

20

# FORM HU-1065

## CITY OF HUDSON

# PARTNERSHIP

## INCOME TAX RETURN

FOR PARTNERSHIPS DOING  
BUSINESS IN HUDSON, MICHIGAN

**FILING DATE:** Calendar year taxpayers must file by April 30. Fiscal year taxpayers must file within four (4) months after the end of their fiscal year.

**REMITTANCE:** Partnerships electing to pay tax for partners must remit for all partners when filing return. The tax due, if one dollar (\$1.00) or more, must be paid when filing the return. Make remittance payable to:

**TREASURER - CITY OF HUDSON**

**MAILING ADDRESS:** Mail your return and remittance to:

CITY OF HUDSON  
INCOME TAX DIVISION  
P.O. BOX 231  
HUDSON, MICHIGAN 49247

# FILING INSTRUCTIONS

## Who Must File A Partnership Return (Form HU-1065)

The City of Hudson income tax became effective Jan. 1, 1971. Every partnership that conducts business activities in the City of Hudson, whether or not an office or place of business is maintained in the city, is required to file a return within four (4) months following the end of the taxable year. If on a calendar year basis, the return must be filed by April 30. Syndicates, joint ventures, pools and like organizations will also use Form HU-1065. So called "tax option" corporations (under Secs. 1371-1377" Internal Revenue Code) must file as corporations on Form HU-1120.

## Resident vs. Non-Resident Partners

Partners who are residents of Hudson are taxed on their entire distributive shares of the net profits of the partnerships, including that arising from business activity outside the city, and including interest, dividends, and royalties and gains from the sale or exchange of property, either tangible or intangible.

Partners who are nonresidents of Hudson, are taxed on their distributive shares of the portion of the net profit which is attributable to business activity in the City, plus net rentals of property in the City and gains from the sale or exchange of real or tangible personal property in the City. They are not taxed on their share of net rentals on property outside the city, gains from the sale or exchange of real or tangible property outside the city, gains from the sale or exchange of securities or other intangible property, or interest or dividends.

The Partnership Return, Form HU-1065, is designed to distinguish between that income taxed to residents and that taxed to nonresidents.

The return shall set forth the entire net profit for the period covered and show the distributive share of each partner, indicating those who are residents of Hudson and those who are nonresidents. If residency changes during the taxable period for any partner, use two lines to indicate allocation of income by status in all schedules where applicable.

## Option To Pay Tax

At its election, the partnership may file either an information return or it may compute and pay the tax which is due with respect to each partner's share of the net profit of the business, after giving effect to exemptions and other items to which each partner is entitled. Such election is available to all partnerships regardless of the residency of the partners. The partnership may pay the tax for partners only if it pays for all partners subject to the tax.

If the partnership elects to pay the tax on behalf of the partners thereof, then such election and payment shall be deemed to meet the requirements for the filing of a return, as provided by the Ordinance, for each partner who has no other income subject to the tax. However, a return shall be required from any partner having taxable income other than his distributive share of the net profits of the partnership. In such instances, the partner should enter as "Income from Partnerships" on his individual return the amount shown on the partnership return on Page 1 Column 1. The deductions shown in Columns 2 and 3 and the credit in Column 7 paid on his behalf by the partnership should also be listed on his individual return.

## Partnership As Taxpayer

If the partnership elects to pay the tax on behalf of the partners then it assumes the status of a taxpayer to the following extent:

1. Timely Payment. Payment must be made within four (4) months from the end of the fiscal year or period otherwise it will be subject to interest and penalties the same as a delinquent payment from any other taxpayer.

2. Payment of estimated tax. The election of the partnership to pay the tax on behalf of the individual partners also carries with it the requirement to file a Declaration of Estimated Income Tax Form HU-1040-ES, if the total estimated tax for the partnership is expected to exceed \$40, and to pay such tax. If the partnership so files and makes payments, the partners will not be required to file a Declaration as individuals, unless they have additional income (from which Hudson income tax was not withheld) on which the Hudson tax is expected to exceed \$40. The fiscal year of the partnership will govern in establishing the dates filing the declaration and paying the estimated tax.

## Income: Instructions For Page 1

Exclusions: Column 2, Dividend Exclusion, 50% Capital Gains

Deduction and Other Deductions. Any item of incomes which are nontaxable and which are included in Column 1 of this section may be deducted in Column 2.

If analysis of Column 7, of Schedule 1, Page 3, indicated a net long term capital gain, the capital gains deduction of 50% of the excess of net long term capital gains over net short term capital loss is to be deducted in Column 2, Page 1.

