

**2018 MUSKEGON
INDIVIDUAL INCOME TAX RETURN
FORMS AND INSTRUCTIONS
FORM M-1040R AND FORM M-1040NR**

**ALL PERSONS HAVING \$600.00 OR MORE OF MUSKEGON
TAXABLE INCOME DURING 2018 MUST FILE A RETURN**

**DONATION
INFO**

You have a choice of three different donation programs. You can only donate to one program. You must check the box for the program that you want to support. Your choices are: **1. Lakeshore Trail Improvements:** You can help purchase additional signs and materials for the trail that winds along the lake with spectacular views. **2. Muskegon Farmer's Market Capital Improvement Fund:** Donations will help make capital improvements to the downtown Farmer's Market. **3. Muskegon's Dog Beach:** Donations will help maintain this popular stretch of the beach along Lake Michigan for pet lovers and their four legged friends.

TAX FORMS

Tax forms are available online at: <http://www.shorelinecity.com/incometax.asp>

**DIRECT
DEPOSIT**

WHY USE DIRECT DEPOSIT:

- **Faster refunds**
- **More convenient, no trip to the bank to deposit your check**
- **Payment more secure (no check to get lost)**
- **Saves tax dollars. A refund by direct deposit costs less than a check.**

TAX RATE

RESIDENT: One percent (1% or .01)
NON-RESIDENT: One-half of one percent (.5% or .005)

FILING DATE

Your return must be filed by April 30, 2019. Penalty and interest, as provided by law (\$2.00 minimum), will be assessed on all late payments.

**PAYMENT OF
TAX DUE**

Tax due, if one dollar (\$1.00) or more, must be paid with your return.
Make check or money order payable to: City of Muskegon
Mail return and payment to the address below.

**MAILING
ADDRESS**

Income Tax Department
P.O. Box 29
Muskegon, Michigan 49443-0029

**DECLARATION
OF ESTIMATED
INCOME TAX**

If you are paying \$100.00 or more with your 2018 return, you may need to file a Declaration of Estimated Income Tax Form M-1040ES, for 2019. See Instructions for Filing a Declaration on page 4.

**FOR
ASSISTANCE**

For assistance, visit the Income Tax Department, City Hall, 933 Terrace, Muskegon, Michigan or call the Income Tax Department at (231) 724-6770.

Failure to attach documentation or attaching incorrect or incomplete documentation will delay the processing of the return or result in corrections being made to the return.

We will not prepare your return.

GENERAL INFORMATION

NEW FOR 2018

The Tax Cuts and Jobs Act enacted at the federal level has resulted in changes to the calculation of Muskegon income tax as follows:

- The moving expense deduction has been suspended, except for certain Armed Forces members. See the federal instructions to see if you qualify for the deduction.
- The alimony deduction has been eliminated for payments required under divorce or separation instruments executed after December 31, 2018.

These forms and instructions were prepared prior to the issuance of final 2018 federal forms and schedules. They include references to federal forms and schedules that were still in draft form at the time of publication. Please contact the Muskegon Income Tax Department at (231) 724-6770 if you have any questions regarding what federal forms need to be attached.

RESIDENT INSTRUCTIONS AND PART YEAR

WHO MUST FILE A RETURN

Every resident or part-year resident of Muskegon who had taxable income in 2018 of \$600 or more must file a return by April 30, 2019. See Taxable Income paragraph below. Married persons may file either a joint return or separate returns.

If you do not meet the requirements for filing a return but Muskegon tax was withheld or estimated tax was paid, you must file to receive a refund.

WHO MUST USE THIS FORM

Full-year resident - If you were a resident of Muskegon during all of 2018 and had taxable income, you must use this form (M-1040R). All taxable income while a resident of Muskegon must be reported on this form, regardless of the source of the income. (See Taxable Income paragraph)

Part-year resident who worked in Muskegon as both a resident and a nonresident - In addition to filing a resident form, individuals who had income subject to the Muskegon tax both as a resident and as a nonresident must fill out and attach a M-1040 PY

Indicate to the left of the dollar amount entered on line 7 that such amount has been transferred from M-1040 PY. Do not fill in lines 1 through 6 on the front of the form.

Part-year resident who did not work in Muskegon as a nonresident - Do not use M-1040 PY if you were a part-year resident of Muskegon and did not work in Muskegon during the part of the year that you lived outside of Muskegon. Report on this form only your taxable income while a resident, regardless of the source of the income. Show the period you were a resident and your former address in the spaces provided.

EXTENSION OF TIME TO FILE

The due date of this return may be extended for a period not to exceed six months. **When a city extension is granted, tentative tax must be paid by April 30, 2019.**

TAXABLE INCOME

Muskegon residents are required to report the same kinds of taxable income on their city return as they report on their federal return, **with the following exceptions:**

- Gifts, inheritances and bequests are not taxable income.
- Pensions (including disability pensions), social security, annuities, IRA distributions after age 59 ½, and rollover of amounts from IRA's to ROTH IRA's are not taxable income. See the Income Tax FAQ section on our website for more information regarding which pension codes from Box 7 of form 1099-R are exempt and which are taxable.
- Proceeds of insurance (except that 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).
- Unemployment compensation and supplemental unemployment benefits are not taxable income.
- Interest from obligations of the United States, the states, or subordinate units of government of the states, and gains or losses on the sales of obligations of the United States are not taxable income.
- Military pay of members of the National Guard and the Armed Forces of the United States including Reserve pay is not taxable income. Attach a copy of your military W-2.
- Michigan State Lottery prizes won before July 1, 1993 are not taxable income. Michigan State Lottery prizes won after June 30, 1993 are taxable income.

DECLARATION OF ESTIMATED TAX

If you expect that your Muskegon income in 2019 not subject to withholding will be more than \$10,000 after deductions (\$100 in tax), you must file a Declaration of Estimated Tax (form M-1040ES) for 2019 by April 30, 2019 and pay at least one-fourth (1/4) of the estimated 2019 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 the assessment of penalty and interest for the late payment of tax. To avoid penalty and interest charges, you must pay in through withholdings and/or quarterly estimated payments at least 70% of your current year or prior year liability, whichever is lower.

