JACKSON, MICHIGAN PARTNERSHIP INCOME TAX RETURN FORM J-1065

2011

FOR: **PARTNERSHIPS** DOING BUSINESS IN JACKSON, MICHIGAN

FILING INSTRUCTIONS

FILING DATE: Calendar year taxpayers must file by April 30. Fiscal year taxpayers must file within four months after the end of their fiscal year.

REMITTANCE: Partnerships electing to pay tax for partners must remit for all partners when filing return. The tax due, if one dollar ($1.00) or more, must be paid when filing the return. Make remittance payable to:

TREASURER-CITY OF JACKSON

MAILING ADDRESS: Mail your return and remittance to:

INCOME TAX DIVISION
CITY HALL
JACKSON, MICHIGAN 49201

Who Must File a Partnership Return (Form J-1065)

The city of Jackson income tax became effective Jan. 1, 1970. Every partnership that conducts business activities in the City of Jackson, whether or not an office or place of business is maintained in the city, is required to file a return within four (4) months following the end of the taxable year. If on a calendar year basis, the return must be filed by April 30. Syndicates, joint ventures, pools and like organizations will also use Form J-1065. So-called "tax option" corporations 1120-S (under Secs. 1371-1377, Internal Revenue Code) must file as corporations on Form J-1120.

Resident vs. Non-Resident Partners

Partners who are residents of Jackson are taxed on their entire distributive shares of the net profits of the partnership, including that arising from business activity outside the city, and including interest, dividends, and royalties and gains from the sale or exchange of property, either tangible or intangible.

Partners who are nonresidents of Jackson, are taxed on their distributive shares of the portion of the net profit which is attributable to business activity in the City, plus net rentals of property in the City and gains from the sale or exchange of real or tangible personal property in the City. They are not taxed on their share of net rentals on property outside the city, gains from the sale or exchange of real or tangible property outside the city, gains from the sale or exchange of securities or other intangible property, or interest or dividends.

The Partnership Return, Form J-1065, is designed to distinguish between that income taxed to residents and that taxed to nonresidents.

The return shall set forth the entire net profit for the period covered and show the distributive share of each partner, indicating those who are residents of Jackson and those who are nonresidents. If residency changes during the taxable period for any partner, use two lines to indicate allocation of income by status in all schedules where applicable.

Option to Pay Tax

At its election, the partnership may file either an information return or it may compute and pay the tax which is due with respect to each partner's share of the net profit of the business, after giving effect to exemptions and other items to which each partner is entitled. Such election is available to all partnerships regardless of the residency of the partners. The partnership may pay the tax for partners only if it pays for all partners subject to the tax.

If the partnership elects to pay the tax on behalf of the partners thereof, then such election and payment shall be deemed to meet the requirements for the filing of a return, as provided by the Ordinance, for each partner who has no other income subject to the tax. However, a return shall be required from any partner having taxable income other than his distributive share of the net profits of the partnership. In such instances, the partner should enter as "Income from partnerships" on his individual return the amount shown on the partnership return on Page 1 Column 1. The deductions shown in Columns 2 and 3 and the credit in column 7 paid on his behalf by the partnership should also be listed on his individual return.

Partnership as Taxpayer

If the partnership elects to pay the tax on behalf of the partners then it assumes the status of a taxpayer to the following extent:

1. Timely payment. Payment must be made within four (4) months from the end of the fiscal year or period otherwise it will be subject to interest and penalties the same as a delinquent payment from any other taxpayer.

2. Payment of estimated tax. The election of the partnership to pay the tax on behalf of the individual partners also carries with it the requirement to file a Declaration of Estimated Income Tax Form J-1065 ES, if the total estimated tax for the partnership is expected to exceed $100, and to pay such tax. If the partnership so files and makes payments; the partners will not be required to file a Declaration as

individuals, unless they have additional income (from which Jackson income tax was not withheld) on which the Jackson tax is expected to exceed $100. The fiscal year of the partnership will govern in establishing the dates for filing the declaration and paying the estimated tax.

Income: Instructions for Page 1

Exclusions: Column 2, Dividend Exclusion, 50% Capital Gains Deduction and Other Deductions. Any items of income which are non-taxable and which are included in Column 1 of this section may be deducted in Column 2.

