

**CITY OF IONIA**  
**INDIVIDUAL**  
**INCOME TAX RETURN**  
**FORM I-1040**  
(FOR RESIDENT AND NON-RESIDENT)

**NEW: Try our tax tool to complete and/or e-file your City of Ionia tax return on-line at [www.ci.ionia.mi.us](http://www.ci.ionia.mi.us)**

We have a 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](http://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](http://www.ci.ionia.mi.us)**

**FILING DATE: YOUR RETURN MUST BE FILED BY APRIL 30. 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 including subchapter S.

College students are generally considered to have the same domicile as their parents. A resident is a person whose domicile is inside city limits. Please see the ordinance for more information regarding domicile.

## **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**

\$700.00 is allowed for each exemption. Additional exemptions are allowed for paraplegic, quadriplegic, hemiplegics, totally disabled, blind, deaf, and 65 years of age or older. Disabled status is verified with the State of Michigan.

## **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, 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, 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](http://www.ci.ionia.mi.us), or from the City Income Tax Office.

## **DECLARATION OF ESTIMATED TAX**

If you expect that your Ionia income in the next taxable year, 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) by April 30, and pay at least one-fourth (1/4) of the estimated 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 current or 70% of your next year's tax (whichever is less) must be paid in quarterly payments by January 31, to avoid penalties and interest for underpayment of estimated tax for the next tax year. The balance of the amount owed is due with the return. Please call (616) 527-5729 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](http://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 contribute to the maintenance and general funds to help the theater with daily operations.

## **RESIDENT INSTRUCTIONS**

You will need a copy of all of your W-2's, 1099's, statements of gains and losses or any other proof of income, and your completed Federal 1040 tax return to complete the City of Ionia I-1040 tax return. (Part-Year Residents must use Form I-1040PY; see cover page to obtain form, Non-Residents use instructions on page 6).

### **TAXABLE INCOME**

All income taxable on your federal income tax no matter where it is earned is considered taxable income for a Resident of the City of Ionia except as

noted below. Please note: even if you are not required to file a federal tax return, you are required to file a city return if you have Ionia taxable income.

### **THE FOLLOWING INCOME IS NOT TAXABLE**

1. Gifts, inheritances, and bequests.
2. Pensions and annuities, including disability pensions.
3. Proceeds of insurance (however payments from a health and accident policy paid for by your employer are taxable to the same extent as provided by the Internal Revenue Code.)
4. Unemployment compensation, supplemental unemployment benefits, welfare relief payments.
5. Worker's compensation, or similar payments for death, injury or illness arising out of and in the course of any employee's job.
6. Interest from obligations of the United States, the states, or subordinate units of government of the states.
7. Military pay of members of the armed forces of the United States and the National Guard.
8. Social Security benefits, railroad retirement act benefits, IRA distributions after age 59 ½, and rollover amounts from IRAs to Roth IRAs.
9. Long term capital gains attributable to the period prior to January 1, 1994.

## **INSTRUCTIONS FOR PAGE 1**

### **IMPORTANT**

Complete the upper right hand corner marked IMPORTANT. If you did not file a City of Ionia I-1040 tax return for the previous year, please mark the No box and explain the reasons on the bottom of page 2 of the tax return (Schedule D). If you were not aware you needed to file a City of Ionia I-1040 tax return please call 527-5729 and we will help you fulfill your responsibilities under the ordinance.

### **SOCIAL SECURITY NUMBER, ETC.**

Enter your Social Security number, name (both husband and wife if filing joint), address, occupation and date of birth.

### **RESIDENCY STATUS**

"Resident" means an individual domiciled in the City of Ionia. "Domicile" means a place where a person has his true, fixed, and permanent home. "Non-Resident" means a person domiciled outside

the City of Ionia. Check the appropriate box. If you lived the entire year inside the City of Ionia then check the box marked Resident. (**Valley View, West Meadows, Belleview, The Abbey and Austin Pines** are inside the City of Ionia.) If you lived the entire year outside the City of Ionia then check the box marked Non-Resident. If you lived only part of the year inside the City of Ionia then complete Form I-1040PY. See cover page to obtain this form. If your residency status is Non-Resident, the Non-Resident instructions are located on Instructions Page 6. College students domicile is generally that of their parent.

