

INSTRUCTIONS FOR SCHEDULE G OF GR-1040NR

Estates and trusts, with Grand Rapids taxable income, that file a United States fiduciary return (federal Form 1041) must file GR-1040NR and complete Schedule G. Business trusts that file with the Internal Revenue Service as a corporation must file a Grand Rapids corporation return.

TAXABLE INCOME

An estate or trust is treated as a nonresident of the city. Distributable and nondistributable income from the following sources is subject to tax:

1. Net profit (or loss) from the operation of a business that is attributable to business activity conducted in Grand Rapids whether or not such business is located in Grand Rapids.
2. Net profit from rental of real and tangible personal property located in Grand Rapids.
3. Gain on the sale or exchange of real and tangible personal property located in Grand Rapids.
4. Income from a partnership.

SCHEDULE G

Line 1. Enter the Grand Rapids net profit (or loss) from Form GR-1040NR, page 2, line 24f.

For instructions on Form GR-1040NR, page 2, lines 24a through 24f and Form GR-1040NR, page 2, lines 25a through 25g, see filing instructions for Form GR-1040NR, Grand Rapids nonresident income tax return.

Line 2a. Enter the capital gains and losses from the sale or exchange of real and tangible personal property located in Grand Rapids. Attach a schedule calculating the amount reported and a copy of federal Schedule D.

Line 2b. Enter the ordinary gains and losses from the sale or exchange of real or tangible personal property located in Grand Rapids. Attach a schedule calculating the amount reported and a copy of federal Form 4797.

Line 2c. Enter the total of lines 2a and 2b.

Gain or loss on property purchased prior to July 1, 1967 must be determined by one of the following methods:

1. The base may be the adjusted fair market value of the property on 7/1/67 (June 30 closing price for traded securities), or
2. Divide the number of months the property was held since July 1, 1967, by the total number of months the property was held, and apply this fraction to the total gain or loss as reported on your federal income tax return.

Line 3a. Enter the net profit or loss from rents and royalties of property located in Grand Rapids. Attach a schedule calculating the amount reported and a copy of federal Schedule E.

Line 3b. Enter the income or loss from partnerships with business activity in Grand Rapids. Attach a schedule calculating the amount reported and a copy of federal Schedule E.

Line 3c. Enter the total of lines 3a and 3b.

Line 4. Enter other Grand Rapids income. Attach a schedule listing the type and amount of this income.

Line 5. Add lines 1, 2c, 3c and 4 and enter the total.

Line 6. Complete and attach Schedule RZ of GR-1040R or GR-1040NR. (Instructions for completing Schedule RZ of GR-1040R or GR-1040NR are found on the reverse side of the Schedule RZ.)

Line 7. Subtract line 6 from line 5 and enter amount.

Line 8. Enter total from Schedule G-1, line E after completing Schedule G-1. Do not include income deducted using Schedule RZ of GR-1040R or GR-1040NR in distributable income.

Line 9. Subtract line 8 from line 7 and enter amount.

Line 10. For tax years beginning after 12/31/2000, enter \$1,000. For all other tax years enter \$750.

Line 11. Subtract line 10 from line 9 and enter amount. This amount is to be entered on Form GR-1040NR, page 1, line 14. To the left of the amount on GR-1040NR, page 1, line 14 write in "SCH. G."

SCHEDULE G-1

On lines A through D list each resident beneficiary's name, social security number, the amount of distributable income included in total Grand Rapids income and the share of the Renaissance Zone deduction. Subtract the Renaissance Zone deduction from the distributable income and enter the difference in the deduction column. Add the amounts in the deduction column, lines A through D, and enter the total on line E and on Schedule G, line 8.

The resident beneficiary's share of distributable income included in Schedule G, line 5, is computed as follows:

1. Divide the reported Grand Rapids income on line 5 by the total income from federal Form 1041, line 9;
2. Multiply the result of step 1 by the income distribution deduction from federal Form 1041, line 18; and
3. Divide the result in step 2 in the same manner as the federal distributable income is divided between beneficiaries.

The resident beneficiary's share of the Renaissance Zone deduction is computed in the same manner that the related income is divided between beneficiaries.

RESIDENT BENEFICIARIES

Grand Rapids resident beneficiaries must report their portion of distributable income as defined in the Internal Revenue Code on form GR-1040R.

Attach a copy of page 1 of federal Form 1041 to the GR-1040NR filed for the trust or estate.

ASSISTANCE

If you need forms or assistance, call (616) 456-3415. Questions by mail should be directed to: Grand Rapids Income Tax Department, P.O. Box 2528, Grand Rapids, Michigan 49501-2528. Income tax forms and instructions are available on the City's website at www.ci.grand-rapids.mi.us

NOTICE

These instructions are interpretations of the Grand Rapids Income Tax Ordinance. The Ordinance will prevail in any disagreement between forms or instructions and the Ordinance.