If analysis of Column 7, of Schedule I, Page 3, indicates a net long term capital gain, the capital gains deduction of 50% of the excess of net long term capital gains over net short term capital loss is to be deducted in Column 2, Page 1.

If analysis of Column 7, Schedule I on Page 3 indicates that a net capital loss has been realized by any of the partners, the amount of the excess of the net capital loss included in column 7, Schedule I, page 3 over he partner's allowable capital loss deduction must be added back in Column 2, Page 1. The allowable capital loss deduction for each partner is the lower of (1) the net capital loss, (2) the amount in Column 1, Page 1, computed without regard to capital gains and losses, or (3) $1,000.00.

If the partnership is filing an information return only, the individual partners will report their distributive shares of the partnership's sales and exchanges of property on their individual J-1040 returns in the same manner as provided by the Federal Internal Revenue Code.

Any deduction other than the dividend exclusion allowed by the Federal Internal Revenue Code must be explained in an attached schedule.

Exemptions – Column 3. Exemptions are allowed for each partner and his or her dependents. An exemption of $600 is allowed for the partner, the partner's spouse, and each dependent. In general, the same rules apply in determining dependents as under the Federal Internal Revenue Code. A spouse may be taken as an exemption on the partnership return only if such spouse has no income subject to the Jackson income tax and taxpayer contributes at least 50% of his (her) support. Additional exemptions are allowed if the partner or his spouse is over 65, or blind.

Total Tax. Columns 5,6 and 6(1). Enter the tax computed at 1% for resident partners in Column 5, the tax computed at 1/2% for nonresident partners in Column 6 and the total tax (the sum of Columns 5 and 6) in the box designated 6(1).

Credits. Column 7. Enter in Column 7. Enter in column 7: Payments made by the partnership for tax paid with a tentative return; or for payments on prior year Declaration of Estimated Income Tax, or any payments and credits made by the partnership on behalf of Jackson resident partners for income taxes to any other municipality, if the income on which such tax was levied is included in his return. Do not take credit for income taxes paid another municipality on behalf of partners who are not Jackson residents. The credit shall be the lesser amount of either (1) the income tax paid the other municipality, or (2) the amount of tax that would be due to the City of Jackson on earnings in the other municipality.

All credits of Column 7 are to be distributed on lines 7a, b, and c and totaled on line 8. The total of line 8 must agree with the total of column 7.

Schedule A – Ordinary Income from Business

This schedule is used to indicate all of the ordinary income of the partnership which may be subject to the Jackson income tax. Line 14 of the Schedule, therefore, will show the total partnership income to account for. Schedules B, E, F and G will then be filled out to compute the taxable portion of the other partnership income. These taxable amounts are then compiled in the Summary Schedule I on Page 3. The amounts shown in Column 10 of Schedule I for each partner are to be transferred to the income section on Page 1 Column 1. If the partnership elects to pay the tax, fill in lines 7 through 11.

Line 2. If the Jackson or Federal income tax has been included as an expense in Schedule C, it should be added back here.

Schedule B – Income from Dividends and Interest

Line 2. Interest from obligations of the United States, the states, or subordinate units of government of the states, are exempted from the tax. If they have been included in the total on line 1 they should be deducted here.

Line 4. Use line 4 to exclude dividends and interest applicable to nonresident partners since dividends and interest are not taxable to nonresidents.

When the receipt of interest and other intangible income is directly related to the nature of the business, such interest, etc., shall be considered as business income taxable to nonresidents.

Schedule E – Sale or Exchange of Property

Gains and losses from the sale or exchange of property are treated in the same manner, and the amount subject to tax determined on the same basis, as under the Federal Internal Revenue Code.

Only the amount of the gain or loss occurring from Jan. 1, 1970, to date of disposition shall be recognized for purposes of the Jackson income tax. The amount of gain or loss occurring after Jan. 1, 1970, is to be determined by either (1) computing the difference between the Jan. 1, 1970 fair market value (Jan. 1 closing price for traded securities) or the cost if the date acquired was subsequent to Jan. 1, 1970 and the proceeds from the sale or exchange, or (2) by using the gain or loss for the entire holding period, as computed for the Federal income tax purposes, and computing the taxable portion of such gain or loss on the ratio that the number of months held in the period subsequent to Jan. 1, 1970 is to the total time the property was held.