If the analysis of Column 7, Schedule 1 on Page 3, indicates that a net capital loss has been realized by any of the partners, the amount of the excess of the net capital loss included in Column 7, Schedule 1, Page 3 over the partner's allowable capital loss deduction must be added back in Column 2, Page 1. The allowable capital loss deduction for each partner is the lower of (1) the net capital loss, (2) the amount of Column 1, Page 1, computed without regard to capital gains and losses, or (3) \$1,000.00.

If the partnership is filing an information return only, the individual partners will report their distributive shares of the partnership's sales and exchanges of property on their individual HU-1040 returns in the same manner as provided by the Federal Internal Revenue Code.

Any deduction other than the dividend exclusion allowed by the Federal Internal Revenue Code must be explained in an attached schedule.

Exemptions - Column 3. Exemptions are allowed for each partner and his or her dependents. An exemption of \$1,000 is allowed for the partner, the partner's spouse, and each dependent. In general, the same rules apply in determining dependents as under the Federal Internal Revenue Code. A spouse may be taken as an exemption on the partnership return only if such spouse has no income subject to the Hudson income tax and taxpayer contributions as least 50% of his (her) support. Additional exemptions are allowed if the partner or his spouse is over 65, or blind.

Total Tax. Columns 5, 6 and 6 (1). Enter the tax computed at 1% for resident partners in Column 5, the tax computed for nonresident partners in Column 6 and total tax (the sum of Columns 5 and 6) in the box designated 6 (1).

Credits. Column 7. Enter in Column 7: Payments made by the partnership for tax paid with a tentative return; or for payments on prior year Declaration of Estimated Income Tax, or any payments and credits made by the partnership on behalf of Hudson resident partners for income taxes to any other municipality, if the income on which such tax was levied is included in this return. Do not take credit for income taxes paid another municipality on behalf of partners who are not Hudson residents. The credit shall be the less amount of either (1) the income tax paid the other municipality, or (2) the amount of tax that would be due to the City of Hudson on earnings in the other municipality.

All credits of Column 7 are to be distributed on lines 7a, b, and c and totaled on line 8. The total of line 8 must agree with the total of column 7.

## Schedule A - Ordinary Income From Business

This schedule is used to indicate all of the ordinary income of the partnership which may be subject to the Hudson income tax. Line 14 of the Schedule, thereof, will show the total partnership income to account for. Schedules B, E, F and G will then be filled out to compute the taxable portion of the other partnership income. These taxable amounts are then compiled in the Summary Schedule 1 on Page 3. The amounts shown in Column 10 of Schedule 1 for each partner are to be transferred to the income section on Page 1, Column 1. If the partnership elects to pay the tax, fill in lines 7 through 11.

Line 2. If the Hudson or Federal income tax has been included as an expense in Schedule C, it should be added back here.

## Schedule B - Income From Dividends and Interest

Line 2. Interest from obligations of the United States, the states, or subordinate units of government of the states. If they have been included in the total on line 1, they should be deducted here.

Line 5. Use line 5 to exclude dividends and interest applicable to nonresident partners since dividends and interest are not taxable to nonresidents.

When the receipt of interest and other intangible income is directly related to the nature of the business, such interest, etc., shall be considered as business income taxable to nonresidents.

HU-1065

CITY OF HUDSON INCOME TAX - 20 PARTNERSHIP RETURN  
FOR CALENDAR YEAR 20

20

OR OTHER TAXABLE YEAR BEGINNING

20 , ENDING

20

|                             |                     |                                |
|-----------------------------|---------------------|--------------------------------|
| NUMBER OF PARTNERS          | NAME OF PARTNERSHIP | EMPLOYER IDENTIFICATION NUMBER |
| PRINCIPAL BUSINESS ACTIVITY | NUMBER AND STREET   | COUNTY IN WHICH LOCATED        |
|                             | CITY OR TOWN        | DATE BUSINESS COMMENCED        |
|                             | STATE               | POSTAL ZIP CODE                |

| NAME AND HOME ADDRESS OF EACH PARTNER | SOCIAL SECURITY NUMBER | HUDSON RESIDENT |    |
|---------------------------------------|------------------------|-----------------|----|
|                                       |                        | YES             | NO |
| (a).....                              |                        |                 |    |
| (b).....                              |                        |                 |    |
| (c).....                              |                        |                 |    |
| (d).....                              |                        |                 |    |
| (e).....                              |                        |                 |    |

