

TABLE OF CONTENTS

GENERAL INFORMATION Page 1
 Disclaimer Page 1
 Partnerships Required to File a Return Page 1
 Taxability of Partnership Income under the Michigan Uniform City Income Tax Ordinance Page 1
 Michigan Cities Accepting the Partnership Common Form Page 1
 Michigan Cities Not Accepting the Partnership Common Form Page 1
 Filing the Partnership Common Form Page 1
 List of Partnership Forms and Schedules Page 2
 Allocate and Apportion – Defined Page 2
 Partnerships Required to File a Return Page 2
 Obtaining Partnership Return Forms Page 2
 Renaissance Zone Deduction Page 2
 Due Date of Partnership Return Page 2
 Extension of Time to File a Partnership Return Page 2
 Required Return Attachments Page 2
PARTNERSHIPS FILING AN INFORMATION RETURN Page 2
PARTNERSHIPS ELECTING TO PAY TAX Page 2
PAGE 1 INSTRUCTIONS Page 2
 Identification and Information Page 3
 Line 1. Tax Page 3
 Line 2. Payments and Credits Page 3
 Line 3. Balance Due Page 3
 Line 4. Overpayment Page 3
 Line 5. Credit Forward Page 3
 Line 6. Donations Page 3
 Line 7. Refund Page 3
 Disclosure of Return Information Page 3
 Signature Page 3
INSTRUCTIONS FOR OTHER SCHEDULES Page 3
 Schedule 1 – Partner Information Schedule Page 3
 Schedule 2 – Tax Calculation Schedule Page 3
 Schedule A – Allocable Ordinary Business Income Page 4
 Schedule B – Partnership Income Not Included in Schedule A Page 4
 Schedule C – Distribution to Partners Page 4
 Schedule D – Business Allocation Percentage Page 4
 Schedule E – Rental Real Estate Page 4
 Schedule G – Credit for Tax Paid to another City on behalf of Resident Partners. Page 5
 Schedule K-1 (Form EL-1065) – Partner’s Share of Income, Exclusions Deductions, Credits and Tax Paid Page 5
 Schedule K-1 (Form EL-1065) – Partner Instructions Page 5
 RZ (Form EL-1065) – Partnership Renaissance Zone Deduction Page 5
 Schedule N – Supporting Notes and Schedules (Attachment 22) Page 6
 Assistance and Website Address Page 6
APPENDICES Page 7
 Appendix A. Ordinance Effective Dates, Exemption Amounts and 2017 Tax Rates Page 7
 Appendix B. Personal exemptions allowed by the 22 Cities Levying a Michigan City Income Tax Page 8
 Appendix F. Required Return Attachments Page 13
 Appendix P. Partner Classification Table Page 21
 Appendix Q. Taxability of Partnership Income under the Michigan Uniform City Income Tax Ordinance Page 21

GENERAL INFORMATION

Disclaimer

These instructions are interpretations of the Uniform City Income Tax Ordinance, MCLA 141.601 et seq. The Ordinance will prevail in any disagreement between these instructions and the Ordinance.

Partnerships Required to File a Return

Every partnership with business activity in the city, whether or not an office or place of business was maintained in the city, is required to file an annual return. Syndicates, joint ventures, pools and like organizations and Limited Liability Companies (LLCs) electing to be taxed as partnerships at the federal level will also use Form EL-1065.

Taxability of Partnership Income under the Michigan Uniform City Income Tax Ordinance

Partners who are individual RESIDENTS are taxed on their entire distributive share of the net profits of the partnership, including that arising from business activities outside the city: ordinary business income, interest income, dividend income, rents, royalties, other income, and gains from the sale or exchange of property, either tangible or intangible, regardless of where the property is located.

Partners who are individual NONRESIDENTS including estates and trusts are taxed on their distributive share of the partnership’s ordinary business income which is attributable to business activity in the city, plus net rentals of tangible property located in the city and gains from the sale or exchange of tangible property in the city. Nonresidents are not taxed on their share of net rentals of property located outside the city, gains from the sale or exchange of tangible property located outside the city, gains from the sale or exchange of securities or other intangible property, or on non-business interest and dividend income.

When the receipt of interest and other intangible income is directly related to the nature of the business, such interest, etc., is business income taxable to a nonresident, and is to be included in ordinary business income in Schedule A.

Partners who are CORPORATIONS are taxed at the corporate tax rate on their distributive share of the partnership’s: ordinary business income attributable to business activity in the city; net rentals of tangible property; and gains from the sale or exchange of tangible property attributable to business activity in the city. Thus, all taxable income of a corporate partner (net profits of a corporation) is determined by the business allocation percentage of the partnership.

Partners who are PARTNERSHIPS, LLC’s electing to be taxed as a partnership, JOINT VENTURES, ETC. (downstream partnership) are taxed based upon their partner’s entity classification and share of partnership income. See section on Partnerships Electing to Pay Tax for more information on partnership partners.

Refer to the chart on page 7 of these instructions for information on the taxability of the various types of partnership income based upon the partner’s entity classification. Also refer to the instructions under Schedule B for additional information on taxability of the various types of income.

MICHIGAN CITIES ACCEPTING THE PARTNERSHIP COMMON FORM

FORM

Albion	Hamtramck	Pontiac
Battle Creek	Highland Park	Port Huron
Benton Harbor	Ionia	Portland
Big Rapids	Jackson	Saginaw
East Lansing	Lansing	Springfield
Flint	Lapeer	Walker
Grand Rapids	Muskegon	
Grayling	Muskegon Heights	

MICHIGAN CITIES NOT ACCEPTING THE PARTNERSHIP COMMON FORM

Detroit	Hudson
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FILING THE PARTNERSHIP COMMON FORM

Partnership Common Form returns must be printed and filed on paper with the city. Mail the partnership return with all required attachments to the address for the specific city listed in Appendix G. See Appendix F for a list of required partnership return attachments.

