

RETURN TO:
Income Tax Division
P.O. Box 549
1020 City Blvd.
Grayling, Michigan 49738

GRAYLING, MICHIGAN
2017 Corporation
Income Tax Return
FORM GR-1120
FOR: CORPORATIONS DOING BUSINESS IN GRAYLING

POINTS OF CONTACT:

We encourage comments and questions.
The Income Tax Department numbers
are:

website: www.cityofgrayling.org

email: incometax@cityofgrayling.org

Phone: (989) 348-2131 ext.108

Fax: (989) 348-6752

FILING INSTRUCTIONS

FILING DATE:

Calendar year taxpayers must file by May 1. Fiscal year taxpayers must file four (4) months after the end of their fiscal year.

REMITTANCE:

The tax due, if one dollar (\$1.00) or more, must be paid when filing the return.

Make remittance payable to:

CITY OF GRAYLING

MAILING ADDRESS: Mail your return and remittance to:

CITY TREASURER - Income Tax Division

P.O. Box 549, 1020 City Blvd.

Grayling, Michigan 49738

EFFECTIVE DATE OF TAX

The City of Grayling Income Tax became effective July 1, 1972. Corporations subject to the tax are required to file a return each year, commencing with their first year, calendar or fiscal, ending on or after July 1, 1972 and to pay the tax on that part of their net income attributable to business activity in Grayling.

CORPORATIONS REQUIRED TO FILE

Every Corporation doing business in the City, whether or not it has an office or place of business in the City, and whether or not it has net profits, is required to file a City of Grayling Income Tax Corporation Return, Form GR-1120.

Corporations cannot elect to file and be taxed as Partnerships. (Likewise, Partnerships cannot elect to file and be taxed as Corporations.

Non-profit Corporations which have applied for and received approval for exemption from the Federal Income Tax shall not be required to file a Grayling Return provided they submit to the Administrator of the Income Tax Division, a copy of their exemption approval from the Internal Revenue Service. Such exemption from the City's filing requirement will continue in effect as long as their Federal exemption is in effect.

The ordinance also specifically exempts state and national banks, trust companies, insurance companies, building and loan / saving and loan associations and credit unions (either state chartered or Federal chartered).

FILING DATE

Taxpayers on a calendar year are required to file by April 30; those on a fiscal year must file by the last day of the fourth month following the end of the fiscal year. Returns shall be for the same calendar year, fiscal year or other accounting period as the taxpayer uses for Federal Income Tax purposes.

EXTENSIONS

Upon submission of an "Application for Extension", made on or before the date for filing a return, the Administrator of the Income Tax Division may extend the time for filing up to six months, or where a longer extension has been granted by the Federal Internal Revenue Service, to one month beyond such extension. Where an extension is granted, a tentative return and payment may be required.

INSTRUCTIONS FOR PAGE 1

If you entered an amount on Line 2 of Page 1, use either of the methods explained in the instructions to determine the taxable portion of the gain or loss for the taxable period.

LINE 12. Enter on this line the net capital loss carry-over and/or net operating loss carry-over applicable for Grayling. DO NOT use this line for net operating loss carry-back since carry-back credit requests for prior years are to be made by letter and not by an amended return.

Net capital losses sustained by a corporation for periods subsequent to July 1, 1972 may be carried forward the following five (5) consecutive years. No deduction will be allowed for capital losses sustained prior to July 1, 1972. Capital losses and capital loss carry-overs are deductible only to the extent of capital gains.

Net operating losses sustained July 1, 1972, may be carried back three (3) years, being carried back first to the earliest year. If not entirely absorbed in those years, the unused portion can then be carried forward up to five (5) years following the loss year. The carry-back benefits modified for Grayling City Income Tax purposes to permit the taxpayer to apply the loss to the first year or partial year ending after June 30, 1972, even though such year may not be the third year preceding the loss year.

Net operating losses carried forward are to be shown on Line 12 of this return. Refund claims resulting from carrying losses back are to be requested in a separate written statement. An amended return is NOT to be made. The request must set forth the years to which the loss is being carried and the computation of the amount to be refunded. It must be signed by an officer of the corporation.

Losses are to be allocated to Grayling at the percentage of business conducted in Grayling in the year in which the loss was sustained. If all business was not conducted in Grayling in the year in which the loss was sustained, use the business allocation percentage formula to arrive at the deductible portion of the loss. If you did not conduct 100% of your business in Grayling, attach a schedule showing your computation for the amount reported on this line.

