

TAX YEAR 2016

1. City administration will be using two different addresses for the 2016 tax year.

Mail with payment to:

City of Big Rapids
Treasurer's Office
226 North Michigan Avenue
Big Rapids, MI 49307

Mail for refund to:

City of Big Rapids
Income Tax Office
226 North Michigan Avenue
Big Rapids, MI 49307

2. The voluntary contribution line on your return is for donations for the **Big Rapids Community Pool** and/or the **Big Rapids Community Library**. The contributions will not be used for any other recreational programs.
3. If you are filing as a non-resident, you are being asked to report the **township in which you reside**.
4. **Location** - The City's Income Tax Office is located on the South side entrance of City Hall. Returns with payment should be submitted to the Treasurer's Office.

General Information

This booklet contains a return and the instructions for filing your 2016 Individual City of Big Rapids Income Tax Return. Read all of the instructions carefully before completing your return. Since some of the information on your City return may be based on your Federal Form, a copy of the front of your Federal Form and any applicable Federal Schedules must be attached.

WHO MUST FILE A TAX RETURN

Every resident and non-resident who had a gross income of \$600.00 or more from sources listed under "What is Taxable Income" must complete and file a return, even though you do not file a Federal return. If you wish to claim a refund because the tax withheld or paid is more than the tax due, you must file a return. If you filed a Declaration of Estimated Tax, you must file a return even though there is no change in tax liability.

RESIDENCY

A Big Rapids RESIDENT is a person domiciled within the Big Rapids City limits. "Domicile" means a place where a person has a true, fixed, and permanent home. A NON-RESIDENT is a person domiciled outside the City Limits.

FERRIS STATE UNIVERSITY STUDENTS

Married students, living in Big Rapids, where one or both are attending Ferris, are considered residents, unless you are maintaining a permanent residence elsewhere.

Single students, living in Big Rapids and attending Ferris are considered residents unless you are maintaining a permanent residence elsewhere (including parents home) or are registered to vote elsewhere.

CHANGE OF RESIDENT STATUS

Any person whose residence changed either from a resident to a non-resident or a non-resident to a resident during the taxable year and had Big Rapids earned income both as a resident AND a non-resident will file using the Part Year Resident Form which may be obtained through the Treasurer's Office or Income Tax Office.

MARRIED PERSON JOINT OR SEPARATE RETURNS

Married persons may file either a joint or separate return. Residents filing jointly must include all income of both spouses. Non-residents filing jointly must include Big Rapids earned income of both spouses. **In the case of a non-resident, where only one spouse has Big Rapids earned income, you can claim your spouse as an exemption, however, both must sign the return.** If you file jointly, both names must be listed in the heading and both must sign the return. If you file separately, dependents can only be claimed by the spouse who would be entitled to claim such dependents under Federal Internal Revenue Code.

DECEASED TAXPAYERS

A return for a taxpayer who died during the taxable year should be filed on the same basis as they would have filed if they had lived. If a refund is due on the return and the check is to be made payable to a person(s) other than the surviving spouse, a letter of explanation must be attached.

DUE DATE

Your return is due on or before April 30, 2017. The due date of Big Rapids annual returns may be extended for a period not to exceed six months. When a city extension is granted, tentative tax must be paid by April 30, 2017. Applications for extensions are available from the City Income Tax Department.

Applying for a federal extension does not satisfy the requirement for filing a city extension; an application for a Big Rapids extension must still be made and any tentative tax due must be paid.

DECLARATION OF ESTIMATED TAX

If you expect that your City of Big Rapids tax will exceed amounts after withholdings from your pay to be \$100.00 or more, you must file a Declaration of Estimated Tax by April 30, and pay at least one fourth of the estimated tax with your declaration. The remaining balance will be due in three equal installments to be paid on June 30, September 30, and on January 30.

WHAT IS TAXABLE INCOME

RESIDENTS

A resident is subject to tax on all items included in total Federal income (Subject to certain exclusions as listed in "What is Non-Taxable Income.>").

