



City of East Lansing  
Income Tax Processing Center  
P.O. Box 526  
Eaton Rapids, MI 48827

# 2019 EAST LANSING INDIVIDUAL INCOME TAX INSTRUCTIONS

For use by individual residents, part-  
year residents and nonresidents

Form EL-1040

**ALL PERSONS HAVING EAST LANSING GROSS INCOME OF \$600.00 OR MORE IN 2019  
MUST FILE A RETURN**  
TAX RETURNS ARE DUE APRIL 30, 2020

## MAILING ADDRESS

All returns and payments should be mailed to the following address:

City of East Lansing  
Income Tax Processing Center  
P.O. Box 526  
Eaton Rapids, MI 48827

## TAX RATES AND EXEMPTIONS

**Resident: 1%**  
**Nonresident: 0.5%**  
**Exemption value: \$600**

## PAYMENT OF TAX DUE

Tax due, if one dollar (\$1.00) or more, must be paid when filing your return.

**NOTE: If you are paying \$100.00 or more with your 2019 return, you may need to make estimated income tax payments for 2020 to avoid penalty and interest. See page 2 of instructions.**

Make check or money order payable to: **CITY OF EAST LANSING**

Mail tax return and payment to:

**City of East Lansing, Income Tax Processing Center, P.O. Box 526, Eaton Rapids, MI 48827**

## FILING YOUR RETURN

We accept paper returns only. Forms and instructions can be found on our website, [www.cityofeastlansing.com/incometax](http://www.cityofeastlansing.com/incometax)  
**Tax returns are due April 30, 2020.**

## CONTACT US

For assistance find us online at [www.cityofeastlansing.com/incometax](http://www.cityofeastlansing.com/incometax) or call (517) 319-6862.

The East Lansing Income Tax Office is located at City Hall, 410 Abbot Road, East Lansing, MI 48823.

**Mail all tax correspondence to:**

**City of East Lansing, Income Tax Processing Center, P.O. Box 526, Eaton Rapids, MI 48827**

**Failure to attach documentation or attaching incorrect or incomplete documentation  
will delay processing of the return or result in corrections being made to the return.**

**WHO MUST FILE A RETURN**

Every resident, nonresident, or part-year resident of East Lansing, including renters, who had a gross income of \$600.00 or more must complete and file a return, even if you're not required to file a Federal return. You are required to file a tax return and pay tax even if your employer did not withhold East Lansing tax from your paycheck. You will be required to make estimated income tax payments if you work for an employer not withholding East Lansing tax from your 2020 wages.

**ESTIMATED TAX PAYMENTS**

When your total income tax is greater than the amount of tax withheld plus other credits, by \$100.00 or more, you may be required to make quarterly estimated tax payments. File Form EL-1040ES (available on the East Lansing website) by April 30 of the tax year and pay at least one-fourth (1/4) of the estimated tax. The remaining estimated tax is due in three equal payments on June 30 and September 30 of the tax year and January 31 of the following year. Adjust the remaining quarterly payments if your income increases or decreases during the year. **Failure to make required estimated tax payments or underpayment of estimated tax will result in assessment of penalty and interest.** If you have made estimated tax payments and do not owe more tax for the year, you still must file a tax return.

**DUE DATE AND EXTENSIONS**

Returns are due **on or before April 30, 2020**. The due date of the annual income tax return may be extended for a period not to exceed six months. To apply for an extension, use the Application for Extension of Time to File a East Lansing Income Tax Return and attach a copy of Federal Form 4868 or 7004. Applying for a federal extension does not satisfy the requirement for filing an East Lansing extension. **Application for an extension must be made and the tentative tax due must be paid by the original due date of the return (MCL 141.664).** Filing an extension with payment is not a substitute for making estimated tax payments. **An extension does not extend the time for paying the tax due.**

**AMENDED RETURNS**

File amended returns using the Amended Income Tax Form. If a change on your federal return affects East Lansing taxable income, you must file an amended return within 90 days of the change and pay the tax due. All schedules supporting the changes should accompany the filing. Every change must be explained. Mail amended returns to: **City of East Lansing, Income Tax Processing Center, P.O. Box 526, Eaton Rapids, MI 48827.**

**CHARGES FOR LATE PAYMENTS**

All tax payments remaining unpaid after they are due are liable to a penalty of 1% per month, not to exceed a total penalty of 25%, and bear interest at the rate of 1% above the prime rate on an annual basis. The minimum combined charge for interest and penalty is \$2.00.

