

2024 MUSKEGON INDIVIDUAL INCOME TAX RETURN FORMS AND INSTRUCTIONS FORM CF-M1040

ALL PERSONS HAVING \$600.00 OR MORE OF MUSKEGON TAXABLE INCOME DURING 2024 MUST FILE A RETURN

DONATION INFO

You have a choice of three different donation programs. You can only donate to one program. You must check the box for the program that you want to support. Your choices are: **1. Lakeshore Trail Improvements:** You can help purchase additional signs and materials for the trail that winds along the lake with spectacular views. **2. Muskegon Farmer's Market Capital Improvement Fund:** Donations will help make capital improvements to the downtown Farmer's Market. **3. Muskegon's Dog Beach:** Donations will help maintain this popular stretch of the beach along Lake Michigan for pet lovers and their four legged friends.

TAX FORMS

Tax forms are available online at: <http://www.shorelinecity.com/incometax.asp>

DIRECT DEPOSIT

WHY USE DIRECT DEPOSIT:

- **Faster refunds**
- **More convenient, no trip to the bank to deposit your check**
- **Payment more secure (no check to get lost)**
- **Saves tax dollars. A refund by direct deposit costs less than a check.**

TAX RATE

RESIDENT: One percent (1 % or .01)

NON-RESIDENT: One-half of one percent (.5% or .005)

FILING DATE

Your return must be filed by April 30, 2025. Penalty and interest, as provided by law (\$2.00 minimum), will be assessed on all late payments.

PAYMENT OF TAX DUE

Tax due, if one dollar (\$1.00) or more, must be paid with your return.

Make check or money order payable to: City of Muskegon

Mail return and payment to the address below.

MAILING ADDRESS

Income Tax Department
P.O. Box 29
Muskegon, Michigan 49443-0029

DECLARATION OF ESTIMATED INCOME TAX

If you are paying \$100.00 or more with your 2024 return, you may need to file a Declaration of Estimated Income Tax Form M-1040ES, for 2025. See Instructions for Filing a Declaration on page 1.

FOR ASSISTANCE

For assistance, visit the Income Tax Department, City Hall, 933 Terrace, Muskegon, Michigan or call the Income Tax Department at (231) 724-6770.

Failure to attach documentation or attaching incorrect or incomplete documentation will delay the processing of the return or result in corrections being made to the return.

**We can assist with any questions, but
cannot prepare your return.**

GENERAL INSTRUCTIONS FOR ALL FILERS

This section contains general information regarding all returns. Specific instructions are attached for **RESIDENT, NON-RESIDENT and PART-YEAR** returns.

PLEASE INCLUDE W-2 FORM(S) WITH YOUR RETURN. The processing of your return may be delayed if the W-2 Forms are not attached.

WHO MUST FILE A RETURN

If you had Muskegon taxable income greater than the total of your personal and dependency exemptions, you must file a tax return — even if you did not file a federal tax return. See Exemptions Schedule for more information on your allowable exemptions. **You are required to file a tax return and pay tax even if your employer did not withhold Muskegon tax from your paycheck.** You will be required to make quarterly estimated income tax payments if you work for an employer not withholding Muskegon tax from your wages.

ESTIMATED TAX PAYMENTS

When your total income tax is greater than the amount of tax withheld plus other credits by \$100 or more, you may be required to make quarterly estimated tax payments. File Form MU-1040ES (available on the Muskegon website) by April 30 of the tax year and pay at least one-fourth (¼) of the estimated tax. The remaining estimated tax is due in three equal payments on June 30 and September 30 of the tax year and January 30 of the following year. Adjust the remaining quarterly payments if your income increases or decreases during the year.

Failure to make required estimated tax payments or underpayment of estimated tax will result in assessment of penalty and interest.

If you have made estimated tax payments and do not owe additional tax for the year, you still must file a tax return.

DUE DATE AND EXTENSIONS

Returns are due on or before April 30th each year. If a due date falls on a weekend or holiday, the due date becomes the next business day. **2024 DUE DATE: APRIL 30th, 2025. RETURNS MUST BE POSTMARKED BY THIS DATE.**

The due date of the annual income tax return may be extended for a period not to exceed six months. To apply for an extension, file Form MU-4868, Application for Automatic Extension of Time to File an Individual Income Tax Return. Application for an extension must be made and the tentative tax due must be paid (MCL 141.664). Filing an extension with payment is not a substitute for making estimated tax payments. **An extension does not extend the time for paying the tax due.**

When an extension form is filed and the balance due is paid, it may be assumed that the extension is automatically granted unless otherwise notified. Penalty may be waived by the Income Tax Administrator if the tax paid by the original due date is not understated by more than 5% of tax or the taxpayer is able to show that the failure to pay on time was due to reasonable cause.