GENERAL INSTRUCTIONS

Taxpayers permitted to report under the separate accounting method rather than under the three factor appointment formula will enter only the amounts applicable to Grayling business activity on Line 1. To report under the separate accounting method, the taxpayer must regularly keep its books and records by such method.

Depreciation - Use the same basis and method as used for Federal Income Tax reporting.

Contributions - Contributions are deductible to the same extent, and under the same limitations, as under the Federal Internal Revenue Code.

Dividends and Interest - Taxpayers allocating on any basis, other than separate accounting shall include all interest, dividends and other non-operating income to arrive at the total income subject to the allocation percentage. Taxpayers

using separate accounting shall include in income subject to tax a proportionate share of dividends, interest and other non-operating income of the total corporation, using a direct allocation if the income is received by the divisions subject to the Grayling tax, or apportioning it on the same basis ad general administrative and overhead costs are apportioned to Grayling activity.

Income for Rents and Royalties - Follow the same instructions here as for dividends and interest above.

Gain or loss from sale or exchange of property - Only the amount of the gain or loss occurring from July 1, 1972 to date of disposition shall be recognized for purposes of the Grayling Income Tax. Adjustment for this is to be made on Page 1, by removing the gain or loss on Line 2, and reinserting on Line 8 only the portion of the gain or loss applicable to the holding period subsequent to July 1, 1972, to the date of disposition. Any net capital loss carry-over included in Line 2 of page 1 should be excluded before entry on Line 8 of Page 1. The portion of Line 2 that represents net capital loss carry-over is to be entered on Line 12 of Page 1 in accordance with the instructions for that line. The amount of gain or loss occurring after July 1, 1972 (to be entered on Page 1, Line 8) is to be determined by either (1) computing the difference between the July 1, 1972 fair market value (July 1, closing price for traded securities) or the cost if the date acquired was subsequent to July 1, 1972, and the proceeds from the sale or exchange, or (2) by using the gain or loss for the entire holding period, as computed for Federal Income Tax purposes, and computing the taxable portion of such gain or loss on the ratio that the number of months held in the period subsequent to July 1, 1972 is to the total time the property was held.

SCHEDULE D - INSTRUCTIONS

The business allocation percentage formula is to be used by corporations with business activity both within and without the City of Grayling unless permission has been granted to use the separate accounting method.

LINE 1. 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 enter the net book value of the real and tangible personal property located in the City of Grayling. The average net book value of real and tangible personal property may be determined by adding the net book values at the beginning of the year and the net book values at the end of the year and dividing the sum thus obtained by two.

LINE 1a. Enter in Column 1 the gross annual rentals multiplied by 8 for all rented property used by the business regardless of location. In Column 2 show the gross annual rentals multiplied by 8 for all rented real property used by the business and located in the City of Grayling. Gross annual rentals refer to real property, rented or leased during the taxable period, and should include the actual sums of money or other

Continued on page 6

OR other taxable year beginning _____ **2017, Ending** _____ **20** _____

FEDERAL EMPLOYER I.D. NUMBER		WHERE INCORPORATED
PERSON IN CHARGE OF RECORDS	NAME	DATE OF INCORPORATION
TELEPHONE NUMBER	NUMBER AND STREET	NATURE OF BUSINESS
	CITY OR TOWN STATE ZIP CODE	

TAXABLE INCOME COMPUTATION

1. Taxable income from Federal Form 1120 (Attach copy of Federal Form 1120) .....	\$ .....	.00
2. Enter gain of loss from sale or exchange of property included in Line 1 .....		.00
3. Result after excluding Line 2 from Line 1 .....		.00
4. Enter items not deductible under Grayling Income Tax Ordinance (from P.2, Sch. E, Col. 1, Line 5) .....		.00
5. Total - add Lines 3 and 4 .....		.00
6. Enter items not taxable under Grayling Income Tax Ordinance (from P.2, Sch. E, Col. 2, Line 11) .....		.00
7. Total - Line 5 less Line 6 .....		.00
8. Amount in Line 2 above (after excluding any capital loss carry-over) applicable to taxable period (see instructions) .....		.00
9. Total income - add Lines 7 and 8 .....		.00
10. Allocation percentage from P.2, Sch. D, Line 5 - if all business was conducted in Grayling or the "separate accounting" method is used, enter 100% on Line 10 and DO NOT fill in Sch. D, on P.2	%	
11. Total - multiply Line 9 by % on Line 10 .....		.00
12. Less: Applicable portion of net operating loss carry-over and/or capital loss carry-over (see instructions) .....		.00
13. Total income subject to tax - Line 11 less Line 12 .....		.00
14. CITY OF GRAYLING TAX - multiply Line 13 by 1% .....		.00

