

**CITY OF IONIA INCOME TAX
FIDUCIARY RETURN**

Other taxable period beginning _____, 20..... Ending _____, 20.....

PLEASE PRINT OR TYPE	NAME OF ESTATE OR TRUST	EMPLOYER IDENTIFICATION NUMBER OF ESTATE OR TRUST
	NAME, ADDRESS AND TITLE OF FIDUCIARY	FOR AUDIT USE

INCOME

Net profit (or loss) from business located in Ionia:

1. Total net profits (of loss) from business in Ionia:	\$
2. Add City of Ionia income tax deducted from income	
3. Total allocable income (Add Lines 1 and 2)	
4. Allocation percentage from Schedule A below	
5. Allocated income (Multiply Line 3 by Line 4)	
6. Net income (or loss) from rental property located in Ionia (Federal form 1041)	
7. Net Income (or loss) from sale or exchange of property in Ionia from January 1, 1994. (Federal Form 1041)	
8. Other Ionia income	
9. Total Ionia income (Add Lines 5,6,7 and 8)	
10. Less amount of Ionia income on line 9 applicable to beneficiaries who are residents of Ionia per following computation:	

Resident beneficiaries share of distributable net income received by the estate or trust _____	X	Amount on Line 9 less any portion of Line 9 not included in distributable net income	=	Amount to enter on Line 10
Total distributable net income received _____				

11. Amount subject to tax (Line 9 less Line 10)	
12. TAX (Line 11 multiplied by 1/2%)	\$

MAKE CHECK PAYABLE TO; CITY OF IONIA - MAIL TO INCOME TAX DIVISION, PO Box 512, IONIA, MI 48846

SCHEDULE A - BUSINESS ALLOCATION FORMULA

	I LOCATED EVERYWHERE	II LOCATED IN Ionia	III PERCENTAGE II / I
1. Average net book value of real and tangible property			
a. Gross rentals of real property, multiplied by 8			
b. TOTAL (Add Lines 1 and 1a.)			%
2. Total wages, salaries and other compensation of all employees			%
3. Gross receipts from sales made or services rendered			%
4. Total percentages (Add percentages shown on Lines 1b, 2 and 3)			%
5. Average percentage (One-third of Line 4). Enter here and on Line 4, income section above			%

(See instructions when a factor does not exist in the taxpayer's operation)

In the case of a taxpayer authorized by the Administrator to use one of the special formulas, use lines provided below:

a. Numerator _____ c. Percentage (a / b) _____ % . Enter here and on Line 6, income section above.
 b. Denominator _____ d. Date of Administrator's approval letter _____

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

SIGN HERE	_____ (SIGNATURE OF FIDUCIARY OR OFFICER REPRESENTING FIDUCIARY)	_____ (DATE)
	_____ (SIGNATURE OF PREPARER OTHER THAN FIDUCIARY)	_____ (ADDRESS) _____ (DATE)

RESIDENT BENEFICIARIES

1. Name of each resident beneficiary	2. Address	3. Social Security Number
a.		
b.		
c.		
d.		

SCHEDULE B - RESIDENT BENEFICIARIES' SHARES OF EXCLUSIONS

4. Exclusion for Dividends from National and State Bank Stock	5. Exclusion for Capital Gains and losses for period prior to January 1, 1994	6. Exclusion for Interest from Government obligations
a.		
b.		
c.		
d.		
Totals		

CONTINUATION OF SCHEDULE B

7. Exclusion for Rentals	8. Exclusion of Business Income	9. Total Miscellaneous Estate and Trust Income Exclusion (Add Cols. 6, 7, and 8)
a.		
b.		
c.		
d.		
Totals		

NOTE: Fiduciary shall report amounts in Columns 4, 5, and 9 to each resident beneficiary

INSTRUCTIONS FOR FORM I-1041 - FIDUCIARY RETURN

GENERAL

Every trust and estate, which had gross income from sources listed under "Taxable Income," must make and file a form I-1041, City of Ionia Income Tax Fiduciary Return, whether a tax is due or not. For the purposes of this tax, an estate or trust shall be treated as a non-resident individual and a tax rate of one-half of one percent shall apply on the earnings listed under "Taxable Income".

