Multiply the number of exemptions allowed by $600.00. Include the extra no exclusions in column II, use column III only. Support figures with schedules.

Subtract column II from column I and enter difference in column III. If there are ON LINES 6, 7 AND 10 OF COLUMN I.

ATTACH COPIES OF FEDERAL SCHEDULES TO SUPPORT ALL ENTRIES subject to Muskegon income tax (exclusions). Explain exclusions by In column I enter income from Federal Return. In column II enter income NOT relationship, and the total number of exemptions claimed.

Complete the exemptions section by checking the boxes that apply to yourself your tax and attach it to the M-1040 filed.

If you were a resident for only part of 2008, use form M-1040TC to compute their tax.

Check the proper box to indicate your residency status.

If married and filing a separate return, enter your spouse's name and social security number.

Enter the name of your present employer.

Social security numbers must be correct and agree with those on the attached appropriate schedule on page 2.

The following income (included in column I) is not taxable to either a resident or non-resident:

1. Gifts and bequests; non-profit bingo winnings;
2. Proceeds of insurance, annuities, retirement plans (excluding early forfeiture);
3. Gifts and bequests; non-profit bingo winnings;
4. Supplemental unemployment benefits (S.U.B.) — are not taxable, therefore, repayment of (S.U.B.) is not allowed as a deduction.
5. IRS, Keogh, and SEP adjustments are allowed in proportion to taxable income if allowed on Federal return. Adjustments related to income not taxable by Muskegon are not allowed.

FTT must be paid with the return when filed, or by the due date.

The credit for payment of 2008 Estimated Income Tax, line 20 is the actual amount paid to the city for the 2008 tax year, not the allowable itemized deduction claimed on the federal return.

No deductions are allowed for personal expenses or itemized deductions such as, taxes on your home, sales tax, church and charitable deductions or medical expenses.

No deductions are allowed for state or federal taxes paid.

The adjustments allowed are those from page 1 of the Federal 1040, IRA deduction, moving expenses, Keogh and SEP plans, alimony and IRA deduction on page 1 of Federal 1040A. Adjustments to income include the following:

EXPEDITED INTEREST - allowed for residents only.

ALimony - must be prorated on basis of Muskegon taxable income to Federal taxable income. Do not include child support.

Supplemental unemployment benefits (S.U.B.) are not taxable, therefore, repayment of (S.U.B.) is not allowed as a deduction.

INSTRUCTIONS FOR PAGE 1

If a joint return, enter spouse’s first name, social security number and occupation.

If a joint return, enter spouse’s present employer.

If married and filing a separate return, enter your spouse's name and social security number in the separate return box. If you were married in 2008 and had a different residency status from that of your spouse, file separate returns or use form M-1040TC. Check the proper box to indicate your residency status.

If you were a resident for only part of 2008, use form M-1040TC to compute their tax and attach it to the M-1040 filed.

Complete the exemptions section by checking the boxes that apply to yourself and spouse, if a joint return. Enter the first names of dependent children that live with you and the total number of other dependents, their full names and relationship, and the total number of exemptions claimed.

In column I enter income from Federal Return. In column II enter income NOT subject to Muskegon income tax (exclusions). Explain exclusions by completing the schedules on page 2 or on separate schedules attached to the return.

ATTACH COPIES OF FEDERAL SCHEDULES TO SUPPORT ALL ENTRIES ON LINES 6, 7 AND 10 OF COLUMN I.

Subtract column II from column I and enter difference in column III. If there are no exclusions in column III, use column III only Support figures with schedules. Multiply the number of exemptions allowed by $600.00. Include the extra no exclusions in column II, use column III only. Support figures with schedules.

Subtract column II from column I and enter difference in column III. If there are no exclusions in column III, use column III only Support figures with schedules. Multiply the number of exemptions allowed by $600.00. Include the extra no exclusions in column II, use column III only. Support figures with schedules.
M-1040TC - Tax Calculation Schedule

A PART YEAR RESIDENT WITH TAXABLE INCOME AS BOTH A RESIDENT AND A NON-RESIDENT must use Form M-1040TC, Tax Calculation Schedule, to calculate the liability.

A part year resident who has taxable income only as a resident or non-resident may file using the regular M-1040 form including an explanation on Schedule J, page 2, stating: Part year resident with taxable income only as a resident (non-resident).

The tax rate for taxable income as a resident is 1% (21). The tax rate for taxable income as a non-resident is 0.5% (20).

Allocation of Income (Form M-1040TC)
Income is allocated according to the residency status for each item of income. Adjustments and deductions must be allocated in the same way income is allocated. Taxable income earned while a resident is reported in the Income Earned as a Resident column. Taxable income earned while a non-resident is reported in the Income Earned as a Non-resident column. Non-taxable income and deductible income as either a resident or non-resident is reported in the Excludable Income, Adjustments and Deductions column. Use the instructions for residents and non-residents as a guide to allocate income.