If at any time during the year your income increases to such a level that one hundred dollars tax or more will be due at the end of the year, a Declaration of Estimated Tax must be filed.

The Declaration of Estimated Tax Forms M-1040ES (quarterly estimated vouchers for 2019) are included in this booklet.

LINE BY LINE INSTRUCTIONS

SCHEDULE 1—EXEMPTIONS

Lines 1-3

All individuals filing a Muskegon income tax return are allowed one personal exemption even if they are eligible to be claimed as a dependent on another filer's return. On a joint return both individuals are allowed one personal exemption.

If you are taking an exemption for your spouse, you must enter their social security number and they must sign the return even if they do not have any Muskegon income.

Multiply the number of exemptions allowed by \$600.00. Include the extra exemptions allowed by Muskegon for an individual 65 or older, blind, deaf or paraplegic, quadriplegic, hemiplegic or totally and permanently disabled. Individuals claimed as an exemption on a parent's return may claim themselves on their own return.

SCHEDULE 2—WAGE DETAIL

Columns A and B

All wages, salaries, sick pay, tips, bonuses, etc. earned by a resident of Muskegon while a resident of Muskegon are taxable regardless of where earned and must be included on Schedule 2.

Enter Muskegon income tax withheld by your employer in Column A as shown on your 2018 W-2 statements. The locality name on your W-2(s) must be Muskegon for you to receive credit for Muskegon income tax withholding. **The City of Muskegon copy of your W-2(s) must be submitted with your return.**

Enter total wages from box one of your W-2(s) in Column B.

SCHEDULE 3—PAYMENTS

Line 1—Tax withheld by your employer

Enter the amount of Muskegon tax withheld from Schedule 2, Column A, line 1a.

Line 2—Estimated payments, credit from a prior year, extension payments

If you made quarterly estimated payment(s), applied an overpayment from your 2017 Muskegon return to 2018 or made a payment with an extension, enter the total of all payments on line 2.

In addition, enter any Muskegon income tax paid on your behalf by a partnership of which you are a partner on line 2. Please indicate to the right of the amount that the payment was made by a partnership.

Line 3—Credit for tax paid to another city.

If you are a Muskegon resident subject to city income tax in another city, you may claim a credit against Muskegon income tax for the net amount paid to the other city. This credit may not exceed the tax that a nonresident of Muskegon would pay on the same income earned in Muskegon. Complete Worksheet 1 on page 2 of the form to determine the amount of credit to enter on line 3.

You must attach a copy of the 2018 city income tax return(s) that you filed with the other city(ies).

SCHEDULE 4—OTHER INCOME/LOSS

The federal rules concerning passive losses are applicable to losses deducted on this return.

Line 1—Interest income

Enter interest from your federal return on line 1a. Enter interest from obligations of the United States Government on line 1b. Subtract line 1b. from line 1a. and enter the result on line 1c.

Line 2—Dividend income

Enter dividends from your federal return on line 2a. Enter dividends from obligations of the United States on line 2b. Subtract line 2b. from line 2a. and enter the result on line 2c.

Line 3—Income/loss from business (for filers of Federal Schedule C)

RESIDENT INSTRUCTIONS

Muskegon residents are taxed on the net profits from their operation of A business or profession regardless of where it is located.

Enter your Schedule C income/loss on line 3a. Enter your SEP deduction, if applicable, on line 3b. Subtract line 3b. from 3a. and enter the result on line 3c. **You must attach a copy of Federal Schedule C.** If you have deducted a SEP contribution on line 3b. **you must attach a copy of Schedule 1 of your Federal Form 1040.**

A net operating loss carryover may be deducted if the loss was incurred after July 1, 1993. Attach a schedule showing the calculation of any net operating loss carryover deducted from line 3c. You may not deduct a carryback loss.

Line 4—Income/loss from rents/royalties (for filers of Federal Schedule E, page one)

Enter all rent and royalty income included on your Federal Schedule E, page one and received while a resident of Muskegon. **Attach a copy of Federal Schedule E, page one.**

Line 5—Income/loss from partnerships (for filers of Federal Schedule E, page two)

Enter your share of the partnership income/loss on line 5 of Schedule 4 as reported on Federal Schedule E, page two. Your share of qualifying dividends, gains, etc. are treated as belonging to you as an individual and should be reported on the appropriate Federal and Muskegon schedules.

Attach a copy of Federal Schedule E, page two.

If you are claiming a loss from a partnership located outside of Muskegon, **a copy of your Federal Schedule K-1 must be attached.**

Line 6—Income/loss from sale or exchange of property (for filers of Federal Schedule D, Form 8949, Form 4797 and/or Form 6252)

Enter on line 6 the gain/loss from the sale or exchange of real or tangible personal property regardless of where located. The Muskegon Income Tax Ordinance follows the Internal Revenue Code in its treatment of capital gains, with two exceptions:

Gains on the sales of obligations of the United States are not taxable on this return.

Gain or loss on property purchased prior to July 1, 1993 must be determined by one of the following methods:

- The basis may be the adjusted fair market value of the property on July 1, 1993 (June 30, 1993 closing price for traded securities), or
- Divide the number of months the property has been held since July 1, 1993 by the total number of months the property was held, and apply this fraction to the total gain or loss as reported on your federal income tax return.

Attach Federal Schedule D and Form 8949. Also attach Form 4797 and Form 6252 if applicable.

Line 7—Distributions from Subchapter S corporations.

Enter on line 7 cash or property distributions from S corporations from line 16, code D of Federal Schedule K-1. The Muskegon 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 distributed income from Federal Schedule K-1 lines 1 through 11, nor may you deduct your share of any loss or other deductions distributed by the corporation.

Attach copies 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.

Line 8—Income from estates and/or trusts.

Enter on line 8 all income from estates and/or trusts reported on your Federal Schedule E, page two. Income from an estate or trust is taxable to a Muskegon resident regardless of the location of the estate or trust, or the location of property it may own.

Attach a copy of Federal Schedule E, page two.

Line 9—Distributions from profit sharing plans, premature IRA distributions.

