

# CITY OF MUSKEGON

## INSTRUCTIONS FOR SCHEDULE RZ OF M-1120

### CORPORATION RENAISSANCE ZONE DEDUCTION

#### GENERAL INFORMATION

The Renaissance Zone designation for the City of Muskegon has been in effect for residents and businesses since January 1, 2000. The City of Muskegon has four geographic areas that are designated as Renaissance Zones which are the Former Mall Zone, Boilerworks/Amazon Zone, Watermark Zone, and the Whittaker Electric Zone. These zones start to phase out in 2012. Please see phase out deduction instructions.

The City of Muskegon has also created two new sub-zones Highpoint Flats and Heritage Square that are effect until 2023. The phase out period for these sub-zones does not begin until 2020.

#### WHO MAY CLAIM A RENAISSANCE ZONE DEDUCTION

A corporation located and doing business activity in a Muskegon Renaissance Zone is qualified to claim the deduction.

#### HOW TO CLAIM A RENAISSANCE ZONE DEDUCTION

To claim a Renaissance Zone deduction, a corporation must file a Muskegon income tax return and attach a completed Schedule RZ of M-1120.

#### RENAISSANCE ZONE DEDUCTION DISQUALIFIERS

**A corporation is not eligible to claim a Renaissance Zone deduction if the corporation:**

1. Is delinquent in filing or paying any of the following state or local taxes: Michigan single business tax, Michigan income tax, city income tax, Act 198 industrial abatement tax, commercial abatement tax, enterprise zone tax or general property taxes.
2. Owns residential rental property and did not file an affidavit with the County of Muskegon Assessor's Office by December 31 of the prior tax year attesting that the property is in substantial compliance with all applicable state and local zoning, building and housing laws or codes.
3. Is located within Muskegon outside of a Renaissance Zone and moves to a location within a Renaissance Zone in Muskegon without approval of the City.
4. Relocates more than 25 full-time equivalent jobs from one or more Non-Renaissance Zone local governmental units (city, village or township) and any of the local government units from which a job was relocated adopts a resolution objecting to the relocation within 60 days of being notified of the job relocation by the business.

#### RELOCATION DATE

A corporation becomes a qualified taxpayer on the first day after December 31, 1999, that the corporation is located and conducting business activity in a Muskegon Renaissance Zone. The qualification continues until the corporation ceased to be located and conducting business activity in a Muskegon Renaissance Zone or until expiration of the Renaissance Zone designation expires, December 31, 2014.

#### DEDUCTIBLE INCOME

A corporation may deduct that portion of its net Income from business activity within a Renaissance Zone. Business activity carried on within a Muskegon Renaissance Zone is determined via a two-factor Renaissance Zone Apportionment factor, property and payroll within a Renaissance Zone to that in Muskegon. Income used calculate any other deduction allowed by the Income Tax Ordinance and income derived from illegal activity shall not be used to calculate this deduction..

#### LINE BY LINE INSTRUCTIONS

Line 1 Enter corporation's name as shown on their Muskegon income tax return, Form M-1120.

Line 2 Enter the corporation's Federal Employer Identification Number.

Line 3 Enter the address of each location in a Muskegon Renaissance Zone.

Line 4 Enter the beginning date and ending date the corporation was qualified to claim the Renaissance Zone Deduction for the tax year.

#### RENAISSANCE ZONE APPORTIONMENT PERCENTAGE

The Renaissance Zone apportionment percentage is used by corporations doing business in Muskegon inside a Renaissance Zone and outside the Renaissance Zones.

Line 5a Enter the starting and ending dates of domicile in the Renaissance Zone this year and the total number of days domiciled.

Line 5b Enter in column 1 the gross annual rent multiplied by 8 for all real and tangible personal property owned and located in Muskegon. In column 2, enter the average net book value of the real and tangible personal property owned and located in Muskegon Renaissance Zone. The average net book value of real and tangible personal property may be determined by adding the net book value at the beginning of the year to the net book value at the end of the year and dividing the sum by two, or if the business was located in the Renaissance Zone for less than a year, on a monthly average basis.

Line 6 Enter in column 1 compensation paid to employees for work or services performed within Muskegon. In column 2, enter compensation paid to employees for work or services performed within a Muskegon Renaissance Zone. In column 3, enter the percentage, column 2 divided by column 1.

Line 9 Enter the total income from M-1120, line 11.

