2010 MUSKEGON
INDIVIDUAL INCOME TAX RETURN
FORMS AND INSTRUCTIONS
FORM M-1040 AND FORM M-1040EZ

ALL PERSONS HAVING $600.00 OR MORE OF MUSKEGON TAXABLE INCOME DURING 2010 MUST FILE A RETURN

DONATE YOUR OVERPAYMENT

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 Recreational Center: Donations will be used by M.R.C. to fund athletic, recreational, and educational programs for Muskegon area youths. 3. Downtown Main Street: This program will use the donations to help create a vibrant 24-hour diverse downtown that is the focal point for arts, culture, festivals, dining, shopping and other social activities.

Taxpayers that have their taxes prepared professionally or by a software product will not be sent a tax booklet the following year. Tax forms are available online at: http://www.shorelinecity.com/incometax.asp

TAX FORMS

Donations will be used by M.R.C. to fund athletic, recreational, and educational programs for Muskegon area youths. This program will use the donations to help create a vibrant 24-hour diverse downtown that is the focal point for arts, culture, festivals, dining, shopping and other social activities.

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 May 2, 2011. 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

MAILING ADDRESS

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

DEDITION OF ESTIMATED INCOME TAX

If you are paying $100.00 or more with your 2010 return, you may need to file a Declaration of Estimated Income Tax, Form M-1040ES, for 2011. 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.

CHECK TO SEE THAT

- W-2 forms attached add up to the wages on line 1.
- W-2 forms attached add up to the Muskegon Tax withheld.
- Federal schedules attached support figures reported on lines 6, 7, 10 and 14. (M-1040 only)
- Schedules attached support all exclusions, adjustments and deductions claimed. (M-1040 only)
- A copy of other city's tax return is attached to support credit claimed.
- Front page of the Federal 1040 must be attached.

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.

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.

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WHO MUST FILE A RETURN

Every individual who had $600.00 or more of Muskegon taxable income during 2010, must file a City of Muskegon Individual Income Tax Return, Form M-1040.

The filing of a declaration of estimated tax does not excuse a taxpayer from filing an annual return if there is no change in the declared tax liability or an additional amount of tax due.

Partnerships, corporations, estates and trusts shall file on forms provided for their specific use.

Filing must be made on City of Muskegon forms. Other cities' forms are not acceptable.

The fact that a taxpayer is not required to file a federal income tax return does not relieve him/her from filing a Muskegon tax return.

MARRIED PERSONS - JOINT OR SEPARATE RETURNS

Married persons may file either a joint return or separate returns. If a joint return is filed, all income of both husband and wife must be included in the return. A joint return must be signed by both individuals, otherwise, it will not be treated as a joint return. Both names must be listed in the heading (i.e. John A. and Mary B. Doe).

If separate returns are filed, neither spouse can claim the other as a dependent on their separate return. In addition, children and other dependents may only be claimed by the spouse who claims such dependents under the Federal Internal Revenue Code.

Couples married during the year where one spouse had a different residency status than the other may file separate returns, based on each one’s place of employment and residency during the year, or the couple may file a joint return using Form M-1040TC to compute their tax.

EMPLOYERS THAT DID NOT WITHHOLD

On page 2, Schedule J, for employers who paid you or your spouse wages in 2010, but did not withhold Muskegon income tax and did not furnish a city copy of Form W-2 for Muskegon.

AMENDED RETURNS

An amended return, M-1040-X, must be filed where necessary to report additional income, pay additional tax due, or claim an additional refund. An amended return must be filed within 60 days of the date of a final determination of a federal tax liability which also affects the city income tax liability.

INSTRUCTIONS FOR PAGE 1

Enter your name, social security number, address and occupation in the boxes provided.

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

Social security numbers must be correct and agree with those on the attached W-2 forms. THIS IS IMPORTANT.

Enter the name of your present employer.

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

If married and filing a separate return, you must file a separate return. If you were married in 2010 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 2010, use form M-1040TC to compute your 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 on column III. If there are no exclusions in column II, use column III only. Support figures with schedules. 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.

Multiply line 17 by the proper tax rate to compute tax liability.