CHARGES FOR LATE PAYMENTS

All taxes remaining unpaid after the due date are subject to interest at the rate of 1% above the adjusted prime rate on an annual basis and to penalty at a rate of 1% per month, not to exceed a total penalty of 25% of the tax. The minimum charge for interest and penalty is \$2.00. **Charges begin to accrue on tax not paid by the due date even if the return is filed on time.**

AMENDED RETURNS

If you have already filed a return and need to make changes, you may file an amended return. If your federal return is adjusted and the change affects your Muskegon income, an amended return must be filed and paid within 90 days. If you are amending your original tax return, please clearly write **AMENDED** at the top of the return. **Please be sure to provide an explanation for the amendment.** This information can be provided on page 2 of the 1040X in Part III: Explanation of Changes or by attaching a separate sheet. Amended returns may be mailed to: Muskegon Income Tax Dept,

PO BOX 29, Muskegon, MI 49443-0029. If applicable, please attach a copy of the amended federal return or the IRS notice detailing why your federal return was adjusted.

DISCLAIMER

These instructions are interpretations of the Muskegon Income Tax Ordinance, MCLA 141.601 et seq. The City of Muskegon Ordinance will prevail in any disagreement between these instructions and the Ordinance.

COMPLETING YOUR RETURN

NAME, ADDRESS, SOCIAL SECURITY NUMBER

- **Always write your full Social Security number(s) on the return.** Your full Social Security number must match the SSN on the W-2 Form(s) attached to your return.
- Enter your name and, if a joint return, your spouse's name and full social security number.
- If the taxpayer or spouse is deceased: attach a copy of federal Form 1310 or a copy of the death certificate and mark (X) the box under the Social Security numbers indicating the taxpayer and/or spouse is deceased. Write "deceased" in the signature area on page 2 and enter the date of death in the box on the right side of the signature line.
- Enter your **current** home address on the present home address line. If using a PO Box for mailing purposes, enter the PO Box number on address line 2. If using an in care of address that is not your legal residence (domicile), you must report your residence (domicile) address in the Address Schedule on page 2.

RESIDENCY STATUS

Indicate your residency status by marking (X) the proper box at the top of page 1.

Resident – a person whose domicile (principle residence) was in the city limits of Muskegon all year. File as a resident if you were a resident the entire year.

Non-Resident – a person whose domicile (principle residence) was outside the city limits of Muskegon all year. File as a nonresident if you were a nonresident the entire year.

Part-Year Resident – a person who changed their domicile (primary residence) during the year from one inside Muskegon to one outside Muskegon or vice versa. If you were a resident for only part of 2024, use form MU-1040PY to calculate the tax and attach it to the MU-1040.

Check Residency. Muskegon Street Directory to check if an address is located in the city: muskegon-mi.gov/cresources/streetlisting

Married with Different Residency Status. If you were married during the tax year and had a different residency status from that of your spouse, file separate returns or file a part-year resident return using Form MU-1040PY to compute the tax.

FILING STATUS

Indicate filing status by marking (X) the proper box. If married filing separately, enter spouse's Social Security number in the spouse's SSN box and enter the spouse's full name in the filing status box.

INCOME EXEMPT FROM CITY TAX

Muskegon does not tax the following types of income:

1. Social Security, pensions and annuities (including disability pensions), Individual Retirement Account (IRA) distributions received after reaching age 59½.
2. Welfare relief, unemployment compensation and supplemental unemployment benefits.
3. Interest from obligations of the United States, the states or subordinate units of government of the states and gains or losses on the sales of obligations of the United States.
4. Military pay of active duty members of the armed forces of the United States, including Reserve and National Guard pay.
5. Michigan Lottery prizes won on or before December 30, 1988. (Michigan lottery prizes won after December 30, 1988 are taxable to residents.)

6. City, state and federal refunds.

ITEMS NOT DEDUCTIBLE ON THE MUSKEGON RETURN

Muskegon does not allow deductions for items such as taxes, interest, medical expenses, charitable contributions, casualty and theft losses, etc. In addition, the following federal adjustments are not deductible on the Muskegon return: student loan interest, Archer MSA deduction, self-employed health insurance deduction, one-half or self-employment tax, and penalty for early withdrawal of savings. Muskegon allowable deductions can be found under the DEDUCTIONS SCHEDULE on page 2 of the tax form.

The **Standard Federal Deduction** is not applicable to Muskegon and cannot be subtracted from taxable income.

PAGE 1: All taxpayers should complete the **EXEMPTIONS SCHEDULE** at the top of the page. All taxpayers are to claim 1 exemption for self – even if claimed as a dependent on another person's return. Dependents should be the same as reported on your federal tax return – if you cannot claim a dependent on the federal return, you cannot claim them on the Muskegon return.

INCOME: The tax form has 3 columns. **Column A** should have all income as reported on your federal tax return. **Column B** is where income NOT taxable to Muskegon will be reported, such as excludible non-resident wages (see non-resident instructions). **Column C** should contain only the income taxable to Muskegon.

Line 17 is where your total taxable income after subtracting applicable deductions and exemptions will be reported. This amount will be multiplied by either the resident rate (.01) or the non-resident rate (.005) depending on your filing status on **Line 18**. If you were a part-year resident, the tax amount will be carried to Line 18 from the Sch PY (part-year resident schedule).