| INCOME SCHEDULE                                                                        |                                                                                      | DEDUCTIONS                                                        |                                                          | TOTAL TAX                                                     |                                                                    | CREDITS                                    |
|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------|
| COL. 1<br>TOTAL INCOME<br>(FROM P. 3, SCH. 1,<br>COL. 10) (SEE NOTES 1<br>AND 2 BELOW) | COL. 2<br>DIVIDEND EXCLUSION<br>AND OTHER<br>DEDUCTIONS<br>(EXPLAIN IN<br>STATEMENT) | COL. 3<br>EXEMPTIONS<br>(SEE NOTE 1<br>BELOW AND<br>INSTRUCTIONS) | COL. 4<br>TAXABLE INCOME<br>(COL. 1 LESS<br>COLS. 2 & 3) | COL. 5<br>RESIDENT<br>TOTAL TAX<br>(MULTIPLY COL.<br>4 BY 1%) | COL. 6<br>NONRESIDENT<br>TOTAL TAX<br>(MULTIPLY COL.<br>4 BY 1/2%) | COL. 7<br>CREDITS<br>(SEE<br>INSTRUCTIONS) |
| 1. (a) \$.....                                                                         | \$.....                                                                              | \$.....                                                           | \$.....                                                  | \$.....                                                       | \$.....                                                            | \$.....                                    |
| 2. (b) .....                                                                           | .....                                                                                | .....                                                             | .....                                                    | .....                                                         | .....                                                              | .....                                      |
| 3. (c) .....                                                                           | .....                                                                                | .....                                                             | .....                                                    | .....                                                         | .....                                                              | .....                                      |
| 4. (d) .....                                                                           | .....                                                                                | .....                                                             | .....                                                    | .....                                                         | .....                                                              | .....                                      |
| 5. (e) .....                                                                           | .....                                                                                | .....                                                             | .....                                                    | .....                                                         | .....                                                              | .....                                      |
| 6. Totals .....                                                                        | .....                                                                                | .....                                                             | .....                                                    | .....                                                         | .....                                                              | .....                                      |

6. (1) TOTAL RESIDENT AND NONRESIDENT  
TAX - COL. 5 PLUS COL. 6

## PAYMENTS AND CREDITS

7. a. Tax paid with tentative return.....
- b. Payments and credits on 20 Declaration of Estimated Hudson Income Tax.....
- c. Other credits - explained in attached statement.....
8. Total - add lines 7 a, b, and c. (This total must agree with the total of Col. 7 above)..... • \$.....

Do not write in this space

File Subj. to Inv. Items

AUDIT RESULT

## TAX DUE OR REFUND

9. If your tax (total in Col. 6 (1) is larger than your payments (line 8), enter BALANCE DUE here..... • \$.....
- PAY IN FULL WITH THIS RETURN TO "TREASURER, CITY OF HUDSON" - AND MAIL TO: CITY OF HUDSON, Income Tax Division, P.O. BOX 231,  
HUDSON, MICHIGAN 49247
10. If your payments (line 8) are larger than your tax (total in Col. 6 (1) ), enter OVERPAYMENT here..... • \$.....
11. Check this box if you are to receive a refund ☐
12. Check this box if you wish the overpayment credited to your estimated tax ☐

N.C.

Corr.  
Tax

Agent

Approval

NOTE 1 - A partner who has other income in addition to the partnership income must file an individual return and show on such return the amounts entered above in columns 1, 2, 3, and 7.

A partner who is claiming his exemption as a member of another partnership is NOT to claim his exemption in this partnership return in Column 3.

NOTE 2 - The Partnership may pay tax for partners only if it pays for ALL partners subject to the tax. Check here ☐ if the partnership elects to pay the tax on behalf of all partners. If this return is an information return only, Check here ☐ and do not fill in lines 7 through 11 on this page.

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.

SIGN HERE.....  
(Signature of partner or member)

(Date)

SIGN HERE.....  
(Signature of preparer other than partner or member)

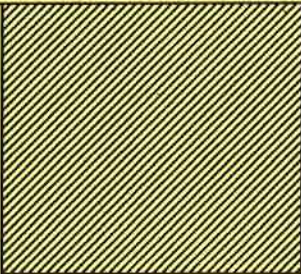
(Address)

(Date)

**ORDINARY INCOME FROM BUSINESS - SCHEDULE A****ADDITIONS:**

- |                                                                                                                                                                                                                 |         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 1. Ordinary Income from business from Federal Form 1065 (Attach copy of Federal Form 1065).....                                                                                                                 | \$..... |
| 2. Add City of Hudson and/or Federal Income tax if included in Federal Form 1065.....                                                                                                                           | .....   |
| 3. Add Interest and other costs included in Federal Form 1065 which were incurred in connection with the production of tax exempt income or partner's personal expenses which were charged to the business..... | .....   |
| 4. Add miscellaneous expenses included in Federal Form 1065 applicable to sales of property shown in Schedule E.....                                                                                            | .....   |
| 5. Total ordinary income from business for the year (add lines 1 through 4).....                                                                                                                                | .....   |