## **FILING STATUS**

Complete the filing status by placing an X in the appropriate box.

## **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 in box B, 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.

## **INCOME – LINES 1-12**

### **LINE 1 – GROSS INCOME FROM EMPLOYERS**

On line 1 list the employer's name, the location of your actual work station (the street address of where you report to work), the amount of Ionia city income tax withheld, and the total federal gross wages (Box 1) earned from each of your W-2 forms. There is space to enter 3 different W-2s. If you have more than 3, please include the same information on a separate sheet of paper and attach it to your return. All wages, salaries, sick pay, tips, bonuses, etc.

earned by a Resident of Ionia are taxable regardless of where it is earned and must be included in the section under line 1.

**LINE 2 - W-2 TOTALS** Add the amount of Ionia city income tax withheld from all employers and enter the total on line 2a. Add the amount of wages from all employers and enter the total on line 2b. A copy of your W-2 must be submitted with your return to get credit for the tax withheld.

**LINE 3 - INTEREST AND DIVIDENDS** All interest and dividends (except those subtracted on line 4 below) taxed on your federal return are taxable on your Ionia city return regardless of where earned. Enter the total interest and dividends from your Federal 1040.

### **LINE 4 - EXEMPT INTEREST**

Interest from obligations of the United States and subordinate units of government is exempt from City of Ionia income tax. Enter the total of this type of interest on Line 4 and attach a copy of Schedule B of your Federal return.

**LINE 5** - Subtract line 4 from line 3.

### **LINE 6 - OTHER INCOME - Schedule B page 2**

Enter the number from Line B5 on the back of the I-1040 form. Ionia Residents are taxed on all taxable income regardless of where earned. This includes, but is not limited to: income or loss from business or profession, sales, rentals, partnerships, capital gains, state lottery winnings, and farming. Attach all appropriate federal schedules. See the instructions for Schedule B on Instructions Page 5. If you have subchapter S income reported on your federal return please read instructions for B3-C, page 5.

**LINE 7 - TOTAL INCOME** - Add lines 2b, 5, and 6 and put the total on line 7.

### **LINE 8 - DEDUCTIONS - Schedule C, page 2**

Enter the number from Line C5 on page 2 of your I-1040. See the instructions for Schedule C on Instructions Page 5, for line-by-line instructions and allowable deductions.

**LINE 9** - Subtract line 8 from line 7.

**LINE 10 -EXEMPTIONS** - From the "Exemptions" section, multiply the number of exemptions from box D times \$700 and enter the total here.

**LINE 11** - Subtract line 10 from line 9, enter total here.

**LINE 12 - Multiply line 11 by .01 (1%).**

## **PAYMENTS AND CREDITS - Line 13**

**LINE 13 –**

a. Ionia city tax withheld per W-2s from line 2a (**attach W-2s**).

**b.** Payments and credits made on a Declaration of Estimated Ionia Income Tax (I-1040-ES) or credit from a previous year.

**c.** Credit for Income Tax paid to another Michigan City - **ATTACH A COPY OF THE OTHER CITY'S RETURN** to receive the credit. This credit may not exceed the tax that a Non-Resident of Ionia would pay on the same income earned in Ionia. Enter the amount of credit you are claiming. **(Use the Worksheet on page 10)**

**d.** Other credits - attach an explanation if you feel you have a credit that does not fit any of the above sections. Include any documentation (copy of receipt) that will help verify the credit taken. Enter here any Ionia City income tax paid on your behalf by a partnership. (Attach a copy of your partnership return).

**e.** TOTAL - ADD 13 a, b, c, and d and enter here.

### REFUND – Line 14

**LINE 14 -If Line 13e is greater than line 12 enter the difference on line 14, and make a choice of boxes A, B, C, D or E (or a combination of them).**

You have overpaid your city income taxes. Please round amounts of \$0.50 or more to the next dollar and drop amounts less than \$0.50. You now have a choice of what to do with your refund. You can make a donation to the Youth Recreation Program, the Historic Ionia Theater or Ionia Community Library, get a refund of the amount overpaid or have this amount credited to your next year's estimated taxes.