Line 19. On Line 19, you will report Muskegon tax withheld by your employer(s) in Box 19a – **ATTACH W-2 FORMS SHOWING THE MUSKEGON TAX WITHHELD**. Estimated tax paid, tax paid with extension and credits from the previous tax year are reported in Box 19b. Corporate and partnership tax credits are also to be claimed in Box 19b. Credit for tax paid to another city is claimed in Box 19c – **ATTACH PAGE 1 OF THE OTHER CITY'S TAX FORM**. Failure to attach W-2 Forms and other city tax forms may result in a delay in processing your tax return.

Line 21 (TAX DUE). If Line 19d (or 20c) is LESS than Line 18b, you owe tax and will report the amount on Line 21. To pay with a check or money order, please make payable to City of Muskegon Income Tax. Be sure your name is on the payment. You may also have the money directly withdrawn from your checking or savings account by filling out the bank account information at the bottom of the form. **SEE MAILING ADDRESS AT THE BOTTOM OF PAGE.**

Line 22 (OVERPAYMENT). If Line 19d (or 20c) is MORE than Line 18b, you are due a refund and will report the amount on Line 22. If you would like the full amount to be refunded, put the amount on **Line 25**. Options for donating all or part of your refund are on **Line 23**. If you would like your refund to be issued as a direct deposit, please fill out the bank account information at the bottom of the form. Please allow 45 days before contacting our office to inquire about refund status. **SEE MAILING ADDRESS AT THE BOTTOM OF PAGE.**

Line 24. If you would like all or part of your refund to be credited to the next year, put the amount on Line 24.

PAGE 2. SCHEDULE A – OTHER INCOME. All items in Sch A are taxable to residents. Alimony, S-Corp and Gambling income is not taxable to non-residents. See specific non-resident instructions.

EXCLUDED WAGES AND TAX WITHHELD SCHEDULE (Attach W-2 Forms even if completing this schedule). All wages of RESIDENTS are taxable – even if earned outside of the Muskegon city limits. For NON-RESIDENTS, wages earned outside of the Muskegon city limits are not taxable, however **documentation from the employer will be required if**

Muskegon tax was withheld on the excluded wages. Additional information can be found with the non-resident instructions.

DEDUCTIONS SCHEDULE. Deductions are allowed to the same extent as the federal return, however must be pro-rated if you were a non-resident or part-year resident. For example, if you contributed to an IRA as a non-resident but only 50% of your wages were taxable to Muskegon, only 50% of the IRA contribution can be claimed.

Allowable deductions include: **1. Contributions to an Individual Retirement Account (IRA).**

2. Self-Employed SEP, SIMPLE and Qualified Plans.

3. Employee Business Expenses. Employee business expenses are deductible only when incurred in the performance of service for an employer and only to the extent not reimbursed by the employer. Meal expenses are not subject to the reductions and limitations of the Internal Revenue Code. Under the Muskegon Income Tax Ordinance, meals must be incurred while away from home overnight on business.

BUSINESS EXPENSES ARE LIMITED TO THE FOLLOWING:

- A. Expenses of transportation, but not to and from work.
- B. Expenses of travel, meals and lodging while away from home overnight on business for an employer.
- C. Expenses incurred as an "outside salesperson" away from the employer's place of business. This does not include driver-salesperson whose primary duty is service and delivery.
- D. Expenses reimbursed by employer from an expense account or other arrangement if included in gross earnings.

NOTE: Business expenses claimed on line 4 of federal Form 2106 are not allowed unless taxpayer qualifies as an outside salesperson.

Please attach federal Form 2106 to support the deduction claimed.

4. Moving Expenses. For tax years after 2017, only members of the military are eligible to claim moving expense. If applicable, attach federal Form 3903.

5. Alimony Paid (do not include child support). Attach the federal return showing the recipient's Social Security number and amount paid.

ADDRESS SCHEDULE (Taxpayer, Spouse or Both). Please complete this section with all home addresses for the tax year.

THIRD PARTY DESIGNEE. If you would like to authorize another person to discuss the tax return, check the box for YES and provide their information. If you are a parent preparing the return for a dependent, this will need to be completed before information about the return can be shared.

SIGN AND DATE THE RETURN.

WHERE TO MAIL FORMS AND PAYMENTS

Muskegon Income Tax Dept, PO Box 29, Muskegon MI 49443-0029

PO Box 29 – Tax returns showing a refund

PO Box 29 – Tax returns with a payment attached, direct withdrawal information for tax due or zero due returns

PO Box 29 – Payment voucher with check attached or EFT direct withdrawal information and payments being made for bills

PO Box 29 – Corporate and Partnership Returns

PO Box 29 – Correspondence, withholding and amended returns

RESIDENTS

If you lived in the Muskegon city limits for entire year, you will file a resident tax return. Residency is based on your home address – even if you were renting your home. If you moved during the year and lived both inside and outside of the Muskegon city limits, you will file as a part-year resident. See separate part-year tax form, instructions and Sch PY (part-year resident schedule) if applicable.

All income of Muskegon residents is taxable, including wages and other income earned outside of the Muskegon city limits. In general, if income is taxable on the federal tax return, it is taxable to Muskegon. The exception to taxable wages would be pay received as an active-duty military member, including Reserve and National Guard Pay.

Interest and Dividend (**Lines 2 and 3**) income is taxable unless the source was from a federal government obligation (U.S. Bonds, Treasury bills and notes, etc.).