Be sure Muskegon tax withheld as claimed on line 19 agrees with the total tax withheld on the W-2 forms. The credit for payment of 2010 Estimated Income Tax, line 20 is the actual amount paid to the city for the 2010 tax year, not the allowable itemized deduction claimed on the federal return.

Credit for income tax paid to another Michigan city is claimed on line 21. Attach a copy of the other city's return to support credit.

If the total tax payments and tax credits, line 23, are less than tax liability, line 18, enter the tax due on line 24. If the tax due is more than $1,00, THE TAX MUST BE PAID WITH THE RETURN WHEN FILED, OR BY THE DUE DATE.

If line 23 is more than line 18, show overpayment to be donated on line 25 or refund requested on line 26 or credited to 2011 estimated tax on line 27.

The taxpayer, the spouse if a joint return, and the person preparing the return MUST SIGN THE RETURN.

ADJUSTMENTS AND DEDUCTIONS ALLOWED

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:

MOVING EXPENSE - for moving into the Muskegon area. Do not include expenses of moving from Muskegon. Attach a copy of Form 3903 or similar schedule.

EMPLOYEE BUSINESS EXPENSES - after adjustment for any reimbursement by employer, but not subject to the 50% federal reduction for meal expense. Attach a copy of form 2106 or similar schedule. Expenses are those allowed per IRS Code, limited to travel only. Business expenses claimed on Line 4 of Federal Form 2106 are not an allowable deduction on the Muskegon return unless the taxpayer qualifies as an outside salesperson. Prorate on basis of related taxable income. Expenses related to non-taxable income are not allowed.

IRA, 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.

FORFEITED 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.

EXEMPT INCOME

The following income (included in column I) is not taxable to either a resident or non-resident and should be excluded in column II and explained on the appropriate schedule on page 2. Gifts and bequests, non-profit bingo winnings, Proceeds of insurance, annuities, retirement plans (excluding early distributions) and social security; Welfare relief, unemployment benefits including supplemental unemployment benefits (S.U.B.), and worker’s compensation.

Interest from U.S. bonds, Municipal Bonds and Treasury Bills; Amounts paid to any employee as reimbursement for expenses necessarily and actually incurred in the performance of service and deductible as such by the employer; Compensation received for service in the armed forces of the United States, including the reserves.

DECEASED TAXPAYER

Attach Federal Form 1310, or death certificate, if taxpayer or spouse is deceased.

INSTRUCTIONS PAGE 2
TAXABLE AND NON-TAXABLE INCOME AND EXCLUSIONS

PART YEAR RESIDENT

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% (0.1). The tax rate for taxable income as a non-resident is 0.5% (0.005).

Allocation of Income on 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 excludable 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) 724-6770.

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.

RESIDENT

LINE 1 - Wages, Salaries, Tips, etc.

A resident is taxed on all earnings, including salary, bonus, separation and incentive payments, tips, commissions and other compensation for services rendered. REGARDLESS WHERE EARNED. EXAMPLE: Taxpayer lives in the City of Muskegon but works in Norton Shores and receives his paycheck from the home office in New York City. 100% of the compensation is taxable.

Report, on line 1, column I, the amount of wages, salaries, tips, etc. from Federal Return. (Form 1040, form 1040A, Form 1040EZ).

Military pay and supplemental unemployment benefits are NOT taxable. (Exclude on page 2 Schedule A, line 3).

Attach W-2 forms for all compensation or list the employers who did not withhold Muskegon tax in Schedule J.

A taxpayer, who was a resident part of the year and lived and worked outside the City, the balance of the year, shall be taxed only on his earnings while a resident.

LINE 2 - Interest

Interest is taxable the same as on the Federal return except interest on U.S.Bonds, Treasury Bills and notes is excluded.

Report on line 2, column I, the amount of taxable interest income from Federal Return. I (Form 1040, Form 1040A or 1040EZ) Exclude interest from U.S. Savings Bonds and Notes, Schedule A, line 1.

LINE 3 - Dividends

Dividends are taxable. Report on line 3, column I, the amount of dividend income from Federal Return. (Form 1040 or Form 1040A) Also report on line 3, column I any Sub-Chapter S distributions. (Sub-Chapter S distributions are dividends subject to Muskegon Income Tax)

Exclude margin interest paid on page 2, Schedule C, line 1.