Taxable income would include:

1. Salaries, bonuses, wages, commissions, fees, vacation pay, profit sharing plan income, severance pay, tips, sabbatical pay, sick pay, and other compensation regardless of where earned.
2. Fair market value of merchandise or services received as compensation.
3. **Net profit or loss** from the operation of a business or profession or other activity regardless of where earned.
4. Income from a partnership, interest from an estate or trust, bank accounts, credit unions, saving and loan associations and other income regardless of where earned.
5. Rental income, capital gains, and dividends.
6. Winnings from the State Lottery and all gamblings.
7. Alimony received.
8. All Corporations within the City of Big Rapids, including Subchapter S, taxable under the City Income Tax Ordinance must file as conventional corporations with the City of Big Rapids. Do not include on this return any profit, losses or other deductions from a Subchapter S Corporation.
9. Premature withdrawals of proceeds from insurance, pensions, annuities and retirement benefits, including distributions that are received from qualified trusts upon termination of employment and receive treatment as gains under the Internal Revenue Service code.
10. After 59 ½, 457 distribution is taxable to a resident.

NON-RESIDENTS

A non-resident is subject to tax on all items included in total Federal Income which are derived from or connected with Big Rapids sources as follows:

1. Salaries, bonuses, wages, commissions, fees, vacation pay, severance pay, profit sharing plans and other compensation for services rendered as an employee in Big Rapids. Vacation pay, holiday pay, sabbatical pay, sick pay, tips, institutional travel and a bonus paid by the employer are deemed to have the same tax status as the work assignment or work location and are taxable on the same ratio as the normal earnings of the employee.
2. Fair market value of merchandise or service received as compensations.
3. **Net profits or loss** from the operation of a business or profession or other activity conducted in Big Rapids (See Schedule 2 for business allocation.) If Business is located inside the City limits the entire amount of net profits are taxable.
4. Net profits from rental of real or tangible property located in Big Rapids.
5. Personal gains from sale or exchange of real or tangible personal property located in Big Rapids.

6. All Corporations within the City of Big Rapids, including Subchapter S, taxable under the City Income Tax Ordinance must file as conventional corporations with the City of Big Rapids. Do not include on this return any profit, losses or other deductions from a Subchapter S Corporation

7. Premature withdrawals of proceeds from insurance, pensions, annuities and retirement benefits, including distributions that are received from qualified trusts upon termination of employment and receive treatment as gains under the Internal Revenue Service.
8. Alimony received by earnings within the city ONLY.

WHAT IS NON-TAXABLE INCOME

RESIDENTS AND NON-RESIDENTS

The following types of income are non-taxable both to a resident and a non-resident.

1. Gifts, inheritances, bequests and distributions of principal from estates and trusts.
2. Proceeds from insurance, pensions, annuities and retirement benefits (including SOCIAL SECURITY) even if taxable under the Federal Internal Revenue Codes.

Premature withdrawals are taxable both to resident and non-resident.

3. Amounts received for personal injuries, sickness, and disability are excluded only to the extent provided by the Federal Internal Revenue Codes.
4. Unemployment compensation, supplemental unemployment benefits, welfare relief payments, workmen's compensation.
5. Interest from obligations of the United States, such as Savings Bonds and Treasury Notes, obligations of the states, or subordinate units of government of states.
6. Dividends on an insurance policy.
7. Compensation received for service in the armed forces of the United States, including Reserves.
8. Conventional IRA or Roth IRA payments made on income taxed by the City only. Conventional IRA or Roth IRA distributions after age 59 ½ are NOT taxable income. Premature distributions of 403B, 401K, 408, 457, IRA or Roth IRA before age 59 ½ are taxable. You must attach a copy of your Federal Form and each 1099 form. NOTE: 1099R distribution Code 2, if qualified, not taxable; if non-qualified, is taxable. Federal guidelines are followed.
9. Ordinary, necessary, reasonable and non-reimbursed expenses paid or incurred by an individual in connection with the performance of services as an employee. Use Form BR2106.
*Note: Student loan interest, tuition, HSA, fees and deductions, self employment tax are not a subtraction.
*Note: Working interest of gas and oil leasing is not taxable.
*Note: Alimony paid by earnings within the city only.
*Note: Student Scholarship and grant.

NON-RESIDENTS ONLY

The following items are non-taxable to non-residents only:

1. Interest, dividends and royalty income.
2. Income from trusts and estates.

Residents Only Instructions For Preparing Tax Return

First complete the name and address information and be certain that your social security number(s) has been entered correctly. If your mailing address is different from your actual residence address, please note residence address.

Example:	Dividend Income	Schedule B
	Business Income	Schedule C
	Capital Gain	Schedule D
	Rents, Royalties	Schedule E
	Farm Income	Schedule F

RESIDENCY

Check the resident box if you were a resident for the full taxable year or if the only income for which you are filing was Big Rapids income earned both as resident and a non-resident, file using the Part Year Form, which may be obtained through the Treasurer's Office or Income Tax Office. Further information is given under "GENERAL INFORMATION".