Line 4 – Business Income / Losses. Attach Federal Schedule C

Line 5 – Capital Gain or (Losses)

The Uniform City Income Tax Ordinance follows the Internal Revenue Code regarding capital gains. **All capital gains realized while a resident are taxable regardless of where the property is located, with the following exceptions:**

1. Capital gains on sales of obligations of the United States and subordinate units of government.
2. The portion of the capital gain or loss on property purchased prior to the inception of the Muskegon income tax ordinance that is attributed to the time before inception ordinance.
3. Capital loss carryovers that originated prior to the taxpayer becoming a resident of Muskegon are not deductible.

Capital losses are allowed to the same extent they are allowed under the Internal Revenue Code and limited to \$3,000 per year. Unused net capital losses may be carried over to future tax years. The capital loss carryover for Muskegon may be different than the carryover for federal income tax purposes.

Deferred capital gain income from installment sales and like-kind exchanges are taxable in the same year reported on the taxpayer's federal income tax return.

Flow through income or loss from an S corporation reported on federal Sch. D is taxable. **Attach copies of federal Sch. K-1 (Form 1120S).**

Residents reporting capital gains or losses must attach a copy of federal Schedule D.

Excluded capital gains must be explained by completing and attaching the Exclusions and Adjustments to Capital Gains or (Losses) schedule.

Line 6 – Other Gains (or Losses)

Other gains or losses are taxable to the extent that they are taxable on the federal 1040. Other gains and losses realized while a resident are taxable regardless of where the property is located, except the portion of the gain or loss on property purchased prior to the inception of the Muskegon Income Tax Ordinance.

Deferred other gains from installment sales and like-kind exchanges are taxable in the year recognized on the federal income tax return. Deferred gains **must be supported by attaching a copy of federal Form 6252 and/or Form 8824.**

Residents reporting other gains and losses **must attach a copy of federal Form 4797.**

Dividends from flow through income or loss from an S corporation reported on federal Form 4797 of a resident are taxable. **Attach copies of federal Schedule K-1 (Form 1120S).**

Use the Exclusions and Adjustments to Other Gains or (Losses) schedule to compute exclusions and adjustments to other gains and losses reported on your federal income tax return.

Line 7 – IRA Distributions – PLEASE ATTACH 1099-R FORM(S)

IRA distributions qualifying as retirement benefits are not taxable to Muskegon. Excludible IRA distributions are typically designated with

Distribution Code 7 in Box 7 of the 1099-R form, are received after age 59½ or described by Section 72(t) (2)(A)(iv) of the IRC.

Premature IRA distributions – typically designated with Distribution Code 1 in Box 1 of the 1099-R form and received prior to age 59½ - are taxable to Muskegon.

Line 8 – Pensions and Annuities – PLEASE ATTACH 1099-R FORM(S)

Pension and retirement benefits **NOT** taxable (typically designated by Distribution Code 7 in Box 7 of the 1099-R form) to Muskegon include:

1. Pension plans that define eligibility for retirement and set contribution and benefit amounts in advance.
2. Qualified retirement plans for the self-employed. Benefits from any of the previous plans received on account of disability or as a surviving spouse if the decedent qualified for the exclusion at the time of death.
3. Distributions from a 401(k) or 403(b) plan attributable to employer contributions or attributable to employee contributions to the extent they result in matching contributions by the employer.
4. Benefits paid to an individual from a retirement annuity policy that has been annuitized and paid over the life of the individual.

Pension and retirement benefits that **ARE** taxable (typically designated by Distribution Code 1 in Box 7 of the 1099-R form) to Muskegon include:

1. Premature pension plan distributions (those received prior to qualifying for retirement).
2. Amounts received from deferred compensation plans that let the employee set the amount to be put aside and do not set retirement age or requirements for years of service. These plans include, but are not limited to, plans under IRC Sections 401(k), 457 and 403(b):
 - Amounts received before the recipient could retire under the plan provisions, including amounts paid on separation, withdrawal or discontinuance of the plan;
 - Amounts received as early retirement incentives, unless the incentives were paid from a pension trust;
3. Benefits paid from a retirement annuity policy other than annuitized benefits paid over the life of the individual are taxable to the same extent taxable under the Internal Revenue Code.

1099-R DEATH BENEFITS INDICATED BY DISTRIBUTION CODE 4 OF THE 1099-R FORM (Both Lines 7 and 8). If you received a distribution as the surviving spouse of the decedent, the income is not taxable to Muskegon.

Line 9 – Rental real estate, royalties, partnerships, S Corporations, trusts, etc. – PLEASE ATTACH FEDERAL SCH E

Except for royalty income upon which Michigan severance tax was paid, all income reported on federal Schedule E is taxable. A resident's share of an S corporation's dividends from flow through income are taxable to the same extent and on the same basis the income is taxable under the Internal Revenue Code. Royalty income upon which Michigan severance tax was paid is to be reported in column B (income excludible to Muskegon).

Line 19, Box C – Credit for tax paid to another city. If you worked in another taxing city (such as Walker) you can claim the other city tax credit of ½%. Please attach page 1 of the other city's return to support the amount claimed. Failure to attach page 1 of the other city's tax return will result in a denial of the credit.