Enter on line 9 all early pension and profit sharing withdrawals and/or distributions subject to the 10% federal penalty. Also report on line 9 premature IRA distributions subject to the 10% federal penalty.

Line 10—Other income.

Enter on line 10 all other income reported on your federal return and not specifically exempted by the Muskegon City Income Tax Ordinance. Examples of the types of income reported on line 10 are gambling winnings, alimony received and miscellaneous income.

SCHEDULE 5—DEDUCTIONS

Part-year residents must allocate deductions the same way they allocate income. The only deductions allowed by the Income Tax Ordinance are:

Line 1—IRA deduction

The rules governing IRA deductions on this return are the same as under the Internal Revenue Code.

Contributions to ROTH IRA's are not deductible.

Attach Schedule 1 of Federal Form 1040.

A SEP retirement plan deduction must be entered on line 1b. of Schedule 4.

Line 2—Employee business expenses

The employee business expenses listed below are not subject to the same reductions and limitations required under the Internal Revenue Code. These expenses are, however, allowed only to the extent not paid or reimbursed by your employer and only when incurred in the performance of service for your employer.

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

- Expenses of travel, meals and lodging while away from home
- Expenses as an outside salesperson who works away from his employer's place of business (does not include driver/salesperson whose primary duty is service and delivery).
- Expenses of transportation (but not transportation to and from work).
- Expenses reimbursed under an expense account or other arrangement with your employer, if the reimbursement has been included in reported gross earnings.

You must attach a detailed list of your employee business expenses.

Line 3—Moving expenses

Moving expenses for certain Armed Forces members only into the City of Muskegon that qualify under the Internal Revenue Code as a deduction from federal gross income may be deducted on your Muskegon return.

You must attach a copy of Federal Form 3903 or a list of your moving expenses, including the distance in miles from where you moved.

Line 4—Alimony deduction (**CHILD SUPPORT IS NOT DEDUCTIBLE**)

Enter alimony deducted on your 2018 federal return.

You must attach a copy of Schedule 1 of your Federal Form 1040.

COMPLETING YOUR RETURN

After completing schedules 1 through 5 as applicable, transfer the results of schedules 1 through 5 to lines 1, 2, 3, 5 and 8 on the front of the form.

Follow the instructions on the front of the form for lines 4, 6 and 7.

Line 9—Tax due

If after computing your Muskegon Income tax and deducting your payments and credits, the balance due is one dollar (\$1.00) or more, it must be entered on Line 9.

Make check or money order payable to CITY OF MUSKEGON and mail this return to: MUSKEGON CITY INCOME TAX DEPARTMENT, P.O. BOX 29, MUSKEGON, MI 49443-0029. For direct electronic withdrawal, mark pay tax due, line 14b, and complete lines 14c, d, e and f. Withdrawal date (line 14f) must be no later than the due date of the return. If no date is entered, the default withdrawal date will be the date processed.

Line 10—Overpayment

If your total payments and credits on line 8 are more than Muskegon Tax on line 7, you have overpaid your tax for 2018.

- If you want your overpayment to be HELD and applied to your 2019 estimated tax, enter the overpayment on line 11.
- If you want to donate your refund select only 1 of the programs on line 12. Donation information is on the cover page of this booklet.
- If you want your overpayment MAILED to you, enter the overpayment on line 13.
- If you want your overpayment REFUNDED VIA DIRECT DEPOSIT, enter the overpayment on line 13 and complete the routing number, type of account and account number boxes provided in line 14.

Refunds or credits of less than one dollar (\$1.00) cannot be made.

NOTICE

These instructions are an interpretation of the Muskegon City Income Tax Ordinance. If any discrepancy exists between the instructions and the Ordinance, the Ordinance prevails.

CITY OF MUSKEGON RESIDENT INDIVIDUAL INCOME TAX RETURN

M-1040R

Due April 30, 2019

2018

Please print. Complete social security numbers are required.	Your first name & initial	Last name	Your Social Security Number--REQUIRED								
	If joint, spouse's first name & initial	Last name	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 16.6%;"> </td><td style="width: 16.6%;"> </td><td style="width: 16.6%;"> </td><td style="width: 16.6%;"> </td><td style="width: 16.6%;"> </td><td style="width: 16.6%;"> </td> </tr> </table>								
Home address (Number and street or rural route)			<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 16.6%;"> </td><td style="width: 16.6%;"> </td><td style="width: 16.6%;"> </td><td style="width: 16.6%;"> </td><td style="width: 16.6%;"> </td><td style="width: 16.6%;"> </td> </tr> </table>								
SEE INSTRUCTIONS	City, town or post office	State	Zip code	Day phone	Evening phone						

<input type="checkbox"/> Part Year Resident from ___/___/___ to ___/___/___ Former Address:	<input type="checkbox"/> Taxpayer only <input type="checkbox"/> Spouse only <input type="checkbox"/> Both	If married, is spouse filing a separate return? <input type="checkbox"/> Yes <input type="checkbox"/> No
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Schedule 1 Exemption Amount

Check boxes that apply:	Regular	65 or over	Blind/Deaf	Other	1. Number of boxes checked	
Yourself	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Number of dependent children and/or other dependents which you listed on your federal return	2.
Spouse	<input type="checkbox"/> **	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. Total number of exemptions--add lines 1 and 2	3.

***If this box is checked, you must enter spouse's social security number above and spouse must sign return

Multiply number of exemptions in line 3 by \$600 and enter on line 5 of return summary below.

