

CITY OF IONIA

INDIVIDUAL

INCOME TAX RETURN

FORM I-1040

2008

(FOR PART YEAR RESIDENTS)

New: If you filed a tax return with the City of Ionia in 2007 you can e-file your City return on line at our website www.ci.ionia.mi.us. Check it out.

Note: Valley View, West Meadows, Bellview, The Abbey and Austin Pines are resident addresses located in PA425 agreement areas. Any person living in one of these areas is a resident of the City of Ionia and subject to income tax as a resident. Swartz Ct and Apple Tree Dr. along with all the prisons, the Ionia Educational Facility, Rather School, Ionia ISD are also inside the City of Ionia. Any person working in these area is subject to City income Tax.

This is the instructions for the part-year form, I-1040PY. If you are a part-year resident you must use this form instead of the I-1040. See www.ci.ionia.mi.us, call 616-527-5729 or pick up this form at City Hall, 114 N Kidd Street.

DONATE YOUR OVERPAYMENT: TO HELP THE YOUTH RECREATION PROGRAMS, IONIA COMMUNITY LIBRARY AND/OR THE HISTORIC IONIA THEATER. SEE INSTRUCTIONS PAGE 2 FOR MORE DETAILS.

TAX FORMS ON THE INTERNET: THE CITY OF IONIA WEB PAGE ADDRESS IS: www.ci.ionia.mi.us

FILING DATE: YOUR RETURN MUST BE FILED BY APRIL 30, 2009. PENALTIES AND INTEREST AS PROVIDED BY LAW WILL BE ASSESSED ON ALL LATE PAYMENTS.

REMITTANCE: IF YOU HAVE A BALANCE DUE OF \$1.00 OR MORE, IT MUST BE PAID WITH YOUR RETURN.
Make check or money order payable to: CITY OF IONIA.

MAILING: MAIL YOUR TAX RETURN AND REMITTANCE, WITH EARNINGS STATEMENTS (W-2 FORMS) AND ALL SCHEDULES ATTACHED TO: CITY OF IONIA, PO BOX 512, IONIA, MI 48846.

BE SURE TO:

- 1. SIGN YOUR RETURN.** If a joint return, both spouses must sign even if only one had income subject to Ionia tax.
- 2. ATTACH A COPY OF PAGE 1 OF YOUR FEDERAL 1040.** To support IRA and Keogh /Sep and alimony deductions
- 3. ATTACH COPIES OF ALL W-2 FORMS.** If you are claiming Ionia withholdings, the locality name on your W-2 must be IONIA or ION.
- 4. ATTACH ALL FEDERAL SCHEDULES THAT APPLY:**
 - Federal Form 2106 – Employee Business expense
 - Federal Schedule C – Profit or Loss from Business or Profession
 - Federal Schedule D, Form 4797 and Form 6252 – Gains and Losses
 - Federal Schedule E including Federal Schedule K-1, pages 1 and 2 for all S Corporations on schedule E.
 - Federal Schedule 3903 – Moving expenses if you are moving into Ionia and meet distance test.
 - Federal Schedule F – Farm Income and Expenses
 - Federal Form 1310 – Claiming a refund for a deceased taxpayer
- 5. ATTACH A COPY OF YOUR OTHER CITY INCOME TAX FORM** if you are claiming a credit for tax paid to another city. This is required to receive the credit.

INFORMATION FOR ALL TAXPAYERS

GENERAL

This ordinance is Chapter 2 of the City Income Tax Act, being Act 284 of the Public Acts of the State of Michigan of 1964, as amended through January 1, 1997, being the effective date of Act 478 of the Public Acts of the State of Michigan of 1996, and is known as the Michigan Uniform City Income Tax Ordinance.

WHO MUST FILE A RETURN

For each taxable year, a return must be filed by any individual having Ionia taxable income even if no tax is due. A request for refund of overpaid tax must be made on a return.

If a Declaration of Estimated Tax has been filed, the taxpayer must still file an annual return even if there is no change in the declared liability.