Other Income (Page 2, Schedule A). Any other income taxable to Muskegon for which there is not a specific line is reported here. For residents, this includes alimony, gambling winnings, tribal income, etc. If you had a Net Operating Loss (NOL), report the loss amount on Line 5 and attach supporting documentation.

See GENERAL INSTRUCTIONS FOR ALL FILERS for mailing addresses.

NONRESIDENTS

If you lived outside of the Muskegon city limits for the entire year but had income earned inside of the Muskegon city limits, you will file a non-resident tax return. If you moved during the year and lived both inside and outside of the Muskegon city limits, you will file as a part-year resident. See separate part-year tax form, instructions and Sch PY (part-year resident schedule) if applicable.

For non-residents, only income earned in the city limits is taxable. Alimony received and gambling winnings are not taxable to non-residents.

NONRESIDENT INCOME SUBJECT TO TAX:

1. Compensation for work done or services performed in the Muskegon city limits which includes, but is not limited to, the following: bonuses, commissions, fees, tips, incentive payments, severance pay, vacation pay, sick pay, and holiday pay.
2. Net profits from the operation of an unincorporated business, profession or other activity attributable to business activity conducted in Muskegon, whether or not such business is located in Muskegon. This includes business interest income from business activity in Muskegon.
3. Gains or losses from the sale or exchange of real or tangible personal property located in the Muskegon city limits.
4. Net profits from the rental of real or tangible personal property located in Muskegon.
5. Premature distributions from an Individual Retirement Account (IRA) where a deduction was claimed on a current or previous year's Muskegon income tax return.
6. Premature distributions from a pension plan attributable to work performed in Muskegon.
7. Deferred compensation earned in Muskegon.

Wages received while on vacation, holiday and sick pay are taxable at the same percentage as your taxable wages, as is third party sick pay. Severance pay is also taxable at the same percentage as your wages had been taxable. If you allocated wages prior to receiving severance pay, a 3 year average should be used. This income cannot be excluded merely because it was paid to you after you stopped physically working in the Muskegon city limits.

Wage Allocations on Commissions, etc. A nonresident salesperson paid on a commission basis or other results achieved should allocate wages based on commissions received or other results achieved attributable to efforts expended in Muskegon. A nonresident insurance salesperson paid sales commissions and renewal commissions should allocate compensation on the following basis: Allocate commissions from life, health, accident and vehicle (auto) insurance based on the location (residence) of the purchaser. Allocate commissions from group insurance based on the location of the group. Allocate commissions from fire and casualty insurance based on the location of the risk insured.

Line 1 – Taxable wages. In Column A, you will report 100% of your wages as shown on the federal return. In Column B, you will report wages earned outside of the Muskegon city limits. If excluding wages in Column B, you will need to complete the EXCLUDED WAGES AND TAX WITHHELD SCHEDULE on Page 2.

Please note that if you exclude 100% of your wages from an employer that withheld tax for Muskegon, you will be asked to provide a letter from the employer that no work duties were done in the Muskegon city limits. If you will not be working in the city limits for the employer, we also ask for the date that they stopped withholding tax for Muskegon. Muskegon tax should not be withheld on wages earned outside of the Muskegon city limits by non-residents. You may need to file an updated W-4 Form with your payroll department to indicate you do not live or work in the Muskegon city limits. Employer verification will also be required if you indicate a large percentage of your time was spent working outside of the Muskegon city limits.

Wages earned while working from home. The same verification from the employer will be requested if you exclude wages earned while working at home when Muskegon tax was withheld. If you are permanently working remotely and will not be returning to a Muskegon work location, withholding

for Muskegon should be ceased. Starting with tax year 2022, the CF-COV Covid work allocation worksheet will not be accepted as mandatory government stay home orders were no longer in place. The Muskegon Income Tax Ordinance (Sec. 141.613, Reg. 13.2) states the following: the mere fact that a nonresident employee takes work home with them and performs such work at their home does not permit for the allocation of compensation. If an office or other work space is maintained for you in the city limits and you choose to work from home, this compensation cannot be allocated/excluded.

Wages are only to be taken from Box 1 of the W-2 form. Wages are not to be taken from Box 18.

Line 4 – Business income (or loss) – PLEASE ATTACH FEDERAL SCH C. Any business income earned in the Muskegon city limits is taxable to non-residents. If you are claiming a loss, please be sure the actual address of the business is provided so we may verify it was in the Muskegon city limits or the loss may be disallowed.

Line 5 – Capital Gains (or Losses). Capital gains or losses of a nonresident are included in taxable income to the extent the gains or losses are from property located in Muskegon. Capital losses from property located in Muskegon are allowed to the same extent they are allowed under the Internal Revenue Code. Unused capital losses may be carried over to future tax years. The capital loss carryover for Muskegon may be different than the carryover for federal income tax purposes. Deferred capital gain income from installment sales and like-kind exchange of property located in Muskegon are taxable in the year recognized on the taxpayer's federal income tax return. Dividends from an S corporation reported on a nonresident's federal Schedule D is excluded on the Exclusions and Adjustments to Capital Gains or (Losses) schedule. Attach copies of federal Schedule K-1 (Form 1120S). Use the Exclusions and Adjustments to Capital Gains or (Losses) schedule to compute exclusions and adjustments to capital gains. NOTE: A common error on a nonresident return is failure to complete the Exclusions and Adjustments schedule to exclude the capital loss carryover reported on the taxpayer's federal income tax return.