FILING STATUS

Check the appropriate line. Regardless of whether your spouse had earnings for the taxable year, you may either file jointly or take your spouse as an exemption. In either case, both must sign the return.

EXEMPTIONS

Enter the number of allowable exemptions on Line D and multiply that number by \$600.00, enter the total on line 6. The same rules apply in determining exemptions as under the Federal Internal Revenue Code, except that, additional exemptions are NOT allowed for paraplegic, quadriplegic, hemiplegic, permanently disabled, blind, deaf, or over 65.

If you are NOT claimed as an exemption on Line D on someone else's CITY OF BIG RAPIDS return, you are entitled to claim yourself. For example, if you are a student and your parents DO NOT file a CITY OF BIG RAPIDS return, you are entitled to claim yourself by taking the exemption.

LINE 1 - TOTAL INCOME

Enter "total income" from your Federal Form depending on which Federal Form you used:

Fed. 1040	Line 22
Fed. 1040A	Line 15
Fed. 1040EZ	Line 1 and 2

If you have no additions or subtractions from income, carry this amount to Line 5 of BR1040. Attach W-2 forms and a copy of your Federal Form.

If "total income" was not taken from your Federal Form, see "What is Taxable Income" under "GENERAL INFORMATION".

LINE 2 - ADDITIONS TO INCOME

Any additions to income will already be considered if you used "total income" from your Federal Form. Attach Federal Schedules as explanations for the additions on your Federal Form, if applicable.

LINE 3 - SUBTRACTIONS FROM INCOME

(Attach Federal Schedules as explanations for the subtractions to your income.)

Subtractions are listed to correspond with the Federal Form you may have used:

Fed. 1040	Tax exempt interest and dividends
	Taxable refunds of state and local income tax
	Taxable IRA normal distributions
	Taxable pensions and annuities
	Unemployment compensation
	Taxable social security benefits
	Moving expenses for moving into Big Rapids(attach Federal form 3903)
	Alimony paid
	Qualified Education Programs (Form 1099-Q)
Fed. 1040A	Tax exempt interest and dividends
	Taxable IRA normal distributions
	Taxable pensions and annuities
	Unemployment compensation
	Taxable social security benefits
Fed. 1040EZ	No subtractions

The employee business expenses that are deductible are limited to the following:

1. Expenses of travel, meals and lodging while away from home.
2. Expenses as an outside salesman, who works away from his employer's place of business. (Does not include driver salesman whose primary duty is service and delivery.)
3. Expenses of transportation, but not transportation to and from work.
4. Expenses reimbursed under an expense account or other arrangement with your employer, if the reimbursement has been included in gross earnings reported.

The expense deducted must be offset by an applicable reimbursement made by the employer that was NOT included in gross earnings. Subtractions for employee business expenses must be reported on Form BR 2106.

If "total income" was not taken from Federal Form, see "What is Non-Taxable Income" under "GENERAL INFORMATION."

LINE 4 - IRA DEDUCTIONS

Enter the amount of IRA deduction included on your Federal Form. The City follows the rules and regulations provided by the IRS to govern how much you are entitled to deduct. The copy of the front of your Federal Form serves as verification of the deduction being taken.

LINE 5 - ADJUSTED INCOME

Add lines 1 and 2 less Lines 3 and 4.

LINE 6 - EXEMPTIONS

Multiply the number of exemptions claimed by \$600.00 and enter the result on this Line (from Box D). See "Exemptions" under "GENERAL INFORMATION".

LINE 7 - TAXABLE INCOME

Line 5 less Line 6; if Line 6 is larger than Line 5, enter 0.

LINE 8 - TAX

Multiply the amount on Line 7 by 1% (.01).

LINE 9 - VOLUNTARY CONTRIBUTION

A voluntary contribution may be made to the Big Rapids Community Pool and/or the Community Library.

LINE 10 - TOTAL OF LINE 8 AND 9**LINE 11 - BIG RAPIDS TAX WITHHELD**

Enter amount of "local tax" withheld as reflected on your W-2(s). Attach W-2 form(s).

LINE 12 - ESTIMATED PAYMENTS

Enter amount(s) of estimated tax paid for 2016.

LINE 13 - CREDIT FROM PREVIOUS YEAR

Enter the amount, if any, that was carried forward from the previous year.

