

FILING DATE

Taxpayers on a calendar year are required to file by April 30 of the subsequent year. Those on the fiscal year must file by the last day of the fourth month following the end of the fiscal year. Returns shall be for the same calendar year, fiscal year, or other accounting period as the taxpayer uses for Federal income tax purposes.

REMITTANCE

If the tax due is one dollar (\$1.00) or more it must be paid when filing the return. Make remittance payable to: Treasurer-City of Jackson.

DECLARATION AND PAYMENT OF ESTIMATED TAX

Corporations must make estimated tax payments every year that their total City tax will exceed \$250.00. To make estimated payments, file a Jackson Declaration of Estimated Tax.

Estimated taxes are payable in four equal installments. The payments are due on the last day of the 4th, 6th, 9th, and 13th month after the start of your fiscal year. For calendar year taxpayers, the payments are due on April 30, June 30, September 30, and January 31. You may also pay in full with the first voucher.

TAX RATE

1.00% effective June 12, 1964.

EFFECTIVE DATE OF TAX

The City of Jackson income tax became effective June 12, 1963. Corporations subject to the tax are required to file a return each year commencing with their first year, calendar of fiscal, ending after June 12, 1964, and to pay the tax on that part of their net income attributable to business activity in the City of Jackson.

CORPORATION REQUIRED TO FILE

Every corporation doing business in the City of Jackson, whether or not it has an office or place of business in the city or a net profit, is required to file a City of Jackson Income Tax return, Form J-1120.

Corporations cannot elect to file and be taxed as partnerships and vice versa. Sub-Chapter S corporations are treated as C-corporations and must file a J-1120.

Non-Profit corporations, which have applied for and received approval for exemption from Federal income tax shall not be required to file a City of Jackson return provided they submit to the Administrator, a copy of their exemption approval from the Internal Revenue Service. Such exemption from the City's filing requirement will continue in effect as long as the Federal exemption is in effect.

The ordinance also specifically exempts state and national banks, trust companies, insurance companies, and credit unions (either state chartered or federal chartered).

EXTENSIONS

Jackson allows Companies the same extension period granted by the Federal Government. Please attach a copy of the Federal Extension to the Jackson Tax form J-1120. An extension does not extend the time for paying the tax due.

Losses are to be allocated to the City of Jackson at the percentage of business conducted in the City of Jackson in the year in which the loss was sustained. If all business was not conducted in Jackson in the year in which the loss was sustained, use the business allocation percentage formula to arrive at the deductible portion of the loss.

RENAISSANCE ZONE DEDUCTION

A corporation located and doing business in a Jackson Renaissance Zone may be eligible to claim an income tax reduction. This deduction allows the corporation to deduct the portion of their income earned in a Jackson Renaissance Zone from income subject to City of Jackson income tax. A taxpayer is not qualified to claim the deduction if the corporation is delinquent for any Michigan or local taxes. Corporate filing is still required.

GENERAL INSTRUCTIONS

All dollar amounts must be rounded to the nearest whole dollar.

The income and expense items should be reported in the following manner:

Depreciation – Use the same basis and method as used for the Federal Income Tax reporting.

Contributions – are deductible to the same extent, and under the same limitations, as under the Federal Internal Revenue Code.

SEPARATE ACCOUNTING

The taxpayer may petition for, or the administrator may require, use of the separate accounting method. If such method is petitioned, the administrator may require a detailed statement to determine whether the net profits attributable to the city will be apportioned with reasonable accuracy (Ordinance Section 19).

Generally, a corporation that is unitary in nature (i.e., has central management, purchasing, warehousing, advertising, etc) cannot use separate accounting. Taxpayers allocating on any basis other than separate accounting shall include all interest, dividends, and other non-operating income to arrive at the total income subject to the allocation percentage.

Taxpayers using separate accounting shall include all income subject to tax a proportionate share of dividends, interest, and other non-operating income of the total corporation. This type of income is apportioned to Jackson activity on the same basis as general administrative and overhead costs are apportioned.

INSTRUCTIONS FOR PAGE 1

Line 1. Enter the net profit or loss from your Federal corporate income tax return.

Line 6. Exclude on this line any portion of capital gains and losses occurring before the effective date of the ordinance, June 12, 1964. Compute the exclusion by using one of the following methods:

- 1) The difference between the purchase price and the fair market value of the asset on 6/12/64.
- 2) Prorate the amount based on the number of months since 6/12/64 in relation to the total number of months held.

Line 10. Enter on this line the net capital loss carryover and/or net operating loss carryover applicable to the City of Jackson. Do not use this line for a net operating loss carry back since carry back credit requests for prior years will not be made. Capital losses and NOL incurred prior to being requested to file a City of Jackson return are not allowed to be carried forward.

The average net book value of real and tangible personal property including inventories may be determined by adding the Any other method, which will accurately reflect the average book value for the year, will also be permitted.

COMPUTATION OF OVER PAYMENT OF TAX

Line 16. If the total tax payments (line 15c) is greater than tax due (line 14) subtract line 15c from line 14 and enter the tax overpayment.