**DISCLAIMER**

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

**COMPLETING YOUR RETURN**

**NAME, ADDRESS, SOCIAL SECURITY NUMBER**

- Always write your social security number(s) on the return. Your social security number must agree with the SSN on the Form(s) W-2 attached to your return.
- Enter your name and, if a joint return, your spouse's name.
- If the taxpayer or spouse is deceased: attach a copy of federal Form 1310 or a copy of the death certificate; write deceased in the signature area; and enter the date of death in the box on the signature line of the return.
- Enter your current address under present home address. If using a PO Box, or an address that is not your legal residence, **you must add an attachment that states your actual residence.**
- Mark the box to indicate your filing status.

**RESIDENCY STATUS**

Indicate your residency status by marking (X) the proper box.

**Resident** – a person whose domicile (principle residence) was in the City of East Lansing all year. File as a resident if you were a resident the entire year.

**Nonresident** – a person whose domicile (principle residence) was outside the City of East Lansing all year. File as a nonresident if you were a nonresident the entire year.

**Part-Year Resident** – a person who changed their domicile (primary residence) during the year from one inside East Lansing to one outside East Lansing, or vice versa. If you were a resident for only part of 2019, use form EL-1040TC to calculate the tax and attach it to the EL-1040.

**RESIDENCY STATUS (continued)**

**Michigan State University Students** – Married students, living in East Lansing, where one or both are attending Michigan State, are considered residents, unless you are maintaining a permanent residence elsewhere.

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

**Married with Different Residency Status.** If you were married in 2019 and had a different residency status from that of your spouse, file separate returns or file a resident return using Form EL-1040TC to compute the tax.

**FILING STATUS**

Indicate filing status by marking (X) the proper box. If married filing separately, enter spouse's Social Security number in the spouse's SSN box and enter the spouse's full name in the filing status box.

**INCOME EXEMPT FROM East Lansing INCOME TAX**

East Lansing does not tax the following types of income:

- Gifts, inheritances, bequests and distributions of principal from estates and trusts.
- Proceeds from insurance, pensions, annuities and retirement benefits (including SOCIAL SECURITY) even if taxable under the Federal Internal Revenue Code.
- Amounts received for personal injuries, sickness, and disability are excluded only to the extent provided by the Federal Internal Revenue Code.
- Unemployment compensation, supplemental unemployment benefits, welfare relief payments, workmen's compensation.
- Interest from obligation of the United States, such as Savings Bonds and Treasury Notes, obligations of the states, or subordinate units of government of states.
- Dividends on an insurance policy.
- Compensation received for service in the armed forces of the United States, including Reserves.
- Conventional IRA or Roth IRA payments made on income taxed by the City only. Conventional IRA or Roth IRA distributions after age 59 1/2 are NOT taxable income. You must attach a copy of your Federal Form. Federal guidelines are followed.
- Penalty on early withdrawals of savings.
- Ordinary, necessary, reasonable and non-reimbursed expenses paid or incurred by an individual in connection with the performance of services as an employee. Use Attachment 16 from Form EL-1040.

**FORM EL-1040, PAGE 1, INSTRUCTIONS**

**TOTAL INCOME AND TAX COMPUTATION**

Round all figures to the nearest dollar.

**Lines 1 – 16, Columns A & B – Federal Data and Exclusions NOTE:** Schedules, attachments and other documentation that support tax withheld, exclusions, adjustments or deductions must be provided. Failure to attach or attaching incomplete supporting information will delay processing of your return or result in tax withheld, exclusions, adjustments or deductions being disallowed.

**Lines 1 - 16, Column C – Figure Taxable Income**

Subtract column B from column A and enter difference in column C. Support figures with schedules.

**Line 17 – Total Additions**

Add lines 2 through 16.

**Line 18 – Total Income**

Add lines 1 through 16.

**Line 19 – Total Deductions**

Enter the total deductions from line 7 of Deductions schedule, page 2.

**Line 20 – Total Income after Deductions**

Subtract line 19 from line 18.

**Line 21 – Exemptions**

Enter the total number of exemptions (page 2, Exemptions schedule, line 1h) on line 21a and multiply line 21a by \$600.00 and enter the product on line 21b.

**Line 22 – Total Income Subject to Tax**

Subtract line 21b from line 20. If line 21b is greater, enter zero.

**Line 23 – Tax**

Multiply line 22 by the appropriate tax rate to compute tax liability, and enter it on line 23b. (The resident tax rate is 1%. The nonresident rate is 0.5%.) If you were a resident for only part of the year and used Schedule TC to compute your tax, mark (X) line 23a and attach Schedule TC to the return.

**Line 24a – Total Tax Withheld by Employers**

The East Lansing tax withheld by each of your employers is to be reported on page 2 on the Excluded Wages and Tax Withheld Schedule. Total East Lansing tax withheld, line 11 of this schedule, is reported on line 24a. The Form W-2 received from each employer shows the tax withheld in box 19 and locality name in box 20.