Each partner in a partnership is required to file an individual return unless the tax is paid by the partnership. The partnership must file a partnership return.

All corporations must file a corporate return.

INTERNAL REVENUE AUDIT ADJUSTMENTS AND OTHER CHANGES

An amended City of Ionia I-1040 is required for any year that a determination is made by the Internal Revenue Service that affects your Ionia tax liability. This return is due within 90 days from the date of the service's final determination.

If you file an amended Federal Tax Return that affects your Ionia liability, you must file an amended city return. To file an amended return, simply write, "AMENDED" on the top of the revised form.

MARRIED PERSONS-JOINT OR SEPARATE RETURNS

If a joint return is filed, the total Ionia Taxable Income of both spouses must be included on the return, each spouse must be included in the heading, and both must sign the return. If a separate return is filed, you can claim the exemption for your spouse only if your spouse had no gross income and was not the dependent of another taxpayer. (This is true even if the other taxpayer does not actually claim your spouse's exemption. This is also true if your spouse is a nonresident alien.)

Dependents can be claimed only by the spouse who would be entitled to claim such dependents under the Federal Internal Revenue Code.

EXEMPTIONS

Put the total number of boxes checked for yourself in Box A. Put the total number of boxes checked for your spouse in Box B. If you claim an exemption for your spouse, their social security number and signature must be included on the form. Put the Name, Social Security Number, and Relationship of all Dependents (the same as you have on your federal return) and enter in Box C the total number of dependents. Use additional paper if necessary.

Children with taxable income may claim themselves as exemptions on their individual tax return even though their parents may have already claimed them.

If you file a separate return, you can claim the exemption for your spouse only if your spouse had **no gross income** and was not the dependent of another taxpayer. (This is true even if the other taxpayer does not actually claim your spouse's exemption. This is also true if your spouse is a nonresident alien.)

Add the total of A, B, and C and enter it in Box D.

Note: Exemptions claimed for disability will be verified with the State of Michigan.

For a part year return deduct exemptions from resident income first and if there is an exemption amount left over apply it to non-resident Ionia income.

DECEASED TAXPAYER

A final return must be filed for any person who dies during the year and who is required to file as discussed under "WHO MUST FILE A RETURN". The executor, administrator or survivor must file the final return and any other return due for the decedent. Please mark at the top of the return "FINAL RETURN".

A joint return may be filed by the surviving spouse and the executor or administrator. The return must be signed by the surviving spouse and the executor or administrator.

If an executor or administrator has not been appointed the surviving spouse may file a joint return. The spouse must sign the return and add the notation "Surviving Spouse".

If a refund is due, and the claimant is not a surviving spouse, Federal Form 1310 must be filed with the return.

TAKE NOTE

A return is not considered complete if:

- A) The W-2 is improper or is not attached.
- B) The return does not contain the required signatures.
- C) The required schedules are not attached.
- D) Other required information is missing from the return.

DUE DATE AND INSTRUCTIONS

Returns are due on or before April 30, 2008 or within four months after the end of the fiscal year accepted by the Internal Revenue Service. Seventy percent (70%) of the taxpayer's tax must be paid by January 31, 2008 to avoid penalty for underpayment of estimated tax. When an extension is required, it may be requested by filing a City of Ionia Extension form by the due date of the return. All extensions received by the due date of the return, are automatic for 6 months but if tax is due, payment of the tax must be submitted with the extension request. A copy of the Extension form should be attached to the return when it is filed. You may obtain a form from our website, www.ci.ionia.mi.us or from the City Income Tax Office.

DECLARATION OF ESTIMATED TAX

If you expect that your Ionia income in 2009 not subject to withholding will be more than \$10,000 after deductions (\$100 in tax) for residents or \$20,000 for non-residents, you must file a Declaration of Estimated Income Tax (Form I-1040ES) for 2009 by April 30, 2009 and pay at least one-fourth (1/4) of the estimated 2009 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 assessment of penalty and interest for late payment of taxes.