LIST OF PARTNERSHIP FORMS AND SCHEDULES

Form EL-1065, page 1
 Schedule 1 – Partner Information Schedule
 Schedule 2 – Tax Calculation Schedule for Partnerships Electing to Pay Tax (If information return, disregard this schedule)
 Schedule A – Allocable Partnership Ordinary Business Income
 Schedule B – Partnership Income not included in Schedule A
 Schedule C – Distribution to Partners
 Schedule D – Business Allocation Percentage
 Schedule E – Rental Real Estate
 Schedule G – Credit for Tax Paid to Another City in behalf of Resident Partners
 Schedule K-1 (Form EL-1065) – Partner’s Share of Income, Exclusions, Deductions, Credits and Tax Paid
 Schedule N - Supplemental Notes and Schedules (Attachment 22)

ALLOCATE AND APPORTION - DEFINED

The word allocate in these instructions means to determine partner’s taxable portion of the type of partnership income using: the partner’s classification and the Business Allocation Percentage calculated on Schedule D, Business Allocation Percentage, line 5; or in the case of a

taxpayer authorized by the Income Tax Administrator of the city, the special allocation formula percentage calculated on Schedule D, line c.

The meaning of the word apportion as used in these instructions means to: directly determine the partner's taxable income based upon the partner's classification; or the partner's classification and the location of the source of the income.

PARTNERSHIPS REQUIRED TO FILE A RETURN

Every partnership with business activity in the city, whether or not an office or place of business was maintained in the city, is required to file an annual return. Syndicates, joint ventures, pools and like organizations and Limited Liability Companies (LLCs) electing to be taxed as partnerships at the federal level will also use Form EL-1065.

OBTAINING PARTNERSHIP RETURN FORMS

Partnership return forms are not mailed to partnerships. The forms are available for download on the website of the city. See Appendix H for a

listing of the cities website addresses.

RENAISSANCE ZONE DEDUCTION (None in East Lansing)

A partnership located and doing business in a city Renaissance Zone may be eligible to claim the Renaissance Zone deduction. This deduction allows the partnership or the partners, if qualified, to deduct the portion of the partnership income earned in a Renaissance Zone from income subject to tax. A taxpayer is not qualified to claim the deduction if the taxpayer is delinquent for any Michigan or local taxes.

If a partnership elects to pay tax on behalf of its partners, the deduction is claimed on the partnership return. Otherwise, the deduction is passed through to the partners who claim the deduction by filing Schedule RZ with their return. A city income tax return must be filed to claim this deduction. Schedule RZ of EL-1065 is required to be attached to the partnership return when a partnership is qualified to claim the deduction. See separate instructions for Schedule RZ (Form 1065).

DUE DATE OF PARTNERSHIP RETURN

Calendar year taxpayers must file by May 2, 2022. Fiscal year taxpayers must file by the last day of the fourth month after the end of their fiscal year or short period return.

EXTENSION OF TIME TO FILE A PARTNERSHIP RETURN

For partnerships electing to pay tax, Form EL-7004, Automatic Extension of Time to File Certain Business Income Tax, Information and Other Returns, must be filed on or before the due date for filing the partnership return. An extension is automatically granted upon filing of Form EL-7004 and payment of the tentative tax balance due (Form EL-7004, line 3). Failure to pay the balance due invalidates the extension request. Interest and penalty will be assessed on taxes paid late even if an extension of time to file is granted.

For partnerships filing an information return, a six-month extension of time to file is automatically granted. Do not file Form EL-7004, Application for Automatic Extension of Time to File Certain Business Income Tax, information and Other Returns.

REQUIRED RETURN ATTACHMENTS

When filing a city's partnership return, Form EL-1065, certain schedules and copies of federal forms are required to be attached. See Appendix F for a listing of attachments and attachment order.

MAILING ADDRESS FOR FILING A PARTNERSHIP RETURN

East Lansing Income Tax Processing Center, PO Box 526 Eaton Rapids, MI 48827

PARTNERSHIPS FILING AN INFORMATION RETURN

A partnership is required to file an information return unless the partnership elects to compute and pay the tax due on behalf of all partners.

Partnerships filing information returns are required to complete: Form EL-1040 (Identification and Information and Signature sections), Schedule 1, Schedule A, Schedule B, Schedule C and if appropriate Schedule D and Schedule E.

The Partnership Return, Form EL-1065, is designed to distinguish between income taxed at the resident, nonresident or corporation tax rates. The purpose of the return is to set forth the entire net profit for the tax period and to show the distributive share of each partner and indicate the entity type of the partner and, if an individual, the residency status of the partner. If residency changes during the year for any individual partner, use two lines to indicate allocation of income by residency status. On Schedule 1, Partner Information Schedule, enter the start date of residency on the resident line and the end date of residency on the nonresident line. Ordinary business income of the partnership is reported in Schedule A. Each partner's distributable share of the ordinary business income is reported on Schedule C, column 1.

Partnership income not reported in Schedule A is reported in Schedule B, by type of income and the taxable and nontaxable portions for partners taxed at the resident, nonresident or corporation tax rate. The taxable income from Schedule B, columns 6 and 7 is reported by partner in Schedule C, columns 6 or 7.

Schedule K-1 (Form EL-1065), Partners Share of Income, Exclusions, Deductions, Credits and Tax Paid, is to be provided to each partner to assist them in filing their city income tax return.

PARTNERSHIPS ELECTING TO PAY TAX

A partnership may elect to pay tax on behalf of all of its partners. When the partnership pays the tax, the individual partners are not required to file a return. However, a city's income tax return is required from any partner having city taxable income other than the distributive share of the net profits of the partnership. In such instances, a partner required to file a return should refer to the city's income tax return instructions for reporting partnership income and claiming credit for tax paid by the partnership.