"Income from estates" means "Income" as defined in Sec. 643 (b) of the Federal Internal Revenue Code, properly paid, credited or distributed but not in excess of the resident individual's share of the distributable net income of the estate, decreased by the amount of depreciation or depletion allowed the resident individual as a deduction under Sec. 642 of the Federal Internal Revenue Code. The exceptions hereinafter set forth with respect to trusts are also applicable to income from estates. "Income from trusts" means the amount of "Income" as defined in Sec. 643 (b) of the Federal Internal Revenue Code, distributed under Sec. 652 (a) or 662 (a) (1) of the Federal Internal Revenue Code, decreased by the amount of depreciation or depletion allowed the resident individual as a deduction by Sec 642 of the Federal Internal Revenue Code.

TAXABLE INCOME

The only types of income taxable to an estate or trust are the following:

- (1) That portion of the net profits from the operation of a business or enterprise operated by the estate or trust that is attributable to business activity conducted in Ionia whether or not such business or enterprise is located in Ionia. For example, a business located out of Ionia that conducts business in Ionia would be taxable on the portion of its net profits properly allocable to such Ionia business activities.
- (2) Net Profits from rentals from real and tangible personal property located in Ionia.
- (3) Net profits on the sale or exchange of real and tangible personal property located in Ionia.
- (4) Income from partnerships.

Other income, such as dividends and interest, are not taxable to trusts and estates. However, resident beneficiaries must report their distributive shares on Form P-1040.

INSTRUCTIONS FOR FILING IN PAGE ONE OF FORM I-1041

Line 1 - The total net profit (or loss) is to be computed from page 1 of the Federal Income Tax Form 1041 by using those lines applicable to any business operation.

Line 4 and 5 - Before completing these lines, fill out schedule A - Business Allocation Formula.

Line 10 - Ionia resident beneficiaries will report their portion of distributable net income on their individual returns and should receive this information from the Fiduciary. Therefore, this line, which is the resident's share of the Ionia income, should be subtracted from line 9 to arrive at the amount of Ionia income taxable to the trust or estate.

INSTRUCTIONS FOR BUSINESS ALLOCATION FORMULA- SCHEDULE A

The Business Allocation Percentage Formula is to be used by estates or trusts with business activity both within and without the City of Ionia, who, because they do not maintain sufficient records to accurately reflect the net profits from operations conducted within the City of Ionia, or for other reasons, are not using 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 II, show the net book value of the real and tangible personal property located in the City of Ionia. The average net book value of real and tangible personal property may be determined by adding the net book values at January 1, of a taxable year and the net book values at the end of the year and dividing the sum thus obtained by 2. Any other method which will accurately reflect the average net book value for taxable year will also be permitted.

Line 1a - Enter in column 1 the gross rentals for taxable year multiplied by 8 for all rented property regardless of location. In column II show the gross rentals for taxable year multiplied by 8 for all rented property located in the City of Ionia. Gross rentals refer only to real property, rented or leased and should include the actual sums of money or other consideration payable directly or indirectly, by the taxpayer for the use of possession of such real property for the year.

Line 2 - Enter in column I the total compensation paid to all employees during the taxable year and in column II show the amount of compensation paid to employees for work done or for services performed within the City of Ionia during taxable year.

Line 3 - Enter in column 1 the total gross receipts from all sales or services rendered during taxable year and in column II show the amount of receipts derived from sales made or services rendered in the City of Ionia during taxable year.

RESIDENT BENEFICIARIES' SHARES OF INCOME AND CREDITS - SCHEDULE B

The information for this schedule is to be taken from the comparable columns of Schedule C Form 1041 U.S. Fiduciary Income Tax Refund. However, only that information which applies to residents of the City of Ionia is to be shown herein. Fiduciaries shall report amounts in columns 4, 5, and 9 to each resident beneficiary who will show these amounts as exclusions on the individual return I-1040.

TAX DUE OR REFUND

After computing your Ionia Income Tax, if the tax due is one dollar (\$1.00) or more it must be paid when filing this return. Make Check or money order payable to CITY OF IONIA and mail with this return to City of Ionia Income Tax Division, PO Box 512, Ionia, MI 48846. Tax due of less than a dollar (\$1.00) need not to be paid.

ASSISTANCE

If you have any questions not answered in these instructions, or if you need assistance in preparing your return, call (616) 523-0142 or visit the Income Tax Division, located at Ionia City Hall.