

2010 INSTRUCTIONS FOR FILING PARTNERSHIP INCOME TAX RETURN, FORM S-1065

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RESIDENT PARTNERS
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NONRESIDENT PARTNERS
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CORPORATION PARTNERS
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Column 1. UOUU
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Column 2. UOUU
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Column 3. A \$750 exemption is allowed...
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Column 6. UOUU
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Line 10. UOUU
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Line 11. Enter all or the portion of the overpayment to be credited forward to the next year.

Line 12. If you wish to make a donation of any portion or all of the overpayment to the City of Saginaw Fireworks enter the amount of the donation, otherwise leave blank.

Line 13. Enter the amount of your overpayment to be refunded. A refund will be issued via a paper refund check unless you choose to get the refund via direct deposit by marking the box on **line 14 for Refund – Direct Deposit** and enter (a) the bank routing number, (b) the bank account number and (c) the account type.

COMPUTATION AND PAYMENT OF TAX

Line 15. If tax due (line 7) is greater than the total tax payments (line 9) subtract line 9 from line 7 and enter tax due. Tax 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 SAGINAW CITY TREASURER and mail the payment with the return to: Saginaw Income Tax Department, P.O. Box 5081, Saginaw, Michigan 48605-5081.

To make payment via direct withdrawal from your bank account mark the box on **line 14 to Pay tax due – Electronic funds withdrawal**, enter the electronic funds and complete (a) the bank routing number, (b) the bank account number and (c) the account type.

Line 16. If the “Yes” box is marked, the partnership is authorizing the Saginaw Income Tax Department to call the preparer to answer any questions that may arise during the processing of its return. The partnership is also authorizing the preparer: to give the Department any information that is missing from the return; to call the Department for information about the processing of the return or the status of any related refund or payments; and to respond to certain notices that the partnership has shared with the preparer about math errors, offsets and return preparation.

PAGE 2 INSTRUCTIONS

SCHEDULE A - ALLOCABLE BUSINESS INCOME

Schedule A is used to report ordinary business income of the partnership. Ordinary business income of Schedule A is transferred to Schedule C, column 1. Schedule C is used to determine the amount of ordinary business income subject to the Saginaw tax.

Non-business income is reported in Schedule B. The taxable portion of non-business income is transferred to Schedule C.

Instructions for Schedules B and C indicate how amounts transferred from Schedules A and B are allocated to the individual partners.

SCHEDULE B - NON-BUSINESS INCOME AND EXCLUSIONS

Schedule B is used to allocate the total non-business income of the partnership between resident partners and nonresident partners. After determining the total taxable income for resident and nonresident partners, the totals are transferred to Schedule C, wherein an analysis is made to determine the amount of non-business income distributable to each individual partner. Therefore, compute the total amount of distributable non-business income, by type of income, and enter these amounts on the proper lines of Schedule B, column 1. For each category of non-business income, use columns 2 and 3 to show the resident partners' excludable and taxable portion, and use columns 4 and 5 to show the nonresident partners' excludable and taxable portion. The total of columns 2 through 5 must equal the total of column 1.

INTEREST AND DIVIDENDS In column 1, line 1, report total partnership non-business interest income. In column 1, line 2, report total partnership income from dividends. The interest and dividends reported on lines 1 and 2, column 1, are to be apportioned between resident partners (columns 2 and 3) and nonresident partners (columns 4 and 5). Resident partners exclude in column 2 the total nontaxable interest from obligations of the United States, the states or subordinate units of government of the states. Interest and dividend income is not taxable to nonresidents.

SALE OR EXCHANGE OF PROPERTY. Report in column 1, lines 3, 4 and 5, the total taxable net gain or loss from sales and exchanges of property, short-term, long-term and Section 1231, respectively. Gains or losses on the sale of obligations of the United States or attributable to the period prior to July 1, 1965, are excluded.

The nonresident excludable portion also includes that portion of the gain (or loss), which arose from the sale or exchange of intangible assets, and of tangible property located outside Saginaw. The taxable nonresident partners' portion in column 5 will be the gain (or loss) attributable to the

period after July 1, 1965, from the sale or exchange of tangible real and personal property located in Saginaw.

RENTS AND ROYALTIES. Report in column 1, lines 6, 7 and 8, the total net income or loss from all rents and royalties. The resident partners' portion of rents and royalties is taxable. Nonresident and corporate partners exclude net income or loss from rents, and royalties attributable to property located OUTSIDE Saginaw.

OTHER INCOME. Report in column 1, line 9, all other partnership income.

TOTAL NO-BUSINESS INCOME. Enter on line 10 the totals for each column in Schedule B. After transferring the amounts from columns 3 and 5 of Schedule B to Schedule C, the total of Schedule C, column 6a, (taxable resident partners' non-business income) must equal the total of Schedule B, column 3, and the total of Schedule C, column 6b, (taxable nonresident partners' non-business income) must equal the total of Schedule B, column 5.

SCHEDULE C - DISTRIBUTION TO PARTNERS

The totals of columns 1, 6a and 6b of Schedule C, showing the distribution to individual partners of ordinary and non-business income, must agree with the totals transferred from Schedules A and B.

Column 1. Enter in column 1 the individual partner's share of business income from Schedule A, line 5. 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 in this column will require a special computation.

Column 7. Transfer the amount of each individual partner's share shown in column 7, Schedule C to 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 of Saginaw.

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 show the net book value of the real and tangible personal property owned and located or used in the City of Saginaw. 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 thus obtained 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 of Saginaw. 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 of Saginaw.

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 of Saginaw during the year. To allocate net profit (or loss), a partnership must have business activity outside of Saginaw.

ASSISTANCE AND WEBSITE

If you have questions or need assistance, call (989) 759-1651. Questions by mail should be directed to: Saginaw Income Tax Department, P.O. Box 5081, Saginaw, Michigan 48605. Income tax forms, instructions and additional information are available on City's website, www.Saginaw-MI.com

NOTICE These instructions are interpretations of the Saginaw Income Tax Ordinance. The Ordinance will prevail in any disagreement between the instructions and the Ordinance.