**14a-**Enter in box "A" the amount you wish to give to the Youth Recreation Program. Please check the box.

**14b-**Enter in box "B" the amount you wish to donate to the Historic Ionia Theater. Please check the box.

**14c-** Enter in box "C" the amount you wish to donate to the Ionia Community Library. Please check the box.

**14d-**Enter in box "D" the amount you want refunded to you.

**14e-**Enter in box "E" the amount you would like credited to your next year's estimated tax. Line 14 a, b, c, d and e must equal the difference between line 13e and line 12.

### LINE 14F through 14H DIRECT DEPOSIT

Complete lines 14F through 14H if you want us to directly deposit the amount shown on line 14D 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.

#### 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** 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 14F through 14H, you are appointing your spouse as an agent to receive the refund. This appointment cannot be changed later.

**Line 14F-** 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. Be sure NOT to include the check number.

**Line 14G-** 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 14G.

**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.

### TAX DUE – Line 15

**LINE 15 -If line 13e is less than line 12, enter the difference on line 15.**

**You owe the City of Ionia this amount. Please round amounts of \$0.50 or more to next dollar. Exclude amounts \$0.49 or less. Write your**

check to the City of Ionia and attach it to your I-1040. Payment must be made in full with your return or you must make formal payment arrangements.

Sign and date your return: (both spouses if filing joint).

Mail to City of Ionia, Income Tax Division, PO Box 512, Ionia MI 48846.

## INSTRUCTIONS FOR PAGE 2

### SCHEDULE B – OTHER INCOME

This schedule is for business income, sale or exchange of property, rentals, partnerships, capital gains, state lottery winnings, farming, etc.

**B1 – Business Income** – enter the name (DBA if applicable) and location of your business.

a. Enter the total from your Federal 1040 tax return. Attach a copy of all your Federal Schedule Cs.

b. For Non-Residents only.

**B2 - Income or Loss from Sale or Exchange of Property -**

a. Attach a schedule computing the includable gain or loss which includes the following information: description, date acquired, date sold, total gain or loss, and taxable portion. All short-term gains and losses are included. The portion of gain or loss attributable to the period prior to January 1, 1994 is excluded. The amount of gain or loss occurring before January 1, 1994 can be determined either by 1) computing the difference between cost and fair market value at January 1, 1994, or 2) multiplying the federal income tax gain or loss by the ratio of months held prior to January 1, 1994 to the total months held. Attach a copy of your federal schedule D.

b. For Non-Residents only.

**B3 - Rental and Supplemental Income -**

a. Attach a copy of your Federal Schedule E or other appropriate schedules. Enter the location (street address) of the rental property. Enter all rental income on line a.

b. Enter partnership income and attach a copy of your federal K-1s from your partnership return. Include the location and the business name (DBA if applicable) of the partnership.

c. Distributions from Subchapter S corporations. Enter cash or property distributions from S corporations from page 2 of the Federal Schedule K-1. The Uniform City Income Tax Ordinance does not recognize Subchapter S status. Distributions from an S corporation are taxable as if paid by a regular

corporation as dividends.

If you are a shareholder in a corporation that has elected to file under Subchapter S of the Internal Revenue Code, you are not required to report any allocated income from Federal Schedule K-1 page one, nor may you deduct your share of any loss or other deductions allocated by the corporation. **Attach copies of pages one and two of Federal Schedule K-1 for all S corporations listed on page two of your Federal Schedule E regardless of whether or not the S corporation made distributions. Subchapter S corporation must file as a corporation if located inside the city or doing business inside the city.**

d. Other - enter other rental or supplemental income and attach supporting documentation.

e. Total - add a, b, c, and d and enter here.

**B4 - Other Additions to Income -**

a. For Net Operating Loss or Capital Loss carryovers relating to the period prior to January 1, 1994, add back any loss carryovers attributable to the period before January 1, 1994 that were subtracted out elsewhere on your city return.

b. Other - Farming income (attach schedule F), gambling income (losses are only deductible to the extent of gambling gains), etc. Attach an explanation of the source and a copy of the appropriate federal schedules.

c. Add a and b and enter the total here.