**PARTNERSHIP INCOME OR LOSS (taxable or non-taxable depending on residency of partners)****SUBTRACTIONS:**

- |                                                                                                                          |         |                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------|---------|-------------------------------------------------------------------------------------|
| 6. Dividends and interest (from Federal Form 1065).....                                                                  | \$..... |  |
| 7. Income (or loss) from other partnerships and other income.....                                                        | .....   |                                                                                     |
| 8. Net gain (or loss) from sale or exchange of property other than capital assets.....                                   | .....   |                                                                                     |
| 9. Net short term gain (or loss) from sale or exchange of capital assets.....                                            | .....   |                                                                                     |
| 10. Net long term gain (or loss) from sale or exchange of capital assets.....                                            | .....   |                                                                                     |
| 11. Net gain or loss from sales or exchange of property under section 1231.....                                          | .....   |                                                                                     |
| 12. Rents \$.....Royalties \$.....(enter total of rents and royalties).....                                              | .....   |                                                                                     |
| 13. Total subtractions.....                                                                                              | .....   |                                                                                     |
| 14. Total adjusted ordinary income, Line 13 subtracted from Line 5 (enter here and on P. 3, Schedule I, Column 1.) ..... | .....   |                                                                                     |

**THE FOLLOWING SCHEDULES, B, E, F AND G ARE TO BE USED TO COMPUTE THE TAXABLE PORTION OF THAT INCOME OF THE PARTNERSHIP.**

**SCHEDULE B - INCOME FROM DIVIDENDS AND INTEREST**

- |                                                                                                         |         |              |
|---------------------------------------------------------------------------------------------------------|---------|--------------|
| 1. Total interest and dividends.....                                                                    | \$..... | <b>TOTAL</b> |
| 2. Less: Interest on obligations from any governmental unit included in line 1                          | .....   |              |
| 3. Net interest and dividends - line 1 less line 3.....                                                 | .....   |              |
| 4. Portion of line 4 applicable to nonresident partners.....                                            | .....   |              |
| 5. Balance taxable to residents - line 4 less line 5. Enter here and in Col. 6 of Schedule I, P. 3..... | .....   |              |

**SCHEDULE E - SALE OR EXCHANGE OF PROPERTY -**

- |                                                                                                                              | COL. 1  |       | COL. 2 |  |
|------------------------------------------------------------------------------------------------------------------------------|---------|-------|--------|--|
| 1. Nonresident Partners Only - gain or loss applicable to nonresident partners from tangible property located in Hudson..... | \$..... | ..... |        |  |
| 2. Enter amount of line 1 occurring after Jan. 1, 1971 in Col. 2, and in Col. 7(b) of Schedule I, P. 3.....                  |         |       |        |  |
| 3. Resident Partners Only - Gain or loss from all tangible and intangible property applicable to Resident Partners.....      | .....   | ..... |        |  |
| 4. Enter the amount of the line 3 occurring after Jan. 1, 1971 in Col. 2, and Col. 7(a) of Schedule I, P. 3.....             |         |       |        |  |

**SCHEDULE F - INCOME (OR LOSS) FROM RENTS AND ROYALTIES**

- |                                                                                                                                 | COL. 1<br>GROSS INCOME |  | COL. 2<br>EXPENSES |  | COL. 3<br>NET INCOME |  |
|---------------------------------------------------------------------------------------------------------------------------------|------------------------|--|--------------------|--|----------------------|--|
| 1. Income or loss from rents and royalties taxable to residents. Enter total of Col. 3 in Col. 8(a) of Schedule I, P. 3.....    | \$.....                |  | \$.....            |  | \$.....              |  |
| 2. Income or loss from rents and royalties taxable to nonresidents. Enter total of Col. 3 in Col. 8(b) of Schedule I, P. 3..... | .....                  |  | .....              |  | .....                |  |

**SCHEDULE G - INCOME FROM OTHER PARTNERSHIPS, ETC.**

- |                                                                                                     | COL. 1<br>GROSS INCOME |  | COL. 2<br>EXPENSES |  | COL. 3<br>NET INCOME |  |
|-----------------------------------------------------------------------------------------------------|------------------------|--|--------------------|--|----------------------|--|
| 1. Amount taxable to residents. Enter here and on Schedule I, Col. 9(a). (See instructions).....    | \$.....                |  | \$.....            |  | \$.....              |  |
| 2. Amount taxable to nonresidents. Enter here and on Schedule I, Col. 9(b). (See instructions)..... | .....                  |  | .....              |  | .....                |  |