LINE 4 - Net Capital Gains and Losses

Report on line 4, column I, the amount of taxable refunds, credits or offsets from Federal 1040. Exclude the amount from column I in column II as refunds, credits and offsets that are not taxable by Muskegon.

LINE 5 - Alimony Received

Report on line 5, column I, the amount of alimony received as reported on Federal 1040.

LINE 6 - Business Income

All self employment income is taxable. Report on line 6, column I, the total business income from Federal 1040.

Adjustments must be made for job credits, additional depreciation due to investment credits and meal and entertainment expenses. (see page 2 Schedule D)

LINE 7 - Sale or Exchange Property

Report on line 7, column I, the total long and short term capital gains and losses from Federal 1040. The portion of the capital gains and losses occurring before July 1, 1993 are excludable. Use Schedule F line 1a or If there is more than one sale or exchange, attach a separate schedule to document exclusion. The exclusion shall be computed from difference between the purchase price and fair market value at July 1, 1993 (June 30 closing price for traded securities) by prorating the gain or loss on the basis of the total months held to months in the non-taxable period. Include gains or losses from Federal Form 4797.

LINE 8 - IRA Distributions

Enter on line 8, column I, the IRA distributions reported on Federal Form 1040 or Form 1040A.

Exclude, in column II IRA distributions qualifying as retirement benefits. Premature IRA distributions are not excludable. ROTH rollover distributions are excludable.

LINE 9 - Pensions and Annuities

Enter on line 9 - column I, the pension and annuities reported on Federal Form 1040 or Form 1040A.

Annuity distributions are excludable. Pension distributions qualify as retirement benefits are excludable. Early distributions from a pension plan are not excludable.

LINE 10 - Supplemental Income

Enter on this line in column I, the total amount shown on the Federal Return, Form 1040.

Support exclusions with Schedule H, page 2 and by attaching Federal Schedules E and/or F. Exclude undistributed shares of Sub-Chapter S corporation income. Losses from passive activities are treated the same as on Federal Form 1040.

LINE 11 - Unemployment Compensation

Enter on line 11, column I, the Unemployment Compensation reported on Federal Form 1040 or Form 1040A. Exclude Unemployment compensation in column II. It is not taxable.

LINE 12 - Social Security

Enter on line 12, column I, the Social Security benefits reported on Federal Form 1040 or Form 1040A. Exclude Social Security in column II. It is not taxable.

LINE 13 - Other Income

Enter on line 13, column I, the other income reported on Federal Form 1040. Income items included on this line in would be gambling winnings, jury duty and other miscellaneous income. Identify the source of other income on Schedule J, page 2. Ordinary Income from Federal Form 4972, special averaging methods, is taxable, attach schedule.

Exclude bingo winnings and other miscellaneous income which is not taxable in column II. Document exclusions on Schedule J, page 2 or attach a separate schedule.

LINE 14 - Adjustments and Deductions

Enter in column III the total adjustments and deductions from page 2, Schedule D, line 6. Attach a copy of IRA contribution receipt to support an IRA contribution adjustment. Attach a copy of Federal Form 3903 to support moving expenses adjustment. Provide amount paid, name, address, and social security number of recipient to support employee business expense adjustment. Document other adjustments and deductions on Schedule I or attach other supporting documentation or schedules. The only adjustments allowed from page 1 of the Federal 1040 or 1040A: IRA deduction, moving expenses, Self-Employed SST, SIMPLE, and qualified plans, alimony paid. Other deductions below total income line on the Federal 1040 or 1040A are not allowed.

The City of Muskegon must approve your “Renaissance Zone Tax Exempt Status”. Before a tax return is filed with our department. A copy of the Renaissance Schedule RZ 1040 must accompany the tax return. Enter the Renaissance Zone deduction from Schedule RZ 1040. (qualified Renaissance Zone individuals only)

LINE 21 - Credit for Tax Paid to Another Michigan City

A resident may claim a credit for income tax paid to another Michigan city. The credit for tax paid to the other city is based on income that is also taxable in Muskegon. The credit allowed is the tax paid to the other city or 0.5% (.005) of the amount earned in that city during 2010 less exemptions allowed by the Muskegon Income Tax, whichever is smaller. Proof of payment to another city must be submitted. Attach a copy of the return filed with the other city. No credit is allowed for tax paid to a city in another state. (Refer to worksheet on the back of M-1040-TC).