Schedule F – Income (or loss) from Rents and Royalties

Lines 1 and 2. Income or loss from rents from tangible property located in Jackson is taxable to both residents and nonresidents. Income or loss from royalties, and rents of property located outside Jackson, is not taxable to nonresidents.

Schedule G – Income from Other Partnerships, etc.

Line 1. Enter here the amount taxable to residents only. If all members of the partnership are residents it will not be necessary to complete line 2 of this schedule. Enter the full amount received from other partnerships in Column 1. If any interest on governmental obligations is included in the total, deduct such amounts in Column 2 and show the net amount in Column 3.

Whenever the members of a partnership include both residents and nonresidents of Jackson it will be necessary to analyze the type of income received form other partnerships. This is necessary since the income received from such other partnerships may include amounts for business activity outside Jackson. It may also include amounts for dividends and interest. Some elements of this income are taxable to both residents and nonresidents, some to residents only. Attach a schedule of your analysis or computations.

Schedule I – Summary of Schedules A, B, E, F, and G

Column 1. If additional first year depreciation is included in Federal Form 1065, and if the partners have unequal credits for such additional first year depreciation (e.g. if one partner is single and one is married filing jointly for Federal income tax purposes) the apportionment of income to partners in this column will require special computation.

Tax Due or Refund

If the partnership has elected to pay the tax for the partners and payments and credits exceed the tax due, show the amount of such overpayment on Page 1, line 10 and check the box on line 11 or 12 to indicate disposition of overpayment. Refunds will be made as quickly as possible, but please allow 90 days before making any inquiry. Refunds of less than one dollar ($1.00) will not be made. Tax due of less than one dollar ($1.00) need not be paid.

Assistance

If there are questions not answered in these instructions, call 788-4044, or visit the Income Tax Division. Questions by mail should be directed to: Income Tax Division, City Hall, Jackson, Michigan 49201.

ESTIMATED TAX WORKSHEET (KEEP FOR YOUR RECORDS – DO NOT FILE)

Name	Employer I.D. No.

1. Total Taxable Income Expected in ..... (See Instructions, over) ..... $.....
   year
2. Estimated Jackson Taxable Income ..... $.....
3. Estimated Jackson Income Tax (Enter here and on line 1, Voucher No. 1) ..... $.....
4. Enter Amount of

   (a) Overpayment From Previous Year ..... $ .....

   (b) Other Credits-Explain Here ..... $..... .....

   Total (Add lines 4, (a), (b), (Enter Here and on line 2, Voucher No. 1) ..... $.....
5. Net Tax: (Line 3 Less Line 4 (*) (Enter here and on line 3 – Voucher No. 1) ..... $.....
6. Amount to be paid, Enter here and in item (4) on Declaration – Voucher No. 1)..... $ .....

(*) Note: If line 6 is $250.00 or less, estimate payments are not required.

RECORD OF ESTIMATED TAX PAYMENTS

Voucher No.	Date	Amount Paid This Quarter	Total Paid This Quarter
1			
2			
3			
4			
	Total		

(Detach here)

J-1065 ES
City of Jackson
Income Tax Division

CITY OF JACKSON
ESTIMATED TAX PAYMENT – 1st Quarter
FOR THE YEAR .....

VOUCHER 1
1st Quarter
(Calendar Year – Due April 30)
Fiscal Year – Due.....

To be used for making declaration and payment

Employer I.D. No.	

Name
Address (Number and Street)
City, State, and Zip Code

Estimated Tax..... $.....

Total Credits..... $.....

Net Estimated Tax..... $.....

Amount of this
Payment ..... $.....
¼ or more of line No. 6

Return this voucher with check or money order payable to:
"Treasurer, City of Jackson" and Mail to:
Income Tax Division, City Hall, Jackson, Michigan 49201

SIGN
HERE .....

INSTRUCTIONS FOR CITY OF JACKSON DECLARATION OF ESTIMATED INCOME TAX
For the Calendar Year 2012 or Authorized Fiscal Year

MAKE REMITTANCE PAYABLE TO "TREASURER, CITY OF JACKSON" AND MAIL TO INCOME TAX DIV., CITY HALL, JACKSON, MICHIGAN 49201

WHO MUST MAKE A DECLARATION:

A. Partnerships – Every partnership subject to the tax on all or part of its net profits must file a Declaration of Estimated Income Tax, if the tax is Two Hundred Fifty Dollars ($250.00) or more.

