY RECEIVED, PROFIT SHARING PLAN DISTRIBUTIONS, PREMATURE IRA AND PENSION DISTRIBUTIONS, ETC. ATTACH COPIES OF ALL APPLICABLE FED. SCHEDULES AND FORMS 1099.				
RECEIVED FROM	KIND OF INCOME	AMOUNT		
28a.		28a		00
28b.		28b		00
28c. Total. Add lines 28a and 28b. ENTER HERE AND ON PAGE 1, LINE 9d		28c		00

29. 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. ( )	Personal identification number (PIN)		

I declare that I have examined this return (including accompanying schedules and statements) and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the preparer's declaration is based on all information of which preparer has any knowledge.

<b>====&gt; SIGN HERE ====&gt;</b>	TAXPAYER'S SIGNATURE - If joint return, both husband and wife must sign. DATE	SIGNATURE OF PREPARER OTHER THAN TAXPAYER	DATE	
			/ /	
	SPOUSE'S SIGNATURE	DATE	FIRM'S NAME (OR YOURS IF SELF EMPLOYED), ADDRESS AND ZIP CODE	
		/ /		
	DAYTIME PHONE NUMBER ( )	PHONE NUMBER ( )		
	E-MAIL ADDRESS	E-MAIL ADDRESS		

## LINE 8 - DIVIDENDS

Enter dividends from your federal return minus dividends from obligations of the United States and subordinate units of government. Dividends received while a resident of Grand Rapids are taxable regardless of where earned.

## LINE 9a - PROFIT (OR LOSS) FROM BUSINESS, PROFESSION OR FARM (Complete lines 25a - 25e, page 2)

On page 2, line 25a, enter the net profit (or loss) from a business or profession. On line 25b, enter the net profit (or loss) from farming. Grand Rapids residents are taxed on the net profits from their operation of a business, profession or farm, regardless of where it is located. **Attach a complete copy of federal Schedule C and/or federal Schedule F.**

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

Enter on line 25c the applicable portion of your net operating loss carryover. A net operating loss (NOL) carryover may be deducted. Carryback losses are not allowed (Ord. Sec 7.2). For instructions on Grand Rapids NOL's call the office or visit our website. Expenses for business use of home other than mortgage interest, property taxes and casualty losses cannot be added to a Schedule C net loss, but must be carried over.

A KEOGH, SEP or SIMPLE retirement plan deduction must be entered on line 25d. **Attach evidence of contribution.**

Add lines 25a, 25b and subtract lines 25c and 25d. Enter the total on line 25e and on page 1, line 9a.

## LINE 9b - SALE OR EXCHANGE OF PROPERTY (Complete lines 26a - 26c, page 2)

The Grand Rapids Income Tax Ordinance follows the Internal Revenue Code regarding capital gains. All capital gains received while a resident of Grand Rapids are taxable regardless of where the property is located, with the following exceptions:

- (A) Gains on sales of obligations of the United States and subordinate units of government.
- (B) The portion of any gains attributable to the time period before July 1, 1967 on any sales or exchanges of property purchased prior to that date.
- (C) Capital loss carryovers that originated in a year the taxpayer was not a resident of the City are not deductible.

On page 2, line 26a, enter the total capital gains or allowable losses from federal Schedule D. **Attach a copy of federal Schedule D.** On line 26b enter total gains or losses from federal Form 4797. Add lines 26a and 26b. Enter total on line 26c and on page 1, line 9b.

## LINE 9c - RENTAL REAL ESTATE, ROYALTIES, PARTNERSHIPS, S CORPORATIONS, ESTATES, TRUSTS, ETC. (Complete lines 27a - 27f, page 2)

On page 2, line 27a, enter all rental real estate and royalty income (or loss) included on your federal return (Sch. E, Part I) and received while a resident of Grand Rapids. **Attach copies of federal Schedule E and federal Form 8582.**

On page 2, line 27b, report your share of income or loss from partnerships and S corporations (Sch. E, Part II) received while a resident of Grand Rapids. Enter only your share of ordinary income. Your share of interest, dividends, gains or losses, etc., are treated as belonging to you as an individual and should be reported accordingly. **Attach copies of federal Schedule E, federal Form K-1 (1065), federal Form K-1 (1120) and federal Form 8582.**

On page 2, line 27c, enter all income or loss from estates and trusts (Sch. E, Part III). Income from trusts and estates is taxable to a Grand Rapids resident and must be included in the amount reported on page 2, line 27c, regardless of the location of the estate or trust, or the location of property it may own.

On page 2, line 27d, enter all income or loss from Real Estate Mortgage Investment Conduits (REMICs) (Sch. E, Part IV).

On page 2, line 27e, enter net farm rental income or loss (Sch E, Part V, line 40).

Add lines 27a, 27b, 27c, 27d and 27e. Enter total on line 27f and on page 1, line 9c.