70% of your 2008 or 70% of your 2009 tax (whichever is less) must be paid by January 31, 2009 in quarterly payments due April 30, June 30, September 30 and January 31, to avoid penalties and interest for underpayment of estimated tax for the 2009 tax year. The balance of the amount owed is due with the return. Please call (616) 527-TAXS for more specific information.

If at any time during the year your income increases to such a level that one hundred dollars or more in tax will be due at the end of the year, a new Declaration of Estimated Tax must be filed. The Declaration of Estimated Tax Form (I-1040ES) is available from the City Income Tax Office or from our website, www.ci.ionia.mi.us.

DONATIONS

Donations are accepted to the Youth Recreation Program, the Ionia Community Library and/or The Historic Ionia Theater. The Youth Recreation Program provides scholarships for youth in need to participate in recreation programs at no cost. Donations to the Library will be used for the children's book collection. Donations to the Historic Ionia Theater will be used for the After School Project.

**LINE 18F through 18H
DIRECT DEPOSIT**

Complete lines 18F through 18H if you want us to directly deposit the amount shown on line 18D into your checking or savings account at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) instead of sending you a check.

Note: If you do not want your refund directly deposited into your account, draw a line through the boxes on lines 18F and 18H.

Why Use Direct Deposit?

- *You get your refund fast.*
- *Payment is more secure – there is no check to get lost.*
- *More convenient. No trip to the bank to deposit your check.*
- *Saves tax dollars. A refund by direct deposit costs less than a check.*

TIP You can check with your financial institution to make sure your direct deposit will be accepted and to get the correct routing and account numbers. The City of Ionia is not responsible for a lost refund if you enter the wrong account information.

If you file a joint return and fill in lines 18F through 184H, you are appointing your spouse as an agent to receive the refund. This appointment cannot be changed later.

Line 18F- The routing number **MUST** be NINE digits. The first two digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead.

Your check may state that it is payable through a financial institution different from the one at which you have your checking account. If so, **DO NOT** use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter on line 18F.

Line 18H- The account number can be set up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. On the sample check below, the account number is 20202086. Be sure **NOT** to include the check number.

NOTE: Some financial institutions will not allow a joint refund to be deposited into an individual account. The City of Ionia is not responsible if a financial institution rejects a direct deposit. If the direct deposit is rejected, a check will be sent instead.

Worksheet – Calculation of Other City Tax Credit (Resident income only credit can not be taken for income earned once you were not longer a resident of the City of Ionia)

Resident wages earned in Other Michigan City	\$	
Subtract # of Exemptions _____ X \$700	-	
Net Wages Allowable for Credit	\$	
Multiply by .005 (½ %)	\$	

Enter this amount on Line 13c

PART-YEAR RESIDENT INSTRUCTIONS

LINE BY LINE INSTRUCTIONS

Enter your name, social security number, and the addresses for each place you lived during 2008, along with the dates you moved in and moved out of each location.

It is important that the information regarding your current and previous address or addresses be completed with the dates at each address. Not completing this section could result in a delay of the processing of your return.

Income is allocated according to the residency status for each item of income. Adjustments and deductions must be allocated in the same way income is allocated. Taxable income earned while a Resident is reported in the Resident Income Column. (All income earned while a Resident is taxable regardless of where it was earned). Taxable income earned in the City of Ionia while a Non-Resident is allocated to the Non-Resident Ionia Income Column

Line 1, Column 1 Enter the employer's name for all W-2 wages.

Line 1, Column 2 Enter the dates in 2008 that you were employed by this employer (such as 1/1/05- 5/15/05)

Line 1, Column 3 Enter the total gross wages from Box 1 of your W-2.

Line 1, Column 4 Enter the amount you earned while working **outside** the city and living **outside** the city.

Line 1, Column 5 Enter the income you earned while living **inside** the city regardless of where the income is earned.

Line 1, Column 6 Enter income earned while working **inside** the city and living **outside** the city.

Line 1, Column 7 Add the amounts from Column 5 and Column 6.

Line 2, Column 2 Enter the period for which the interest/dividends were earned.