WHEN TO FILE DECLARATION:

A. Calendar Year – The Declaration for 2012 must be filed on or before April 30, 2012.

B. Fiscal Year – The Declaration for a fiscal period must be made within four (4) months after the beginning of the fiscal period authorized by IRS.

HOW TO FILE:

A. Your annual return for the preceding year may be used as the basis for computing your Declaration of Estimated Tax for the current year.

B. You may use the same figures used for estimating your federal income tax adjusted to exclude any income or deductions not taxable or permissible under the Jackson Income Tax Ordinance.

INCOME SUBJECT TO JACKSON INCOME TAX (LINE 1):

A. Residents – All salaries, wages, bonuses, commissions and other compensation, net profits from business or profession, net rental income, capital gains less capital losses, dividends, interest, income from estates and trusts and other income.

B. Non-residents – Salaries, wages, bonuses, commissions or other compensation for services rendered or work performed in Jackson, net rental income from property in Jackson, net profits from a business, profession or other activity to the extent that it is from work done, services rendered or activity conducted in Jackson, capital gains less capital losses from the sale of real or tangible personal property located in Jackson.

AMOUNT TO BE PAID WITH THIS DECLARATION:

PAYMENT – The Estimated Tax may be paid in full with the Declaration or in four (4) equal installments. Each installment must accompany one of the vouchers provided herewith.

A. Calendar Year Basis – At least 1/4 must be paid when filing. You will use the vouchers provided herein for the remaining installments due on or before July 1, September 30, and January 31.

B. Authorized Fiscal Year Basis – At least 1/4 must be paid when filing. The remaining installments due on or before the last day of the sixth, ninth, and thirteenth month after the beginning of the fiscal year must accompany the vouchers provided herein.

C. Tax credit from 2011 overpayment (line 4) can not exceed the amount of taxes due with this Declaration (That is, line 5 can not be negative.) Should line 4 be greater than line 5, do not take a credit, but apply for a full refund on your 2011 J-1065 Return, or increase amount on line 3 (estimated tax) to amount of overpayment credit.

AMENDED DECLARATION:

If, after you have filed a Declaration, you find that your estimated tax is substantially increased or decreased as a result of a change in your income, you may amend your estimate at the time of making any quarterly payments. Use the voucher provided herein.

PENALTIES AND INTEREST:

If the total amount of tax withheld or paid by Declaration is less than seventy per cent (70 %) of the final tax due, interest and penalties will be charged.

ASSISTANCE

If there are any questions not answered in these instructions, call 788-4044 or visit the Income Tax Division. Questions by mail should be directed to Income Tax Division, City Hall, Jackson, MI 49201.

NOTE – THE FILING OF A DECLARATION OF ESTIMATED TAX DOES NOT EXCUSE THE TAXPAYER FROM FILING AN ANNUAL RETURN EVEN THOUGH THERE IS NO CHANGE IN THE DECLARED TAX LIABILITY.

J-1065 ES
City of Jackson
Income Tax Division

CITY OF JACKSON
ESTIMATED TAX PAYMENT – 2nd Quarter
FOR THE YEAR .....

VOUCHER 2
2nd Quarter
(Calendar Year – Due June 30)
Fiscal Year – Due .....

To be used for making declaration and payment

Employer I.D. No.	

Name
Address (Number and Street)
City, State, and Zip Code

Estimated Tax ..... $ .....

Amount of this
Payment ..... $ .....

Return this voucher with check or money order payable to:
"Treasurer, City of Jackson" and Mail to:
Income Tax Division, City Hall, Jackson, Michigan 49201

SIGN
HERE .....

(Detach here)

J-1065 ES
City of Jackson
Income Tax Division

CITY OF JACKSON
ESTIMATED TAX PAYMENT – 3rd Quarter
FOR THE YEAR .....

VOUCHER 3
3rd Quarter
(Calendar Year – Due September 30)
Fiscal Year – Due .....

To be used for making declaration and payment

Employer I.D. No.	