INSTRUCTIONS PAGE 3
Instead of sending you a check. NOTE: If you do not want your refund directly deposited refund enter the overpayment on line 26a. Complete lines 26b through 26d if you want us to deposit it on your behalf. A separate schedule must be completed to allocate wages from each employer.

Attach W-2 forms showing all wages and Muskegon tax withheld. Use Schedule A, line 2 to explain exclusions of wages earned entirely outside of Muskegon. Part Year Residents see Part Year Resident Instructions on page 3 and use form M-1040EZ to calculate taxable income and tax due.

LINE 2 - Interest
NOT TAXABLE, leave blank.

LINE 3 - Dividends
NOT TAXABLE, leave blank.

LINE 4 - Refunds, Credits and Offsets
NOT TAXABLE, leave blank.

LINE 5 - Alimony Received
NOT TAXABLE, leave blank.

LINE 6 - Business Income
Report in column F the amount from Federal 1040. See “Resident” Instructions on page 3 for adjustments to business income.

NOTE: If your payment is over $100.00, you may be required to file a Declaration of Estimated Tax. See instructions under “Resident” for methods of prorating Muskegon gains and losses.

PAYMENTS AND CREDITS
LINE 19 - Total Tax Withheld by Employers
Enter total Muskegon tax withheld as shown on city or local copy W-2 forms. ATTACH COPIES OF ALL W-2 FORMS and be sure the total Muskegon tax withheld agrees with line 19. Round to the nearest dollar.

LINE 20 - Payments on 2010 Declaration of Estimated Tax
Tax credit for all estimated Muskegon Income Tax payments made for 2010 including last payment due in January 2011.

LINE 22 - Other Tax Credits
Enter tax paid on your behalf by a partnership of which you are a partner, or payments made on a tentative return.

TAX DUE OR REFUND
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 $100.00, YOU MUST BE REQUIRED TO FILE A DECLARATION OF ESTIMATED INCOME TAX. FORM M-1040EZ. SEE ESTIMATED TAX INSTRUCTIONS. PENALTY AND INTEREST WILL BE CHARGED IF YOU HAVE NOT FILED A REQUIRED ESTIMATE OR IF YOUR ESTIMATES ARE UNDERDING.

LINE 25, 26 and 27 - Overpayment
Overpayment of less than one dollar ($1.00) will not be refunded and cannot be donated. All other overpayments tell be refunded or it can denote your related in one of the donation programs, or credited to the 2010 estimated tax liability. To donate the overpayment, check the donation box on line 23 and enter the overpayment. To claim a refund, refer to the overpayment on line 26. Complete lines 26b through 26d if you want us to directly deposit the amount shown on line 15a into your checking or savings account at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) instead of sending you a check. NOTE: If you do not want your refund directly deposited into your account, leave lines 26b through 26d blank. Enter the overpayment on line 27 if you want by credit card to your 2011 estimated tax liability. Refunds will be made as quickly as possible. Please allow 45 days before making an inquiry.

INSTRUCTIONS PAGE 4
<table>
<thead>
<tr>
<th>INCOME</th>
<th>ATTACH SCHEDULES TO SUPPORT FIGURES (LINES 1 THROUGH 14)</th>
<th>COLUMN I (EXCLUSIONS)</th>
<th>COLUMN I (EXCLUSIONS)</th>
<th>PAGE 2</th>
<th>COLUMN I (TAXABLE INCOME)</th>
<th>COLUMN I (TAXABLE INCOME)</th>
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<tbody>
<tr>
<td>1. Total wages, salaries and tips.</td>
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<td>2. Interest (not taxable to non-residents)</td>
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<td>3. Dividends (not taxable to non-residents)</td>
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<td>4. Social security</td>
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<td>5. Pensions and annuities</td>
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<td>6. Business income (attach Fed Sch C)</td>
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<td>7. Sale or exchange of property (attach Fed Sch B and/or Form 4797)</td>
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<td>8. IRA distributions</td>
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<td>9. Supplements income (attach Fed Sch E and/or Sch F)</td>
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<td>10. Unemployment compensation</td>
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<td>11. Medical expenses (attach schedule or explanation)</td>
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<td>12. Adjustments and deductions (attach schedule or related federal schedule)</td>
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**PAYMENTS AND CREDITS**