**B5 - Total for section B -** Add lines B1, B2, B3e, and B4c. Enter the total here and on line 6 of page 1 of your I-1040.

### SCHEDULE C - DEDUCTIONS

**C1 - Non-Resident use only, residents skip this line.**

**C2 - Non-Resident use only, residents skip this line.**

**C3 - a. IRA deduction as allowed on your federal return.**

Enter the amount from your federal return and attach a copy of Page 1 of your federal return.

b. Residents use 100% for the percentage earned in the city.

c. Total of deduction for C3.

**C4- Other Deductions -**

a. Enter the type and amount of deduction you are claiming.

b. Residents use 100% for percentage earned in the city.

c. Total of deductions for C4.

The only other deductions allowed by the City Income Tax Ordinance are as follows:

**A.** A qualified self-employed retirement plan

deduction. ATTACH A COPY OF PAGE 1 OF YOUR FEDERAL 1040 TAX RETURN.

**B. Employment Business Expenses -**

These expenses are allowed only the extent not paid by your employer, only when incurred in the service of your employer, and are limited to the following:

1. Expenses of travel, meals, and lodging while away from home.
2. Expenses as an outside salesman who works away from his/her employer's place of business (does not include driver-salesman whose primary duty is service and delivery).
3. Expenses of transportation (but not transportation to and from work).
4. Expenses reimbursed under an expense account or other arrangement with your employer if the reimbursement has been included in recorded gross earnings. ATTACH A COPY OF FEDERAL FORM 2106. Line 4 Business Expenses on Form 2106 are not allowed as a deduction on your city return.

**C. Moving expenses into the City of Ionia only. ATTACH COPY OF FEDERAL FORM 3903.**

**D. Alimony (NOTE: CHILD SUPPORT IS NOT DEDUCTIBLE), separate maintenance payments, and principal sums payable in installments to the extent includable in the spouse's adjusted gross income under the Federal Revenue Code and deducted on your 2009 federal return.**

**IMPORTANT:** All of the above deductions are limited to the amount taken on your federal return and by the extent they apply to income taxable under the City Income Tax Ordinance. Part Year Residents must allocate deductions the same way they allocate income. A copy of the federal schedules and other requested documentation supporting deductions must be attached. Failure to attach schedules and documentation or attaching incomplete schedules and documentation will result in deductions being disallowed or delay the processing of your return until proper substantiation is obtained.

**C5** - Total deductions - Add lines C3c and C4c. Enter the total here and on line 8 of page 1 of your I-1040 return.

**SCHEDULE D – OTHER INFORMATION**

Use this space to explain why you didn't file an I-1040 tax return for last year, or to explain any other circumstances that you believe will help us in

processing your return.

**NON-RESIDENT INSTRUCTIONS**

To complete this form you will need all of your W-2s and your completed Federal 1040 tax return.

**WHO MUST FILE A RETURN**

For each taxable year, a return must be filed by each Non-Resident who earns taxable income in the City of Ionia even if there is no tax due. If the tax has been withheld from wages, an annual return must be filed. A return must be filed to request a refund of over withheld tax.

**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.

**TAXABLE INCOME**

The following income is subject to tax:

1. Compensation received for services rendered as an employee for work done or services performed in the City of Ionia.
2. The net profits from the operation of a business or profession that are attributable to business activity conducted in the City of Ionia whether or not such business or profession is located in the City of Ionia.
3. The net profits from rental of real and tangible personal property located in the City of Ionia. The gain on the sale or exchange of real and tangible personal property located in the City of Ionia. (the portion after 1/1/94)

**NOTE:** Riverside Correctional Facility, Ionia Temporary Facility, Michigan Training Unit, Michigan Reformatory, Ionia Maximum Facility, Bellamy Creek, Ionia County Intermediate School District office, Ionia Educational Center, Rather School, Swartz Court and Apple Tree Industrial Park are all located inside the City of Ionia.