**You must attach a copy of each Form W-2 showing the amount of East Lansing tax withheld and the locality name as East Lansing (or an equivalent indicating the tax was withheld for East Lansing.)**

Credit for East Lansing tax withheld will not be allowed without a supporting Form W-2.

**Line 24b - Other Tax Payments**

Enter the total of the following: estimated tax paid, credit forward from past year, tax paid with an extension, tax paid on your behalf by a partnership.

**Line 24c - Tax Credit for Tax Paid to Another City (Residents only)**

Enter on line 24c the credit for income taxes paid to another city. If you had income subject to tax in another city while you were a resident of East Lansing, you may claim this credit. The credit IS NOT NECESSARILY the tax paid to the other city. This credit must be based on income taxable by both cities, and the credit may not exceed the tax that a nonresident of East Lansing would pay on the same income. Base the credit on the amount actually paid to another city, not the amount withheld. You must attach a copy of the income tax return filed with the other city to receive this credit.

**Line 24d - Total Payments and Credits**

Add lines 24a through 24c. Enter the total on line 24d.

**Line 25 - Interest and Penalty for Failure to Make Estimated Tax Payments; Underpayment of Estimated Tax; or Late Payment of Tax**

Nonpayment or underpayment of estimated income tax and late payment of tax is subject to penalty and interest. **You may calculate the amounts and enter penalty on line 25a, interest on 25b, and the total interest and penalty on line 25c or the city may calculate and assess this for you.**

**TAX DUE OR REFUND**

**Line 26 - Tax Due and Payment of Tax**

If the tax on line 23b plus the interest and penalty on line 25c exceeds the total Payments and Credits on line 24, enter the difference, the tax due, on line 26. The tax due must be paid with the return when filed. The due date for the return is April 30, 2020.

**Pay by Check or Money Order.** Tax is due at the time of filing your return. Make the check or money order payable to the City of East Lansing, place the check or money order in front of page 1 of the tax form and mail the return with the payment to: CITY OF EAST LANSING, INCOME TAX PROCESSING CENTER, P.O. BOX 526, EATON RAPIDS, MI 48827

**Line 27 - Overpayment**

If the total payments and credits on line 24 exceed the tax on line 23 plus the interest and penalty on line 25c, enter the difference, the overpayment, on line 27. Use lines 28 through 30 to indicate what you want done with the overpayment. You must file the return even if there is no tax due, no overpayment or only a slight overpayment.

**Line 28 - Donation**

Enter on line 28 the amount of overpayment to be donated to Parks, Stewardship and Conservation (28a), Parks and Playgrounds (28b) and/or Recreational Youth Scholarships (28c). Enter the total of line 28a, 28b and 28c on Line 28d.

**Line 29 - Credit Forward**

Enter on line 29 the amount of overpayment to credit to the next year.

**Line 30 - Refund**

Please allow 45 business days before calling about a refund. The refund will be addressed and mailed to the taxpayer(s) and address listed on the tax return.

**FORM EL-1040, PAGE 2 INSTRUCTIONS**

**EXEMPTIONS SCHEDULE**

Complete the Exemptions schedule to report and claim the total exemptions amount allowed. Everyone who files a East Lansing return gets a personal exemption of \$600 for 2019. **You may not claim an exemption if someone else claims you as a dependent on their East Lansing return.**

**Lines 1a - 1c - You and Spouse.** Enter your date of birth and mark (X) the exemption boxes that apply to you. If filing jointly, complete line 1b for spouse. Mark (X) the boxes that apply, and enter on line 1e the total number of exemption boxes marked.

**Lines 1d - Dependents.** Determine dependents using the same rules as on the federal return. If you cannot claim a dependent on the federal return, you cannot claim them on an East Lansing return. Enter the names of your dependent children that live with you, then the names of other dependents and their relationship to you. Provide dependents' Social Security numbers and dates of birth. Enter totals on 1f and 1g.

**Lines 1e - 1h - Total Exemptions.** Add the amounts on 1e, 1f and 1g, and enter the total exemptions on line 1h and on page 1, line 21a.

**EXCLUDED WAGES SCHEDULE**

If any wages reported on page 1, line 1, column A, are not taxable, the Excluded Wages schedule must be completed. The data to complete this schedule comes from the Wages and Excludible Wages schedule.