Line 6 – Other Gains (or Losses). A nonresident's other gains and losses are included in taxable income to the extent the gains or losses are from property located in Muskegon. Deferred other gains and losses from installment sales and like-kind exchanges of property located in Muskegon are taxable in the year recognized on the taxpayer's federal income tax return. Deferred other gains must be supported by attaching a copy of federal Form 6252 and/or Form 8824. Flow through income or loss from an S corporation reported on federal Form 4797 is excluded on the Exclusions and Adjustments to Other Gains and (Losses) schedule. Attach copies of federal Schedule K-1 (Form 1120S). Nonresidents reporting other gains and losses must attach a copy of federal Form 4797. Use the Exclusions and Adjustments to Other Gains and Losses schedule to compute exclusions and adjustments to other gains and losses reported on the federal income tax return. On line 4 of the schedule enter the total excluded other gains or losses and also enter this total on page 1, line 8, column B.

Line 7 – IRA Distributions. The portion of a premature IRA distribution that was deducted from Muskegon taxable income in the current or a prior tax year (reported on Form 1099-R, box 7, distribution code 1) are taxable to a nonresident. IRA distributions received after age 59 ½ or described by Section 72(t)(2)(A)(iv) of the IRC are not taxable.

Line 8- Taxable Pensions and Annuities. Premature pension plan distributions (those received by a nonresident prior to qualifying for retirement) are taxable to the same extent the normal wages from the employer are taxable. A nonresident remaining employed by the particular employer in Muskegon may not exclude amounts received from deferred compensation plans that let the employee set the amount to be put aside and do not set retirement age or requirements for years of service. These plans include, but are not limited to, plans under Sections 401(k), 457 and 403(b) of the Internal Revenue Code (IRC): Amounts received before the

NONRESIDENTS (Continued)

recipient could retire under the plan provisions, including amounts paid on separation, withdrawal or discontinuance of the plan. Amounts received as early retirement incentives unless the incentives were paid from a pension trust. Form 1099-R, box 7, code 8, Excess contributions or excess deferrals taxable in current tax year are taxable to a nonresident to the same extent and on the same basis as the normal earning from the specific employer are taxable. Note: Form 1099-R, box 7, code P, reports excess contributions or excess deferrals taxable in the prior tax year and may require a nonresident to file an amended return for the prior tax year. See Line 10 under "Residents" for additional information on nontaxable pension and retirement benefits.

Line 9 – Rental real estate, royalties, partnerships, S Corporations, trusts, etc. – PLEASE ATTACH FEDERAL SCHEDULE E. All income reported on the federal Schedule E that comes from business activity in Muskegon or property located in Muskegon is taxable to nonresidents. When an estate or trust has taxable income in Muskegon, the estate or trust must file a return and pay tax on distributions to nonresidents and on undistributed taxable income. The following income reported on federal Schedule E is excludable: income from business activity or property outside Muskegon including royalty income upon which Michigan severance tax was paid; S corporation dividends reported on Schedule E; and income from estates and trusts. Explain all exclusions on the Exclusions and Adjustments to Income from Rental Real Estate, Royalties, Partnerships, S Corporations, Trusts, Etc. schedule. On line 6 of this schedule enter the total exclusions and adjustments; enter also on page 1, line 11, column C.

OTHER INCOME (Page 2, Schedule A)

Alimony, S-Corp and gambling income is not taxable to nonresidents. Any other income earned in the Muskegon city limits for which there is not a specific line is reported here.

Line 3 – Farm Income (or Loss). A nonresident's profit or loss from a farm are included in Muskegon income to the extent the profit or loss results from work done, services rendered or other activities conducted in Muskegon. The portion of the profit or loss reported on the Muskegon return is determined by use of the three factor Farm Allocation Percentage formula. Sales of crops at the produce market, any of the farmer's markets or a produce stand located in the city is Muskegon business activity and subjects the farm to Muskegon income tax.

DEDUCTIONS SCHEDULE. A nonresident's deductions are limited by the extent they relate to income taxable under the Muskegon Income Tax Ordinance. Nonresidents must allocate deductions the same way related income is allocated. For example, if you contributed to an Individual Retirement Account (IRA) but only 50% of your wages are taxable to Muskegon, only 50% of the IRA deduction can be claimed.

See **GENERAL INSTRUCTIONS FOR ALL FILERS** for mailing addresses

PART-YEAR RESIDENTS SCHPY INSTRUCTIONS

PART-YEAR RESIDENTS: COMPLETE THE M-1040PY AND ATTACH IT TO PAGE 1 OF THE CF-M1040. CHECK BOX 18a ON PAGE 1 OF THE CF-M1040 AND CARRY THE PART-YEAR TAX CALCULATION FROM LINE 7 OF THE M-1040PY TO BOX 18b. BOTH FORMS MUST BE FILED – DO NOT SEND THE M-1040PY BY ITSELF.