**EXEMPT INCOME**

Exempt income includes:

1. Gifts, inheritances, and bequests.
2. Pensions (including disability pensions) and annuities.

3. Proceeds from Insurance (however payments from a health and accident policy paid for by your employer are taxable to the same extent as provided by the Internal Revenue Code).
4. Unemployment compensation, supplemental unemployment benefits, and welfare relief payments.
5. Worker's compensation, or similar payments for death, injury, or illness arising out of and in the course of an employee's job.
6. Interest, dividends and other forms of intangible income. (When the receipt of interest and other intangible income is part of the business, such interest, etc., shall be considered as business income taxable to Non-Residents and reported on Schedule C of the I-1040).
7. Military pay for members of the National Guard and the armed forces of the United States.
8. Social security benefits, railroad retirement act benefits.
9. Capital Gains attributable to the period prior to January 1, 1994.

## INSTRUCTIONS FOR PAGE 1

### IMPORTANT

Complete the upper right hand corner marked IMPORTANT. If you did not file a City of Ionia I-1040 tax return, please mark the No box and explain the reasons on the bottom of page 2 of the tax return (Schedule D).

### SOCIAL SECURITY NUMBER, ETC.

Enter Your Social Security number, name (both husband and wife if filing joint), address, occupation and date of birth.

### RESIDENCY STATUS

"Resident" means an individual domiciled in the City of Ionia. "Domicile" means a place where a person has his true, fixed, and permanent home. "Non-Resident" means a person domiciled outside the City of Ionia.

Check the appropriate box. If you lived the entire year inside the City of Ionia then check the box marked Resident. **Valley View, West Meadows, Bellview, The Abbey and Austin Pines are inside the City of Ionia.** If you lived the entire year outside the City of Ionia then check the box marked non-resident.

If you lived only part of the year inside the City of Ionia then you must complete form I-1040 PY, see cover page for instructions to obtain this form.

### FILING STATUS

Complete your filing status by placing an X in the appropriate box.

## 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.

## INCOME - Lines 1 through 12

**LINE 1** - On line 1 list the employer's name, the location of your work station (the street address where you report to work), the amount of Ionia city income tax withheld, and the total federal gross wages earned from each of your W-2 (Box 1) forms that includes wages earned in the city limits of Ionia or has Ionia city withholdings. There is space to enter 3 different W-2s. If you have more than 3, please include the same information on another sheet of paper and attach it to your return. Enter W-2s with Ionia withholdings first. You must attach a copy of your W-2 to get credit for the city income tax withheld.

**LINE 2** - Add the amount of Ionia city income tax withheld from all employers and enter the total on line 2a. Add the amount of wages from all employers and enter the total on line 2b.

Wages earned outside the city are covered under Schedule C (C1 and C2), I-1040 page 2.

**LINE 3** - Non-Residents -a nonresident owner of an unincorporated business or profession must include their distributive share of interest & dividends directly related to the nature of the business.

**LINE 4** - Non-Residents do not complete this line.

**LINE 5** - Subtract line 4 from 3.

**LINE 6 - Other Income - Schedule B page 2**

Income or loss from business, sales, rentals, partnerships, capital gains, farming, state lottery winnings, etc. The instructions for Schedule B on page 2 of the I-1040 are located on Instructions Page 8. Enter the amount from Schedule B, line B5.

**LINE 7 - Total Income -**

Add lines 2b, 5 and 6, enter the total here.

**LINE 8 - Deductions - Schedule C, page 2**

For allowable deductions see instructions for page 2, Schedule C Instructions on Page 9. Enter the amount from Schedule C, line C5.

**LINE 9 - Total** - Subtract line 8 from line 7 and enter here.

**LINE 10 -EXEMPTIONS** - From the "Exemptions" section, multiply the number of exemptions from box D times \$700 and enter the total here.

**LINE 11** - Subtract line 10 from line 9 and enter here.

**LINE 12 - Multiply line 11 times .005 (1/2%) and enter here.**

**PAYMENTS AND CREDITS- Line 13****LINE 13 –**

- a. Total Ionia withholdings per W-2s from line 2a (attach W-2s).
- b. Payments and credits made on your Declaration of Estimated Ionia Income Tax (I-1040-ES) or credited from your previous year's return.
- c. Applies only to Residents.
- d. Other credits - attach an explanation if you feel you have a credit that does not fit any of the above sections. Include any documentation (copy of receipt) that will help verify credit taken. Enter here any Ionia Income tax paid on your behalf by a partnership. (Attach a copy of your partnership return).
- e. TOTAL - Add 13 a, b, and d. Enter on line 13e.