**Individuals whose adjusted gross income is less than \$5000 and does not have a personal exemption due to being claimed by another individual are exempt from the East Lansing tax and should include a copy of the first page of their 2019 State of Michigan income tax return with their 2019 East Lansing return as substantiation.**

**DEDUCTIONS SCHEDULE**

You may deduct amounts that directly relate to income that is taxable by East Lansing, prorating where necessary. Allowable deductions include the following line number items: **Line 1 - Individual Retirement Account (IRA) Contributions** Contributions to an IRA are deductible to the same extent deductible under the Internal Revenue Code. **Attach page 1 & 2 of federal return and evidence of contribution,** which includes, but is not limited to, one of the following: a copy of receipt for IRA contribution, a copy of federal Form 5498, a copy of a canceled check that clearly indicates it is for an IRA contribution. ROTH IRA contributions are **not** deductible.

**Line 2 - Self-Employed SEP, SIMPLE and Qualified Plans**

Self-employed SEP, SIMPLE and qualified retirement plan deductions may be entered on page 2, Deductions schedule, line 2.

**Line 3 - Employee Business Expenses**

Employee business expenses are deductible 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 East Lansing Income Tax Ordinance meals must be incurred while away from home overnight on business. **BUSINESS EXPENSES ARE LIMITED TO THE FOLLOWING:**

- Expenses of transportation, but not 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 delivery.
- Expenses reimbursed by employer from an expense account or other arrangement if included in gross earnings.

**NOTE:** Business expenses claimed on line 4 of fed. Form 2106 are not allowed unless taxpayer qualifies as an outside salesperson. Attach a copy of federal Form 2106 or a list of your employee business expenses.

**Line 4 - Moving Expenses**

Moving expenses for moving into the City of East Lansing are deductible to the same extent deductible under the Internal Revenue Code. Attach a copy of federal Form 3903 or a list of moving expenses, with the distance in miles from where you moved.

**Line 5 - Alimony Paid**

Separate maintenance payments, alimony, 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 the federal return are deductible. Child support is not deductible. Attach a copy of federal return, page 1, 2, & Schedule 1.

**NOTE:** The above 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 East Lansing Income Tax Ordinance. Part-year residents must allocate deductions the same way they allocate income.

**Line 6 - Renaissance Zone**

The Renaissance Zone deduction may not be claimed by any East Lansing resident as we do not have any Renaissance Zones within the City limits.

**Line 7 - Total Deductions**

Add lines 1 through 6. Enter the total on line 7 and on page 1, line 19.

**ADDRESS SCHEDULE**

Every taxpayer must complete the Address schedule. Start by listing the address used on last year's return. If this address is the same as listed on page 1, write "Same." If no 2018 return was filed provide reason none was filed. Complete the schedule by listing the addresses of the other principal residences (domiciles) occupied during 2019. Mark whether the address was for the taxpayer (T), spouse (S) or both (B) and enter the beginning and ending dates of residence at each. The Address schedule must be completed for all Part-year residents, in addition you may be asked to provide proof of residency such as a copy of your valid State issued picture ID (front and back), a copy of your deed/lease, service history/letter from utility company, voter registration records/history, or address history from the Secretary of State.

**THIRD-PARTY DESIGNEE**

To allow another person (including parents, brothers, sisters, boyfriends, girlfriends, etc.) to discuss the tax return information with the Income Tax Office, mark (X) the "Yes" box and enter the person's name, phone number and any five digits as their personal identification number (PIN). To designate the tax preparer, enter "Preparer."

**SIGN THE RETURN**

You must sign and date the return. If filing a joint return, both spouses must sign and date the return. If someone else prepared the return, they must sign it and provide their address and telephone number.

**PART-YEAR RESIDENT INSTRUCTIONS**

If you had income taxable as a resident and as a nonresident during the year, you must file as a part-year resident. Part-year residents compute the amount of their tax on Schedule TC, which has multiple tax rates. Complete the form using the instructions on the Schedule TC.

Income is allocated according to the residency status for each item of income. Adjustments and deductions must be allocated in the same

way income is allocated. Use the instructions for residents and non-residents as a guide to allocate income.

Schedule TC and other East Lansing tax forms are available on the East Lansing website: [www.cityofeastlansing.com](http://www.cityofeastlansing.com)

**RESIDENT INSTRUCTIONS**

**Line 1 – Wages, Salaries, Tips, Etc.**

Report on line 1, column A, the amount of wages, salaries, tips, etc. from your federal tax return.

**Pages 1 & 2 of the federal tax return must be attached to all East Lansing tax returns. All W-2 forms showing wages and East Lansing tax withheld must be attached to page 1 of the return.**

A resident is taxed on **ALL** earnings, including salary, bonus, separation, and incentive payments, tips, commissions and other compensation for services rendered—**no matter where earned**.

Example: Taxpayer lives in the City of East Lansing but works in Reed City and receives a paycheck from the home office in New York City: 100% of this compensation is taxable.