OR OTHER TAXABLE YEAR BEGINNING

20 , ENDING

20

|                             |                                                                                                  |                                   |
|-----------------------------|--------------------------------------------------------------------------------------------------|-----------------------------------|
| NUMBER OF PARTNERS          | NAME OF PARTNERSHIP<br>.....<br>NUMBER AND STREET<br>.....<br>CITY OR TOWN STATE POSTAL ZIP CODE | EMPLOYER IDENTIFICATION<br>NUMBER |
| PRINCIPAL BUSINESS ACTIVITY |                                                                                                  | COUNTY IN WHICH LOCATED           |
|                             |                                                                                                  | DATE BUSINESS COMMENCED           |

| NAME AND HOME ADDRESS OF EACH PARTNER | SOCIAL SECURITY NUMBER | HUDSON RESIDENT |    |
|---------------------------------------|------------------------|-----------------|----|
|                                       |                        | YES             | NO |
| (a).....                              |                        |                 |    |
| (b).....                              |                        |                 |    |
| (c).....                              |                        |                 |    |
| (d).....                              |                        |                 |    |
| (e).....                              |                        |                 |    |

| INCOME SCHEDULE                                                                        |                                                                                      | DEDUCTIONS                                                        |                                                          | TOTAL TAX                                                     |                                                                    | CREDITS                                    |
|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------|
| COL. 1<br>TOTAL INCOME<br>(FROM P. 3, SCH. 1,<br>COL. 10) (SEE NOTES 1<br>AND 2 BELOW) | COL. 2<br>DIVIDEND EXCLUSION<br>AND OTHER<br>DEDUCTIONS<br>(EXPLAIN IN<br>STATEMENT) | COL. 3<br>EXEMPTIONS<br>(SEE NOTE 1<br>BELOW AND<br>INSTRUCTIONS) | COL. 4<br>TAXABLE INCOME<br>(COL. 1 LESS<br>COLS. 2 & 3) | COL. 5<br>RESIDENT<br>TOTAL TAX<br>(MULTIPLY COL.<br>4 BY 1%) | COL. 6<br>NONRESIDENT<br>TOTAL TAX<br>(MULTIPLY COL.<br>4 BY 1/2%) | COL. 7<br>CREDITS<br>(SEE<br>INSTRUCTIONS) |
| 1. (a) \$.....                                                                         | \$.....                                                                              | \$.....                                                           | \$.....                                                  | \$.....                                                       | \$.....                                                            | \$.....                                    |
| 2. (b) .....                                                                           | .....                                                                                | .....                                                             | .....                                                    | .....                                                         | .....                                                              | .....                                      |
| 3. (c) .....                                                                           | .....                                                                                | .....                                                             | .....                                                    | .....                                                         | .....                                                              | .....                                      |
| 4. (d) .....                                                                           | .....                                                                                | .....                                                             | .....                                                    | .....                                                         | .....                                                              | .....                                      |
| 5. (e) .....                                                                           | .....                                                                                | .....                                                             | .....                                                    | .....                                                         | .....                                                              | .....                                      |
| 6. Totals                                                                              | .....                                                                                | .....                                                             | .....                                                    | .....                                                         | .....                                                              | .....                                      |
| 6. (1) TOTAL RESIDENT AND NONRESIDENT<br>TAX - COL. 5 PLUS COL. 6                      |                                                                                      |                                                                   | • \$.....                                                |                                                               |                                                                    |                                            |

## PAYMENTS AND CREDITS

7. a. Tax paid with tentative return.....
- b. Payments and credits on 20 Declaration of Estimated Hudson Income Tax.....
- c. Other credits - explained in attached statement.....
8. Total - add lines 7 a, b, and c. (This total must agree with the total of Col. 7 above)..... • \$.....

Do not write in this space

| File | Subj. to Inv. | Items |
|------|---------------|-------|
|      |               |       |

## TAX DUE OR REFUND

9. If your tax (total in Col. 6 (1) is larger than your payments (line 8), enter BALANCE DUE here..... • \$.....  
- PAY IN FULL WITH THIS RETURN TO "TREASURER, CITY OF HUDSON" - AND MAIL TO: CITY OF HUDSON, Income Tax Division, P.O. BOX 231,  
HUDSON, MICHIGAN 49247
10. If your payments (line 8) are larger than your tax (total in Col. 6 (1) ), enter OVERPAYMENT here..... • \$.....
11. Check this box If you are to receive a refund ☐
12. Check this box If you wish the overpayment credited to your estimated tax ☐

## AUDIT RESULT

|              |  |
|--------------|--|
| N.C.         |  |
| Corr.<br>Tax |  |
| Agent        |  |
| Approval     |  |

NOTE 1 - A partner who has other income in addition to the partnership income must file an individual return and show on such return the amounts entered above in columns 1, 2, 3, and 7.

A partner who is claiming his exemption as a member of another partnership is NOT to claim his exemption in this partnership return in Column 3.

NOTE 2 - The Partnership may pay tax for partners only if it pays for ALL partners subject to the tax. Check here ☐ If the partnership elects to pay the tax on behalf of all partners. If this return is an information return only, Check here ☐ and do not fill in lines 7 through 11 on this page.