Schedule 2 Wage Detail ATTACH MUSKEGON COPY OF FORM(S) W-2

Employer's name	Street address of actual work location(s)	Column A Muskegon tax withheld	Column B Total wages from Box 1 of W-2
		.00	.00
		.00	.00
		.00	.00
		.00	.00
Totals		1a. style="text-align: right;">.00	1b. style="text-align: right;">.00

Schedule 3 Payments

1. Tax withheld by your employer from line 1a. of Schedule 2	1.	.00	Attach copy of other return
2. 2018 estimated payments, credit from 2017 M-1040R, payment with extension	2.	.00	
3. Credit for tax paid to another city--from Page 2, Worksheet 1	3.	.00	
4. Total payments--enter here and on line 8 of return summary below	4.	.00	

Return Summary	1. Total wages, salaries and tips from Schedule 2, line 1b.	Attach your W-2 form(s)		1. .00
	2. Other income/loss from Page 2, Schedule 4, line 11			2. .00
	3. Deductions from Page 2, Schedule 5, Line 5 (Enter as negative amount)			3. .00
	4. Combine lines 1, 2 and 3. This is your total Muskegon income			4. .00
Exemptions	5. Multiply number of exemptions from Schedule 1, line 3 by \$600 and enter here			5. .00
Taxable Income	6. Subtract line 5 from line 4. This is your taxable income			6. .00
Tax	7. Multiply line 6 by one percent (.01) This is your Muskegon tax	Part Year Residents Enter <input type="checkbox"/> Tax from M-1040PY	Tax >>>	7. .00
Payments	8. Total of Muskegon payments from Schedule 3, line 4		Payments >>>	8. .00
Tax Due	9. If tax (line 7) is larger than payments (line 8) enter amount you owe. MAKE CHECK PAYABLE TO CITY OF MUSKEGON OR PAY WITH A DIRECT ELECTRONIC WITHDRAWAL (Mark pay tax due, line 14b, and complete lines 14 c,d,e & f)		Pay With Return >>>	9. .00
Overpayment	10. If payments (line 8) are larger than tax (line 7) ENTER OVERPAYMENT		Overpayment >>>	10. .00
Credit to 2019	11. Amount of overpayment to be held and applied to your 2019 estimated tax		Credit to 2019 >>>	11. .00
Donation	12. Check the appropriate box to donate your refund. Choose only one program. <input type="checkbox"/> Lakeshore Trail Improvements <input type="checkbox"/> Muskegon Farmers Market <input type="checkbox"/> Muskegon Dog Beach		Donation >>>	12. .00
Refund	13. Amount of overpayment to be refunded (For direct deposit, mark refund box, line 14a, and complete lines 14 c,d,e & f)		Refund >>>	13. .00
Direct Deposit or	14. Direct deposit refund or direct withdrawal payment Mark one: 14a <input type="checkbox"/> Refund-direct deposit 14b <input type="checkbox"/> Pay tax due-direct withdraw			
	c. Routing number	e. Type of account: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
Direct Payment	d. Account number			

I have read this return. Under the penalties of perjury, I declare that to the best of my knowledge and belief the return is true, correct and accurately lists all amounts and sources of Muskegon income I received during the tax year. If prepared by a person other than the taxpayer, his/her declaration is based on all information of which he/she has any knowledge.

PLEASE SIGN HERE	Your signature		Spouse's signature if joint return		Paid preparer's signature	
	Date	Your occupation	Date	Spouse's occupation	Address	

Schedule 4 Other Income/Loss							
PART YEAR RESIDENTS INCLUDE ONLY INCOME/LOSS ATTRIBUTABLE TO PERIOD OF RESIDENCY							
1. Interest income from Federal return	1a.	.00	U.S. interest	1b.	.00	1c.	.00
2. Dividend income from Federal return	2a.	.00	U.S. dividends	2b.	.00	2c.	.00
3. Income/loss from business--Federal Schedule C	3a.	.00	SEP deduction	3b.	.00	3c.	.00
4. Income/loss from rents/royalties--Federal Schedule E, page 1					4.	.00	
5. Income/loss from partnerships--Federal Schedule E, page 2					5.	.00	
6. Income/loss from sale or exchange of property (Capital gains)--Federal Schedule D/Form 8949					6.	.00	
7. Distributions from Subchapter S corporations--Federal Schedule K-1					7.	.00	
8. Income from estates/trusts--Federal Schedule E, page 2					8.	.00	
9. Premature distributions from profit sharing plans, pension plans and/or IRAs					9.	.00	
10. Other income (alimony received, gambling winnings, taxable scholarships, etc.)					10.	.00	
11. Total--combine lines 1c. through 10--enter here and on page 1, line 2 of return summary					11.	.00	

Schedule 5 Deductions	
PART YEAR RESIDENTS ALLOCATE DEDUCTIONS FOR PERIOD OF RESIDENCY	
1. IRA deduction--attach Schedule 1 of Federal 1040 (No deduction is allowed for contributions to a ROTH IRA)	1. .00
2. Employee business expenses--see instructions and attach detailed list	2. .00
3. Moving expenses--see instructions and attach Federal 3903	3. .00
4. Alimony paid--attach Schedule 1 of Federal 1040	4. .00
5. Total--add lines 1 through 4--enter here and on page 1, line 3 of return summary	5. .00

Worksheet 1 Credit for Tax Paid to Another City	
1. Total income after deductions (before exemptions) from 2018 non-resident city return	1. .00
2. Less: exemption amount from <u>Muskegon</u> return--page 1, line 5	2. .00
3. Subtract line 2 from line 1	3. .00
4. Rate	4. .005
5. Multiply line 4 by line 3--enter here and on page 1, schedule 3, line 3	5. .00
(Credit is limited to actual tax liability from other city's return)	
Part year residents: Include income on line 1 of this worksheet only to the extent that it is taxable by Muskegon as a resident and taxable by another city that imposes an income tax as a non-resident	
Note: You must complete a separate Worksheet 1 for each city in which you filed a non-resident return	
YOU MUST ATTACH A COPY OF PAGE ONE OF THE OTHER CITY'S RETURN	

Summary of Required Attachments	
All Filers:	If Applicable:
◆ All form W-2's	◆ Federal Schedule 1
◆ Page 1 and 2 of Federal Form 1040	◆ Federal Form 3903
	◆ Federal Schedule C
Filers Taking a Credit for Tax Paid to Another City:	◆ Federal Schedule D, Forms 8949, 4797, 6252
◆ Copy of page one of the other city(ies) return	◆ Federal Schedule E including Federal Schedule K-1 for all S corporations shown on Schedule E, if any
	◆ Copies of all forms 1099-R for taxpayers under age 65

Third Party Designee	
Do you want to allow another person to discuss this return with the Income Tax Department?	<input type="checkbox"/> Yes--Complete the following: <input type="checkbox"/> No
Designee's Name:	Phone No. ()

NON-RESIDENT INSTRUCTIONS

WHO MUST FILE A RETURN

Every nonresident who had income subject to Muskegon City income tax in 2018 of \$600 or more must file a return by April 30, 2019. See Taxable Income paragraph below.

