

L-1040 NONRESIDENT INSTRUCTIONS

LINE 1-EXEMPTIONS

Each individual filing a Lapeer income tax return is allowed one personal exemption. On a joint return, the taxpayer and the spouse are allowed one personal exemption each. Do not prorate exemptions of part-year residents.

An individual who is 65 years of age or older may claim one additional personal exemption. On a joint return, the taxpayer and/or the spouse, if they qualify, may claim an additional exemption for being 65 years of age or older.

Individuals who are legally blind may claim one additional personal exemption. On a joint return, the taxpayer and/or the spouse, if they qualify, may claim an additional exemption for being blind.

Individuals who are disabled (paraplegic, quadriplegic or hemiplegic, or who is totally or permanently disabled person) may claim one additional personal exemption. On a joint return, the taxpayer and/or the spouse, if they qualify, may claim an additional exemption for being disabled.

LINE 2 & LINE 3- GROSS INCOME FROM EMPLOYERS

Follow instruction (A) below if you performed all (100%) of your services in Lapeer. Use instruction (B) below if you performed part of your services in Lapeer. Box #18 of Form W-2 is not to be used for reporting or allocating income.

A. Nonresidents who worked 100% of their time in Lapeer: enter the full amount of wages recorded in box 1 on your LW-2 or W-2 statement.

B. Nonresidents who performed only part of their services in Lapeer: Compute the amount to be entered in WAGES ETC. EARNED IN LAPEER, by filling in page 2, lines 27a-27f, WAGE ALLOCATION. Use a separate column for each employer. "Days or hours worked" on lines 27b and 27c, refers only to the actual number of days or hours you were on the job. You are not on the job when there is a holiday, when you are sick, or on vacation.

LINE 4 – INTEREST

Not taxable to nonresidents.

LINE 5 – DIVIDENDS

Not taxable to nonresidents.

LINE 6 – PROFIT (OR LOSS) FROM BUSINESS, PROFESSION OR FARM (Complete lines 28a – 28f, page 2)

Complete page 2, lines 28a through 28f, Business Income. Enter amount from line 28f on Page 1, line 6. **Attach a complete copy of federal Schedule C and/or federal Schedule F.**

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

Enter on line 28d the applicable portion of your net operating loss carryover. A net operating loss (NOL) carryover may be deducted. Carryback losses are not allowed (Ord. Sec. 7(2)). If you have business activity both in and outside of Lapeer compute the Business Allocation Percentage, lines 29a through 29g, page 2.

Line 29a. In column 1 enter the average net book value of all real and tangible personal property owned by the business regardless of location. In column 2 enter the average net book value of the real and tangible personal property owned and located in Lapeer. The average net book value of real and tangible personal property may be determined by adding the net book value at the beginning of the year to the net book value at the end of the year and dividing the sum by two.

Line 29b. Enter in column 1 the gross annual rent multiplied by 8 for all rented real property regardless of location. In column 2 show the gross annual rent multiplied by 8 for rented real property located in Lapeer. Gross annual rent must include money and other consideration given for the use or possession of real property rented or leased.

Line 29d Enter in column 1 the total compensation paid to all employees during the year. In column 2 enter compensation paid to employees for work or services performed in Lapeer.

Line 29e Enter in column 1 the total gross revenue from all sales or services rendered during the year. In column 2 enter the amount of revenue derived from sales made or services rendered in Lapeer. Rental income is considered to be derived from services rendered and must be included in gross receipts.

Line 29g. Enter average percentage on line 29g and on line 28b.

Expenses for business use of home other than mortgage interest, property taxes and casualty losses cannot be added to a Schedule C net loss, but must be carried over.

A KEOGH, SEP or SIMPLE retirement plan deduction must be entered on line 28e.

Multiply line 28a by line 28b put on line 28c. Add lines 28c and subtract lines 28d and 28e. Enter the total on line 28f and on page 1, line 6.

LINE 7 – CAPITAL GAINS OR LOSSES

The Lapeer Income Tax Ordinance follows the Internal Revenue Code in its treatment of capital gains.

A. All capital gains attributable to the time period after January 1, 1967, from the sale or exchange of real or tangible personal property located within the city are fully taxable on this return.