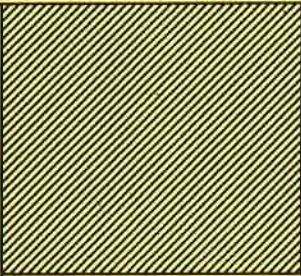
I declare that I have examined this return (including accompanying schedules and statements) and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, his declaration is based on all information of which he has any knowledge.

SIGN HERE.....  
(Signature of partner or member) (Date)SIGN HERE.....  
(Signature of preparer other than partner or member) (Address) (Date)

**ORDINARY INCOME FROM BUSINESS - SCHEDULE A****ADDITIONS:**

|                                                                                                                                                                                                                 |         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 1. Ordinary Income from business from Federal Form 1065 (Attach copy of Federal Form 1065).....                                                                                                                 | \$..... |
| 2. Add City of Hudson and/or Federal Income tax If Included In Federal Form 1065.....                                                                                                                           | .....   |
| 3. Add Interest and other costs included In Federal Form 1065 which were incurred in connection with the production of tax exempt income or partner's personal expenses which were charged to the business..... | .....   |
| 4. Add miscellaneous expenses included in Federal Form 1065 applicable to sales of property shown in Schedule E.....                                                                                            | .....   |
| 5. Total ordinary income from business for the year (add lines 1 through 4).....                                                                                                                                | .....   |

**PARTNERSHIP INCOME OR LOSS (taxable or non-taxable depending on residency of partners)****SUBTRACTIONS:**

|                                                                                                                          |         |                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------|---------|-------------------------------------------------------------------------------------|
| 6. Dividends and interest (from Federal Form 1065).....                                                                  | \$..... |  |
| 7. Income (or loss) from other partnerships and other income.....                                                        | .....   |                                                                                     |
| 8. Net gain (or loss) from sale or exchange of property other than capital assets.....                                   | .....   |                                                                                     |
| 9. Net short term gain (or loss) from sale or exchange of capital assets.....                                            | .....   |                                                                                     |
| 10. Net long term gain (or loss) from sale or exchange of capital assets.....                                            | .....   |                                                                                     |
| 11. Net gain or loss from sales or exchange of property under section 1231.....                                          | .....   |                                                                                     |
| 12. Rents \$.....Royalties \$.....(enter total of rents and royalties).....                                              | .....   |                                                                                     |
| 13. Total subtractions.....                                                                                              | .....   |                                                                                     |
| 14. Total adjusted ordinary income, Line 13 subtracted from Line 5 (enter here and on P. 3, Schedule I, Column 1.) ..... | .....   |                                                                                     |
|                                                                                                                          | .....   |                                                                                     |

**THE FOLLOWING SCHEDULES, B, E, F AND G ARE TO BE USED TO COMPUTE THE TAXABLE PORTION OF THAT INCOME OF THE PARTNERSHIP.**

**SCHEDULE B - INCOME FROM DIVIDENDS AND INTEREST**

|                                                                                                         | <b>TOTAL</b> |
|---------------------------------------------------------------------------------------------------------|--------------|
| 1. Total interest and dividends.....                                                                    | \$.....      |
| 2. Less: Interest on obligations from any governmental unit included in line 1.....                     | .....        |
| 3. Net interest and dividends - line 1 less line 2.....                                                 | .....        |
| 4. Portion of line 3 applicable to nonresident partners.....                                            | .....        |
| 5. Balance taxable to residents - line 3 less line 4. Enter here and in Col. 6 of Schedule I, P. 3..... | .....        |

**SCHEDULE E - SALE OR EXCHANGE OF PROPERTY -**

|                                                                                                                              | <b>COL. 1</b> | <b>COL. 2</b> |
|------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| 1. Nonresident Partners Only - gain or loss applicable to nonresident partners from tangible property located in Hudson..... | \$.....       | .....         |
| 2. Enter amount of line 1 occurring after Jan. 1, 1971 in Col. 2, and in Col. 7(b) of Schedule I, P. 3.....                  | .....         | .....         |
| 3. Resident Partners Only - Gain or loss from all tangible and intangible property applicable to Resident Partners.....      | .....         | .....         |
| 4. Enter the amount of the line 3 occurring after Jan. 1, 1971 in Col. 2, and Col. 7(a) of Schedule I, P. 3.....             | .....         | .....         |

**SCHEDULE F - INCOME (OR LOSS) FROM RENTS AND ROYALTIES**

|                                                                                                                                 | <b>COL. 1<br/>GROSS INCOME</b> | <b>COL. 2<br/>EXPENSES</b> | <b>COL. 3<br/>NET INCOME</b> |
|---------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------------|------------------------------|
| 1. Income or loss from rents and royalties taxable to residents. Enter total of Col. 3 in Col. 8(a) of Schedule I, P. 3.....    | \$.....                        | \$.....                    | \$.....                      |
| 2. Income or loss from rents and royalties taxable to nonresidents. Enter total of Col. 3 in Col. 8(b) of Schedule I, P. 3..... | .....                          | .....                      | .....                        |