Lines 10-10b

Calculation of Renaissance Zone (for both fiscal and calendar year taxpayers)-The Renaissance Zone designation starts on January 1 of the first year of designation and ends on December 31 of the final year of designation. The deduction is reduced during the last 3 calendar years of a zone's designation. The deduction allowance factor is: 100% for all by the last three years of a zone's designation; 75% for the tax year that is 2 years before the final year of designation; 50% for the tax year immediately preceding the final year of designation; and 25% for the final year of designation.

Line 12 Compute the tax due at 1% (.01). Be sure to enter the tax due on the corporation return, M-1120 line 12.

#### ASSISTANCE

If you have questions not answered in these instruction, or if you need assistance in preparing your return call (231) 724-6770. Questions by mail should be directed to: Muskegon Income Tax Department, PO Box 29, Muskegon, Michigan 49443.

#### WEBSITE

Income tax forms, instructions and additional information are available under the Income Tax Department section of the City of Muskegon website, [www.shorelinecity.com/incometax](http://www.shorelinecity.com/incometax).

#### NOTICE

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



# CORPORATION SCHEDULE RZ OF M-1120

## CITY OF MUSKEGON INCOME TAX

TAX YEAR: \_\_\_\_\_

FOR COMPUTATION OF THE RENAISSANCE ZONE DEDUCTION  
FOR USE BY A CORPORATION LOCATED AND DOING BUSINESS  
IN A MUSKEGON RENAISSANCE ZONE

1. Corporation name as shown on M-1120		2. Federal employer identification number													
3. Address in each location in a Muskegon Renaissance Zone															
4. Dates qualified to claim Renaissance Zone deduction this tax year:	Starting date	/ /	Ending date / /												
<b>DISQUALIFICATION SECTION</b> <b>An corporation is not qualified to claim the Renaissance Zone deduction if any of the following taxes are delinquent:</b> <table style="width: 100%; border: none;"> <tr> <td style="width: 25%;">Muskegon Income Tax</td> <td style="width: 25%;">Personal Property Tax</td> <td style="width: 25%;">Commercial Facilities Tax (CFT)</td> <td style="width: 25%;">City (Detroit) Utilities Users Tax</td> </tr> <tr> <td>Michigan Income Tax</td> <td>Michigan Single Business Tax</td> <td>Enterprise Zone Tax</td> <td>Technology Park Development Tax</td> </tr> <tr> <td>General Property Tax</td> <td>Industrial Facilities Tax (IFT)</td> <td>Neighborhood Enterprise Zone Tax</td> <td>Commercial Forest Tax</td> </tr> </table>				Muskegon Income Tax	Personal Property Tax	Commercial Facilities Tax (CFT)	City (Detroit) Utilities Users Tax	Michigan Income Tax	Michigan Single Business Tax	Enterprise Zone Tax	Technology Park Development Tax	General Property Tax	Industrial Facilities Tax (IFT)	Neighborhood Enterprise Zone Tax	Commercial Forest Tax
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<b>CORPORATION LOCATED AND DOING BUSINESS IN A MUSKEGON RENAISSANCE ZONE</b> TO CLAIM A RENAISSANCE ZONE DEDUCTION A CORPORATION MUST HAVE REAL AND/OR PERSONAL PROPERTY LOCATED IN A MUSKEGON RENAISSANCE ZONE AND BE CONDUCTING BUSINESS ACTIVITY IN THE ZONE.															
RENAISSANCE ZONE APPORTIONMENT PERCENTAGE	COLUMN 1 LOCATED IN MUSKEGON	COLUMN 2 LOCATED IN RENAISSANCE ZONE	COLUMN 3 PERCENTAGE  (Column 2 divided by column 1)												
5a. Average net book value of real and tangible personal property (If qualified for less than a full tax year, use monthly average)	5a.														
5b. Gross rents paid on real property multiplied by 8	5b.														
5c. Total property (Add lines 5a and 5b of columns 1 and 2)	5c.		%												
6. Total wages, salaries and other compensation	6.		%												
7. Total percentages (Add column 3 lines 5c and 6)		7.	%												
8. Renaissance Zone deduction percentage (Divide line 7 by 2)		8.	%												
TAXABLE INCOME AND TAX COMPUTATION															
9. Total income subject to tax from M-1120, line 11		9.	00												
10. Renaissance Zone deduction for business (line 9 multiplied by line 8)		10.	00												
10a. Enter Renaissance Zone deduction allowance factor for each column. (Must be equal to 100%, 75%, 50%, 25%, or 0%)		10a.	00												
10b. Multiply line 10 x line 10a		10b.	00												
11. Adjusted income subject to tax (line 9 less line 10b)		11.	00												
12. City of Muskegon tax (multiply line 11 by .01) enter here and on M-1120 line 12		12.	00												

**INSTRUCTIONS ON OTHER SIDE**