PAYMENTS AND CREDITS

15. a. Tax paid with tentative return .....	\$ .....	.00
b. Payments and credits on 2017 Declarations of Estimated Grayling Income Tax .....		.00
c. Other Credits - explain in attached statement .....		.00
16. Total - add Lines 15a, b and c .....		.00

TAX DUE OR REFUNDED

17. If your tax (Line 14) is larger than your payment (Line 16) Enter BALANCE DUE here .....	\$ .....	.00
PAY IN FULL WITH THIS RETURN TO "TREASURER, CITY OF GRAYLING" and mail to "CITY TREASURER'S OFFICE, P.O. BOX 549, 1020 CITY BLVD., GRAYLING, MICHIGAN 49738"		
18. If Line (16) is larger than Line (14) enter OVERPAYMENT here .....	\$ .....	.00
19. Check this box if you wish to receive a refund <input type="checkbox"/>00
20. Check this box if you wish the overpayment credited to your 2018 estimated tax <input type="checkbox"/>00

A. Name and address of resident agent in Michigan _____	Do not write in this space		
B. Is this a consolidated return? Yes ____ No ____ If yes, list names and address of included Corporations in an attached statement showing percent owned of voting stock of each corporation.	File	Subj. to Inv.	Items
C. List addresses of Grayling location(s) if different from address used in filing this return.	AUDIT RESULT		
	N.C.		
D. Total amount of dividends paid to all stockholders during the taxable period. _____	Corr. Tax		
	Agent		
E. List names and addresses of officers who are Grayling residents. _____	Approval		

I declare that I have examined this return (including accompanying schedules and statements) and to the best of my knowledge and belief, it is true, correct and complete. If prepared by a person other than taxpayer, his declaration is based on all information of which he has any knowledge.

DATE SIGNATURE OF OFFICER TITLE

DATE INDIVIDUAL OR FIRM SIGNATURE OF PREPARER ADDRESS

BUSINESS ALLOCATION FORMULA - SCHEDULE D

	Located Everywhere I	Located In Grayling II	Percentage II ÷ I
1. Average net book value of real and tangible personal property	\$	\$	
a. Gross annual rentals of real property only multiplied by 8			
b. TOTAL (add Lines 1 and 1a)%
2. Total wages, salaries, commissions and other compensation of all employees%
3. Gross revenue from sales made or services rendered%
4. Total percentages - add the three percentages computed from Lines 1b, 2 and 3 which you entered in the last column (you must compute a percentage for each of Lines 1b, 2 and 3)%
5. Average percentage (one third of Line 4). Enter here and on Page 1, Line 10%

In determining the average percentage (Line 5), a factor shall be excluded from the computation only when such factor does not exist anywhere insofar as the taxpayer's business is concerned and in such cases, the sum of the percentages shall be divided by the number of factors actually used.

In the case of a taxpayer authorized by the Income Tax Administrator to use one of the special formulas, attach explanation and use the lines provided below.

a. Numerator _____ b. Denominator _____

c. Percentage (a÷b) _____ Enter here and on Page 1, Line 10. d. Date of Finance Director approval letter _____

SCHEDULE E

Schedule E is used to adjust the income reported on Page 1, Line 1 to give effect to the requirements of the Grayling Income Tax Ordinance. The period of time used to compute items for Schedule E must be the same as the time period used to report income on Line 1, on Page 1. Schedule E entries are allowed only to the extent directly related to net income as shown on Line 1, Page 1.