If your employer did not withhold East Lansing tax from your paycheck, you are still required to file and pay tax on those wages at the resident tax rate. You may also be required to make estimated tax payments if your employer does not withhold East Lansing tax for you in 2019.

Report on line 1, column B, the total excluded wages. All nontaxable wages must be documented on the Wages, Excludible Wages, and City Tax Withheld schedule and listed by employer on the Excluded Wages schedule on Form 1040, page 2. A resident's wages are generally not excludible. An example of excludible (nontaxable) resident wages is military pay.

**Line 2 – Interest**

Interest is taxable to the same extent on the federal return except for interest from U.S. Bonds, Treasury Bills, Treasury notes and flow through interest income from a tax option corporation (S corporation, Etc.).

Report the amount of taxable interest income from federal 1040, on line 2, column A. Report on line 2, column B, interest from U.S. Bonds and Treasury Bills and notes; document this excluded interest on the Excludible Interest Income schedule. Document the excluded interest on the Excludible Interest Income schedule.

**Line 3 – Dividends**

Dividends are taxable. Report on line 3, column A, the total amount of dividend income from the federal return. Report on line 3, column B, excludible dividends from U.S. Bonds, Treasury Bills, and Treasury notes. Document the excluded dividends on the Excludible Dividend Income schedule.

**Line 4 – Taxable Refunds, Credits or Offsets**

NOT TAXABLE. Exclude all. No explanation needed.

**Line 5 – Alimony Received**

Alimony received is taxable. Report on line 5, columns A and C, the amount of alimony received as reported on the federal return.

**Line 6 – Business Income**

All self-employment income is taxable regardless of where the business is located. Report on line 6, columns A and C, the total business income from the federal return. **Attach a complete copy of federal Schedule C.** Federal rules concerning passive losses are applicable to losses deducted on a East Lansing return.

**Line 7 – Capital Gain or (Loss)**

The Uniform City Income Tax Ordinance follows the Internal Revenue Code regarding capital gains. All capital gains realized while a resident are taxable regardless of where the property is located, with the following exceptions:

- Capital gains on sales of obligations of the United States and subordinate units of government.

**Line 7 – Capital Gain or (Loss) (continued)**

- The portion of the capital gain or loss on property purchased prior to the inception of the East Lansing income tax ordinance that is attributed to the time before inception ordinance.
- Capital loss carryovers that originated prior to the taxpayer becoming a resident of East Lansing are not deductible.

Capital losses are allowed to the same extent they are allowed under the Internal Revenue Code and limited to \$3,000 per year. Unused net capital losses may be carried over to future tax years. The capital loss carryover for East Lansing may be different than the carryover for federal income tax purposes.

Deferred capital gain income from installment sales and like-kind exchanges are taxable in the same year reported on the taxpayer's federal income tax return.

Flow through income or loss from a tax option corporation (S corporation, etc.) reported on federal Sch. D is excludible income. **Attach copies of federal Sch. K-1 (Form 1120S).**

Residents reporting capital gains or losses **must attach a copy of federal Schedule D.**

Excluded capital gains must be explained by completing and attaching the Exclusions and Adjustments to Capital Gains or (Losses) schedule.

**Line 8 – Other Gains or (Losses)**

Other gains or losses are taxable to the extent that they are taxable on the Federal 1040. Other gains and losses realized while a resident are taxable regardless of where the property is located, except the portion of the gain or loss on property purchased prior to the inception of the East Lansing Income Tax Ordinance.

Deferred other gains from installment sales and like-kind exchanges are taxable in the year recognized on the federal income tax return. **Deferred gains must be supported by attaching a copy of federal Form 6252 and/or Form 8824.**

Residents reporting other gains and losses **must attach a copy of federal Form 4797.**

Flow through income or loss from an S corporation reported on federal Form 4797 of a resident is excludible. **Attach copies of federal Schedule K-1 (Form 1120S).**

Use the **Exclusions and Adjustments to Other Gains or (Losses)** schedule to compute exclusions and adjustments to other gains and losses reported on your federal income tax return.

**Line 9 – IRA Distributions**

In column A enter the IRA distributions reported on federal Form 1040. Premature IRA distributions (Form 1099-R, box 7, distribution code 1) and IRA distributions made to a decedent's beneficiary other than the decedent's spouse (Form 1099-R, box 7, distribution code 4) are **taxable**. Other codes on Form 1099-R, box 7, may indicate the distribution is taxable to the City.

Exclude in column B, IRA distributions qualifying as retirement benefits: IRA distributions received after age 59½ or described by Section 72(t) (2) (A)(iv) of the IRC and all other excludible IRA distributions. The **Exclusions and Adjustments to IRA Distributions** schedule is used to document excluded IRA distributions.