Name
Address (Number and Street)
City, State, and Zip Code

Estimated Tax ..... $ .....

Amount of this
Payment ..... $ .....

Return this voucher with check or money order payable to:
"Treasurer, City of Jackson" and Mail to:
Income Tax Division, City Hall, Jackson, Michigan 49201

SIGN
HERE .....

(Detach here)

J-1065 ES
City of Jackson
Income Tax Division

CITY OF JACKSON
ESTIMATED TAX PAYMENT – 4th Quarter
FOR THE YEAR .....

VOUCHER 4
4th Quarter
(Calendar Year – Due January 30)
Fiscal Year – Due .....

To be used for making declaration and payment

Employer I.D. No.	

Name
Address (Number and Street)
City, State, and Zip Code

Estimated Tax ..... $ .....

Amount of this
Payment ..... $ .....

Return this voucher with check or money order payable to:
"Treasurer, City of Jackson" and Mail to:
Income Tax Division, City Hall, Jackson, Michigan 49201

SIGN
HERE .....

J-1065

CITY OF JACKSON INCOME TAX — PARTNERSHIP RETURN 2011

FOR CALENDAR YEAR 2011

OR OTHER TAXABLE YEARS BEGINNING _____ ENDING _____

Please Print or Type

NUMBER OF PARTNERS

PRINCIPAL BUSINESS ACTIVITY

No. of Employees 12-31-11

NAME OF PARTNERSHIP

NUMBER AND STREET

CITY OR TOWN STATE POSTAL ZIP CODE

EMPLOYER IDENTIFICATION NUMBER

COUNTY IN WHICH LOCATED

DATE BUSINESS COMMENCED

NAME AND HOME ADDRESS OF EACH PARTNER	SOCIAL SECURITY NUMBER	JACKSON RESIDENT Yes	No
(a)			
(b)			
(c)			
(d)			
(e)			

INCOME SCHEDULE	DEDUCTIONS			TOTAL TAX		CREDITS
COL. 1 TOTAL INCOME (FRO P.3, SCH. 1, COL. 10) (SEE NOTES 1 AND 2 BELOW)	COL. 2 DIVIDEND EXCLUSION AND OTHER DEDUCTIONS (EXPLAIN IN STATEMENT)	COL. 3 EXEMPTIONS (SEE NOTE 1 BELOW AND INSTRUCTIONS)	COL. 4 TAXABLE INCOME (COL. 1 LESS COLS. 2 & 3)	COL. 5 RESIDENT TOTAL TAX (MULTIPLY COL. 4 BY 1%)	COL. 6 NONRESIDENT TOTAL TAX (MULTIPLY COL. 4 BY ½%)	COL. 7 CREDITS (SEE INSTRUCTIONS) See note 1
1. (a) $	$	$	$	$	$	$
2. (b)						
3. (c)						
4. (d)						
5. (e)						
6. Totals						
		6. (1) TOTAL RESIDENT AND NONRESIDENT TAX – COL. 5 PLUS COL. 6				

PAYMENTS AND CREDITS

7. a. Tax paid with tentative return .....

b. Payments and Credits on 2011 Declarations of Estimated Jackson Income Tax .....

c. Other Credits – explain in attached statement .....

8. Total – add lines 7a, b, and c (This total must agree with the total of Col. 7 above) ..... •$ .....

TAX DUE OR REFUND

9. If your tax (total in col. 6 (1)) is larger than your payments (line 8), enter BALANCE DUE here .....•$.....

– PAY IN FULL WITH THIS RETURN TO "TREASURER, CITY OF JACKSON" – AND MAIL TO INCOME TAX DIVISION., CITY HALL, JACKSON, MICHIGAN 49201

10. If your payments (line 8) are larger than your tax (total in Col. 6 (1)), enter OVERPAYMENT here •$ .....

11. Check this box if you are to receive a refund ❑

12. Check this box if you wish the overpayment credited to your 2012 estimated tax ❑

Do not write in this space

File	Subj. to Inv.	Items

AUDIT RESULT

N.C.	
Corr. Tax	
Agent	
Approval	

NOTE 1 – A partner who has other income in addition to the partnership income must file an individual return and show on such return the amounts entered above in columns 1, 2, and 7. A partner who is claiming his exemption as a member of another partnership is NOT to claim his exemption in this partnership return in Column 3.