Part-Year Resident – a person who changed their domicile (primary residence) during the year from one inside Muskegon to one outside Muskegon or vice versa. If you were a resident for only part of 2024, use form M-1040PY to calculate the tax and attach it to the CF-M1040. If you had income taxable as a resident and as a nonresident during the year, you must file as a part-year resident.

Married with Different Residency Status. If you were married in 2024 and had a different residency status from that of your spouse, file separate returns or file a part-year resident return using Form M-1040PY to compute the tax.

Check Residency. If an address falls within the Muskegon city limits, the Political Jurisdiction will show MUSKEGON CITY.
<https://muskegon-mi.gov/cresources/incometax/cityofmuskegonstreet-addresslisting.pdf>

General instructions for completing the M-1040PY are below.

INSTRUCTIONS FOR M-1040PY, TAX CALCULATION SCHEDULE

LINE 1. List each source of income (i.e., employer, Schedule C, interest, etc.) in column 1 and the total income or deduction from the item in column 2. Split the income or deduction between the different categories of income (columns 3, 4, and 5) based upon the time in each status and enter the income subject to tax in column 6.

LINE 2. Total column 2, column 3, column 4, column 5 and column 6 and enter the amounts.

LINE 3. Compute and enter in column 4 and column 5 the percentage of total income subject to tax by dividing the amount on line 2 of the column by the total income subject to tax (line 2 divided by column 6).

LINE 4. Enter in column 6 the total exemption credit, \$600 per person claimed and compute the exemption credit column 5 based upon the percentages on line 3 of the respective column.

LINE 7. Multiply line 5 of column 4 and column 5 by the tax rate for the column from line 6 and enter the amount. Add the amounts in column 4 and column 5 and enter the total in column 6.

Enter the total from column 6, line 7 on Form CF-M1040 18b

ATTACH A COPY OF THE M-1040PY TO YOUR INCOME TAX RETURN

SCHEDULE A – OTHER INCOME

ROUND ALL FIGURES TO NEAREST DOLLAR (Drop amounts under \$0.50 and increase amounts from \$.50 to \$.99 to next dollar)		COLUMN A Federal Return Data	COLUMN B Exclusions/Adjustments	COLUMN C Taxable Income
1	Alimony – Date of Original Divorce or Separation:			
2	Subchapter S corporation distributions (Attach copy of federal Sch K-1)			
3	Farming Income or (loss) (Attach copy of federal Schedule F)			
4	Gambling Income			
5	Other Income. List type:			
6	Total additions (Add lines 1 through 5)			

EXCLUDED WAGES AND TAX WITHHELD SCHEDULE (SEE INSTRUCTIONS – NON-RESIDENT ONLY)

FAILURE TO ATTACH W-2 FORMS TO PAGE 1 WILL DELAY PROCESSING OF RETURN. WAGE INFORMATION STATEMENTS PRINTED FROM TAX PREPARATION SOFTWARE ARE NOT ACCEPTABLE

W-2	COLUMN A T or S (Taxpayer or Spouse)	COLUMN B SOCIAL SECURITY NUMBER (From W-2, box a)	COLUMN C EMPLOYER'S ID NUMBER (From W-2, box b)	COLUMN D EXCLUDED WAGES (Attach Excluded Wages Sch)	COLUMN E MUSKEGON TAX WITHHELD (Form W-2, box 19)	COLUMN F LOCALITY NAME (Form W-2, box 20)
1						
2						
3						
4						
5						
6						
7						
8						
9	Totals (Enter here and on page 1; part-yr residents on Sch TC) Enter on pg 1, ln 1, col B >>					<< Enter on pg 1, ln 19a

DEDUCTIONS SCHEDULE (NON RESIDENT OR PART YEAR)

		DEDUCTIONS
1	IRA deduction (Attach copy of Schedule 1 of federal return & evidence of payment)	
2	Self-employed SEP, SIMPLE and qualified plans (Attach copy of Schedule 1 of federal return)	
3	Employee business expenses (Attach copy of CF-2106 and detailed list)	
4	Moving expenses (Into city area only, Military ONLY) (Attach copy of federal Form 3903)	
5	Alimony paid (DO NOT INCLUDE CHILD SUPPORT. Attach copy of Schedule 1 of federal return)	
6	Total deductions (Add line 1 through line 5, enter total here and on page 1, line 14)	

ADDRESS SCHEDULE (WHERE TAXPAYER (T), SPOUSE (S) OR BOTH (B) RESIDED DURING YEAR AND DATES OF RESIDENCY)

MARK T, S, B	List all residence (domicile) addresses (Include city, state & zip code). Start with address used on last year's return. If the address on page 1 of this return is the same as listed on last year's return, print "Same." If no return filed last year, list reason. Continue listing this tax year's residence addresses. If address listed on page 1 of this return is in care of another person, enter current residence (domicile) address.	FROM		TO	
		MONTH	DAY	MONTH	DAY

THIRD PARTY DESIGNEE

Do you want to allow another person to discuss this return with the Income Tax Office? ☐ Yes, complete the following ☐ No