## LINE 9d - OTHER INCOME

(Complete lines 28a - 28c, page 2)

Lines 28a through 28c are used to report other income including gambling and lottery winnings, Indian gaming proceeds, alimony received, premature (prior to qualifying for retirement) pension plan distributions, including distributions that are received from qualified trusts upon termination of employment and receive treatment as gains under the Internal Revenue Code, premature (before age 59½) Individual Retirement Account (IRA) distributions **excluding ROTH IRA conversions** included in federal adjusted gross income and any other income. Normal IRA and pension distributions are not taxable. Attach a separate schedule if more than three items are reported. **Attach a copy of each Form 1099.**

Add the amounts reported on page 2, lines 28a through 28b. Enter the total on line 28c and on page 1, line 9d.

## LINE 10 - TOTAL INCOME

Add lines 6b through 9d and enter on line 10.

## LINE 11 - DEDUCTIONS

The deductions allowed by the Grand Rapids Income Tax Ordinance are:

Line 11a. **Individual Retirement Account (IRA) Deduction** - Contributions to an Individual Retirement Account are deductible to the same extent deductible under the Internal Revenue Code. **Attach page 1 of federal return and evidence of contribution**, which includes, but is not limited to, one of the following: a copy of receipt for IRA contribution, a copy of federal Form 5498, a copy of a cancelled check that clearly indicates it is for an IRA contribution. KEOGH, SEP or SIMPLE retirement plan deductions must be entered on page 2, line 25d. ROTH IRA contributions are not deductible.

Line 11b. **Employee Business Expenses Deduction** - Employee business expenses are an allowable deduction only when incurred in the performance of service for an employer and only to the extent not reimbursed by the employer. Meal expenses are not subject to the reductions and limitations of the Internal Revenue Code. Under the Grand Rapids Income Tax Ordinance meals must be incurred while away from home overnight on business to be deductible.

**BUSINESS EXPENSES ARE LIMITED TO THE FOLLOWING:**

- A. Expenses of transportation (but not transportation to and from work).
- B. Expenses of travel, meals and lodging while away from home overnight on business for an employer.
- C. Expenses incurred as an "outside salesperson" away from the employer's place of business. This does not include driver-salesperson whose primary duty is service and delivery.
- D. 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.**

**Attach a copy of federal Form 2106 or a list of your employee business expenses.**

Line 11c. **Moving Expenses Deduction** - Moving expenses for moving **into** Grand Rapids are deductible to the same extent deductible under the Internal Revenue Code. Moving must be related to starting work in a new location. **Attach a copy of federal Form 3903 or a list of moving expenses including the distance in miles from where you moved.**

Line 11d. **Alimony Paid Deduction** - Alimony, separate maintenance payments and principal sums payable in installments (to the extent includable in the spouse's or former spouse's adjusted gross income under the federal Internal Revenue Code) and deducted on your 2008 federal return are deductible. Child support is not deductible. **Attach a copy of page 1 of your federal return.**

**IMPORTANT: The above deductions are limited to the amount claimed on your federal return, except meals. The deductions are limited by the extent they apply to income taxable under the Grand Rapids Income Tax Ordinance. Part-year residents must allocate deductions the same way they allocate income.**

# 2008 FILING INSTRUCTIONS FOR FORM GR-1040R

Line 11e. Renaissance Zone Deduction - A Renaissance Zone deduction may be claimed by a qualified resident domiciled in a Renaissance Zone, an individual with income from rental real estate located in a Renaissance Zone and an individual proprietor or a partner in a partnership that has business activity within a Renaissance Zone.

Individuals who qualify for the deduction **must attach Schedule RZ of GR-1040R or GR-1040NR** to their return to claim the deduction. Residents are not qualified to claim the deduction until they have been domiciled in a Renaissance Zone for 183 consecutive days. Individuals are not qualified to claim the Renaissance Zone deduction if they are delinquent for any Michigan or Grand Rapids taxes. A Grand Rapids income tax return must be filed to qualify and claim this deduction. Schedule RZ is available on the website or the Income Tax Department.

## LINE 12 THROUGH LINE 15 - COMPUTING TAX

Subtract the total amount of deductions on line 11f from line 10, and enter the remainder on line 12. Subtract the total amount for personal exemptions on line 13 from line 12, and enter the remainder on line 14. Multiply line 14 by 1.3% (.013) to determine the City of Grand Rapids income tax, and enter the tax amount on line 15.

If Schedule L is used to compute the income tax, do not complete lines 5 through 14 of this return. Enter the tax from Schedule L on line 15 of this return. Indicate to the left of the amount entered on line 15 that the tax was computed on Schedule L.

## LINE 16a THROUGH LINE 16d - PAYMENTS/CREDITS

On line 16a enter the amount of Grand Rapids tax withheld as shown on your 2008 GRW-2 or W-2. **The City copy of your 2008 GRW-2 or W-2 clearly showing the locality as Grand Rapids (GR) and the amount of tax withheld in box 19 must be submitted with your return before credit can be allowed for Grand Rapids tax withheld.**

On line 16b, enter the total of the following: 2008 City of Grand Rapids estimated tax paid, the tax paid with an extension and the prior year credit forward.