NOTE 2 – The partnership may pay tax for partners only if it pays for ALL partners subject to the tax. Check here ❑ if the partnership elects to pay the tax on behalf of all partners. If this return is an information return only, check here ❑ and do not fill in lines 7 through 11 on this page.

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, his declaration is based on all information of which he has any knowledge.

SIGN HERE ....

(Signature of partner or member) **(Date)**

SIGN HERE .....

(Signature of preparer other than partner or member) **(Address)** **(Date)**

ORDINARY INCOME FROM BUSINESS – SCHEDULE A
ADDITION:

1. Ordinary income from business from Federal Form 1065	$
2. Add City of Jackson and/or Federal income tax if included in Federal Form 1065	
3. Add interest and other costs included in Federal Form 1065 which were incurred in connection with the production of tax exempt income or partner's personal expenses which were charged to the business	
4. Add miscellaneous expenses included in Federal Form 1065 applicable to sales of property shown in Schedule E	
5. Total ordinary income form business for the year (add lines 1 through 4)	

PARTNERSHIP INCOME OR LOSS (taxable or non-taxable depending on residency of partners)
SUBTRACTIONS:

6. Dividends and interest (from Federal Form 1065)	$	
7. Income (or loss) from other partnerships and other income		
* 8. Net gain (or loss) from sale or exchange of property other than capital assets.		
* 9. Net short term gain (or loss) from sale or exchange of capital assets		
*10. Net long term gain (or loss) from sale or exchange of capital assets		
*11. Net gain or loss from sales or exchange of property under section 1231.		
12. Rents $.....Royalties $.....(enter total of rents and royalties)		
13. Total subtractions		
14. Total adjusted ordinary income. Line 13 subtracted from Line 5 (enter here and on P. 3. Schedule I. Column 1.)		

*Note: Amounts on lines 8, 9, 10, and 11 should agree with amounts reported on Schedule D of your partnership form 1065.

THE FOLLOWING SCHEDULES, B, E, F AND G ARE TO BE USED TO COMPUTE THE TAXABLE PORTION OF THAT INCOME OF THE PARTNERSHIP.

SCHEDULE B-INCOME FROM DIVIDENDS AND INTEREST

		TOTAL
1. Total interest and dividends		$
2. Less: (a) Interest on obligations from any governmental unit included in line 1	$	
3. Net interest and dividends-line 1 less line 2		
4. Portion of line 3 applicable to nonresident partners		
5. Balance taxable to residents-line 3 less.line 4 Enter here and in Col. 6 of Schedule I, P. 3.		

SCHEDULE E-SALE OR EXCHANGE OF PROPERTY –

	COL. 1	COL. 2
1. Nonresident Partners Only-gain or loss applicable to nonresident partners from tangible property located in Jackson	$	
2. Enter amount of line 1 occurring after Jan. 1, 1970 in Col. 2, and in Col. 7(b) of Schedule I, P. 3		
3. Resident Partners Only-Gain or loss from all tangible and intangible property applicable to Resident Partners		
4. Enter the amount of line 3 occurring after Jan. 1, 1970 in Col. 2, and in Col. 7 (a) of Schedule I, P. 3		

SCHEDULE F – INCOME (OR LOSS) FROM RENTS AND ROYALTIES

	COL. 1 GROSS INCOME	COL. 2 EXPENSES	COL. 3 NET INCOME
1. Income or loss from rents and royalties taxable to residents. Enter total of Col. 3 in Col. 8(a) of Schedule I, P. 3.	$	$	$
2. Income or loss from rents and royalties taxable to nonresidents. Enter total of Col. 3 in Col. 8(b) of Schedule I, P. 3			

SCHEDULE G – INCOME FROM OTHER PARTNERSHIPS, ETC.