- 13. Total income (lines 1 through 14) 

**TAX DUE OR REFUND**

- 14. Tax due (taxable income times 0.01) for residents or 0.005 for non-residents

**PLEASE ROUND TO THE NEAREST DOLLAR**

- 15. Less exemptions (total line 14 less exemptions above) 

- 16. Taxable income (original line 15 less line 16) 

- 17. Tax credits (attach Fed Sch B) for residents and/or line 16 for non-residents or check box D and attach Form M-1040TC 

**EACH COPY OF THIS FORM MUST BE RETAINED BY THE INCOME TAX DEPARTMENT**

Please see sample on the back page of the M-1040TC.
### SCHEDULE A - EXCLUDABLE WAGES, ETC.

<table>
<thead>
<tr>
<th>Employer</th>
<th>Column I (Located Everywhere)</th>
<th>Column II (Located in Muskegon)</th>
<th>Column III (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
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**Notes:**
- List each employer and schedule each separately.
- Calculates excludable income.

### SCHEDULE B - INTEREST DEDUCTIONS

<table>
<thead>
<tr>
<th>Employer</th>
<th>Column I (Located Everywhere)</th>
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<th>Column III (Percentage)</th>
</tr>
</thead>
<tbody>
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</table>

**Notes:**
- Calculates total interest deductions.

### SCHEDULE C - DIVIDEND EXCLUDATIONS

<table>
<thead>
<tr>
<th>Employer</th>
<th>Column I (Located Everywhere)</th>
<th>Column II (Located in Muskegon)</th>
<th>Column III (Percentage)</th>
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</table>

**Notes:**
- Calculates dividend excludations.

### SCHEDULE D - BUSINESS INCOME EXCLUDATIONS

<table>
<thead>
<tr>
<th>Employer</th>
<th>Column I (Located Everywhere)</th>
<th>Column II (Located in Muskegon)</th>
<th>Column III (Percentage)</th>
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</thead>
<tbody>
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<td>a.</td>
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</tbody>
</table>

**Notes:**
- Calculates total business income excludations.

### SCHEDULE E - BUSINESS ALLOCATION PERCENTAGE

<table>
<thead>
<tr>
<th>Employer</th>
<th>Column I (Located Everywhere)</th>
<th>Column II (Located in Muskegon)</th>
<th>Column III (Percentage)</th>
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</tbody>
</table>

**Notes:**
- Calculates business allocation percentages.

### SCHEDULE F - SALE OR EXCHANGE OF PROPERTY EXCLUDATIONS

<table>
<thead>
<tr>
<th>Employer</th>
<th>Column I (Located Everywhere)</th>
<th>Column II (Located in Muskegon)</th>
<th>Column III (Percentage)</th>
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</table>

**Notes:**
- Calculates sale or exchange of property excludations.

### SCHEDULE G - IRA AND PENSION EXCLUDATIONS

<table>
<thead>
<tr>
<th>Employer</th>
<th>Column I (Located Everywhere)</th>
<th>Column II (Located in Muskegon)</th>
<th>Column III (Percentage)</th>
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</table>

**Notes:**
- Calculates IRA and pension excludations.

### SCHEDULE H - SUPPLEMENTAL INCOME EXCLUDATIONS

<table>
<thead>
<tr>
<th>Employer</th>
<th>Column I (Located Everywhere)</th>
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**Notes:**
- Calculates supplemental income excludations.

### SCHEDULE I - ADJUSTMENTS AND DEDUCTIONS ALLOWED

<table>
<thead>
<tr>
<th>Employer</th>
<th>Column I (Located Everywhere)</th>
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**Notes:**
- Calculates total adjustments and deductions allowed.