B. Gains on sales of obligations of the United States and subordinate units of government are not taxable.

C. Capital loss carryovers that originated in a year the taxpayer was not a resident of the City are not deductible.

Enter on line 7 net profit or loss from sale or exchange of real or tangible personal property located in Lapeer. **Attach a copy of Schedule D and/or Form 4797 from your federal income tax return.**

LINE 8 – RENTAL REAL ESTATE, ROYALTIES, PARTNERSHIPS, ESTATES, TRUSTS, ETC.

Report your rental real estate and royalty income (or loss) from activities in Lapeer. **Attach copies of federal Schedule E and federal Form 9582.**

Partnerships engaged in business activity in the city are required to file Lapeer partnership returns (L-1065). Report only your share of the partnership income (or loss) on line 8. A partner is not allowed to apportion income distributed by a partnership. All apportionment of distributed income must be made on the Lapeer partnership return (L-1065). Your shares of qualifying dividends, gains, etc., are treated as belonging to you as an individual.

Do not include on this return any gains, losses or other deductions from a Subchapter S corporation. All corporations taxable under the Lapeer Income Tax Ordinance must file a corporate Lapeer income tax return.

LINE 9 – OTHER INCOME

Page 2, lines 31a through 31e are used to report other income including alimony received, lottery winnings, premature pension plan distributions (prior to qualifying for retirement) including distributions that are received from qualified trusts upon termination of employment and receive treatment as gains under the Federal Internal Revenue Code, any other income reported on federal Form 1099, and premature Individual Retirement Account (IRA) distributions (Before age 59 ½) **excluding ROTH IRA conversions** included in federal adjusted gross income. Normal distributions and pensions are not taxable. Attach a separate schedule if more than five items are reported. **Attach a copy of each Form 1099.**

Add the amounts reported on page 2, lines 31a through 31e. Enter the total on page 2, line 31f and on page 1, line 9.

LINE 10 – TOTAL INCOME

Add lines 3 through 9 and enter on line 10

DEDUCTIONS:

IMPORTANT: The following deductions (Line 11 through Line 14) are limited to the amount claimed on your federal return, except meals. The deductions are limited by the extent they apply to income earned in the City of Lapeer.

The only deductions allowed by the Lapeer Income Tax Ordinance are as follows:

LINE 11 – INDIVIDUAL RETIREMENT ACCOUNT PLAN DEDUCTIONS

Contributions to an Individual Retirement Account Plan are deductible to the same extent deductible under the Internal Revenue Code. **Attach page 1 of federal return.** ROTH IRA contributions are not deductible.

LINE 12 – EMPLOYEE BUSINESS EXPENSES DEDUCTION

Employee business expenses are allowed only when incurred in the performance of service for your employer and only to the extent not paid or reimbursed by the employer and only to the extent they apply to income earned in Lapeer. Meal expenses are not subject to the

reductions and limitations of the Internal Revenue Code. Under the Lapeer Income Tax Ordinance meals must be incurred while away from home overnight on business to be deductible.

BUSINESS EXPENSES ARE LIMITED TO THE FOLLOWING:

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

IMPORTANT: Business expenses claimed on line 4 of federal Form 2106 are not an allowable deduction on the Lapeer return unless the taxpayer qualifies as an outside salesperson.

Attach a copy of federal Form 2106 or a list of your employee business expenses.

LINE 13 – MOVING EXPENSE DEDUCTION

Moving expenses for moving into Lapeer are deductible to the same extent deductible under the Internal Revenue Code. The Lapeer deduction is limited to expenses that are applicable to income taxable under the Lapeer Income Tax Ordinance. Moving must be related to starting work in a new location. **Attach a copy of federal Form 3903 or a list of moving expenses including the distance in miles from where you moved.**

LINE 14 – ALIMONY PAID DEDUCTION

Alimony, separate maintenance payments and principal sums payable in installments (to the extent includable in the spouse's or former spouse's adjusted gross income under the Federal Internal Revenue Code) and deducted on your 2008 federal return are deductible. CHILD SUPPORT IS NOT DEDUCTIBLE. **Attach a copy of page 1 of your federal return.** These amounts are subject to adjustment before they may be deducted on this return.