Partnerships electing to pay the tax on behalf of the partners assume the status of taxpayer to the following extent: (1) timely payment must be made; and (2) estimated income tax payments, Form EL-1065ES, are required if the total 2020 estimated tax for the partnership is expected to exceed \$100. The calendar or fiscal year of the partnership will govern in establishing the due dates for making estimated tax payments.

Partnerships electing to pay tax must prepare and file all the forms and schedules required for an information return and complete Schedule 2, Tax Calculation Schedule, and Form EL-1065, lines 1 through 8. Schedule 2 details each partner's share of the city's taxable income, deductions, exemptions, tax at the resident, nonresident or corporation tax rate and any credit for tax paid to another city. Form EL-1065, lines 1 through 8, reports: the tax; all payment and credits; any balance due or overpayment; and how any overpayment is to be credited, donated or refunded.

Payment of tax for partnership partners (downstream partnership) requires a supplementary schedule showing the detail of the calculation of tax due. An alternative to filing a detailed schedule is calculation of taxable income for the downstream partnership as a resident partner and calculation of the tax at the city's resident tax rate.

PAGE 1 INSTRUCTIONS

A partnership filing an information return is required to complete the Identification and Information section and the Signature section of Form EL-1065. Also in the Disclosure of Return Information section, the partnership may elect to allow disclosure of return information between a designated individual or firm and the city's income tax department.

A partnership electing to pay tax is required to complete all of Form EL-1065 and specifically to mark (X) the box on line F. The partnership may elect to make payment of any tax due by a direct debit withdrawal from its bank account; or to receive any overpayment refund via a direct deposit to its bank account. Also, in the Disclosure of Return Information section, the partnership may elect to allow disclosure of return information between a designated individual or firm and the city's income tax department.

IDENTIFICATION AND INFORMATION

All partnerships are to provide the information requested and answer all questions in this section.

TAX

Line 1. Add the totals from Schedule 2, Tax Calculation Schedule, columns 8 and 9, and enter on line 1.

PAYMENTS AND CREDITS

Line 2. Enter the total payments and credits for each type of tax payment listed on lines 2a through 2d and, for resident individual partners, the total of any credits for tax paid to another city on line 2e. Enter the total of the payments and credits on line 2f.

BALANCE DUE

Line 3. If total tax (line 1) is greater than the total tax payments (line 2f) subtract line 2f from line 1 and enter balance of tax due. The balance due must be paid when filing the return.

To pay with a check or money order make the check or money order payable to the city, place the payment in front of the return and mail the payment and return to PO BOX 526 Eaton Rapids MI 48827.

To make payment via direct withdrawal from firm's bank account mark (X) the box on line 8b, Pay tax due – direct withdrawal, and complete (line 8c) the bank routing number, (line 8d) the bank account number and (line 8e1 or 8e2) the account type. **Not all cities allow payment by direct withdrawal.** See Appendix J for a listing of cities accepting direct withdrawal payment of tax due.

OVERPAYMENT

Line 4. If the total payments and credits (line 2f) is greater than the tax due (line 1) subtract line 1 from line 2f and enter the overpayment amount.

CREDIT FORWARD

Line 5. Enter all or the portion of the overpayment to be credited forward.

DONATIONS

Line 6. Donate all or any portion of overpayment. Most of the cities accepting the Common Form allow taxpayers to donate all or a part of their overpayment. Some cities have more than one donation option and allow taxpayers to split the donations between options, and some cities require taxpayers to pick only one donation option. See Appendix D for a list of the cities accepting donations and the donation options for each city.

There are three donation boxes on line 6 (see Appendix D). To donate to the first listed option for a city, enter the amount to be donated into donation box 6a; to donate to the second listed option, enter the amount to be donated into donation box 6b; to donate to the third listed option, enter the amount to be donated into donation box 6c. Enter the total of the donations on line 6d.

REFUND

Line 7. Enter the amount overpayment to be refunded. A refund will be issued via a paper refund check unless you choose to receive the refund via direct deposit. To receive the refund by direct deposit, mark (X) the box on line 8a for Refund – direct deposit and enter (line 8c) the bank routing number, (line 8d) the bank account number and (line 8e1 or 8e2) the account type, checking or savings. Not all cities make refunds by direct deposit. See Appendix J for a listing of cities making direct deposit refunds.

DISCLOSURE OF RETURN INFORMATION

Line 9. By marking (X) the “Yes” box (line 9a) and completing lines 10a and 10b in the Disclosure of Return Information section, the partnership is authorizing the city’s Income Tax Department to contact the preparer for answers to any questions that may arise relating to its return and to answer any questions from the preparer about the return. Also, by marking (X) the “Yes” box (line 9a) and completing lines 10a and 10b, the partnership is authorizing the preparer to: provide the city’s Income Tax Department with any information about or missing from the return; respond to notices about math errors, offsets and return preparation; and contact the Income Tax Department for information about the return or the status of any related refund or payments.

All cities accepting returns following the partnership common form format allow the check box for authorization for disclosure of return information.

SIGNATURE

Line 11. In the Signature section the partner or member representing the entity must sign the return (line 11b), and enter the following data: the date the return was signed (line 11a); the printed name of the partner or member signing the return (line 11c); and a day time phone number for the partner or member.

Line 12. The preparer must sign the return (line 12a) and enter the following data: the printed name of the preparer (line 12b); the name and address of the preparer’s firm (line 12c through 12f); the date prepared (line 12g); and the preparer’s telephone number (line 12h)

Line 13. The NACTP number of the software used to prepare the return must be entered on line 13.

INSTRUCTIONS FOR OTHER SCHEDULES

SCHEDULE 1 – PARTNER INFORMATION SCHEDULE

All partnerships must complete the Partner Information Schedule. See Appendix P, Partner Classification Table, for information to complete columns 3, 4 and 5. Column 3 data entry is based upon federal Schedule K-1 (Form 1065) instructions for Item I.