Married persons may file either a joint return or separate returns. The total **Muskegon** income of both spouses must be included on a joint return, and each spouse must sign the return.

If you do not meet the requirements for filing a return but Muskegon tax was withheld or estimated tax was paid, you must file a return to receive a refund.

WHO MUST USE THIS FORM

Individuals who were nonresidents of the City of Muskegon during the entire year and worked in Muskegon must use this form.

An individual who was a resident of Muskegon during any part of the year must file form M-1040R (Resident form).

EXTENSION OF TIME TO FILE

The due date of this return may be extended for a period not to exceed six months. **When a city extension is granted, tentative tax must be paid by April 30, 2019.**

TAXABLE INCOME

The following income is subject to tax:

- Compensation received for work done or services performed in Muskegon—compensation includes, but is not limited to; salary, bonus, wages, commissions, vacation pay, holiday pay, sick pay, incentive pay to leave employment, incentive pay for “early retirement”, lump sum distribution of vacation pay, lump sum distribution of sick pay, employee savings plans, retirement stock purchase plans and profit sharing plans.
- The net profits from the operation of a business or profession attributable to business activity conducted in Muskegon whether or not such business is located in Muskegon.
- Net profits from the rental of real and tangible property located in Muskegon.
- Gain from the sale or exchange of real and tangible personal property located in Muskegon.
- Premature distribution of an Individual Retirement Account (IRA) when a deduction(s) has been taken on a Muskegon income tax return in previous year(s).

EXEMPT INCOME

Exempt income includes:

- Gifts, inheritances and bequests.
- Pensions (including disability pensions), social security, annuities, IRA distributions after age 59 ½, and rollover of amounts from IRA's to ROTH IRA's.
- Proceeds of insurance (except that 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).
- Unemployment compensation, supplemental unemployment benefits, welfare relief payments.
- Workers' compensation, or similar payments for death, injury or illness arising out of and in the course of an employee's job.
- Interest, dividends, and other forms of intangible income. (When the receipt of interest and other intangible income is part of a business, such interest, etc. shall be considered as business income taxable to nonresidents and reported on Schedule C.)
- Military pay of members of the National Guard and the Armed Forces of the United States.
- Income received by a nonresident as the result of disability after exhausting all vacation pay, holiday pay and sick pay.

DECLARATION OF ESTIMATED TAX

If you expect that your Muskegon income in 2019 not subject to withholding will be more than \$20,000 after deductions (\$100 in tax), you must file a Declaration of Estimated Tax (form M-1040ES) for 2019 by April 30, 2019 and pay at least one fourth (1/4) of the estimated 2019 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 the assessment of penalty and interest for the late payment of tax.

To avoid penalty and interest charges, you must pay in through withholdings and/or quarterly estimated payments at least 70% of your current year or prior year liability, whichever is lower.

If at any time during the year your income increases to such a level that one hundred dollars tax or more will be due at the end of the year, a Declaration of Estimated Tax must be filed.

LINE BY LINE INSTRUCTIONS

SCHEDULE 1—EXEMPTIONS

Lines 1-3

All individuals filing a Muskegon income tax return are allowed one personal exemption even if they are eligible to be claimed as a dependent on another filer's return. On a joint return both individuals are allowed one personal exemption.

Individuals who are 65 years of age or older may claim one additional personal exemption. On a joint return either one or both individuals if they qualify may claim one additional exemption for being 65 years of age or older.

Individuals who are legally blind may also claim an additional personal exemption. On a joint return either one or both individuals if they qualify may claim an additional exemption.

SCHEDULE 2—WAGE DETAIL

Columns A, B and C

Follow instruction (a) below if you performed all (100%) of your services in Muskegon. Use instruction (b) below if you performed part of your services in Muskegon.

- (a) Nonresidents who worked 100% of their time in Muskegon: Enter in Column A the full amount of your earnings as recorded on your W-2 statement. Enter the same amount in Column C.
- (b) Nonresidents who performed only part of their services in Muskegon: Enter in Column A the full amount of your earnings as recorded on your W-2 statement. Compute the amount to be entered in Column C by completing Schedule 4.

SCHEDULE 3—PAYMENTS

Line 1—Tax withheld by your employer

Enter the amount of Muskegon tax withheld as shown on your 2018 W-2 statement(s). The City of Muskegon copy of your W-2 statement, showing clearly the amount of Muskegon tax withheld must be submitted with your return before credit can be allowed for Muskegon tax withheld.

Line 2—Estimated payments, credit from a prior year, extension payments

If you made a payment(s) on a 2018 City of Muskegon Declaration of Estimated Tax, applied an overpayment from your 2017 Muskegon return to 2018, or made a payment with an extension, enter the total of all payments on line 2. In addition, enter any Muskegon income tax paid on your behalf by a partnership of which you are a partner on line 2. Please indicate to the right of the amount that the payment was made by a partnership.

SCHEDULE 4—WAGES EARNED IN MUSKEGON

Complete this schedule only if you worked both in and out of Muskegon for the same employer. Days worked on lines 1 and 2 of Schedule 4 refer only to the actual number of days you were on the job. Do not include holidays, vacation days or sick days. For full-time employment, use 260 days worked everywhere or attach a schedule showing how actual days were computed. Hours may be substituted for days.

SCHEDULE 5—OTHER INCOME/LOSS

The federal rules concerning passive losses are applicable to losses deducted on this return.

Line 1—Income/loss from business (for filers of Federal Schedule C)

You must attach a copy of Federal Schedule C.

NON-RESIDENT INSTRUCTIONS

If your Schedule C business is operated entirely within Muskegon, enter your Schedule C income/loss on line 1a. Enter your SEP deduction, if applicable, on line 1b. Subtract line 1b. from 1a. and enter the result on line 1c. If you have deducted a SEP contribution on line 1b. **you must attach a copy of Schedule 1 of your Federal Form 1040.**

If your Schedule C business is operated partly within Muskegon and partly within another locality, complete Worksheets 1 and 2 on page 2 to calculate the amount to be entered on line 1.