**SCHEDULE G - INCOME FROM OTHER PARTNERSHIPS, ETC.**

|                                                                                                     | <b>COL. 1<br/>GROSS INCOME</b> | <b>COL. 2<br/>EXPENSES</b> | <b>COL. 3<br/>NET INCOME</b> |
|-----------------------------------------------------------------------------------------------------|--------------------------------|----------------------------|------------------------------|
| 1. Amount taxable to residents. Enter here and on Schedule I, Col. 9(a). (See instructions).....    | \$.....                        | \$.....                    | \$.....                      |
| 2. Amount taxable to nonresidents. Enter here and on Schedule I, Col. 9(b). (See instructions)..... | .....                          | .....                      | .....                        |

# **SCHEDULE I (SUMMARY OF SCHEDULES A, B, E, F, AND G)**

| COL. 1<br>Income From<br>Business Operations<br>(From P. 2, Sch. A,<br>Line 14) | COL. 2<br>Payment To Partners -<br>Salaries And Interest<br>(From Federal Form 1065) | COL. 3<br>Income Subject<br>To Allocation<br>(Add Col. 1 and 2) | COL. 4<br>Allocation % From<br>P. 3, Sch. D, Line 5 -<br>Apply Only To<br>Nonresidents<br>(Enter 100% For Residents) | COL. 5<br>Allocated Income<br>(Col. 3 x % In Col. 4) | COL. 6<br>Income To Residents<br>Dividends And Interest<br>(From Line 6 of Sch. B) |
|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------------------------------------|
| (a) \$.....                                                                     | \$.....                                                                              | \$.....                                                         | .....%                                                                                                               | \$.....                                              | \$.....                                                                            |
| (b) .....                                                                       | .....                                                                                | .....                                                           | .....                                                                                                                | .....                                                | .....                                                                              |
| (c) .....                                                                       | .....                                                                                | .....                                                           | .....                                                                                                                | .....                                                | .....                                                                              |
| (d) .....                                                                       | .....                                                                                | .....                                                           | .....                                                                                                                | .....                                                | .....                                                                              |
| (e) .....                                                                       | .....                                                                                | .....                                                           | .....                                                                                                                | .....                                                | .....                                                                              |
| <b>Totals</b>                                                                   |                                                                                      |                                                                 |                                                                                                                      |                                                      |                                                                                    |

| COL. 7<br>Income From Sale Of Property<br>(From Sch. E)           |                                                                         | COL. 8<br>Income From Rents And Royalties<br>(From Sch. F, Col. 3) |                                                                 | COL. 9<br>Income From Other Partnerships, Etc.<br>(From Sch. G, Col. 3) |                                                                 | COL. 10<br>Total Taxable<br>Income (Add Cols.<br>5, 6, 7, 8 and 9 For<br>Each Partner)<br>(Enter Here And<br>On P. 1, Col. 1) |
|-------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| (a)<br>Taxable To Residents<br>(From Line<br>4, Col. 2 of Sch. E) | (b)<br>Taxable To<br>Nonresidents (From<br>Line 2, Col. 2 of<br>Sch. E) | (a)<br>Taxable To<br>Residents<br>(From Line 1<br>of Sch. F)       | (b)<br>Taxable To<br>Nonresidents<br>(From Line 2<br>of Sch. F) | (a)<br>Taxable To<br>Residents<br>(From Line 1<br>of Sch. G)            | (b)<br>Taxable To<br>Nonresidents<br>(From Line 2<br>of Sch. G) |                                                                                                                               |
| (a) \$.....                                                       | \$.....                                                                 | \$.....                                                            | \$.....                                                         | \$.....                                                                 | \$.....                                                         | \$.....                                                                                                                       |
| (b) .....                                                         | .....                                                                   | .....                                                              | .....                                                           | .....                                                                   | .....                                                           | .....                                                                                                                         |
| (c) .....                                                         | .....                                                                   | .....                                                              | .....                                                           | .....                                                                   | .....                                                           | .....                                                                                                                         |
| (d) .....                                                         | .....                                                                   | .....                                                              | .....                                                           | .....                                                                   | .....                                                           | .....                                                                                                                         |
| (e) .....                                                         | .....                                                                   | .....                                                              | .....                                                           | .....                                                                   | .....                                                           | .....                                                                                                                         |
| <b>Totals</b>                                                     |                                                                         |                                                                    |                                                                 |                                                                         |                                                                 |                                                                                                                               |

## **INSTRUCTIONS FOR BUSINESS ALLOCATION FORMULA - SCHEDULE D**

The business allocation percentage formula is to be used by NON-RESIDENT owners of businesses with business activity both within and without the City of Hudson who, because they do not maintain sufficient records to accurately reflect the net profits from operations conducted within the City of Hudson, 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 2 show the net book value of the real and tangible personal property located in the City of Hudson. 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. Any other method which will accurately reflect the average net book value for the year will also be permitted.