Line 17. Enter all or the portion of the overpayment to be credited forward to the next year.

Line 18. If you wish to make a donation of any portion or all of the overpayment to the City of Jackson Parks and Recreation fund or the Water fund, enter the amount of the donation, otherwise leave blank.

Line 19. Enter the amount of your overpayment to be refunded. A refund will be issued via a paper refund check unless you choose to get the refund via direct deposit by marking the box on **line 20 for Refund – Direct Deposit** and enter (a) the bank routing number, (b) the bank account number and (c) the account type.

COMPUTATION AND PAYMENT OF TAX

Line 21. If the tax due (line 14) is greater than the total tax payments (line 15c) subtract line 14 from line 15c and enter tax due. Tax due must be paid when filing the return.

To pay with a check or money order make the check or money order payable to the Treasurer, City of Jackson and mail payment with the return to: City of Jackson Income Tax Division, 161 W Michigan Ave, Jackson, MI 49201.

To make payment via direct withdrawal from your bank account mark the box on **line 20 to Pay Tax Due – Electronic Funds** Withdrawal, and complete (a) the bank routing number, (b) the bank account number and (c) the account type.

Line 22. If the “yes” box is marked, the Corporation is authorizing the Jackson Income Tax Department to call the preparer to answer any questions that may arise during the processing of the return. The Corporation is also authorizing the preparer to give the Jackson Income Tax Department any information that is missing from the return; to call the Department for information about the processing of the return or the status of any related refund or payments; and to respond to certain notices that the Corporation had shared with the preparer about math errors, offsets and return preparation.

SCHEDULE D

The business allocation percentage formula is to be used by corporations with business activity both within and outside the City of Jackson unless permission had been granted to use the separate accounting method.

Line 1a. Enter in Column 1 the average net book value of all real and tangible personal property including inventories owned by the business, regardless of location; and in Column 2 show the net book value of the real and tangible personal property including inventories located in Jackson. The net book values at the beginning of the year and the net book value at the end of the year and dividing the sum thus obtained by two.

Line 1b. Enter in Column 1 the gross annual rentals multiplied by 8 for all rented property regardless of location. In Column 2 show the gross annual rentals multiplied by 8 for all rented property located in the City of Jackson. Gross annual rentals refer to real property only rented or leased during the taxable period, and should include the actual sums of money or other consideration payable, directly or indirectly, by the taxpayer for the use of the possession of such 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 or services performed within the City of Jackson during the year.

SCHEDULE E

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

Line 1. Use this line to adjust net profit for those items reflected in the taxable period, which are attributable to any period prior to being subject to the Jackson Income tax.

Line 3. Enter the losses from entities filing as partnerships that are included in taxable income reported on Page 1, line 1.

Line 5. The Jackson City Income Tax Ordinance provides for the specific exclusion from the tax of interest from obligations of the United States, the states or subordinate units of government of the state.

Line 6. If you reported dividend income, enter on this line the amount of the dividend received deductions allowed by the Federal Internal Revenue Code for dividends received.

Line 7. Taxpayers may deduct income, war profits and excess profits taxes imposed by foreign countries or possessions of the United States, allocable to income included in taxable net income, any part of which would be allowable as a deduction in determining federal taxable income under the applicable provisions of the Federal Internal Revenue Code.

SCHEDULE F

S corporations must file as C corporations, Schedule F is used to reconcile the amount reported on line 1, page 1 J-1120 with Federal Form 1120S and Schedule K.

SCHEDULE G

Line 1. Net operating losses carried forward are to be reported on this line. There is no provision for carrying back losses to prior tax years. Carryover losses are to be allocated to Jackson at the percentage the business conducted in the City of Jackson in the year in which the loss was sustained. If all business was not conducted in Jackson in the year in which the loss was sustained, use the business allocation percentage formula to arrive at the deductible portion of the loss. Attach a schedule showing your computation for the amount reported on this line.

Line 2. Enter on this line the net capital loss carryover applicable to Jackson. Net capital losses sustained by a corporation for periods subsequent to June 12, 1964, may be carried forward in the same manner as under the Federal Internal Revenue Code. No deduction will be allowed for capital losses sustained prior to June 12, 1964. If all business was not conducted in Jackson in the year in which the loss was sustained, use the business allocation percentage formula to arrive at the deduction portion of the loss. Attach a schedule showing your computation for the amount reported on this line.

Line 3. Corporations who are partners in a business activity taxed as a partnership that has business activity in Jackson must enter on this line their portion of the Jackson taxable income or loss from the partnership(s). Attach a schedule showing your computation for the amount reported on this line including the name and taxpayer identification number of the partnership(s).

WEBSITE

Income tax forms, instructions and additional information are available under the Income Tax Department section of the City of Jackson www.cityofjackson.org

NOTICE

These instructions are interpretations of the Jackson Income Tax Ordinance. The Ordinance will prevail in any disagreement between the instructions and the Ordinance.