**REFUND – Line 14**

**LINE 14 -If Line 13e is greater than line 12 enter the difference on line 14, and make a choice of boxes A, B, C, D or E (or a combination of them).**

You have overpaid your city income taxes. Please round amounts of \$0.50 or more to the next dollar and drop amounts less than \$0.50. You now have a choice of what to do with your refund. You can make a donation to the Youth Recreation Program, Historic Ionia Theater or Ionia Community Library, get a refund of the amount overpaid or have this amount credited to your next year's estimated taxes.

**14a**-Enter in box "A" the amount you wish to give to the Youth Recreation Program. Please check the box.

**14b**-Enter in box "B" the amount you wish to donate to the Historic Ionia Theater. Please check the box.

**14c**- Enter in box "C" the amount you wish to donate to the Ionia Community Library. **Please check the box.**

**14d**-Enter in box "D" the amount you want refunded to you.

**14e**-Enter in box "E" the amount you would like credited to your 2010 estimated tax. Line 14 A, B, C, D and E must equal the difference between line 13e and line 12.

**LINE 14F through 14H  
DIRECT DEPOSIT**

\*\* SEE PAGE 4 FOR INSTRUCTIONS \*\*

**TAX DUE – Line 15**

**LINE 15 -If line 13e is less than line 12, enter the difference on line 15. You owe the City of Ionia this amount. Please round all amounts of \$0.50 and greater up to the next dollar amount and exclude all amounts \$.49 or less. Write your check to the City of Ionia and attach it to your return. Payment must be made in full with your return or you must make formal payment arrangements.**

**Sign and date your return: (both spouses if filing joint).**

**Mail to City of Ionia, Income Tax Division, P.O. Box 512, Ionia, MI 48846**

**INSTRUCTIONS FOR PAGE 2****SCHEDULE B – OTHER INCOME**

This schedule is for income from business, sales, rentals, partnerships, capital gains, state lottery winnings, farming etc.

**B1 - Business Income or Loss** - Enter the name (DBA if applicable) and location of your business and attach all Federal Schedule Cs.

a. For Resident use only.

b. Non-Residents complete form I-1040-BA, Business Allocation of Income to determine the amount of income earned in the City of Ionia. Enter the amount from Line 7, Col III. of I-1040-BA.

**B2 - Income or Loss from Sale or Exchange of Property -**

Attach a schedule computing the taxable gain or loss, which includes the following information: description, date acquired, date sold, gain or loss, and City of Ionia taxable portion. The amount of gain or loss occurring before January 1, 1994 can be determined either by 1) computing the difference between cost and fair market value at January 1, 1994, or 2) multiplying the federal income tax gain or loss by the ratio of months held prior to January 1, 1994 to the total months held.

a. Residents only.

b. Enter under Non-Resident: the portion of gain or loss on the sale of property located in City of Ionia, which occurred after January 1, 1994.

### **B3 - Rentals and Supplemental Income -**

a. Rents - Non-Residents include rents earned inside the city of Ionia, enter location (street address). Attach all federal schedules.

b. Partnership income: Non-Residents include income or loss earned inside the City of Ionia. Include the name (DBA if applicable) and address of the business. Attach a copy of your partnership return K-1 Schedules.

c. Enter distributions from corporations (not entered elsewhere) include name, federal ID number, and location of the corporation. Enter cash or property distributions from S corporations from page two of Corporation Federal Schedule K-1. The Uniform City Income Tax Ordinance does not recognize Subchapter S status. Distributions from an S corporation are taxable as if paid by a regular corporation as dividends. If you are a shareholder in a corporation that has elected to file under Subchapter S of the Internal Revenue Code, you are not required to report any allocated income from Federal Schedule K-1 page one, nor may you deduct your share of any loss or other deductions allocated by the corporation. **Attach copies of pages one and two of Federal Schedule K-1 for all S corporations located inside Ionia City Limits and listed on page 2 of your Federal Schedule E. These corporations must file an Ionia City Corporate return also.**

d. Other - enter other rental or supplemental income. Identify the source and attach any supporting federal schedules and/or documentation.

e. Total from rents and other supplemental income - Add B3 a, b, c and d and enter the total here.