If your Schedule C business is operated entirely outside of Muskegon, do not enter an amount on line 1a. or 1b.

Line 2—Income/loss from rents/royalties (for filers of Federal Schedule E, page one)

If you have rent/royalty income/loss from property located in Muskegon, enter the applicable amount from your Federal Schedule E, page one on line 2. **Attach a copy of Federal Schedule E.**

Line 3—Income/loss from partnerships (for filers of Federal Schedule E, page two)

Enter your share of the partnership income/loss on line 3 of Schedule 5. Enter your share of ordinary income only. Your share of qualifying dividends, gains, etc. are treated as belonging to you as an individual.

A partner is not allowed to apportion income distributed by a partnership. All apportionment of distributed income must be made on the Muskegon Partnership Return, form M-1065.

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 distributed income nor may you deduct your share of any loss or other deductions distributed by the corporation.

Line 4—Income/loss from sale or exchange of property (for filers of Federal Schedule D or Form 4797)

Enter on line 4 the gain/loss from the sale or exchange of real or tangible personal property located in Muskegon. The Muskegon Income Tax Ordinance follows the Internal Revenue Code in its treatment of capital gains. All capital gains received from the sale or exchange of real or tangible personal property located within the City of Muskegon are fully taxable on this return.

Attach Federal Schedule D and Form 8949. Also attach Form 4797 and Form 6252 if applicable.

Line 5—Premature Pension/IRA distribution(s)

Enter on line 5 premature distributions (before age 59 ½) from an IRA when a deduction has been taken on a current or previous year's Muskegon Income Tax return and/or premature distributions from a pension plan. If you have completed Schedule 4, apply the percentage on Schedule 4, Line 3 to your total distribution and enter the taxable portion of the distribution on line 5.

SCHEDULE 6—DEDUCTIONS--All deductions are limited to the extent they apply to income earned in Muskegon. The only deductions allowed by the Income Tax Ordinance are:

Line 1—IRA deduction

The rules governing IRA deductions on this return are the same as under the Internal Revenue Code. Contributions to ROTH IRA's are not deductible. If you earned income on which the federal IRA deduction is based is earned both in and out of Muskegon, you must apportion your IRA deduction regardless of whether the income is from a single employer or multiple employers.

Attach Schedule 1 of Federal Form 1040.

A SEP retirement plan deduction must be entered on line 1b. of Schedule 5.

Line 2—Employee business expenses

The employee business expenses listed below are not subject to the same reductions and limitations required under the Internal Revenue Code. These expenses are, however, allowed only to the extent not paid or reimbursed by your employer and only when incurred in the performance of service for your employer.

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

- Expenses of travel, meals and lodging while away from home
- Expenses as an outside salesperson who works away from his employer's place of business (does not include driver/salesperson whose primary duty is service and delivery).
- Expenses of transportation (but not transportation to and from work).
- Expenses reimbursed under an expense account or other arrangement with your employer, if the reimbursement has been included in reported gross earnings.

You must attach a detailed list of your employee business expenses.

Line 3—Moving expenses

You must attach a copy of Federal Form 3903 or a list of your moving expenses, including the distance in miles from where you moved.

Line 7—Alimony deduction (**CHILD SUPPORT IS NOT DEDUCTIBLE**)

Alimony deducted on your 2018 federal return is subject to adjustment before it may be deducted on this return. The alimony adjustment is computed as follows:

Muskegon Income (Line 4, Page 1) (without alimony deduction)	X	Alimony Paid
Federal Adjusted Gross Income (without alimony deduction)		

You must attach a copy of page 2 and Schedule 1 of your Federal Form 1040.

COMPLETING YOUR RETURN

After completing schedules 1 through 6 as applicable, transfer the results of schedules 1 through 6 to lines 1, 2, 3, 5 and 8 on the front of the form.

Follow the instructions on the front of the form for lines 4, 6 and 7.

Line 9—Tax due

If after computing your Muskegon Income tax and deducting your payments and credits, the balance due is one dollar (\$1.00) or more, it must be entered on Line 9.

Make check or money order payable to CITY OF MUSKEGON and mail with this return to: MUSKEGON CITY INCOME TAX DEPARTMENT, P.O. BOX 29, MUSKEGON, MI 49443-0029. For direct electronic withdrawal, mark pay tax due, line 14b, and complete lines 14c, de, e and f. Withdrawal date (line 14f) must be no later than the due date of the return. If no date is entered, the default withdrawal date will be the date processed.

Line 10—Overpayment

If your total payments and credits on line 9 are more than Muskegon Tax on line 7, you have overpaid your tax for 2018.

1. If you want your overpayment to be HELD and applied to your 2019 estimated tax, enter the overpayment on line 11.
2. If you want to donate your refund select only 1 of the programs on line 12. Donation information is on the cover page of this booklet.
3. If you want your overpayment MAILED to you, enter the overpayment on line 13.
4. If you want your overpayment REFUNDED VIA DIRECT DEPOSIT, enter the overpayment on line 13 and complete the routing number, type of account and account number boxes provided in line 14.

Refunds or credits of less than one dollar (\$1.00) cannot be made.

THIRD PARTY DESIGNEE

If you want to allow a friend, family member or any other person you choose to discuss your 2018 tax return with the Income Tax Department, give the Department any information missing from your return, receive copies of notices and/or respond to notices about math errors, offsets and return preparation, check the "Yes" box in the designated area. Enter the designee's name and phone number. To designate the preparer who signed your return, enter "Preparer" in the space for designee's name.