Follow the instructions on Form M-1040TC. If questions arise, phone the Income Tax Department at (231) 724-6772.

NOTE: Copies, schedules and other documentation supporting exclusions, adjustments and deductions must be attached. Failure to attach schedules and documentation or attaching incomplete or incorrect schedules and documentation will delay the processing of your return or result in deductions being disallowed.

M-1040TC - Tax Calculation Schedule

INSTRUCTIONS PAGE 3
**LINE 1 - Wages, Salaries, Tips, etc.**

Enter in column I the amount from Federal Form 1040, Form 1040A, or Form 1040EZ.

Enter in column II the allocable wages, salary, and tips. A non-resident is not on earnings received for work done or services performed in the City of Muskegon. The allocable portion of compensation paid to a non-resident for work performed for an employer both inside and outside of Muskegon is computed on Schedule A, line 1a through 1a. The exclusion is based on the percentage of time worked in and out of the City of Muskegon.

**PAYMENTS AND CREDITS**

1. Take credit for all estimated Muskegon Income Tax payments made for 2008 including last payment due in January 2009.

**LINE 20 - Payments on 2008 Declaration of Estimated Tax**

Take credit for all estimated Muskegon Income Tax payments made for 2008 including last payment due in January 2009.

**LINE 22 - Other Tax Credits**

Enter tax paid or on your behalf by a partnership in which you are a partner, or payments made on a tentative return.

**LINE 24 - Balance Due**

Tax due of one dollar ($1.00) or more must be paid in full. When the Return is Filed, Tax due of less than $1.00 need not be paid.

Make check or money order payable to CITY OF MUSKEGON.

NOTE: IF YOUR PAYMENT IS OVER $50.00, YOU MAY BE REQUIRED TO FILE A DECLARATION OF ESTIMATED INCOME TAX, FORM M-1040ES. SEE ESTIMATED TAX INSTRUCTIONS. PENALTY AND INTEREST WILL BE CHARGED IF YOU HAVE NOT FILED A REQUIRED ESTIMATE OR IF YOUR ESTIMATES ARE UNDERMINING.

**LINE 25, 26, and 27 - Overpayment**

Overpayment of less than one dollar ($1.00) will not be refunded and cannot be donated. All overpayments will be refunded or you can donate your refund to one of the donation programs, or credited to your 2009 estimated tax liability. To donate the overpayment, check the donation box on line 25 and enter the overpayment. To claim a refund, enter the overpayment on the two boxes. Complete line 26 through 26b if you want the refund credited to your 2009 estimated tax liability. Complete line 27 if you want the refund credited to your 2009 estimated tax liability. Refunds will be made as quickly as possible. Please allow 45 days before making an inquiry.

**LINE 3 - Dividends**

Enter dividends received from Federal Form 1040. NOT TAXABLE, leave blank.

**LINE 4 - Refunds, Credits, and Offsets**

Enter refunds and credits received from Federal Form 1040. NOT TAXABLE, leave blank.

**LINE 5 - Alimony Received**

Enter in column I the amount from Federal Form 1040. See instructions under "Resident" for methods of prorating Muskegon gains and losses. An estate or trust is required to pay the tax for a non-resident beneficiary and such income is excluded on the Individuals Muskegon Return.

**LINE 6 - Business Income**

Report in column I the amounts from Federal Form 1040.

Exclude in column II, annuity distributions and pension distributions qualifying as retirement benefits. Early distributions from a pension plan are not excludable if related compensation was subject to Muskegon tax.

**LINE 7 - Sale or Exchange of Property**

Report in column I the amount from Federal Form 1040. Exclude on Schedule F the portion of gains or losses from property located outside of Muskegon and the portion of gains or losses from property located in Muskegon occurring prior to July 1, 1993. See instructions under "Resident" for methods of prorating Muskegon gains and losses.

**LINE 8 - IRA Distributions**

Enter in column I the amount from Federal Form 1040. NOT TAXABLE, leave blank.

**LINE 9 - Pensions and Annuities**

Enter in column I the amount from Federal Form 1040. NOT TAXABLE, leave blank.

**LINE 10 - Social Security Benefits**

Enter in column I the amount from Federal Form 1040. NOT TAXABLE, leave blank.

**LINE 11 - Unemployment Compensation**

Report in column I the amount from Federal Form 1040. See instructions under "Resident" for methods of prorating Muskegon gains and losses. All tax remaining unpaid at the time a return is filed or after the due date, whichever date is earlier, is subject to penalty and interest. The penalty is 1% per month, not to exceed a total penalty of 25%. The interest rate is 1% above the prime rate on an annual basis.

The interest charge for penalty and interest is $2.00.

NOTE: Copies of federal schedules and/or other documentation explaining and supporting exclusions, adjustments and deductions must be attached to the return. Failure to attach schedules and documentation or attaching incomplete or incorrect schedules and documentation, will delay processing of the return or result in deductions being disallowed.