Designee's Name	Phone No.	Personal ID number (PIN)
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Under the penalty of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete. If I am a resident claiming a credit for taxes paid to another city, I acknowledge and consent to the City's verification of unrefunded payment to that city. If prepared by a person other than tax payer, the preparer's declaration is based on all information of which preparer has any knowledge

TAXPAYER'S SIGNATURE If joint return, both spouses must sign	Date (MM/DD/YY)	Taxpayer's occupation	Daytime phone no.	If deceased, date of death
SPOUSE'S SIGNATURE	Date (MM/DD/YY)	Spouse's occupation	Daytime phone no.	If deceased, date of death

Some cities are using new communication methods. If your City participates and you would like email notifications regarding important changes and Income Tax related information please provide your email address. No City will email you asking for your social security number.

Signature of Preparer Other than Taxpayer	Date (MM/DD/YY)	PTIN, EIN OR SSN	Preparer's Phone
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FIRM'S NAME (or yours if self-employed), ADDRESS AND ZIP CODE	NACTP software number
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2024 MUSKEGON M-1040PY

TAX CALCULATIONS SCHEDULE
FOR USE BY PART YEAR RESIDENTS

TAXPAYER'S NAME			SOCIAL SECURITY NUMBER		
SPOUSE NAME			SPOUSE SOCIAL SECURITY NUMBER		
2024 MUSKEGON RESIDENCY	NUMBER OF MONTHS	FROM	TO		
FORMER ADDRESS					

			CATEGORIES OF INCOME							
COLUMN 1	COLUMN 2		COLUMN 3		COLUMN 4		COLUMN 5		COLUMN 6	
SOURCE OF INCOME	TOTAL INCOME ADJUSTMENTS OR DEDUCTIONS		EXCLUDABLE INCOME ADJUSTMENTS AND DEDUCTIONS		MUSKEGON INCOME EARNED AS A NON-RESIDENT		INCOME EARNED AS A RESIDENT		TOTAL INCOME SUBJECT TO TAX (COL. 4 + COL. 5)	
1a.		00		00		00		00		00
1b.		00		00		00		00		00
1c.		00		00		00		00		00
1d.		00		00		00		00		00
1e.		00		00		00		00		00
1f.		00		00		00		00		00
1g.		00		00		00		00		00
1h.		00		00		00		00		00
1i.		00		00		00		00		00
1j.		00		00		00		00		00
2. TOTALS		00		00		00		00		00
3. PERCENTAGE OF TOTAL MUSKEGON INCOME									100%	
4. EXEMPTION AMOUNT \$600 PER PERSON										
5. TAXABLE INCOME						00		00		00
6. TAX RATES (0.5% = AND 1% = .01)					0.5%		1%			
7. TAX						00		00		00

PLEASE ROUND TO THE NEAREST DOLLAR

INSTRUCTIONS FOR M-1040PY, TAX CALCULATION SCHEDULE

LINE 1. List each source of income (i.e, employer, Schedule C, interest, etc.) in column 1 and the total income or deduction from the item in column 2. Split the income or deduction between the different categories of income (columns 3, 4, and 5) based upon the time in each status and enter the income subject to tax in column 6.

LINE 2. Total column 2, column 3, column 4, column 5 and column 6 and enter the amounts.

LINE 3. Compute and enter in column 4 and column 5 the percentage of total income subject to tax by dividing the amount online 2 of the column by the total income subject to tax (line 2 divided by column 6).

LINE 4. Enter in column 6 the total exemption credit, \$600 per person claimed, and compute the exemption credit column 5, from column 4 and based upon the percentages on line 3 of the respective column.

LINE 7. Multiply line 5 of column 4 and column 5 by the tax rate for the column from line 6 and enter the amount. Add the amounts in column 4 and column 5 and enter the total in column 6.

Enter the total from column 6, line 7 on Form CF-M1040, line 18b.

ATTACH A COPY OF THE M-1040PY TO YOUR INCOME TAX RETURN

Return to:



INCOME TAX DEPARTMENT
P.O. BOX 29
MUSKEGON, MICHIGAN 49443

PRSRT STD
U.S. POSTAGE
PAID
PERMIT NO. 467
MUSKEGON, MICHIGAN

If mailing label affixed, please peel off label and place
it over address area of your Muskegon Income Tax
Return. Do not use a label containing an error.

PLEASE REMEMBER TO:

- ✓ Sign your return. If a joint return, both spouses must sign even if only one had income subject to Muskegon income tax.
- ✓ Attach a copy of page one of your Federal Form 1040.
- ✓ Attach copies of Form(s) W-2. If you are claiming a credit for Muskegon withholding, the locality name on your W-2 must be Muskegon.
- ✓ Attach Federal Schedules and other city returns as needed. See Summary of Required Attachments on page 2 of form CF-M1040.

**See instructions to determine if you are required to file
quarterly estimated payments.**

**Mail all refunds, payments to:
INCOME TAX DEPARTMENT
CITY OF MUSKEGON
PO BOX 29
MUSKEGON MI 49443-0029**

**ALL PAYMENTS:
Make checks payable to: City Of Muskegon**