A Grand Rapids resident subject to city income tax in another city may claim a credit for the net amount paid to the other city on income that is taxable by both cities. Enter on line 16c the credit for income taxes 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. Report only the amount you actually paid to another city, not the amount withheld. **You must attach a copy of the city income tax return you filed with the other city to receive this credit.**

Also enter on line 16c any City of Grand Rapids income tax paid in your behalf by a partnership. Clearly indicate to the left of the credit that it was paid by a partnership.

Also enter on line 16c the credit your proportionate share of city income tax paid by an S corporation on income taxable on your return. This credit may not exceed the tax that a resident would pay on the corporation income reported on your return.

**IMPORTANT:** If your 2009 Grand Rapids income not subject to withholding is expected to be more than \$7,700 after exemptions (\$100 in tax), you must file a Declaration of Estimated Tax (Form GR-1040ES) by April 30, 2009, and pay at least one-fourth (¼) of the estimated tax with your declaration. The three remaining payments are due at the end of June, September and January. You may amend your estimate at the time of making any quarterly payment.

**Failure to make required estimated tax payments or underpayment of estimated tax will result in assessment of penalty and interest.**

## LINE 17 - TAX DUE

If the total payments and credits on line 16d is less than the tax on line 15, enter the difference, the tax due, on this line. The tax due is to be paid when filing the return or payment is to be made via direct bank account withdrawal from your bank account.

To pay with a check or money order make the check or money order payable to the GRAND RAPIDS CITY TREASURER and mail the payment with the return to: Grand Rapids Income Tax Department, P.O. Box 2528, Grand Rapids, Michigan 49501-2528.

To make payment via direct withdrawal from your bank account mark the box on line 22 to Pay tax due - Electronic funds withdrawal, enter the electronic funds withdrawal effective date and complete (a) the bank routing number, (b) your bank account number and (c) the account type. For additional information on completing line 22 to pay the tax due via an

electronic funds withdrawal refer to the Income Tax Department web page located at: [www.grand-rapids.mi.us/index.pl?binobjid=3937](http://www.grand-rapids.mi.us/index.pl?binobjid=3937). Mail your return to the address listed in the preceding paragraph.

## LINE 18 THROUGH LINE 22 - OVERPAYMENT

If the total payments and credits on line 16d exceed the Grand Rapids tax on line 15, your tax is overpaid. Enter the overpayment on line 18.

Line 19. Credit Forward - On line 19 enter the amount of the overpayment to be held and applied to your 2009 estimated income tax as a credit forward, otherwise leave blank.

Line 20a, b, c. Donation - On line 20, if you wish to make a donation of any portion or all of your overpayment to the City to purchase American flags to be placed on veterans' graves in Grand Rapids, to the Grand Rapids Children's Fund or to the Grand Rapids Parks' Fund, mark the box in front of your choice(s) and enter the amount of the overpayment you wish to donate, otherwise leave blank.

Line 21. Refund - On line 21 enter the amount of your overpayment to be refunded. A refund will be issued via a paper refund check unless you choose to have the refund deposited directly into a checking or savings account. To do this mark the box on line 22 for Refund - Direct Deposit and enter (a) the bank routing number, (b) your bank account number and (c) the account type. For additional information on receiving your refund via direct deposit, refer to the Income Tax Department web page at: [www.grcity.us/index.pl?binobjid=3937](http://www.grcity.us/index.pl?binobjid=3937).

The total of the amounts entered on lines 19 through 22 must be equal to the overpayment on line 18.

**Please wait 90 days from the time you filed your return before making an inquiry concerning a refund.**

## LINE 29 - THIRD-PARTY DESIGNEE

If you want to allow a friend, family member or other person to discuss your 2008 tax return with the Grand Rapids Income Tax Department, mark the "Yes" box in the "Third party designee" area of the return. Also, enter the designee's name, phone number and any five digits the designee chooses as his or her personal identification number (PIN). To designate the preparer who signed the return as your designee, enter "Preparer" in the space for the designee's name.

If the "Yes" box is checked, you, and your spouse if filing a joint return, are authorizing the Grand Rapids Income Tax Department to call the designee to answer any questions that may arise during the processing of your return. You are also authorizing the designee to: give the Grand Rapids Income Tax Department any information that is missing from the return; call the Income Tax Department for information about the processing of the return or the status of any related refund or payments; receive copies of notices or transcripts related to your return on request; and respond to notices about math errors, offsets and return preparation.

## SIGNING THE RETURN

You must sign and date the return and the return must be received by the Grand Rapids Income Tax Department for it to be a valid return. If the return is filed jointly with your spouse, both you and your spouse must sign and date the return.

If someone other than you or your spouse prepared your return, they are required to sign and date the return and provide their address and telephone number.

## ASSISTANCE

If you need forms or assistance, call (616) 456-3415. Questions by mail should be directed to: Grand Rapids Income Tax Department, P.O. Box 2528, Grand Rapids, Michigan 49501-2528. Income tax forms, instructions and additional data are available on the Income Tax Department's section of the City's website at [www.grcity.us/incometax](http://www.grcity.us/incometax).

## DISCLAIMER NOTICE

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