LINE 14 - CREDITS FOR INCOME TAX PAID TO ANOTHER MUNICIPALITY

If you are a Big Rapids resident subject to a city income tax in another city, you may claim a credit. This credit may not exceed the tax that a non-resident of Big Rapids would pay on the same income earned in Big Rapids. (For example, a Big Rapids resident working in Grand Rapids, with Grand Rapids taxable income of \$30,000.00, minus four exemptions of \$600.00 each (Big Rapids exemptions amount only) = \$27,600.00 x .005 (Big Rapids non-resident rate only) = \$138.00 credit. You MUST attach a copy of the 2016 City Income Tax Return you filed with the other city.

LINE 15 - TOTAL PAYMENTS AND CREDITS

Add Lines 11, 12, 13 and 14. Enter total on Line 15.

LINE 16 - TAX DUE

If Line 10 (tax due/voluntary contribution) is larger than Line 15 (total tax payments) enter the difference on Line 16.

LINE 17 - PENALTY AND INTEREST

Penalty and interest shall be calculated if 1) return is being filed after the due date of April 30, 2017 or 2) the amount due is more than \$100.00 and no estimated payments were made (even if return is filed prior to the due date) or 3) the amount due is more than \$100.00 and estimated payments/tax withheld is less than 70% of your 2016 total tax due or less than 70% of your 2015 total tax due (even if the return is filed prior to the due date.) See Schedule 3.

LINE 18 - BALANCE DUE

Add Line 16 and Line 17, enter total on Line 18. This amount must be paid when filing this return. Make your check or money order payable to CITY OF BIG RAPIDS and mail your payment and your return to CITY OF BIG RAPIDS, TREASURER, 226 NORTH MICHIGAN AVENUE, BIG RAPIDS, MICHIGAN 49307

LINE 19 - OVERPAYMENT

If Line 15 (total tax payments) is larger than Line 10 (tax due/voluntary contribution) enter the difference on Line 19. Mail your return to CITY OF BIG RAPIDS, INCOME TAX DIVISION, 226 NORTH MICHIGAN AVENUE, BIG RAPIDS, MICHIGAN 49307

BOX A - CREDIT OF 2016 OVERPAYMENT

Check this box if you want your overpayment to be credited to your 2017 tax.

BOX B - REFUND

Check this box if you want your overpayment refunded to you.

SIGN YOUR RETURN

Be sure that your return is signed. If you are filing jointly, or taking your spouse as an exemption, both husband and wife must sign the return.

AUDIT OF RETURN

Each return is audited by the Income Tax Office. The attachment of your Federal Form and Schedules is crucial to expedite processing. If the audit brings forth questions about your return, not answered by your Federal Forms or if your return is incomplete, a copy of the front of your return will be sent back to you.

ASSISTANCE

For questions not answered in this booklet or assistance in preparing your return, call (231) 592-4012 or visit the Income Tax Office at 226 North Michigan Avenue, Big Rapids, Michigan 49307

Non-Residents Only Instructions For Preparing Tax Return

First complete the name and address information and be certain that your social security number(s) has been entered correctly.

RESIDENCY

Check the non-resident box if you were a non-resident for the full taxable year or if the only income for which you are filing was Big Rapids income earned both as resident and a non-resident, file using the Part Year Form, which may be obtained through the Treasurer's Office or Income Tax Office. Further information is given under "GENERAL INFORMATION".

FILING STATUS

Check the appropriate line. Regardless of whether your spouse had earnings for the taxable year, you may either file jointly or take your spouse as an exemption. In either case, both must sign the return.

EXEMPTIONS

Enter the number of allowable exemptions on Line D and multiply that number by \$600.00, enter the total on line 6. The same rules apply in determining exemptions as under the Federal Internal Revenue Code, except that, additional exemptions are NOT allowed for paraplegic, quadriplegic, hemiplegic, permanently disabled, blind, deaf, or over 65.

If you are NOT claimed as an exemption on someone else's CITY OF BIG RAPIDS return, you are entitled to claim yourself. For example, if you are a student and your parents DO NOT file a CITY OF BIG RAPIDS return, you are entitled to claim yourself by taking the exemption.

LINE 1 - TOTAL INCOME

Enter the full amount of gross wages from your W-2(s) that reflect Big Rapids income earned. If you performed services both inside and outside of Big Rapids for the same employer, see Schedule 1. If you have no additions or subtractions, carry this amount to Line 5. Attach W-2 forms and a copy of the front of your Federal Form. If you are self-employed and have earnings both inside and outside of the City, see Schedule 2.