Line 2, Column 3 Enter the total interest/dividend income.

Line 2, Column 4 Enter the amount of interest/dividends earned while living **outside** the

city.

Line 2, Column 5 Enter the amount of interest/dividends earned while living **inside** the city.

Line 2, Column 6 Leave blank. Does not apply to interest/dividend income.

Line 2, Column 7 Add the amounts from Column 5 and Column 6.

Lines 3 through 9, Column 2 Enter dates income earned.

Lines 3 through 9, Column 3 Enter total amount of income earned.

Lines 3 through 9, Column 4 Enter the amount of income earned **outside** the city while living **outside** the city.

Lines 3 through 9, Column 5 Enter the amount of income earned while living **inside** the city **regardless** of where income was earned

Lines 3 through 9, Column 6. Enter the amount of income earned **inside** the city while living **outside** the city.

Lines 10 through 12, Column 2 Enter the dates the deductions were incurred.

Lines 10 through 12, Column 3 Enter the total amount of the deduction.

Lines 10 through 12, Column 4 Enter the amount of the deduction that pertains to the income earned while living **outside** the city.

Lines 10 through 12, Column 5 Enter the amount of the deduction that pertains to the income earned while living **inside** the city.

Line 13, Column 5, 6 & 7 Enter each Column's total.

Line 14, Column 5 Enter the exemption amount. If it is greater than the amount on line 13 column 5, enter only the amount equal to line 13.

Line 14, Column 6 Enter the Nonresident portion of the exemption amount. This is any amount that is left if not all used in column 5.

Line 14, Column 7 Enter the Total Exemption Amount. This should be col 5 + Col 6 and equal number of exemptions X 700.

Line 15, Column 5 & 6 Subtract Line 14 from Line 13 for each Column.

Line 16a, Column 5 Multiply Line 15 by .01(1%).

Line 16b, Column 6 Multiply Line 15 by .005 (½%).

(Round up for amounts \$.50 or over. Round down for amounts \$.49 or less.)

Line 16c, Column 7 Add Column 5 & 6.

Line 17a Enter the amount of City Income Tax from your W-2 from box 19.

Line 17b Enter the amount of 2008 Estimated tax payments or credits from 2007 tax returns.

Line 17c Enter the amount of tax paid to other Michigan cities up to ½%. (Use Worksheet A on page 12).

Line 17d Enter other credits – include description of the credit you are claiming along with supporting documentation.

Line 17e Enter the total of Lines 17a through 17d.

Line 18 If Line 17e is larger than Line 16c, subtract Line 16c from Line 17e and enter amount here. Otherwise leave Line 18 blank and go on to Line 19

Line 18a If you would like to donate your refund to the Youth Recreation Program check the box and enter the amount to donate here.

Line 18b If you would like to donate your refund to the Historic Ionia Theater, check the box and enter the amount to donate here.

Line 18c If you would like to donate your refund to the Ionia Community Library, check the box and enter the amount to donate here.

Line 18d If you would like to have your overpayment refunded enter the amount here.

Line 18e If you would like to have your overpayment credited to your 2009 Estimated taxes enter the amount here.

Line 19 If Line 17e is smaller than Line 16c, subtract Line 17e from Line 16c and enter the amount here. Pay this amount with your return.

Payment must be made in full with your return or you must make payment arrangements.

Note: W-2s, copies of federal schedules, and other documentation supporting income, exclusions, adjustments, and deductions must be attached. Failure to attach complete schedules and documentation will result in deductions being disallowed or delay the processing of your return.

CITY OF IONIA Payment Voucher

Account Number(Social Security number)

Taxpayer name and address:

Make Checks Payable to: City of Ionia

Mail with tax return and payment to :
Income Tax Department
PO Box 512
Ionia, MI 48846

Amount Due from I-1040_____

Amount Enclosed:_____

TAX YEAR _____

MY TAX RETURN IS ...

ENCLOSED

E-FILED

YOU MUST EITHER HAVE EFILED OR ENCLOSED YOUR RETURN