### SCHEDULE J - USE TO LIST EMPLOYERS WHO DID NOT WITHHOLD, EXPLAIN SPECIAL TAX COMPUTATION, MAKE EXPLANATIONS NOT SHOWN ELSEWHERE OR IN LIEU OF SCHEDULE

<table>
<thead>
<tr>
<th>Employer</th>
<th>Column I (Located Everywhere)</th>
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**Notes:**
- Provides additional space for explanations.

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**IF ADDITIONAL SPACE IS NEEDED, SHOW INFORMATION ON A SEPARATE SHEET (EXPLAIN IN FULL)**
### 2010 MUSKEGON M-1040EZ

**INDIVIDUAL INCOME TAX RETURN – DUE DATE MAY 2, 2011**

**REFER TO INSTRUCTIONS ON BACK TO SEE WHO CAN USE THIS FORM**

- **USE THE MUSKEGON MAILING LABEL. OTHERWISE PLEASE PRINT**
- **SEE INSTRUCTIONS ON BACK**

#### INCOME

<table>
<thead>
<tr>
<th>Attach Copy 2 of Your W-2 Form(s) Here</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check box if this is the first time you filed a Muskegon return.</td>
</tr>
<tr>
<td>Check box if your address has changed since filing your 2009 return.</td>
</tr>
<tr>
<td>Check box if you do not need a return form mailed to you next year.</td>
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</tbody>
</table>

#### TAXABLE INCOME

1. Total wages, salaries, and tips. (See instructions on back.)

2. Interest income. (See instructions on back.)

3. Dividend income. (See instructions on back.)

4. Add lines 1, 2, and 3. This is your total Muskegon income.

#### EXEMPTION AMOUNT

5. Enter amount from Exemption Worksheet on back; or if SINGLE enter $600.00; or if MARRIED filing jointly enter $1,200.00.

#### TAX

6. Subtract line 5 from line 4. This is your taxable income.

7. **RESIDENTS:** Multiply line 6 by one percent (01). **NON-RESIDENTS:** Multiply line 6 by one-half of one percent (005).

#### PAYMENTS AND CREDITS

8. Total Muskegon tax withheld by employers (attach W-2 forms showing Muskegon withheld).


10. Credit for income tax paid to another Michigan city (RESIDENTS ONLY). (Attach copy of other city’s return.)

11. Add lines 8, 9, and 10 and enter here.

#### TOTAL

12. If line 7 is larger than line 11, subtract line 11 from line 7. This is the amount you owe. Please attach your payment. Make check payable to: City of Muskegon. If payment due is greater than $100.00, you may be assessed additional penalties and interest if you were required to pay estimated taxes.

13. If line 11 is larger than line 7, subtract line 7 from line 11. This is your refund. Allow at least 45 days.

14. Check the appropriate box to donate your refund. Choose only one program.

#### REFUNDS AND CREDITS

- Lakeshore Trail Improvements
- Muskegon Recreational Center
- Downtown Main Street

15. Check this box to credit this refund to the 2011 estimated tax liability.

---

*For City of Muskegon use. Please do not write in box.*

---

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.

Mail return to: Income Tax Department, P.O. Box 29, Muskegon, MI 49443-0029.

---

**Machine Certification**

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Filename: t:giafdataapproved\grokleu\cityof=2-71474tax.f3f, Date: 12-13-110 9:53:22

Sheet: 4, Copy: Front, Scale: 100%, Type: Manufacturing
2010 INSTRUCTIONS FOR FORM M-1040EZ

WHO CAN USE THIS FORM

USE THIS FORM IF:

You were a resident of Muskegon for all of 2010 with income from wages, interest or dividends with none of the income being excludable from Muskegon income tax and the tax payments are Muskegon tax withheld, estimated tax payments and credit for income tax paid to another Michigan city; or

You were a non-resident of Muskegon for all of 2010 with wages earned in Muskegon and none of the earnings from Muskegon employers is excludable from Muskegon income tax.