CITY OF MUSKEGON NON-RESIDENT INDIVIDUAL INCOME TAX RETURN

M-1040NR

Due April 30, 2019

2018

Please print Complete social security numbers are required.	Your first name & initial	Last name	Your Social Security Number--REQUIRED									
	If joint, spouse's first name & initial	Last name	<table border="1" style="width:100%; height:20px;"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>									
Home address (Number and street or rural route)		<table border="1" style="width:100%; height:20px;"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>										
SEE INSTRUCTIONS	City, town or post office	State	Zip code	Day phone	Evening phone							

If married, is spouse filing a separate return? Yes No

Schedule 1 Exemption Amount								
Check boxes that apply:	Regular	65 or over	Blind/Deaf	Other	1. Number of boxes checked	1.		
Yourself	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Number of dependent children and/or other dependents which you listed on your federal return		2.	
Spouse	<input type="checkbox"/> **	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. Total number of exemptions--add lines 1 and 2		3.	
**If this box is checked, you must enter spouse's social security number above and spouse must sign return				Multiply number of exemptions in line 3 by \$600 and enter on line 5 of return summary below.				

Schedule 2 Wage Detail		Column A	Column B	Column C
Employer's name	Street address of actual work location(s)	Total wages from Box 1 of W-2	Muskegon Tax withheld	Wages earned in Muskegon from Schedule 4 (NOT BOX 18)
		.00	.00	.00
		.00	.00	.00
		.00	.00	.00
If additional lines are needed--attach schedule		Totals	1a.	1b.
		.00	.00	.00

Schedule 3 Payments		
1. Tax withheld by your employer from line 1b. of Schedule 2	1.	.00
2. 2018 estimated payments, credit from 2017 M-1040NR, payment with extension	2.	.00
3. Total payments--add lines 1 and 2--enter here and on line 8 of return summary below	3.	.00

Return Summary	1. Total wages, salaries and tips from Schedule 2, line 1c. Attach your W-2 form(s)	1.	.00
	2. Other income/loss from Page 2, Schedule 5, line 6	2.	.00
	3. Deductions from Page 2, Schedule 6, Line 8 (Enter as negative amount)	3.	.00
	4. Combine lines 1, 2 and 3. This is your total Muskegon income	4.	.00
Exemptions	5. Multiply number of exemptions from Schedule 1, line 3 by \$600 and enter here	5.	.00
Taxable Income	6. Subtract line 5 from line 4. This is your taxable income	6.	.00
Tax	7. Multiply line 6 by one-half of one percent (.005) This is your Muskegon tax Tax >>>	7.	.00
Payments	8. Total of Muskegon payments from Schedule 3, line 3 Payments >>>	8.	.00
Tax Due	9. If tax (line 7) is larger than payments (line 8) enter amount you owe. MAKE CHECK PAYABLE TO CITY OF MUSKEGON OR PAY WITH A DIRECT ELECTRONIC WITHDRAWAL (Mark pay tax due, line 14b, and complete lines 14 c,d,e & f) Pay With Return >>>	9.	.00
Overpayment	10. If payments (line 8) are larger than tax (line 7) ENTER OVERPAYMENT Overpayment >>>	10.	.00
Credit to 2019	11. Amount of overpayment to be held and applied to your 2019 estimated tax Credit to 2019 >>>	11.	.00
Donation	12. Check the appropriate box to donate your refund. Choose only one program. <input type="checkbox"/> Lakeshore Trail Improvements <input type="checkbox"/> Muskegon Farmers Market <input type="checkbox"/> Muskegon Dog Beach Donation >>>	12.	.00
Refund	13. Amount of overpayment to be refunded (For direct deposit, mark refund box, line 14a, and complete lines 14 c,d,e & f) Refund >>>	13.	.00
Direct Deposit or Direct Payment	14. Direct deposit refund or direct withdrawal payment. Mark one: 14a <input type="checkbox"/> Refund-direct deposit 14b <input type="checkbox"/> Pay tax due-direct withdraw c. Routing number <input type="text"/> e. Type of account: <input type="checkbox"/> Checking <input type="checkbox"/> Savings d. Account number <input type="text"/>		

I have read this return. Under the penalties of perjury, I declare that to the best of my knowledge and belief the return is true, correct and accurately lists all amounts and sources of Muskegon income I received during the tax year. If prepared by a person other than the taxpayer, his/her declaration is based on all information of which he/she has any knowledge.

PLEASE SIGN HERE	Your signature		Spouse's signature if joint return		Paid preparer's signature	
	Date	Your occupation	Date	Spouse's occupation	Address	

Schedule 4 Wages Earned in Muskegon

A SEPARATE COMPUTATION MUST BE MADE FOR EACH JOB PERFORMED BOTH INSIDE AND OUTSIDE OF MUSKEGON

	JOB #1	JOB #2
1. Actual number of days worked everywhere. (Do not include weekends off, vacations, sick days, etc.)	1.	1.
2. Actual number of days worked in Muskegon.	2.	2.
3. Percentage of days worked in Muskegon (line 2 divided by line 1)	3.	3.
4. Total wages shown in Box 1 of W-2	4. .00	4. .00
5. Wages earned in Muskegon (line 4 multiplied by percentage on line 3) Enter here and in Column C, "Wages earned in Muskegon," on Schedule 2	5. .00	5. .00

IMPORTANT! You must show the street address of your work station outside of Muskegon on Schedule 2 or your allocation will be disallowed.

Schedule 5 Other Income/Loss

INCLUDE INCOME/LOSS ONLY TO THE EXTENT THAT THE INCOME/LOSS IS RELATED TO MUSKEGON--SEE INSTRUCTIONS

1. Income/loss from business--Federal Schedule C	1a. .00	SEP deduction	1b. .00	1c. .00
2. Income/loss from rents/royalties--Federal Schedule E, page 1				2. .00
3. Income/loss from partnerships--Federal Schedule E, page 2				3. .00
4. Income/loss from sale or exchange of property (Capital gains)--Federal Schedule D/Form 8949				4. .00
5. Premature pension and IRA distributions				5. .00
6. Total--combine lines 1c. through 5--enter here and on page 1, line 2 of return summary				6. .00

Schedule 6 Deductions

1. IRA deduction--attach Schedule 1 of Federal 1040 (No deduction is allowed for contributions to a ROTH IRA)	1. .00
2. Employee business expenses--see instructions and attach detailed list	2. .00
3. Moving expenses--see instructions and attach Federal 3903	3. .00
4. Subtotal--add lines 1 through 3	4. .00
5. % from Schedule 4, line 3 (enter 100% if Schedule 4 is not required)	5.
6. Multiply line 4 by line 5	6. .00
7. Allowable alimony deductions--see instructions and Schedule 1 of Federal 1040	7. .00
8. Total deductions--add lines 6 and 7--enter here and on page 1, line 3 of return summary	8. .00

Worksheet 1

USE THIS WORKSHEET TO CALCULATE THE BUSINESS INCOME OR LOSS ATTRIBUTABLE TO MUSKEGON IF YOU OPERATE YOUR SCHEDULE C BUSINESS PARTLY WITHIN MUSKEGON AND PARTLY WITHIN OTHER LOCALITIES.