If column 3 for the partner equals individual, nominee for an individual or a disregarded entity owned by an individual, enter the residency classification in column 4 (R, N, PR or PN). If column 4 for the partner equals part-year resident (PR or PN), report the resident portion (PR) and nonresident portion (PN) on separate partner lines and in column 5 enter the residency start date (mm/dd/yyyy) for the tax year on the resident (PR) line and the residency end date for the year on the nonresident (PN) line.

SCHEDULE 2 – TAX CALCULATION SCHEDULE (Disregard if information return)

Partnerships electing to pay tax for partners must complete Schedule 2, Tax Calculation Schedule. Partnerships filing an information return disregard this schedule.

Columns 1, 2 and 3. Enter partner’s name, entity type and tax identification number as listed on Partner Information Schedule.

Column 4. Enter partner’s total city income as reported on Schedule C, column 7.

Column 5. Allowable partner deductions which relate to the partnership are deducted in column 5. These deductions include the self-employed pension plan deduction, the Renaissance Zone deduction and any other deduction allowed the partner under the city’s income tax ordinance. This column is also used to adjust (add back) for a net capital loss realized by any of the partners, in excess of the partner’s maximum allowable (\$3,000) capital loss deduction. Therefore, a net capital loss realized by any of the partners, in excess of the partner’s allowable capital loss deduction must be added back in column 5. The allowable capital loss deduction for each partner is the lesser of (1) the net capital loss, (2) the amount in column 4, computed without regard to capital gains and losses, or (3) \$3,000. Capital loss carryovers may be carried forward to the same extent allowed in the Internal Revenue Code, but may not be carried back to prior years. **Attach a schedule detailing computation of amounts reported in column 5.**

Column 6. Personal and dependency exemptions are allowed to be claimed for each partner who is an individual resident or nonresident, to the same extent allowed on the partner’s federal income tax return. Additional exemptions are allowed if the taxpayer or spouse is 65 years of

age or older, or is blind. In general, the same rules apply in determining dependents as under the federal Internal Revenue Code. A spouse may be taken as an exemption on the partnership return only if such spouse has no income subject to the city’s income tax. Exemptions for a partner whose residence status has changed from a resident to a nonresident or from a nonresident to a resident of the city during the taxable year are first applied against income while a resident, with the balance, if any, applied to the city’s income while a nonresident. A partner’s personal and dependency exemptions may not be claimed on more than one partnership return. Partners who are estates or trusts are allowed one exemption. Exemptions are not allowed to any other partners (i.e., corporations, partnerships, etc.). See Appendix B for personal exemption information for each city.

Column 7. Enter the taxable income, column 4 less columns 5 and 6.

Column 8. Enter tax due at the resident or corporation tax rate applicable from Appendix A for all taxpayers except nonresident individuals, estates or trusts.

Column 9. Enter tax due at the nonresident tax rate applicable from Appendix A for nonresident individuals, estates or trusts only.

Column 10. The tax paid for each partner is equal to the tax due (column 8 or 9) less, for resident individual partners only, any credit for tax paid to another city (Schedule G, column 6, for the partner).

The total of column 10 should equal the actual amount of tax paid by the partnership; the sum of the amounts reported on page 1 lines 2a, 2b, 2c, 2d and 3 less line 4, the tax overpayment.

SCHEDULE A – ALLOCABLE ORDINARY BUSINESS INCOME (LOSS)

Schedule A is used to report and adjust the ordinary business income of the partnership. The ordinary business income as reported on federal Form 1065, page 1, line 22, must be adjusted for the following; city income tax deducted on the federal return must be added back; interest and any other costs incurred with the production of tax exempt income must be added back; the federal Section 179 deduction and other deductions allowed must be deducted; and ordinary income (loss) from another partnership must be removed (as it is reported in Schedule B).

The total adjusted ordinary business income reported on Schedule A, line 6, is allocated to the partners in Schedule C. The total reported on Schedule C, column 1, must equal the amount listed on Schedule A, line 6.

Income not included in Schedule A is reported in Schedule B, Partnership Income not reported in Schedule A. Instructions for the Schedules indicate how amounts are allocated or apportioned to the partners.

SCHEDULE B – PARTNERSHIP INCOME NOT INCLUDED IN SCHEDULE A

Schedule B is used to report income not included in Schedule A (Adjusted Ordinary Business Income) and allocate or apportion this income between partners taxed at the individual resident, corporation or individual nonresident tax rates. Enter the income by category as reported on the federal Form 1065, Schedule K or page 1, on Schedule B, column 1.

The various types in partnership income are taxed differently based upon the partner entity classification. Refer to Appendix Q for information on the taxability of the various types of partnership income for the various types of partner entities. Also refer to the instructions below for additional information on exclusion or taxability of the various types of partnership income.

Interest Income and Dividend Income. All partners may exclude interest and dividend income from obligations of the United States, the states or subordinate units of government. Interest and dividend income is totally excluded for nonresident individuals, estate and trust partners.

Sale or Exchange of Property. This category includes sales and exchanges of short-term, long-term and Section 1231 property. The portion of the gain or loss attributable to the period prior to the applicable effective date of the ordinance from Appendix A is excludible for all partner entity types.

Rent and Royalty Income. Enter the excludible and taxable portions of rental income from rental real estate activities, rental income from other rental activities or royalty income.

Other Income. Enter the excludible and taxable portions of other income.

Ordinary Income from Other Partnerships. Enter each partner’s excludible and taxable portions of ordinary income (or loss) from other partnerships. Attach a worksheet for each partnership, estate or trust that details the name, address, FEIN and the apportionment of this income. The ordinary business income of another partnership is allocated based upon the other partnership’s business allocation percentage for the city and/or the entity type of partner.

Total Apportioned Income. Summarize the taxable portion of income from the categories reported on Schedule B. The totals from Schedule C, columns 6 and 7 must equal the totals reported on Schedule B, columns 6 and 7 respectively.

