

2007

CITY OF BIG RAPIDS
PARTNERSHIP
INCOME TAX RETURN

2007

FORM 1065

FOR: **PARTNERSHIPS DOING**
BUSINESS IN BIG RAPIDS, MICHIGAN

FILING INSTRUCTIONS

Filing Date: Calendar year taxpayers must file by April 30. Fiscal year taxpayers must file within 4 months after the end of their fiscal year.

REMITTANCE: Partnerships electing to pay tax for partners must remit for all partners when filing return. The tax due, if one dollar (\$1.00) or more, must be paid when filing the return. Make remittance payable to:

CITY OF BIG RAPIDS

MAILING ADDRESS: Mail your return and remittance to:

**CITY OF BIG RAPIDS
CITY TREASURER
226 NORTH MICHIGAN AVENUE
BIG RAPIDS, MICHIGAN 49307**

Partnerships Required to File

Every partnership that conducts business activities in the City of Big Rapids, whether or not an office or place of business is maintained in the City, is required to file a return within four (4) months following the end of the taxable year. If on a calendar year basis, the return must be filed by April 30. **If the partnership elects to pass through the income to the partners on their personal return, then do not file Form 1065 with the City of Big Rapids.**

FORM TO BE USED

If a partnership elects to pay for all partners when filing the return, the Partnership Summary Return provided shall be attached to a copy of the Federal 1065 or required information should be carried over to Federal Schedule E and attached to BR 1040.

Resident vs. Non-Resident Partner

Partners who are residents of Big Rapids are taxed on their entire distributive shares of the net profits of the partnership, including that arising from the business activity outside the City, and including interest, dividends, and royalties and gains from the

sale or exchange of property, either tangible or intangible. Partners who are non-residents of Big Rapids are taxed on their distributive shares of the net profit which is attributed to business activity in the City, plus net rentals of property in the City and gains from the sale or exchange of real or tangible personal property in the City. They are not taxed on their share of net rentals on property outside the City, gains from the sale or exchange of real or tangible property outside the City, gains from the sale or exchange of securities or other tangible property, or interest or dividends.

Option to Pay Tax

At its election, the partnership may file either an information return or it may compute and pay the tax which is due with respect to each partner's share of the net profit of the business, after giving effect to exemptions and other items to which each partner is entitled. Such election is available to all partnerships regardless of the residency of the partners. The partnership may pay the tax for partners only if it pays for all partners subject to the tax.

If the partnership elects to pay the tax on behalf of the partners thereof, then such election and payments shall be deemed to meet the requirements for filing of a return as provided by the Ordinance, for each partner who has no other income subject to the tax. However a return shall be required from any partner having taxable income other than his distributive share of the net profits of the partnership.

Partnership as Taxpayer

If the partnership elects to pay the tax on behalf of the partners, then it assumes the status of the taxpayer to the following extent:

- 1. Timely payment.** Payment must be made within four (4) months from the end of the fiscal year or period; otherwise, it will be subject to interest and penalties the same as a delinquent payment from any other taxpayer.
- 2. Payment of estimated tax.** The election of the partnership to pay the tax on behalf of the individual partners also carries with it the requirement to file a Declaration of Estimated Income Tax Form BR 1040ES if the total estimated tax for the partnership is expected to exceed \$100 and pay such tax.

2007

CITY OF BIG RAPIDS
CORPORATION
INCOME TAX RETURN

2007

FORM 1120

FOR: **CORPORATIONS DOING**
BUSINESS IN BIG RAPIDS, MICHIGAN

FILING INSTRUCTIONS

Filing Date: Calendar year taxpayers must file by April 30. Fiscal year taxpayers must file within 4 months after the end of their fiscal year.

REMITTANCE: The tax due, if one dollar (\$1.00) or more, must be paid when filing the return. Make remittance payable to:

CITY OF BIG RAPIDS

MAILING ADDRESS: Mail your return and remittance to:

**CITY OF BIG RAPIDS
CITY TREASURER
226 NORTH MICHIGAN AVENUE
BIG RAPIDS, MICHIGAN 49307**

Corporations Required to File

Every corporation doing business in the City, whether or not it has an office or place of business in the city, and whether or not it has net profits, is required to file a City of Big Rapids Income Tax Corporation Return.

