

## L-1040 RESIDENT 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

All wages, salaries, tips, sick pay, bonuses, deferred compensation, severance pay and other compensation (box #1 of Form W-2) earned while a resident of Lapeer are taxable regardless of where earned and must be included on lines 2 & 3. **Box #18 of Form W-2 is not to be used for reporting income.**

Add lines 2a through 2d for wages and tax withheld columns and enter on lines 3a and 3b.

### LINE 4 – INTEREST

Enter interest from your federal return minus interest from obligations of the United States and subordinate units of government. Interest received while a resident of Lapeer is taxable regardless of where earned.

### LINE 5 – DIVIDENDS

Enter dividends from your federal return minus dividends from obligations of the United States and subordinate units of government. Dividends received while a resident of Lapeer are taxable regardless of where earned.

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

On page 2, line 28a; enter the net profit (or loss) from a business or profession. Lapeer residents are taxed on the net profits from their operation of a business or profession, regardless of where it is located. **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)). 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 regarding capital gains. All capital gains received while a resident of Lapeer are taxable regardless of where the property is located, with the following exceptions:

A. Gains on sales of obligations of the United States and subordinate units of government.

B. The portion of any gains attributable to the time period before January 1, 1967 on any sales or exchanges of property purchased prior to that date.

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

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

On Page 2, line 30a enter all rental real estate and royalty income (or loss) included on your federal return and received while a resident of Lapeer. **Attach copies of federal Schedule E and federal Form 8582.** Page 2, line 30b report your share of the partnership, trust, estate, etc. income (or loss) received while a resident of Lapeer. Enter only your share of ordinary income. Your share of interest, dividends, gains or losses, etc., are treated as belonging to you as an individual and should be reported accordingly. **Attach copies of federal Schedule E, federal Form K-1 (1075) and federal Form 8582.**

Income from an estate or trust is taxable to a Lapeer resident and must be included in the amount reported on page 1, line 9 regardless of the location of the estate or trust, or the location of property it may own.

Page 2, line 30c report all Subchapter S corporation distributions received while a resident of Lapeer. **Attach copies of federal Schedule K-1 (Form 1120S).**

Do not include gains, losses or other deductions from a Subchapter S corporation on this return. Subchapter S Corporation gains are not taxable and losses are not deductible by a resident. All corporations taxable under the City Income Tax Ordinance must file a Lapeer Corporation income tax return.

Add the amounts reported on page 2, lines 30a through 30c. Enter the total on page 2, line 30d and page 1, line 8.

### 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 3b through 9 and enter on line 10

### DEDUCTIONS:

**IMPORTANT: The following deductions are limited to the amount claimed on your federal return, except meals. The deductions are limited by the extent they apply to income taxable under the Lapeer Income Tax Ordinance. Part-year residents must allocate deductions the same way they allocate income.**

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

### LINE 11 – INDIVIDUAL RETIREMENT ACCOUNT, KEOGH, SEP, OR SIMPLE RETIREMENT 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 an allowable deduction only when incurred in the performance of service for an employer and only to the extent not reimbursed by the employer. 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:

- Expenses of transportation (but not transportation to and from work).
- Expenses of travel, meals and lodging while away from home overnight on business for an employer.
- 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 deliver).

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. 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.**

**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 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.

A Lapeer resident subject to city income tax in another city may claim a credit for the net amount paid to the other city on income that is taxable by both cities. Enter on line 22 the credit for income taxes paid to the other city. This credit may not exceed the tax that a nonresident of Lapeer would pay on the same income earned in Lapeer. Report only the amount you actually paid to another city, not the amount withheld. **You must attach a copy of the city income tax return you filed with the other city to receive this credit.**

Also enter on line 22 all City of Lapeer income tax paid in 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](http://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.