Line 1a. Enter in Column 1 the gross annual rentals multiplied by 8 for all rented real 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 Hudson. Gross annual rentals refer 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 or possession of such real 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 done or for services performed within the City of Hudson during the year.

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 Hudson during the year.

## **BUSINESS ALLOCATION FORMULA - SCHEDULE D**

|                                                                                                                                                                                                  | Located<br>Everywhere<br>I | Located In<br>Hudson<br>II | Percentage<br>II ÷ I |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------|
| 1. Average net book value of real and tangible personal property.....                                                                                                                            | \$.....                    | \$.....                    |                      |
| a. Gross annual rentals multiplied by 8.....                                                                                                                                                     | .....                      | .....                      | .....%               |
| b. TOTAL (Add lines 1 and 1a).....                                                                                                                                                               | .....                      | .....                      | .....%               |
| 2. Total wages, salaries, commissions and other compensations of all employees<br>(exclude partners).....                                                                                        | .....                      | .....                      | .....%               |
| 3. Gross revenue from sales made or services rendered.....                                                                                                                                       | .....                      | .....                      | .....%               |
| 4. Total Percentages - add the three percentages computed for lines 1b, 2 and 3 which you have entered in the last column<br>(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 Sch. I, Col. 4 above (see note below) _____                                                                                      |                            |                            | .....%               |

**NOTE:** In determining the average percentage (line 5) a factor shall be excluded for the computation only when such factor does not exist anywhere insofar as the taxpayer's business operation is concerned and, in such cases, the sum of the percentages on line 4 shall be divided by the number of factors actually used.

In the case of a taxpayer authorized by the administrator of the income tax division to use one of the special formula, use the lines provided below.

- |                     |                                                                          |
|---------------------|--------------------------------------------------------------------------|
| a. Numerator.....   | c. Percentage (a ÷ b).....enter here and on Schedule I, Col. 4 above.    |
| b. Denominator..... | d. Date of Administrator of the income tax division approval letter..... |

# FILING INSTRUCTIONS - Continued

## Schedule E - Sale or Exchange of Property

Gains or losses from the sale or exchange of property are treated in the same manner, and the amount subject to tax determined on the same basis, as under the Federal Internal Revenue Code.

Only the amount of the gain or loss occurring from Jan. 1, 1971 to date of disposition shall be recognized for purposes of the Hudson income tax. The amount of gain or loss occurring after Jan. 1, 1971, is to be determined by either (1) computing the difference between the Jan. 1, 1971 fair market value (Jan. 1 closing price for traded securities) or the cost if the date acquired was subsequent to Jan. 1, 1971, and the proceeds from the sale or exchange, or (2) by using the gain or loss for the entire holding period, as computed for the 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 Jan. 1, 1971, is to the total time the property was held.

## Schedule F - Income (or loss) from Rents and Royalties

Lines 1 and 2. Income or loss from rents from tangible property located in Hudson is taxable to both residents and nonresidents. Income or loss from royalties, and rents of property located outside Hudson, is not taxable to nonresidents.

## Schedule G - Income from Other Partnerships, etc.

Line 1. Enter here the amount taxable to residents only. If all members of the partnership are residents it will not be necessary to complete line 2 of this schedule. Enter the full amount received from other partnerships in Column 1. If any interest on governmental obligations or dividends from national or state bank stock is included in the total, deduct such amounts in Column 2 and show the net amount in Column 3.

Whenever the members of a partnership include both residents and

nonresidents of Hudson it will be necessary to analyze the type of income received from other partnerships. This is necessary since the income received from such other partnerships may include amounts for business activity in Hudson and also amounts for business activity outside Hudson. It may also include amounts for dividends and interest. Some elements of this income are taxable to both residents and nonresidents, some to residents only. Attach a schedule of your analysis or computations.

## Schedule I - Summary of Schedules A, B, E, F, and G

Column 1. If additional first year depreciation is included in Federal Form 1065, and if the partners have unequal credits for such additional first year 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 special computations.

## Tax Due or Refund

If the partnership has elected to pay the tax for the partners and payments and credits exceed the tax due, show the amount of such overpayment on Page 1, line 10 and check the box on line 11 or 12 to indicate disposition of overpayment. 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.

## Assistance

If there are questions not answered in these instructions, call 448-8983 or visit the Income Tax Division. Questions by mail should be directed to: CITY OF HUDSON, Income Tax Division, P.O. Box 231, Hudson, Michigan 49247.