Corporations cannot elect to file and be taxed as partnerships. (Likewise, partnerships cannot elect to file and be taxed as corporations.)

Non-profit corporations which have applied for and received approval for exemptions from the Federal Income tax shall not be required to file a Big Rapids return provided they submit approval from the Internal Revenue Service. Such exemption for the City's filing requirement will continue in effect as long as their Federal exemption is in effect.

The Ordinance also specifically exempts state and national banks, trust companies, insurance companies, building and loan and savings and loan associations, and credit unions (either state chartered or federal chartered).

FORM TO BE USED

The Corporate Summary Return shall be attached to a copy of the Federal 1120.

Losses

Net operating loss carry-over and/or net capital loss carry-over applicable to Big Rapids operating losses and net capital losses sustained by a corporation may be carried forward twenty years. There is no provision for carrying back losses to prior tax years. No deductions will be allowed for net operating losses and net capital losses sustained prior to January 1, 1970. Capital losses and capital loss carry-overs are deductible only to the extent of capital gains. Losses are to be allocated to Big Rapids at the percentage of business conducted in Big Rapids in the year in which the loss was sustained. If all business was not conducted in Big Rapids in the year in which the loss was sustained, use the business allocation percentage formula to arrive at the deductible portion of the loss. If you do not conduct 100% of your business in Big Rapids, attach a schedule showing your computation for the amount reported on this line.

Corporations are not permitted to file as so-called "tax option" corporations. Every corporation subject to the city tax must file a return and pay the tax, regardless of any option available to it under Section 1371-1377 of the Federal Internal Revenue Code. The taxable income or net operating loss of a corporation shall not be prorated to the shareholders and reported on their individual returns.

Attach Federal Form 1065, 1120, 1120A, or 1120S

City of Big Rapids

Income Tax Summary Return For Partnerships or Corporations

2007

or other taxable year beginning _____ 2007 ENDING _____

Name of Partnership or Corporation

Address _____

Principal Business Activity _____
Federal I.D.# _____

This return is paying tax for all partners or officers.

Attach copies of all K-1s

Table with 11 rows for tax calculations: 1) Income carried over, 2) Add: Big Rapids Income Tax Paid, 3) Subtract: Interest from Government Obligations, etc.

PAYMENTS AND CREDITS

Table with 3 rows for payments and credits: 12) a. Credit from prior year, b. Payment made on 2007 Declaration, c. Tax paid with extension, 13) TOTAL

PAYMENTS AND CREDITS

Table with 4 rows for payments and credits: 14) Penalty and interest, 15) If your tax is larger than payments, 16) If your payments are larger than your tax, 17) Amount of Line 16 is to be:

I declare, under penalty of perjury, that the information on this return and attachments is true and complete.

I authorize the CITY to discuss my claim and attachments with my preparer

DO NOT discuss my claim with my preparer.

I declare, under penalty of perjury, that this return is based on all information of which I have knowledge. PREPARER'S SIGNATURE & ADDRESS

Filer's Signature _____ Date _____

Title _____

Phone () _____

Business Allocation Formula

	Located Everywhere A.	Located in Big Rapids B.	Percentage B ÷ A
1. Average net book value of real and tangible personal property	_____	_____	_____
a. Gross rent paid for real property only multiplied by 8	_____	_____	_____
b. Total (Add Lines 1 and 1a)	_____	_____	_____
2. Total wages, salaries, commissions and other compensation of all employees	_____	_____	_____
3. Gross receipts from sales made or services rendered	_____	_____	_____
4. Total percentages - Add the three percentages computed for Lines 1b, 2, and 3 which you entered in the last column			_____
5. Average percentage* Enter here and on Line 5, Front page			_____ _____

*In determining the average, divide line 4 by 3. However, if a factor does not exist, divide the sum of the percentages by the number of factors actually used.

LINE 14	A. Interest - .0002514 per day	A. _____
	B. Penalty - 1% of the amount of the unpaid tax for each month of fraction thereof not to exceed a total penalty of 25% of the unpaid tax.	B. _____
	C. Total penalty and interest but must pay a minimum of \$2.00 Enter on Line 14	C. _____