LINE 2 - ADDITIONS TO INCOME

Attach Federal Schedules as explanations for the additions to your income. See "What is Taxable Income" under "GENERAL INFORMATION".

Example:	Business Income	Schedule C
	Capital Gain	Schedule D
	Rents, Royalties	Schedule E
	Farm Income	Schedule F

If you file Federal Schedules C, D, or E, but only a portion is applicable to the City, see Schedule 2.

LINE 3 - SUBTRACTIONS FROM INCOME

(Attach Federal Schedules as explanations for the subtractions to your income.) See "What is Non-Taxable Income" under "GENERAL INFORMATION".

The employee business expenses are deductible, but only to the extent that these expenses are applicable to City taxable income, and are limited to the following:

1. Expenses of travel, meals and lodging while away from home.
2. Expenses as an outside salesman, who works away from his employer's place of business. (Does not include driver salesman whose primary duty is service and delivery.)
3. Expenses of transportation, but not transportation to and from work.
4. Expenses reimbursed under an expense account or other arrangement with your employer, if the reimbursement has been included in gross earnings reported.

The expense deducted must be offset by an applicable reimbursement made by the employer that was NOT included in gross earnings. Subtractions for employee business expenses must be reported on Form BR 2106.

Alimony paid of earnings taxable to the City.

Spouse income earned outside the City.

LINE 4 - INDIVIDUAL RETIREMENT ACCOUNT DEDUCTION

To compute the allowable IRA deduction, multiply the IRA contributions by the percentage of Big Rapids earned income (wages) is to total federal earned income. The rules controlling IRA deductions on this return are the same as under the Internal Revenue Code.

LINE 5 - ADJUSTED INCOME

Add lines 1 and 2 less Lines 3 and 4.

LINE 6 - EXEMPTIONS

Multiply the number of exemptions claimed by \$600.00 and enter the result on this Line (from Box D). See "Exemptions" under "GENERAL INFORMATION".

LINE 7 - TAXABLE INCOME

Line 5 less Line 6; if Line 6 is larger than Line 5, enter 0.

LINE 8 - TAX

Multiply the amount on Line 7 by 1/2% (.005).

LINE 9 - VOLUNTARY CONTRIBUTION

A voluntary contribution may be made to the Big Rapids Community Pool and/or the Community Library.

LINE 10 - TOTAL OF LINE 8 AND 9

LINE 11 - BIG RAPIDS TAX WITHHELD

Enter amount of "local tax" withheld as reflected on your W-2(s). Attach W-2 form(s).

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Enter amount(s) of estimated tax paid for 2016.

LINE 13 - CREDIT FROM PREVIOUS YEAR

Enter the amount, if any, that was carried forward from the previous year.

LINE 14 - CREDITS FOR INCOME TAX PAID TO ANOTHER MUNICIPALITY

Non-applicable to non-residents.

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Add Lines 11, 12, 13 and 14. Enter total on Line 15.

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BOX A - CREDIT OF 2016 OVERPAYMENT

Check this box if you want your overpayment to be credited to your 2017 tax.

BOX B - REFUND

Check this box if you want your overpayment refunded to you.

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2016 CITY OF BIG RAPIDS INCOME TAX

SCHEDULE 1

This schedule applies to NON-RESIDENTS ONLY on income partially earned in the City of Big Rapids, verification **MUST be accompanied by statement, based on 261 days per year or explanation for difference, signed and dated each year by employer only.**

If both Husband and Wife have income subject to allocation, figure them separately.

- A. Wages subject to allocation from W-2 A. _____
- B. Percent earned as taxable income in Big Rapids to non-residents per instructions (Attach statement from employer) B. _____
- C. Multiply Line A by Line B C. _____
- D. Add all other W-2 income not allocated D. _____
- E. Total wages subject to Big Rapids City Tax (Add Line C and D). Enter the amount from Line E on Page 1, Line 1. E. _____

SCHEDULE 2

This schedule applies to NON-RESIDENTS ONLY and is relative to SCHEDULE C, D, OR E.

- A. Income from applicable Federal Schedule A. _____
- B. Percent earned in Big Rapids B. _____
- C. Multiply Line A by Line B Enter BR 1040, Line 2 C. _____

SCHEDULE 3

This schedule applies to both residents and non-residents who file their return after the due date of April 30, 2017 and owe tax liability.

- A. Interest - .0001233 per day A. _____
- B. Penalty - 1 % of the amount of the unpaid tax for each month or 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 BR 1040, Line 17 C. _____