YOU CANNOT USE THIS FORM IF:

You received alimony payments, had Muskegon business income (Sch C), sold or exchanged property (Sch D or 4797), had taxable IRA distributions, taxable pension/annuity distributions, supplemental income (Sch E or F), miscellaneous income, exclusions or adjustments.

YOUR RETURN

Because this form is designed to be read by a machine, please print your numbers inside the boxes like this:

\[1\ 2\ 3\ 4\ 5\ 0\ 0\]

Do not type your numbers. Do not use dollar signs.

NAME AND SOCIAL SECURITY NUMBER

Fill in your first name, middle initial, last name and social security number. If a joint return, also fill in your spouse's first name, middle initial, last name and social security number.

FIRST RETURN

Check the first return box if this is the first time you filed a Muskegon income tax return.

ADDRESS CHANGE

Check the address change box if your address has changed since filing your 2009 Muskegon income tax return.

RESIDENCY STATUS

Check the resident or non-resident box under Residency Status.

A part year resident of Muskegon cannot use this form.

MARRIED FILING SEPARATELY

If married and filing separately, enter spouse's name and social security number in Married Filing Separately box.

INCOME

If you have income on your federal income tax return that is not taxable by Muskegon, use Form M-1040.

LINE 1. TOTAL WAGES, SALARIES AND TIPS

Residents and non-residents enter the amount of wages reported on your Federal Return.

LINE 2. INTEREST INCOME

Residents enter the amount of taxable interest income reported on your Federal Return.

Non-residents enter zero. Interest income is not taxable to a non-resident.

LINE 3. DIVIDEND INCOME

Residents enter the amount of dividend income reported on your Federal Return.

Non-residents enter zero. Dividend income is not taxable to a non-resident.

LINE 4. TOTAL MUSKEGON INCOME

Enter the total of lines 1, 2 and 3.

PAYMENTS AND CREDITS

LINE 5. Exemptions

Residents and non-residents enter the total estimated income tax paid during 2010 including the amount paid with voucher 4 due January 31, 2011.

LINE 10. Overpayments

Residents may take credit for income tax paid to another Michigan city. The credit is limited to the Muskegon non-resident rate of 0.5% (.005) and the Muskegon exemption of $600.00 per person. (Refer to Worksheet on the back of M-1040TC)

TAX DUE

LINE 12. Tax due of one dollar ($1.00) or more must be paid in full when the return is filed. Make check or money order payable to: the City of Muskegon. If your payment is over $100.00, you may be assessed additional penalties and interest if you are required to file estimated tax vouchers.

OVERPAYMENTS

LINE 13, 14, and 15. Overpayments

Overpayments of less than one dollar ($1.00) will not be refunded and cannot be donated. All other overpayments will be refunded or may be donated or credited to the 2011 estimated tax liability. To donate the overpayment, check the appropriate box on line 14 and enter the amount. To claim a refund, enter the overpayment on line 13a. Complete lines 13b through 13d if you want us to directly deposit the amount shown on line 11a into your checking or savings account at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) instead of sending you a check. NOTE: If you do not want your refund directly deposited into your account, leave lines 13b through 13d blank. Enter the overpayment on line 15 if you want it credited to your 2011 estimated tax liability.

EXEMPTION AMOUNT

LINE 5. EXEMPTION AMOUNT

Complete worksheet below and enter the total from box 5a on page 1, line 5.

EXEMPTION WORKSHEET

1. CHECK BOXES THAT APPLY

\[\text{Regular} \quad \text{65 and over} \quad \text{blind} \quad \text{deaf} \quad \text{paraplegic, quadriplegic, hemiplegic or totally and permanently disabled} \quad \text{number of boxes checked} \]