	COL. 1 INCOME	COL. 2 EXPENSES	COL. 3 NET INCOME
1. Amount taxable to residents. Enter here and on Schedule I, Col. 9 (a). (See instructions)	$	$	$
2. Amount taxable to nonresidents. Enter here and on Schedule I, Col. 9(b). (See instructions)			

ORDINARY INCOME FROM BUSINESS – SCHEDULE A
ADDITION:

1. Ordinary income from business from Federal Form 1065	$
2. Add City of Jackson and/or Federal income tax if included in Federal Form 1065	
3. Add interest and other costs included in Federal Form 1065 which were incurred in connection with the production of tax exempt income or partner's personal expenses which were charged to the business	
4. Add miscellaneous expenses included in Federal Form 1065 applicable to sales of property shown in Schedule E	
5. Total ordinary income form business for the year (add lines 1 through 4)	

PARTNERSHIP INCOME OR LOSS (taxable or non-taxable depending on residency of partners)
SUBTRACTIONS:

6. Dividends and interest (from Federal Form 1065)	$	
7. Income (or loss) from other partnerships and other income		
* 8. Net gain (or loss) from sale or exchange of property other than capital assets.		
* 9. Net short term gain (or loss) from sale or exchange of capital assets		
*10. Net long term gain (or loss) from sale or exchange of capital assets		
*11. Net gain or loss from sales or exchange of property under section 1231.		
12. Rents $.....Royalties $.....(enter total of rents and royalties)		
13. Total subtractions		
14. Total adjusted ordinary income. Line 13 subtracted from Line 5 (enter here and on P. 3. Schedule I. Column 1.)		

*Note: Amounts on lines 8, 9, 10, and 11 should agree with amounts reported on Schedule D of your partnership form 1065.

THE FOLLOWING SCHEDULES, B, E, F AND G ARE TO BE USED TO COMPUTE THE TAXABLE PORTION OF THAT INCOME OF THE PARTNERSHIP.

SCHEDULE B-INCOME FROM DIVIDENDS AND INTEREST

		TOTAL
1. Total interest and dividends		$
2. Less: (a) Interest on obligations from any governmental unit included in line 1	$	
3. Net interest and dividends-line 1 less line 2		
4. Portion of line 3 applicable to nonresident partners		
5. Balance taxable to residents-line 3 less.line 4 Enter here and in Col. 6 of Schedule I, P. 3.		

SCHEDULE E-SALE OR EXCHANGE OF PROPERTY –

	COL. 1	COL. 2
1. Nonresident Partners Only-gain or loss applicable to nonresident partners from tangible property located in Jackson	$	
2. Enter amount of line 1 occurring after Jan. 1, 1970 in Col. 2, and in Col. 7(b) of Schedule I, P. 3		
3. Resident Partners Only-Gain or loss from all tangible and intangible property applicable to Resident Partners		
4. Enter the amount of line 3 occurring after Jan. 1, 1970 in Col. 2, and in Col. 7 (a) of Schedule I, P. 3		

SCHEDULE F – INCOME (OR LOSS) FROM RENTS AND ROYALTIES

	COL. 1 GROSS INCOME	COL. 2 EXPENSES	COL. 3 NET INCOME
1. Income or loss from rents and royalties taxable to residents. Enter total of Col. 3 in Col. 8(a) of Schedule I, P. 3.	$	$	$
2. Income or loss from rents and royalties taxable to nonresidents. Enter total of Col. 3 in Col. 8(b) of Schedule I, P. 3			

SCHEDULE G – INCOME FROM OTHER PARTNERSHIPS, ETC.

	COL. 1 INCOME	COL. 2 EXPENSES	COL. 3 NET INCOME
1. Amount taxable to residents. Enter here and on Schedule I, Col. 9 (a). (See instructions)	$	$	$
2. Amount taxable to nonresidents. Enter here and on Schedule I, Col. 9(b). (See instructions)			

SCHEDULE I (SUMMARY OF SCHEDULES A, B, E, F, AND G)

COL. 1 Income From Business Operations (From P. 2, Sch. A, Line 14)	COL. 2 Payment to Partners – Salaries And Interest (From Federal Form 1065)	COL. 3 Income Subject To Allocation (Add Col. 1 and 2)	COL. 4 Allocation % From P. 3, Sch. D, Line 5 – Apply Only To Nonresidents (Enter 100% For Residents	COL. 5 Allocated Income Col. 3 X % In Col. 4)	COL. 6 Income To Residents Dividends And Interest (From Line 6 of Sch. B)
(a) $.....	$.....	$	.....%	$.....	$ .....
(b)	.....	.....	.....	.....	.....
(c)	.....	.....	.....	.....	.....
(d)	.....	.....	.....	.....	.....
(e)	.....	.....	.....	.....	.....
Totals					