The alimony adjustment is computed as follows:

$$\frac{\text{Lapeer Income (line 16, page 1)} \\ \text{(Without alimony deduction)}}{\text{Federal Adjusted Gross Income}} \times \text{Alimony Paid} \\ \text{(Without alimony deduction)}$$

LINE 15 – TOTAL DEDUCTIONS

Add lines 11 through 14 and enter on line 15

LINE 16 THROUGH 19 – COMPUTING TAX

Subtract the total amount of deductions on line 15 from line 10 and enter the remainder on line 16. Subtract the total amount for personal exemptions on line 17 from line 16, and enter the remainder on line 18. Multiply line 18 by 1% (.01) for residents and ½% (.005) for nonresidents to determine the City of Lapeer income tax, and enter the tax amount on line 19.

LINE 20 THROUGH 23 – PAYMENTS/CREDITS

On line 20 enter the amount of Lapeer Tax withheld as shown on your 2008 LW-2 or W-2 statements(s) from line 3a. **The City copy of your 2008 LW-2 or 2008 W-2 clearly showing the locality as Lapeer (LAP) and the amount of tax withheld in box 19 must be submitted with your return before credit can be allowed for Lapeer tax withheld.**

On line 21 enter the total of the following: 2008 City of Lapeer Estimated Tax paid (see General Instructions-Estimated Tax Payments for Year 2009), the tax paid with an extension and the prior year credit forward.

On line 22 enter any City of Lapeer income tax paid on your behalf by a partnership. **Clearly** indicate to the left of the credit that it was paid by a partnership.

Add lines 20 through 22 and enter on line 23.

LINE 24 THROUGH 26 – TAX DUE OR REFUND

After computing the Lapeer income tax and deducting payments and credits, if the balance due is one dollar (\$1.00) or more, it must be entered on line 24 and paid when filing this return. Make check or money order payable to CITY OF LAPEER, and mail with this return

to: LAPEER INCOME TAX DEPARTMENT, 576 LIBERTY PARK, LAPEER MI, 48446.

PAYMENT OPTIONS

*****NEW*****

DIRECT WITHDRAWAL FROM YOUR CHECKING OR SAVINGS

You can also PAY WITH CREDIT CARD, CASH, CHECK, OR MONEY ORDER.

To Pay by Credit Card

Visit www.officialpayments.com

or call 1-800-2PAY-TAX

(Use Jurisdiction Code 7065)

Official Payments, the service provider, charges a nominal fee for this service

To Pay by Electronic Withdrawal from Checking or Savings

Check box 27a. Tax Due-Direct Withdrawal. Complete 27c. Electronic fund withdrawal effective date. Enter Routing Number (must be 9 digits) on 27d. and account number on 27e. Check Account type box on 27f. See the diagram below for location of Routing and Acct #'s. IF THE DIRECT WITHDRAWAL IS REJECTED A BILL WILL BE SENT FOR PAYMENT WITH PENALTY AND INTEREST IF APPLICABLE.

REFUND OPTIONS

CHECK

DIRECT DEPOSIT

CREDIT FORWARD TO NEXT YEAR ESTIMATED TAX

If your total payments and credits on line 23 exceed the Lapeer tax on line 19, you have overpaid your tax. If you want your overpayment refunded and MAILED to you OR direct deposited, enter the overpayment on line 25. Line 27b, d, e, f must be completed for direct deposit of your overpayment otherwise a check will be mailed.

To deposit your refund directly into your bank account (1) ensure your financial institution will accept direct deposit, (2) Obtain the correct Routing Number and Account number and (3) if applicable, verify that it will allow a joint refund to be deposited into an individual account.

27b. Check the Refund-Direct Deposit box

27d. Routing Number (RTN). Enter the nine-digit RTN. The RTN is usually found between the symbols |; and |: on the bottom of your check. The first two digits must be 01 through 12 or 21 through 32

27e. Account Number. Enter your bank account number up to 17 characters. The account number is usually found immediately to the right of the RTN on the bottom of your check. Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave unused boxes blank. Do not include the check number.

27f. Account Type. Check the box for checking or savings.

THE CITY IS NOT RESPONSIBLE FOR A LOST REFUND IF YOU ENTER THE WRONG ACCOUNT INFORMATION.

IF THE DIRECT DEPOSIT IS REJECTED, A CHECK WILL BE SENT INSTEAD.

Joe and Sally Jones 123 Main St Anytown MI 48888	Date _____ 2255
Pay to the Order of _____	\$ _____
_____ Dollars	
Anyplace Bank Anyplace, MI 49999	
Routing Number ; 010009999 ;	Account Number 2233334444 ~ 2255
	Do not include the check number

If you want your overpayment held by the City and credited on next year's estimated tax, enter the overpayment on line 27.