2. ENTER FIRST THREE DIGITS OF SOCIAL SECURITY NUMBER

3. ENTER LAST NAME OF CHILDREN LISTED WITH YOU

4. ENTER SOCIAL SECURITY NUMBER OF CHILDREN LISTED WITH YOU

5. ENTER TOTAL NUMBER OF CHILDREN EXCLUDED IN BOX 1A, 1B AND 1C. ENTER THE TOTAL IN BOX 4A.

6. ENTER TOTAL NUMBER OF EXEMPTIONS IN BOX 4A BY MULTIPLYING 30 AND ENTER THE TOTAL IN BOX 5A AND ON PAGE 1, LINE 5.

Thank You
# TAX CALCULATIONS SCHEDULE

FOR USE BY PART YEAR RESIDENTS

## 2010 MUSKEGON M-1040TC

**TAXPAYER’S NAME**

**SOCIAL SECURITY NUMBER**

**2010 MUSKEGON RESIDENCY NUMBER OF MONTHS**

**FROM**

**TO**

**FORMER ADDRESS**

---

## CATEGORIES OF INCOME

<table>
<thead>
<tr>
<th>COLUMN 1</th>
<th>COLUMN 2</th>
<th>COLUMN 3</th>
<th>COLUMN 4</th>
<th>COLUMN 5</th>
<th>COLUMN 6</th>
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<tbody>
<tr>
<td>SOURCES OF INCOME</td>
<td>TOTAL INCOME ADJUSTMENTS OR DEDUCTIONS</td>
<td>EXCLUDABLE INCOME ADJUSTMENTS AND DEDUCTIONS</td>
<td>MUSKEGON INCOME EARNED AS A NON-RESIDENT</td>
<td>INCOME EARNED AS A RESIDENT</td>
<td>TOTAL INCOME SUBJECT TO TAX (COL. 4 + COL. 5)</td>
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</tbody>
</table>

## 3. PERCENTAGE OF TOTAL MUSKEGON INCOME

100%

## 4. RENAISSANCE ZONE DEDUCTION

## 5. EXEMPTION AMOUNT

## 6. TAXABLE INCOME

## 7. TAX RATES (0.5% = .005 AND 1% = .01)

<table>
<thead>
<tr>
<th>0.5%</th>
<th>1%</th>
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## 8. TAX

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INSTRUCTIONS FOR M-1040TC, 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, and column 5 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 18.

**ATTACH A COPY OF THE M-1040TC TO YOUR INCOME TAX RETURN**
CITY CREDIT WORKSHEET

CREDIT FOR TAX PAID TO ANOTHER MICHIGAN CITY

A resident shall be allowed a credit against the city income tax for the amount paid to the other municipality. The credit for tax paid to the other city is based upon income that is also taxable in Muskegon. The credit shall not exceed the amount of taxes which would be assessed under the City of Muskegon Income Ordinance on the same amount of income of a nonresident (.005). The credit allowed is the tax paid to the other city or 0.5% (.005) of the amount earned in that city during 2010, less exemptions allowed by the Muskegon Income Tax, whichever is smaller. Proof of payment to another city must be submitted. Attach a copy of the return filed with the other city. No credit is allowed for tax paid to another city in another state.

Part year residents:
Include income on line 1 of this worksheet only to the extent that is taxable by Muskegon as a resident and taxable by another city that imposes an income tax as a non-resident.

1. Enter the income earned in another Michigan city that has a local tax.
2. Less: exemption amount from the Muskegon return.
   Number of exemptions x $600.00
3. Subtract line 2 from line 1.
4. Rate.
5. Multiply line 3 by line 4. Enter here and on M-1040 line 21 or M-1040EZ line 10.

NOTE: You must complete a separate City Credit Worksheet for each city in which you file a non-resident return.
TO AVOID UNNECESSARY CORRESPONDENCE
AND A DELAY IN PROCESSING YOUR TAX RETURN
CHECK TO SEE THAT:

- You signed your return, and if a joint return, that your spouse signed the return.
- Box 1 of the W-2 form(s) is attached to your return and that the wages add up to the same amount reported on line 1.
- Box 19 of the W-2 form(s) add up to the Muskegon tax withheld.
- Copies of federal schedules are attached to your return to supporting items reported on lines 6, 7, 10 and 14. (M-1040 only)
- Copies of schedules are attached to your return to supporting all exclusions, adjustments and deductions claimed (M-1040 only)
- A copy of the other city's return is attached to support your credit for tax paid to another Michigan city
- Payment is enclosed for the entire balance due, if applicable
- Front page of the Federal 1040, 1040A or 1040 EZ

THANK YOU

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
Write your social security number on the check or money order.