The conversion of a traditional IRA to a ROTH IRA is taxable to a resident (Form 1099-R, box 7, Distribution Code, G) unless the individual making the conversion is 59 ½ years old or older at the time of the conversion distribution.

**Line 10 – Taxable Pension Distributions**

Enter on line 10, column A, pension and annuities reported on federal Form 1040. Excluded pension and retirement benefits are reported on line 10, column B and explained on the **Exclusions and Adjustments to Pension Distributions** schedule. Pension and retirement benefits from the following **are not** taxable:

1. Pension plans that define eligibility for retirement and set contribution and benefit amounts in advance;
2. Qualified retirement plans for the self-employed;
3. Benefits from any of the previous plans received on account of disability or as a surviving spouse if the decedent qualified for the exclusion at the time of death;
4. Distributions from a 401(k) or 403(b) plan attributable to employer contributions or attributable to employee contributions to the extent they result in matching contributions by the employer;
5. Benefits paid to an individual from a retirement annuity policy that has been annuitized and paid over the life of the individual.

Pension and retirement benefits from the following **are** taxable:

1. Premature pension plan distributions (those received prior to qualifying for retirement);
2. Amounts received from deferred compensation plans that let the employee set the amount to be put aside and do not set retirement age or requirements for years of service. These plans include, but are not limited to, plans under IRC Sections 401(k), 457 and 403(b):
  - a. Amounts received before the recipient could retire under the plan provisions, including amounts paid on separation, withdrawal or discontinuance of the plan;
  - b. Amounts received as early retirement incentives, unless the incentives were paid from a pension trust;
3. Benefits paid from a retirement annuity policy other than annuitized benefits paid over the life of the individual are taxable to the same extent taxable under the Internal Revenue Code.

Report taxable pension and retirement income on line 10, column C.

**Line 11 - Rental Real Estate, Royalties, S Corporations, Partnerships, Royalties, Estates, Trust, Etc.**

All income reported on federal Schedule E is taxable. A resident's share of an S corporation's flow through income is taxable to the same extent and on the same basis the income is taxable under the Internal Revenue Code. Report this income on line 11, columns A and C.

**Line 12 – Reserved (Not Used)****Line 13 – Farm Income or (Loss)**

Profit or loss from the operation of a farm is taxable as reported on the federal return regardless of where the farm is located. There are no exclusions. **Attach a complete copy of federal Schedule F.**

**Line 14 – Unemployment Compensation**

NOT TAXABLE. Exclude all. No explanation needed.

**Line 15 – Social Security Benefits**

NOT TAXABLE. Exclude all. No explanation needed.

**Line 16 – Other Income**

Other income reported on the resident's federal return is taxable except for income from recoveries related to federal itemized deductions from prior tax years. Report on this line a net operating loss carryover from the previous tax year. Report exclusions and adjustments on p. 2, using the Exclusions and Adjustments to Other Income schedule.

**Line 17 – Total Additions**

Add lines 2 through 16. of each column and enter amounts on line 17.

**Line 18 – Total Income**

Add lines 1 through 16 of each column and enter amounts on line 18.

**Line 19 – Deductions**

Enter amount from Deductions schedule, page 2, line 7.

**NONRESIDENT INSTRUCTIONS****NONRESIDENT INCOME SUBJECT TO TAX:**

1. Salaries, bonuses, wages, commissions, fees, vacation pay, severance pay, profit sharing plans and other compensation for services rendered as an employee in East Lansing. Vacation pay, holiday pay, sabbatical pay, sick pay, 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 an unincorporated business, profession or other activity attributable to business activity conducted in East Lansing, whether or not such business is located in East Lansing. This includes business interest income from business activity in East Lansing.
4. Net profits from rental of real and tangible personal property located in East Lansing.
5. Net profits from sale or exchange of real or tangible personal property located in East Lansing.
6. Premature distributions from an Individual Retirement Account (IRA) where a deduction was claimed on a current or previous year's East Lansing income tax return.
7. Premature distributions from a pension plan attributable to work performed in East Lansing.
8. Deferred compensation earned in East Lansing.
9. Alimony received by earnings within the City only.

**Line 1 – Wages, Salaries, Tips, Etc.**

All wages of a nonresident are to be reported on the Wages, Excludible Wages and City Tax Withheld schedule. The total wages from line 15 of this schedule is the amount reported on Form EL-1040, page 1, line 1, column A. The total wages should be the same as the wages reported on your federal tax return (Form 1040).