### **B4 - Other Additions to Income -**

a. Operating loss or Capital loss carryovers

relating to prior to January 1, 1994. If you subtracted a net operating loss carryover that related to prior to January 1, 1994 somewhere else on this form, add back the portion relating to the period before January 1, 1994 here. Attach a schedule showing your computation.

b. Any other income earned within the City of Ionia, enter here and attach federal schedules and supporting documentation.

c. Total of other income section B4, add a and b and enter here.

**B5 - Total of Schedule B - Add lines B1b, B2b, B3e, and B4c. Enter the total here and on line 6 of page 1 of your I-1040.**

## **SCHEDULE C - DEDUCTIONS**

**C1 - Excludable wages, (Non-Residents only).** Enter the total of W-2s earned 100% outside the City of Ionia **ONLY IF** these wages are included under line 1 of page 1 of your I-1040.

**C2 - Partially excludable wages, (Non-Residents only).** Enter the amount from Schedule A. Use only if the income from employer is earned both inside and outside the City of Ionia. See Schedule A page I-1040A for instructions.

### **C3 - IRA Deduction -**

a. IRA deduction as allowed on your Federal return.

Enter the amount from your Federal 1040 return and attach a copy of page 1 from your Federal 1040 return.

b. The percentage of income earned in Ionia (Ionia income divided by Federal income). Attach a copy of federal 1040 page 1.

c. The allowable amount, multiply a times b and enter here.

### **C4 - Other Deductions -**

a. Enter the type and amount of deduction you are claiming

b. Enter the percentage of income earned in Ionia (Ionia income divided by Federal income). Attach a copy of federal 1040 page 1.

c. Allowable amount, multiply a times b and enter here.

**NOTE:** The only other deductions allowed by the City Income Tax Ordinance are as follows:

- A. A Keogh retirement plan deduction. Attach a copy of page 1 of your Federal 1040 tax return.
- B. Employment Business Expenses –

These expenses are allowed only to the extent not paid by your employer, only when incurred in the service of your employer, and are limited to

the following:

1. Expenses of travel, meals, and lodging while away from home.
2. Expenses as an outside salesperson who works away from his/her employer's place of business (does not include driver-salespeople whose primary duty is service and delivery).
3. Expenses of transportation (but not transportation to and from work).
4. Expenses reimbursed under an expense account or other arrangement with your employer if the reimbursement has been included in recorded gross earnings. ATTACH COPY OF FEDERAL FORM 2106 and a copy of the agreement. Line 4 Business Expenses on Form 2106 are not allowed as a deduction on your city tax return.

C. Moving expenses into the City of Ionia only. ATTACH COPY OF FEDERAL FORM 3903.

D. Alimony (NOTE: CHILD SUPPORT IS NOT DEDUCTIBLE), separate maintenance payments, and principal sums payable in installments to the extent includable in the spouse's adjusted gross income under the Federal Internal Revenue Code and deducted on your 2009 federal return. ATTACH COPY OF PAGE 1 OF FEDERAL 1040

**IMPORTANT:** All of the above deductions are limited to the amount taken on your federal return and by the extent they apply to income taxable under the City Income Tax Ordinance. Part year and Non-Residents must allocate deductions the same way they allocate income. A copy of the federal schedules and other requested documentation verifying deductions must be attached. Failure to attach schedules and documentation or attaching incomplete schedules and documentation will result in deductions being disallowed or may delay the processing of your return until proper documentation is obtained.

**C5** - Total lines C1, C2, C3c, and C4c. Enter here and on page 1 line 8 of your I-1040 tax return.

**SCHEDULE D – OTHER INFORMATION**

Use this space to explain why you didn't file a City of Ionia return for last year, or to explain any other circumstances that you believe will help us in processing your return.

**Worksheet – Calculation of Other City Tax Credit (Residents Only)**

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 17c