1. Net profit or loss from business--from Federal Schedule(s) C	1. .00
2. LESS: SEP deduction--attach copy of Schedule 1 of Federal Form 1040	2. .00
3. Subtotal--subtract line 2 from line 1	3. .00
4. Apportionment percentage from Worksheet 2 below	4.
5. Apportioned income--multiply line 3 by line 4	5. .00
6. LESS: applicable portion of net operating loss carryover	6. .00
7. Total--subtract line 6 from line 5--enter here and on Schedule 5, line 1c.	7. .00

Worksheet 2 Business Allocation Formula

	I		II	II Divided by I Percentage
	Located Everywhere	Located in Muskegon	Located in Muskegon	
8. Average net book value of real and tangible personal property				
a. Gross rent paid for real property multiplied by 8				
b. Total--add lines 8 and 8a.				
9. Total wages, salaries, commissions and other compensation of employees				
10. Gross receipts from sales made or services rendered				
11. Total percentages--add the three percentages computed for lines 8, 9 and 10 which you entered in the last column				
12. Average percentage--divide line 11 by 3--enter here and on line 4 of Worksheet 1				

Third Party Designee

Do you want to allow another person to discuss this return with the Income Tax Department? Yes--Complete the following: No

Designee's Name:

Phone No. ()



2018 MUSKEGON M-1040PY

TAX CALCULATIONS SCHEDULE FOR USE BY PART YEAR RESIDENTS

TAXPAYER'S NAME			SOCIAL SECURITY NUMBER		
2018 MUSKEGON RESIDENCY	NUMBER OF MONTHS	FROM	TO		
FORMER ADDRESS					

COLUMN 1	COLUMN 2	CATEGORIES OF INCOME			COLUMN 5	COLUMN 6
		COLUMN 3	COLUMN 4	COLUMN 5		
SOURCE OF INCOME	TOTAL INCOME ADJUSTMENTS OR DEDUCTIONS	EXCLUDABLE INCOME ADJUSTMENTS AND DEDUCTIONS	MUSKEGON INCOME EARNED AS A NON-RESIDENT	INCOME EARNED AS A RESIDENT	TOTAL INCOME SUBJECT TO TAX (COL. 4 + COL. 5)	
1a.	00	00	00	00	00	
1b.	00	00	00	00	00	
1c.	00	00	00	00	00	
1d.	00	00	00	00	00	
1e.	00	00	00	00	00	
1f.	00	00	00	00	00	
1g.	00	00	00	00	00	
1h.	00	00	00	00	00	
1i.	00	00	00	00	00	
1j.	00	00	00	00	00	
2. TOTALS	00	00	00	00	00	
3. PERCENTAGE OF TOTAL MUSKEGON INCOME					100%	
4. RENAISSANCE ZONE DEDUCTION						
5. EXEMPTION AMOUNT						
6. TAXABLE INCOME			00	00	00	
7. TAX RATES (0.5% = AND 1% = .01)			0.5%	1%		
8. TAX			00	00	00	

PLEASE ROUND TO THE NEAREST DOLLAR

INSTRUCTIONS FOR M-1040PY, TAX CALCULATION SCHEDULE

LINE 1. List each source of income (i.e, employer, Schedule C, interest, etc.) or deduction in column 1 and the total income or deduction from the item in column 2. Split the income or deduction between the different categories of income (columns 3, 4, and 5) based upon the time in each status and enter the income subject to tax in column 6.

LINE 2. Total column 2, column 3, column 4, column 5 and column 6 and enter the amounts.

LINE 3. Compute and enter in column 4 and column 5 the percentage of total income subject to tax by dividing the amount on line 2 of the column by the total income subject to tax (line 2 divided by column 6).

LINE 4. **Qualified Renaissance Zone** Individuals Only Enter amount from line 11 of Schedule RZ M-1040.

LINE 5. Enter in column 6 the total exemption credit from Form M-1040, line 16 and compute the exemption credit for column 4 and column 5 based upon the percentages on line 3 of the respective column.

LINE 6. Subtract line 4 and 5 from line 2 and enter the difference.

LINE 8. Multiply line 6 of column 4 and column 5 by the tax rate for the column from line 7 and enter the amount. Add the amounts in column 4 and column 5 and enter the total in column 6.

Enter the total from column 6, line 8 on Form M-1040, line 7.

ATTACH A COPY OF THE M-1040PY TO YOUR INCOME TAX RETURN

Return to:



INCOME TAX DEPARTMENT
P.O. BOX 29
MUSKEGON, MICHIGAN 49443

PRSRT STD
U.S. POSTAGE
PAID
PERMIT NO. 467
MUSKEGON, MICHIGAN

If mailing label affixed, please peel off label and place it over address area of your Muskegon Income Tax Return. Do not use a label containing an error.

PLEASE REMEMBER TO:

- ✓ Sign your return. If a joint return, both spouses must sign even if only one had income subject to Muskegon income tax.
- ✓ Attach a copy of page one of your Federal Form 1040.
- ✓ Attach copies of Form(s) W-2. If you are claiming a credit for Muskegon withholding, the locality name on your W-2 must be Muskegon.
- ✓ Attach Federal Schedules and other city returns as needed. See Summary of Required Attachments on page 2 of form M-1040R.

See instructions to determine if you are required to file quarterly estimated payments.

**Mail all refunds, payments to:
INCOME TAX DEPARTMENT
CITY OF MUSKEGON
PO BOX 29
MUSKEGON MI 49443-0029**

**ALL PAYMENTS:
Make checks out to: City Of Muskegon**