**All W-2 forms showing income earned in East Lansing and/or tax withheld for East Lansing must be attached to the return.**

**A Statement from every employer whose wages are being allocated must be attached to your return, the letter must state both the total number of hours worked for them and the number worked in East Lansing. This letter must be on company letterhead and have the name, phone number and be signed by your direct supervisor. A detailed work log maintained throughout the year may also be accepted.**

Report on page 1, line 1, column B, the total excluded wages from Line 16 of the Wages, Excludible Wages and City Tax Withheld schedule. All excluded wages must be documented on the Wages, Excludible Wages and City Tax Withheld schedule and listed, by employer, on the Excluded Wages schedule on Form EL-1040, page 2. On the Wages, Excludible Wages and City Tax Withheld schedule, lines 13 and 14, enter the reason the wages are excludible and the address of the work station where you performed the work for the employer.

**Do not use box 18 of W-2 form to report taxable wages or to allocate wages, use all wages reported on your federal return as the allocation basis.**

A separate wage allocation must be completed for each employer. Wages are normally allocated using the actual number of days or hours worked in and outside of East Lansing during the tax year for an employer. Vacation pay, holiday pay, sick pay, bonuses, severance pay, etc. are taxable to same extent as normal earnings.

**100% Earned in East Lansing.** All wages, salaries, tips, sick pay, bonuses, deferred compensation, severance pay, and other compensation (Form W-2, boxes 1 and 8) is taxable to nonresidents who worked 100% of the time in East Lansing.

**Wage Allocation.** Nonresidents who performed only part of their services for an employer in the City of East Lansing must allocate their wages. Use the Nonresident and Part-Year Resident Wage Allocation section of the Wages, Excludible Wages and City Tax Withheld schedule. Also include a letter from your employer verifying the allocation.

**Wage Allocations on Commissions, Etc.** A nonresident salesperson paid on a commission basis or other results achieved should allocate wages based on commissions received or other results achieved attributable to efforts expended in East Lansing. A nonresident insurance salesperson paid sales commissions and renewal commissions should allocate compensation on the following basis: Allocate commissions from life, health, accident and vehicle (auto) insurance based on the location (residence) of the purchaser. Allocate commissions from group insurance based on the location of the group. Allocate commissions from fire and casualty insurance based on the location of the risk insured.

**Line 2 – Interest**

Non-business interest income of a nonresident is not taxable. Exclude all non-business interest income. No explanation needed. Interest income that is business income from business activity in East Lansing is taxable and must be reported. Attach a schedule showing source and computation of taxable and nontaxable interest income.

**Line 3 – Dividends**

**NOT TAXABLE.** Exclude all dividend income. No explanation needed.

**Line 4 – Taxable Refunds, Credits or Offsets**

**NOT TAXABLE.** Exclude all. No explanation needed.

**Line 5 – Alimony Received**

**NOT TAXABLE.** Exclude all. No explanation needed.

**Line 6 – Profit or (Loss) from a Business, Etc.**

Profit or loss from the operation of a business or profession is taxable to the extent it results from work done, services rendered or other business activities conducted in East Lansing. Report on page 1, line 6, column A, business income reported taxable on your federal return.

The Exclusions and Adjustments to Business Income schedule is used to exclude business income. The total excluded business income from line 5 of this schedule is also entered on page 1, line 6, column B. If a business operates both in and outside of East Lansing, the taxable profit or loss is determined using the three factor Business Allocation formula. Where no work is done, services rendered or other business activity is conducted in East Lansing, the profit or loss is entirely excluded. Complete the Exclusions and Adjustments to Business Income schedule to exclude profit or loss from the operation of a business.

A East Lansing net operating loss carryover from the previous tax year is reported on page 1, line 16, column C. See instructions for line 16.

**Line 7 – Capital Gains or (Losses)**

Capital gains or losses of a nonresident are included in taxable income to the extent the gains or losses are from property located in East Lansing. Capital losses from property located in East Lansing are allowed to the same extent they are allowed under the Internal Revenue Code. Unused capital losses may be carried over to future tax years. The capital loss carryover for East Lansing may be different than the carryover for federal income tax purposes.

Deferred capital gain income from installment sales and like-kind exchange of property located in East Lansing are taxable in the year recognized on the taxpayer's federal income tax return.

Flow through income or loss from a tax option corporation (S corporation, etc.) reported on a nonresident's federal Schedule D is excluded on the Exclusions and Adjustments to Capital Gains or (Losses) schedule **Attach copies of federal Schedule K-1 (Form 1120S).**

Use the Exclusions and Adjustments to Capital Gains or (Losses) schedule to compute exclusions and adjustments to capital gains. **NOTE:** A common error on a nonresident return is failure to complete the Exclusions and Adjustments schedule to exclude the capital loss carryover reported on the taxpayer's federal income tax return.