SCHEDULE C – DISTRIBUTION TO PARTNERS

Column 1. Enter in column 1 each individual partner's share of ordinary adjusted business income from Schedule A, line 6. If Sec. 179 depreciation is included in Schedule A and the partners have unequal credits for such additional depreciation (e.g., if one partner is single and one is married filing jointly for federal income tax purposes), the apportionment of income to partners may require a special computation.

Column 2. Enter the amount of guaranteed payments to partners receiving them. Guaranteed payments are taxable in the same manner as a distributive share of the partnership's profits.

Column 4. Enter the appropriate business allocation percentage based upon partner entity type. Individual resident and partnership partners use a 100% allocation. Individual nonresident, estate, trust, corporation, exempt entity and foreign government partners enter the business allocation percentage from Schedule D, line 5, or the special allocation percentage authorized. Disregarded entity and nominee partners enter the appropriate allocation percentage based upon the entity type of the actual owner of the partnership interest.

Column 6. Enter taxable portion of the individual resident, corporation or other partners Schedule B income.

Column 7. Enter the taxable portion of the individual nonresident, Estate or trust partners Schedule B income.

Column 8. Add the amounts reported for each partner in columns 5, 6 and 8 and enter the total for the column. Also enter the amount for each partner and the column total in column 1, page 1 of the return.

SCHEDULE D – BUSINESS ALLOCATION PERCENTAGE

The business allocation percentage is to be applied to the distributive share of business income of CORPORATE AND NONRESIDENT partners if business activity of the partnership is conducted both within and outside the city.

Elective use of the Multistate Tax Compact apportionment provisions is no longer allowed. On 09/14/2014 the Multistate Tax Compact provisions of Michigan law were retroactively repealed effective 01/01/2008.

Line 1a. Enter in column 1 the average net book value of all real and tangible personal property owned by the business, regardless of location; and in column 2 report the net book value of the real and tangible personal property owned and located or used in the city. The average net book value of real and tangible personal property may be determined by adding the net book values at the beginning and end of the year and dividing the sum by two.

Line 1b. 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 the city. Gross annual rent refers to real property only, rented or leased during the taxable period, and should include the actual sums of money or other consideration payable, directly or indirectly, by the taxpayer for the use or possession of such property.

Line 2. Enter in column 1 the total compensation paid to all employees during the year and in column 2 show the amount of compensation paid to employees for work or services performed within the city.

Line 3. Enter in column 1 the total gross revenue from all sales or services rendered during the year, and in column 2 show the amount of revenue derived from sales made or services rendered in the city during the year. To allocate net profit (or loss), a partnership must have business activity outside of the city.

SCHEDULE E – RENTAL REAL ESTATE

If the business activity of the partnership includes rental of real estate, list the complete address and the gain or loss from each separate piece of rental real estate in Schedule E.

SCHEDULE G – CREDIT FOR TAX PAID TO ANOTHER CITY ON BEHALF OF RESIDENT PARTNERS

If the partnership incurs an income tax liability to any other city in addition to this city, a credit is allowed for tax paid to the other city on income of a resident individual that is taxable by both cities. The credit is limited to the smaller of: (1) the income tax paid to the other city on behalf of the resident partner; or (2) the amount of tax that would be due on the same amount of income of a nonresident of this city after deducting the value of the exemptions claimed by the partner for this city (Form CF-1065, Schedule 2, column 6). DO NOT take credit for income taxes paid to any other city on behalf of nonresident, corporate or partnership partners.

SCHEDULE K-1 (Form EL-1065) – PARTNER'S SHARE OF INCOME, EXCLUSIONS, DEDUCTIONS, CREDITS AND TAX PAID

Partnership Instructions for Schedule K-1 (Form EL-1065)

A partnership is required to prepare and give Schedule K-1 (Form EL-1065) to each person who was a partner in the partnership at any time during the year. Schedule K-1 (Form EL-1065) must be provided to each partner on or before the day on which the partnership return is required to be filed.

Partnerships electing to pay tax that have a partnership partner (downstream partnership) are also required to provide Schedule K-1 (Form EL-1065) to each partner of the downstream partnership (or chain of downstream partnerships) if the tax for the downstream partnership is calculated based upon the downstream partnership's partner's classification.

If the return is for a fiscal year or a short tax year fill in the fiscal tax year spaces at the top of each Schedule K-1. If this is a final or an amended K-1, mark (X) the appropriate box at the top of each Schedule K-1.

On each Schedule K-1, enter the information about the partnership and the partner in Parts I and II (items A through M). In Part III, enter: in column A the amounts from the partners federal Schedule K-1 (Form 1065); in column B the amounts of exclusions or adjustments to the amounts in column A; and in Column C the partner's city taxable share of each item of income, deduction or information.

Part I. Information About the Partnership

On each Schedule K-1, enter (A) the identifying number of the partnership, and its (B) name and address. Also enter the (C) partnership's business allocation percentage (Form EL-1065, Schedule D, line 5 or special formula line d).

Part II. Information About the Partner

On each Schedule K-1 complete the information for the partner for items E through I1 and J through M as it was completed on the partner's federal Schedule K-1 (Form 1065). For item I2, if the partner code for item I1 is a code that represents an individual, estate or trust, enter in item I2 the following code for the partner: R for resident partner, N for a nonresident partner, PR for the resident portion and PN for the nonresident portion of the year for a part-year resident partner. See Appendix P, Partner Classification Table, for additional information. For Item I3, mark (X) the box if the partner is a retirement plan. For item N enter the partner's partner number as reported on Form EL-1065, Schedule 1. When a partner is a part-year resident, two Schedule K1's (Form EL-1065) are to be issued, one for the resident portion of the year and one for the nonresident portion of the year as two lines are required for reporting the partner's income.