PERIOD

FROM _____ TO _____

COLUMN 1 Add - Items not Deductible	COLUMN 2 Deduct - Items not taxable and allowable
1. Adjustment to income relating to prior periods (See instructions) \$	6. Dividends received from national and state bank stock \$
2. All expenses (including interest) incurred in connection with derivation of income not subject to Grayling Income Tax.	7. Interest from governmental obligations
3. Grayling Income Tax paid or accrued	8. Dividends received deduction (exclude dividends in Line 6 above)
4. Other (submit schedule)	9. Foreign tax credit
	10. Other (submit schedule)

5. Total additions (enter on Page 1, Line 4)	
	11. Total Deductions (enter on Page 1, Line 6)

continued from page 2

consideration payable, directly or indirectly, by the taxpayer for the use or possession of such real property.

LINE 2. Enter in Column 1 the total compensation paid to all employees during the taxable period and in Column 2 show the amount of compensation paid to employees for work done or for services performed within the City of Grayling during the taxable period.

LINE 3. Enter in column 1 the total gross revenue from all sales or services rendered during the taxable period and in Column 2 show the amount of revenue derived from sales made or services rendered in the City of Grayling during the taxable period.

SCHEDULED E - INSTRUCTIONS

LINE 1. Use this line to adjust net profit for those items reflected in the taxable period which are attributable to any period prior to July 1, 1972.

Examples of items of this nature which are adjustments to prior periods would be assessments and interest based on deficiencies in sales and use taxes, federal excise tax, personal and real property taxes, etc.

LINES 6 AND 7. The Grayling City Income Tax Ordinance provides for the specific exclusion from tax of dividends received from national and state bank stock, and the interest from obligations of the United States, the states or subordinate units of government of the state.

LINE 8. If you reported dividend income, enter on this line the amount of the dividend received deduction allowed by the Federal Internal Revenue Code for dividends received during the taxable period.

LINE 9. Taxpayers may deduct income, war profits and excess profit taxes paid to foreign countries or possessions, of the United States, allocated to income included in taxable net income, any part of which would be allowable as a deduction in determining federal taxable income under applicable provisions of the Federal Internal Revenue Code.

LINE 10. Other deductions are to be included on this line. The investment credit allowed against tax by the Federal Internal Revenue Service is not allowable as a credit against the tax by the City of Grayling.

COMPUTATION AND PAYMENT OF TAX

After computing your Grayling Income Tax and deducting your credits, **if there is any tax due, it must be paid when filing this return.** Make check or money order payable to CITY OF GRAYLING and mail with this return to CITY TREASURER'S INCOME TAX DIVISION, P.O. Box 549, 1020 City Blvd., Grayling, Michigan 49738. If your payments and credits exceed the tax, show the amount of such overpayment on Line 18 and check the box on Line 19 if you wish the overpayment refunded. Refunds will be made as quickly as possible, but please allow 90 days before making any inquiry. Refunds of less than one dollar (\$1.00) will not be made unless requested in writing. Tax due of less than one dollar (\$1.00) need not be paid. Check the box on Line 20 if you wish the overpayment credited on your 2018 estimated tax.

DECLARATION AND PAYMENT OF ESTIMATED TAX

1. **WHO MUST FILE:** Every corporation subject to the tax on all or part of its net profits must file a Declaration of Estimated Income Tax (Form GR-1040-ES). A Declaration is not required from corporations if the estimated tax on Line 4 is TWO HUNDRED FIFTY DOLLARS (\$250.00) OR LESS.

2. **WHEN AND WHERE TO FILE AND PAY:**

A. Declarations for Calendar Year. The Declaration for a calendar year must be filed on or before April 30 of that year. The estimated tax is payable in equal installments on or before April 30, June 30, September 30 and January 31.

B. Declaration for Fiscal year. The Declaration for a year, or period differing from the Calendar year must be filed within four (4) months after the beginning of each fiscal year or period. For example, if your fiscal year begins on April 1, your Declaration will be due on July 31. Remaining installments will then be due on the last day of the sixth, ninth and thirteenth months after the beginning of the fiscal year.

C. Filing and Payment. The Declaration should be filed with the CITY OF GRAYLING INCOME TAX DIVISION, P.O. BOX 549, 1020 CITY BLVD., GRAYLING, MI 49738. The first installment payment must accompany the Declaration. However, the estimated tax may be paid in full with the Declaration.

3. **PENALTIES AND INTEREST:** When a Declaration of Estimated Tax (Form GR-1040-ES) is required, the estimated tax paid must be 70% or more of the total tax due or interest and penalty will be assessed.