**Line 8 – Other Gains or (Losses)**

A nonresident's other gains and losses are included in taxable income to the extent the gains or losses are from property located in East Lansing. Deferred other gains and losses from installment sales and like-kind exchanges of property located in East Lansing are taxable in the year recognized on the taxpayer's federal income tax return. Deferred other gains must be supported by attaching a copy of federal Form 6252 and/or Form 8824.

Flow through income or loss from a tax option corporation (S corporation, etc.) reported on federal Form 4797 is excluded on the Exclusions and Adjustments to Other Gains and (Losses) schedule. **Attach copies of federal Schedule K-1 (Form 1120S).**

Nonresidents reporting other gains and losses **must attach a copy of federal Form 4797.** Use the Exclusions and Adjustments to Other Gains and Losses schedule to compute exclusions and adjustments to other gains and losses reported on the federal income tax return. On line 4 of the schedule enter the total excluded other gains or losses and also enter this total on page 1, line 8, column B.

**Line 9 – IRA Distributions**

That portion of a premature IRA distribution that was deducted from East Lansing taxable income in the current or a prior tax year (reported on Form 1099-R, box 7, distribution code 1) are taxable to a nonresident. IRA distributions received after age 59 ½ or described by Section 72(t)(2)(A)(iv) of the IRC are not taxable.

**Line 10 – Taxable Pension Distributions**

Premature pension plan distributions (those received by a nonresident prior to qualifying for retirement) are taxable to the same extent the normal wages from the employer are taxable.

A nonresident remaining employed by the particular employer in East Lansing may not exclude amounts received from deferred compensation plans that let the employee set the amount to be put aside and do not set retirement age or requirements for years of service. These plans include, but are not limited to, plans under Sections 401(k), 457 and 403(b) of the Internal Revenue Code (IRC): Amounts received before the recipient could retire under the plan provisions, including amounts paid on separation, withdrawal or discontinuance of the plan. Amounts received as early retirement incentives, unless the incentives were paid from a pension trust. See Line 10 under "Residents" for additional information on nontaxable pension and retirement benefits.

Excludible pension distributions are listed on the Exclusions and Adjustments to Pension Income schedule. Enter the total excluded pension distributions on the last line of the schedule and also enter the amount on page 1, line 10, column B.

**Line 11 – Rental Real Estate, Royalties, Partnerships, S Corporations, Estates, Trusts, Etc.**

All income reported on the federal Schedule E that comes from business activity in East Lansing or property located in East Lansing is taxable to nonresidents. When an estate or trust has taxable income in East Lansing, the estate or trust must file a return and pay tax on distributions to nonresidents and on undistributed taxable income.

The following income reported on federal Schedule E is excludable: income from business activity or property outside East Lansing; tax option corporation (S corporation, etc.) flow through income or loss reported on Schedule E; and income from estates and trusts.

Explain all exclusions on the Exclusions and Adjustments to Income from Rental Real Estate, Royalties, Partnerships, S Corporations, Trusts, Etc. schedule. On line 6 of this schedule enter the total exclusions and adjustments; enter also on page 1, line 11, column B.

**Line 12 – Reserved (Not Used)****Line 13 – Farm Income or (Loss)**

A nonresident's profit or loss from a farm are included in East Lansing income to the extent the profit or loss results from work done, services rendered or other activities conducted in East Lansing. The portion of the profit or loss reported on East Lansing return is determined by use of the three factor Farm Allocation Percentage formula. Where no work is done, services rendered or other business activity is conducted in East Lansing, the entire farm profit or loss is excluded, using the Exclusions and Adjustments to Farm Income schedule.

Sales of crops at any produce market, farmers market, or produce stand located in the City of East Lansing is considered East Lansing business activity and subjects the farm to Big Rapid income tax.

**Line 14 – Unemployment Compensation**

**NOT TAXABLE.** Exclude all. No explanation needed.

**Line 15 – Social Security Benefits**

**NOT TAXABLE.** Exclude all. No explanation needed.

**Line 16 – Other Income**

Other income is taxable if it is from work performed or other activities conducted in East Lansing. Use the Exclusions and Adjustments to Other Income schedule to document exclusions and adjustments. Report on this line a East Lansing-related net operating loss carryover from the previous tax year.

**Line 17 – Total Additions**

Add lines 2 through 16

**Line 18 – Total Income**

Add lines 1 through 16 of each column and enter amounts on line 18.

**Line 19 – Total Deductions**

Enter amount from Deductions schedule, page 2, line 7. A nonresident's deductions are limited by the extent they relate to income taxable under the East Lansing Income Tax Ordinance. Nonresidents must allocate deductions the same way related income is allocated. See Deductions schedule (page 2 instructions) for a list of allowable deductions.