If the partnership elects to pay tax and the partner is a partnership, mark (X) the item D box and enter the partnership partner's identification number. Complete the other items for this partnership partner. Parts III and Part IV for this downstream partnership is a compilation of their partner's Schedules K-1. Also, complete a Schedule K-1 (Form EL-1065) for each partner of the downstream partnership completing item D for the downstream partnership and completing Part II, Part III and Part IV for each downstream partnership partner.

Part III. Partner's share of Current Year Income, Exclusions/Adjustments and City Income

This part of the Schedule K-1 (Form EL-1065) is divided into three columns: Column A, Federal Partnership Return Data; column B, Exclusions and Adjustments; and column C, City Taxable Income.

Column A, Federal Partnership Return Data

Column A, line 1, lines 2 through 13 and line 20 are used for reporting income, deductions and other information as reported on the federal Schedule K-1 (Form 1065) for the partner. In each line of column A enter the data as reported in the federal Schedule K-1 except for lines 1a, 11, 13 and 20 follow the instructions below.

Line 1a. Ordinary income from other partnerships. This line on the city Schedule K-1 (EL-1065) is used to properly report ordinary business income from other partnerships, estates and trusts. Column A of this line is blank or zero (0) as this line is not on the federal Schedule K-1.

Codes for lines 11, 13 and 20. In boxes 11, 13 and 20, identify each item by entering the federal code in the column to the left of Column A.

Line 13. Other deductions. In box 13 report only the federal coded items that affect city income of the partner. There are only a few (line 13) other deductions that affect a partner's city income. Deductions that are claimed on the partner's federal return Form 1040 as adjustments to income or itemized deductions are not reported on line 13. If you have a question about reporting a line 13 item, please contact the city for an answer. An example of a line 13 is item I, deductions – royalty income.

Line 20. Other information. In box 20 report only the federal coded items that affect city income. There are few items of (line 20) other information that affect the partner's city income. If you have a question about reporting a line 20 item, please contact the city for an answer. An example of a line 20 item is M, recapture of section 179 deduction.

Column B, Exclusions and Adjustments

Complete column C, City Taxable Income, lines 1 through 13, before completing column B. Once the column C amount for a line is determined and entered, the column B amount for the line is calculated by subtracting the amount in column C from the amount in column A. Enter in the calculated amount in Column B for the line. If a line in any column is blank, it is to be read as a zero (0).

Column C, City Taxable Income

The amount of city taxable income for each partner is calculated in the schedules attached to the partnership return. Enter the data for each line of Column C as determined in the schedule noted for the line.

Line 1. Ordinary business income. Enter the amount of the partner's ordinary business income as reported on Form EL-1065, Sch. C, col. 5.

Line 1a. Ordinary income from other partnerships. Enter the amount of the partner's taxable share of ordinary income from other partnerships as reported on Form EL-1065.

Line 2. Net rental real estate income (loss). Enter the amount of the partner's share of net rental real estate income (loss) as reported on Form EL-1065.

Line 3. Other rental income (loss). Enter the amount of the partner's taxable share of other rental income (loss) as reported on Form EL-1065.

Line 4. Guaranteed payments to partners. Enter the amount of the partner's guaranteed payments as reported on Form EL-1065, Schedule C, column 2.

Line 5. Interest income. Enter the amount of the partner's taxable share of interest income as reported on Form EL-1065.

Line 6. Dividend income. Enter the amount of the partner's taxable share of dividend income as reported on Form EL-1065.

Line 7. Royalties. Enter the amount of the partner's taxable share of royalties as reported on Form EL-1065.

Line 8. Net short term capital gain (loss). Enter the amount of the partner's taxable share of net short term capital gain (loss) as reported on Form EL-1065, Schedule B11, column 3.

Line 9. Net long term capital gain (loss). Enter the amount of the partner's taxable share of net long term capital gain (loss) as reported on Form EL-1065.

Line 10. Net section 1231 gain (loss). Enter the amount of the partner's taxable share of net section 1231 gain (loss) as reported on Form EL-1065.

Line 11. Other income. Enter the amount of the partner's taxable share of other income as reported on Form EL-1065.

Line 12. Section 179 deduction. Enter a zero (0) or leave blank as this deduction is already included in the amount reported in column C, line 1.

Line 13. Other deductions. The amount to enter on this line must be calculated based upon the type of other deduction and the taxability of the city income related to the deduction. Example: Item I, deductions – royalty income, would be deductible at the same percentage the related royalty income is taxable by the city. There are very few other deduction items that relate to city income.

Line 20. Other Information. The amount to enter on this line must be calculated based upon whether the other information is city income or a deduction allowed to determine city income. Example: Item M, recapture of section 179 deduction, would be taxable at the same percentage the related property was taxable by the city. There are very few other information items that relate to city income.

Part IV. Partner's City Deductions, Credits and Tax Paid

Part IV is divided into three sections. Refer to the following instructions to complete this section.

D – Partner's deductions for items paid by the partnership. Report the partner's share of deductions allowed under the city's income tax ordinance that were paid by the partnership. These deductions are the partner's: IRA deduction; Self-employed, SEP, SIMPLE and qualified plans deduction; Renaissance Zone deduction; etc.

C – Credit for tax paid by partnership to another city. Report the tax paid to other cities by partnership on behalf of partner who is a resident of the city named at the top of the Schedule K-1.

T – Income tax paid by the partnership. Report the actual tax paid by partnership on behalf of partner to the city named at the top of the Schedule K-1. This is the amount reported on Form EL-1065, Schedule 2, column 10, for the partner.

Partner Instructions for Schedule K-1 (Form EL-1065)

Instructions for partner's reporting their partnership income on their individual return (Form EL-1040), corporate return (Form EL-1120) or partnership return (EL-1065) are part of Schedule K-1 (Form EL-1040).

SCHEDULE N – SUPPORTING NOTED AND SCHEDULES

If supporting notes or schedules are needed to explain items reported elsewhere on the partnership return, use this attachment for those notes, calculation or explanations.