COL. 7 Income From Sale of Property (From Sch. E)		COL. 8 Income From rents And Royalties (From Sch. F, Col. 3)		COL. 9 Income From Other Partnerships, Etc. (From Sch. G, Col. 3)		COL. 10 Total Taxable Income (Add Cols. 5, 6, 7, 8 and 9 For Each Partner) (Enter Here And On P. 1, Col. 1)
(a) Taxable To Residents (From line 4, Col. 2 of Sch. E)	(b) Taxable To Nonresidents (From line 2, Col. 2 of Sch. E)	(a) Taxable To Residents (From line 1 Sch. F)	(b) Taxable To Nonresidents (From line 2 Sch. F)	(a) Taxable To Residents (From line 1 Sch. G)	(b) Taxable To Residents (From line 2 Sch. G)	
(a) $.....	$.....	$.....	$.....	$.....	$.....	$.....
(b).....	.....	.....	.....	.....	.....	.....
(c).....	.....	.....	.....	.....	.....	.....
(d).....	.....	.....	.....	.....	.....	.....
(e).....	.....	.....	.....	.....	.....	.....
Totals						

INSTRUCTIONS FOR BUSINESS ALLOCATION FORMULA – SCHEDULE D

The business allocation percentage formula is to be used by NONRESIDENT owners of businesses with business activity both within and without the City of Jackson who, because they do not maintain sufficient records to accurately reflect the net profits from operations conducted within the City of Jackson, or for other reasons, are not using the separate accounting method.

Line 1. Enter in Column 1 the average net book value of all real and tangible personal property owned by the business, regardless of location; and in Column 2 show the net book value of the real and tangible personal property located in the City of Jackson. The average net book value of real and tangible personal property may be determined by adding the net book values at the beginning of the year and the net book values at the end of the year and dividing the sum thus obtained by two. Any other method which will accurately reflect the average net book value for the year will also be permitted.

Line 1a. Enter in Column 1 the gross annual rentals multiplied by 8 for all rented real property used by the business regardless of location. In column 2 show the gross annual rentals multiplied by for all rented real property used by the business and located in the city of Jackson. Gross annual rentals refer to real property, rented or leased and should include the actual sums of money or other consideration payable, directly, or indirectly, by the taxpayer for the use or possession of such real property.

Line 2. Enter in Column 1 the total compensation paid to all employees during the year and in Column 2 show the amount of compensation paid to employees for work done or for services performed within the City of Jackson during the year.

Line 3. Enter in Column 1 the total gross revenue form all sales or services rendered during the year and in Column 2 show the amount of revenue derived form sales made or services rendered in the City of Jackson during the year.

BUSINESS ALLOCATION FORMULA – SCHEDULE D

	Located everywhere I	Located in Jackson II	Percentage II÷I
1. Average net book value of real and tangible personal property	$	$	
a. Gross annual rentals multiplied by 8	_____	_____	
b. TOTAL (add lines 1 and 1a).....	_____	_____	..... %
2. Total wages, salaries, commissions and other compensations of all employees (exclude partners).....	.....	.....	..... %
3. Gross revenue from sales made or services rendered	.....	.....	_____ %
4. Total percentages – add the three percentages computed from lines 1b, 2 and 3 which you entered in the last column (you must compute a percentage for each of lines 1b, 2 and 3) →			_____ %
5. Average percentage (One third of line 4) – enter here and on Sch. I, Col. 4 above (see note below) →			_____ %

NOTE: In determining the average percentage (line 5), a factor shall be excluded from the computation only when such factor does not exist anywhere insofar as the taxpayer's business operation is concerned and, in such cases, the sum of the percentages on line 4 shall be divided by the number of factors actually used.

In the case of a taxpayer authorized by the administrator of the Income Tax Administrator to use one of the special formulae, use the lines provided below:

a. Numerator .....

b. Denominator .....

c. Percentage (a÷b) ..... **enter here and on Schedule I, Col. 4 above.**

d. Date of Administrator of the income tax division approval letter .....

Return to:

INCOME TAX DIVISION
CITY HALL
JACKSON, MICHIGAN 49201

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Jackson, MI
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