ASSISTANCE AND WEBSITE ADDRESS

If you have questions or need assistance, please email the East Lansing Income tax Department at incometax@cityofeastlansing.com

PARTNER CLASSIFICATION TABLE				
Information for completing Partner Information section on Form GR-1065, page 1				
Enter federal classification in column 3; if column 3 equals individual owner, enter residency classification in column 4; and if column 4 equals part-year resident, enter residency start and end dates in column 5				
Column 3 Federal Classification		Column 4 Individual Partner Residency Status		Column 5 Residency Dates
Description	Entry	Description	Entry	Description
Individual	I	Resident	R	
		Nonresident	N	
		Part-year resident, resident portion	PR	Residency start date
		Part-year resident, nonresident portion	PN	Residency end date
Corporation	C			
Estate	F	Nonresident	N	
Trust	F	Nonresident	N	
Partnership	P			
Disregarded Entity	DE	If DE owner is an individual		
		Resident	R	
		Nonresident	N	
		Part-year resident, resident portion	PR	Residency start date
		Part-year resident, nonresident portion	PN	Residency end date
Exempt Organization	E			
Foreign Government	FGOV			
Nominee Type				
Nominee Individual	NI	If actual owner is an individual:		
		Resident	R	
		Nonresident	N	
		Part-year resident, resident portion	PR	Residency start date
		Part-year resident, nonresident portion	PN	Residency end date
Nominee Corporation	NC			
Nominee Estate or Trust	NF	Nonresident	N	
Nominee Partnership	NP			
Nominee Disregarded Entity	NDE	If actual owner of the DE is an individual:		
		Resident	R	
		Nonresident	N	
		Part-year resident, resident portion	PR	Residency start date
		Part-year resident, nonresident portion	PN	Residency end date
Nominee Exempt Organization	NE			
Nominee Individual Retirement Arrangement	NIRA			
Nominee Foreign Government	NFGOV			

Revised 10/14/2019

Ordinance Effective Dates, Exemption Amounts and 2021 Tax Rates

City Name	Effective Date	2019 Exemption Amount	Exemption Prorated for part-year residency	2021 Tax Rates		
				Resident	Non-Resident	Corporations
ALBION	1/1/1972	\$600	No	1.00%	0.50%	1.00%
BATTLE CREEK	7/1/1967	\$750	No	1.00%	0.50%	1.00%
BENTON HARBOR	1/1/2018	\$600	No	1.00%	0.50%	1.00%
BIG RAPIDS	1/1/1970	\$600	No	1.00%	0.50%	1.00%
EAST LANSING	1/1/2019	\$600	No	1.00%	0.50%	1.00%
FLINT	1/1/1965	\$600	No	1.00%	0.50%	1.00%
GRAND RAPIDS	7/1/1967	\$600	No	1.50%	0.75%	1.50%
GRAYLING	1/1/1972	\$3,000	No	1.00%	0.50%	1.00%
HAMTRAMCK	7/1/1962	\$600	No	1.00%	0.50%	1.00%
HIGHLAND PARK	1/1/1967	\$600	No	2.00%	1.00%	2.00%
IONIA	1/1/1994	\$700	No	1.00%	0.50%	1.00%
JACKSON	1/1/1970	\$600	No	1.00%	0.50%	1.00%
LANSING	1/1/1968	\$600	No	1.00%	0.50%	1.00%
LAPEER	1/1/1967	\$600	No	1.00%	0.50%	1.00%
MUSKEGON	7/1/1993	\$600	Yes	1.00%	0.50%	1.00%
MUSKEGON HEIGHTS	1/1/1989	\$600	No	1.00%	0.50%	1.00%
PONTIAC	1/1/1968	\$600	No	1.00%	0.50%	1.00%
PORT HURON	1/1/1969	\$600	No	1.00%	0.50%	1.00%
PORTLAND	1/1/1984	\$1,000	No	1.00%	0.50%	1.00%
SAGINAW	7/1/1965	\$750	Yes	1.50%	0.75%	1.50%
SPRINGFIELD	1/1/1989	\$750	No	1.00%	0.50%	1.00%
WALKER	1/1/1988	\$600	No	1.00%	0.50%	1.00%

MCL 141.617 Unincorporated business, profession, or activity; election to pay tax.

At the election of an unincorporated business, profession or other activity, the entity, on behalf of the owners, may compute and pay the tax due with respect to each owner's share of the net profit of the activity after giving effect to exemptions to which each owner is entitled. This election is available to all unincorporated business entities having 2 or more owners regardless of the residence of the owners. The tax thus paid by the entity shall constitute all tax due with respect to each owner's distributive share of the net profits of the unincorporated business, profession or other activity.

If the unincorporated business, profession or other activity elects under this section to file a return and pay the tax on behalf of its owners, the election and filing are deemed to meet the requirements of this ordinance for the filing of a return for each owner who has no other income subject to the tax. However, a return is required from any such owner having taxable income other than his distributive share of the net profits of the entity. In such case the entire income subject to the tax shall be included in the return and credit taken thereon for the tax paid in his behalf by the unincorporated activity.

If the unincorporated business, profession or other activity elects to pay the tax on behalf of the owners, then the unincorporated business, profession or other activity assumes the status of a taxpayer and is liable to interest and penalty if payment is not made by the due date, in accordance with the calendar or fiscal year used by the unincorporated business, profession or other activity.

Filing requirements, as excerpted from MCL 141.641(1), Returns; annual.

Every corporation doing business in the city and every other person having income taxable under this ordinance in any year ... shall make and file with the city an annual return for that year, on a form furnished or approved by the city, on or before the last day of the fourth month for the same calendar year, fiscal year, or other accounting period, that has been accepted by the internal revenue service for federal income tax purposes for the taxpayer.

Using federal income tax return income, income eliminations and deductions, as excerpted from MCL 141.644.

Where total income, total deductions, net profits, or other figures are derived from the taxpayer's federal income tax return, any item of income not subject to the city income tax and unallowable deductions shall be eliminated in determining net income subject to the city tax. The fact that a taxpayer is not required to file a federal income tax return does not relieve the taxpayer from filing a city tax return.

APPENDIX B

Personal Exemptions Allowed by the 24 Cities levying a Michigan City Income Tax in 2021

City Name	Regular	65 & over	Blind	Deaf	Perm. Disabled
ALBION	X	X			
BATTLE CREEK	X	X	X	X	X
BENTON HARBOR	X	X	X	X	X
BIG RAPIDS	X				
DETROIT	X	X	X	X	X
EAST LANSING	X	X	X	X	X
FLINT	X	X	X	X	X
GRAND RAPIDS	X	X	X		
GRAYLING	X	X	X		X
HAMTRAMCK	X	X	X	X	X
HIGHLAND PARK	X	X	X	X	X
HUDSON	X	X	X	X	X
IONIA	X	X	X	X	X
JACKSON	X	X			
LANSING	X	X	X	X	X
LAPEER	X	X	X	X	X
MUSKEGON	X	X	X	X	X
MUSKEGON HEIGHTS	X	X	X	X	X
PONTIAC	X	X	X		
PORT HURON	X	X	X	X	X
PORTLAND	X	X	X	X	X
SAGINAW	X	X	X		
SPRINGFIELD	X	X	X	X	X
WALKER	X	X	X		

Required Return Attachments and Attachment Order

Returns should be filed with schedules and attachments in the order noted below. If a form, schedule or worksheet is not used do not attach it; skip the number and keep the remaining pages in attachment order

Required Forms and Attachments	Attachment Order	When Forms, Schedules or Attachments are Required
Form EL-1065, page 1	Top page	All returns
Schedule 1 – Partner Information Schedule	Attachment 1	All returns
Schedule 2 – Partner Income and Tax Calculation Schedule	Attachment 2	Partnerships filing information returns complete columns 1 - 4. Partnerships electing to pay tax must complete entire schedule.
Schedule A – Allocable Partnership Ordinary Business Income	Attachment 3	All returns
Schedule B – Apportioned Income (Income not Included in Schedules A or F)	Attachment 4	All returns (including returns where Schedule B is blank)
Schedule C – Distribution to Partners	Attachment 5	All returns
Schedule D – Business Allocation Percentage	Attachment 6	Returns with a business allocation percentage of less than 100%
Schedule E – Rental Real Estate	Attachment 7	Returns reporting rental real estate activities
Schedule G – Credit for Tax Paid to Another City in Behalf of Resident Partners	Attachment 8	Returns for partnerships electing to pay tax who are claiming credit for tax paid to another city
Schedule RZ (Form CF-1065), Renaissance Zone Deduction Sch.	Attachment 9	If Renaissance Zone deduction claimed
Schedule N – Supporting Notes and Statements	Attachment 10	If Supporting notes or schedules attached
Federal Schedule F (Form 1040)	Fed form # order	If included in federal return
Federal Form 1065, Page 1	Fed form # order	All returns
Federal Schedule D, (Form 1065)	Fed form # order	If included in federal return
Federal Schedule K, (Form 1065)	Fed form # order	All returns
Federal Form 1125-A, Cost of Goods Sold	Fed form # order	If included in federal return
Federal Form 4562, Depreciation and Amortization	Fed form # order	If included in federal return
Federal Form 4797, Sales of Business Property	Fed form # order	If included in federal return
Federal Form 6252, Installment Sale Income	Fed form # order	If included in federal return
Federal Form 8582, Passive Activity Loss Limitations	Fed form # order	If included in federal return
Federal Form 8824, Like-Kind Exchanges	Fed form # order	If included in federal return
Federal Form 8825, Rental Real Estate Income and Expenses of a Partnership or an S Corporation	Fed form # order	If included in federal return
Supplementary schedules to federal forms and schedules	Schedule order	If included in federal return
All supplementary schedules to federal forms and schedules must be attached.		
Failure to attach forms, schedules or worksheets noted above to a return may delay the processing of the return.		

APPENDIX P

PARTNER CLASSIFICATION TABLE

Information for completing Partner Information section on Form EL-1065, Schedule 1

Enter federal classification in column 3; if column 3 equals individual owner, enter residency classification in column 4; and if column 4 equals part-year resident, enter residency start and end dates in column 5

Column 3 Federal Classification		Column 4 Individual Partner Residency Status		Column 5 Residency Dates
Description	Entry	Description	Entry	Description
Individual	I	Resident	R	Residency start date Residency end date
		Nonresident	N	
		Part-year resident, resident portion	PR	
		Part-year resident, nonresident portion	PN	
Corporation	C			
Estate	F	Nonresident	N	
Trust	F	Nonresident	N	
Partnership	P			
Disregarded Entity	DE	If DE owner is an individual:		
		Resident	R	
		Nonresident	N	
		Part-year resident, resident portion	PR	Residency start date
		Part-year resident, nonresident portion	PN	Residency end date
Exempt Organization	E			
Foreign Government	FGOV			
Nominee Type				
Nominee Individual	NI	If actual owner is an individual:		
		Resident	R	
		Nonresident	N	
		Part-year resident, resident portion	PR	Residency start date
		Part-year resident, nonresident portion	PN	Residency end date
Nominee Corporation	NC			
Nominee Estate or Trust	NF	Nonresident	N	
Nominee Partnership	NP			
Nominee Disregarded Entity	NDE	If actual owner of the DE is an individual:		
		Resident	R	
		Nonresident	N	
		Part-year resident, resident portion	PR	Residency start date
		Part-year resident, nonresident portion	PN	Residency end date
Nominee Exempt Organization	NE			
Nominee Individual Retirement Arrangement	NIRA			
Nominee Foreign Government	NFGOV			

