

# City of Albion Estimated Individual Income Tax Voucher AL-1040ES General Information

## WHO MUST FILE ESTIMATED TAX PAYMENTS

You must make estimated income tax payments throughout the year if you expect to owe more than \$100 when you file your 2017 AL-1040 return. Estimated Tax Computation Worksheet may be used to calculate estimated tax payment amounts.

## DUE DATES OF PAYMENTS

You may pay in full with the first estimate voucher, due April 30, 2017. You may also pay in equal installments due on or before April 30, 2017; June 30, 2017; September 30, 2017 and January 31, 2018.

**Fiscal year filers.** Adjust dates to correspond with your fiscal year. The first installment payment is due on the last day of the fourth month after your fiscal year ends. (Example: If your year ends March 31, your first payment is due July 31.)

**If your income changes during the year.** If you are already making estimated payments you may change your estimated payment on the next installment. If you are not already making payments and change occurs between April 1 and May 31 pay on or before June 30, 2017; if the change occurs between June 1 and August 31 pay on or before September 30, 2017; if the change occurs between September 1 and December 31 pay on or before January 31, 2018.

Return your AL-1040ES voucher along with a check or money order payable to “**City of Albion**”. Do not staple your check to the voucher. Write the last four digits of your Social Security number and the words “2017 Estimated Tax” on your check.

## MAIL VOUCHER AND PAYMENT TO:

City of Albion  
Income Tax Department  
112 W Cass St  
Albion, MI 49224

**Note: You will not receive reminder notices; save these forms for all your 2017 payments.**

## LATE PAYMENTS OR UNDERPAYMENT OF ESTIMATES

If you fail to make required estimated payments, pay late or pay less than 70 percent of the final tax due, penalty and interest may be charged.

## TYPES OF INCOME THAT MAKE ESTIMATED TAX PAYMENTS NECESSARY

**Residents.** All salaries, wages, bonuses, commissions and other compensation (usually earned from employers located outside of Albion city limits who do not withhold Albion Income Tax); net profits from business or profession; net rental income; capital gains less capital losses; dividends; interest; income from estates and trusts, lottery winnings and other income.

**Nonresidents.** Salaries, wages, bonuses, commissions or other compensation for services rendered or work performed in Albion; net rental income from property in Albion; net profits from a business; profession or other activity to the extent that it is from work done; services rendered or activity conducted in Albion; and capital gains less capital losses from the sale of real or tangible personal property located in Albion.

## HOW TO FILE

Your annual return for the preceding year may be used as the basis for computing your estimated tax for the current year. You may use the same figures used for estimating your federal income tax adjusted to exclude any income or deductions not taxable or permissible under the City of Albion Tax Ordinance. Use worksheet on the next page to calculate estimated payments for City of Albion.

## ESTIMATED TAX COMPUTATION WORKSHEET

**Keep for your records - Do not file**

|  |    |          |
|--|----|----------|
| 1. Estimated 2017 income subject to tax or 2016 income subject to tax.....   | 1. | \$ _____ |
| 2. Exemption allowance amount (\$600 for each exemption).....  | 2. | \$ _____ |
| 3. Taxable income. Subtract line 2 from line 1.....  | 3. | \$ _____ |
| 4. Estimated City of Albion Tax. Residents - multiply line 3 by 1 percent (.01)<br>Nonresidents - multiply line 3 by 1/2 percent (.005).....           | 4. | \$ _____ |
| 5. Tax you expect to be withheld from your earnings .....  | 5. | \$ _____ |
| 6. All estimated credits.....  | 6. | \$ _____ |
| 7. Total withholding & estimated credits. Add lines 5 and 6.....   | 7. | \$ _____ |
| 8. Estimated tax due. Subtract line 7 from line 4. (If line 8 is \$100 or less,<br>you are not required to make estimated tax payments.).....          | 8. | \$ _____ |
| 9. Estimated payment due. Divide the amount on line 8 by 4, or by the<br>number of estimated vouchers to be filed. Enter here and on each voucher..... | 9. | \$ _____ |

### PAYMENT RECORD

|           | 1st Installment | 2nd Installment | 3rd Installment | 4th Installment |
|-----------|-----------------|-----------------|-----------------|-----------------|
| Tax Paid  |                 |                 |                 |                 |
| Date      |                 |                 |                 |                 |
| Check No. |                 |                 |                 |                 |

**Make your check or money order payable to the "City of Albion"**

### LINE – BY – LINE INSTRUCTIONS FOR WORKSHEET

**Line 1:** Estimate your 2017 income subject to tax (see note at bottom of page).

**Resident:** A resident is subject to tax on all items included in total federal income. Taxable income includes:

- a. Salaries, bonuses, wages, commissions, fees, vacation pay, profit sharing plan income and other compensation regardless of where earned.
- b. Fair market value of merchandise or services received as compensation.
- c. Net profit from operation of a business or profession or other activity regardless of where earned.
- d. Income from a partnership, estate or trust, interest from bank accounts, credit unions, savings and loan associations and other income regardless of where earned.
- e. Rental income, capital gains, and dividends.
- f. Lottery winnings won after December 30, 1988

**Nonresident.** A nonresident is subject to tax on all items included in total federal income which are derived from or connected with Albion sources. Taxable income includes:

- a. Salaries, bonuses, wages, commissions, fees, vacation pay, profit sharing plan income and other compensation for services rendered as an employee in Albion.
- b. Fair market value of merchandise or services received as compensation.
- c. Net profits from the operation of a business or profession or other activity conducted in Albion. (See Schedule 2 on the back of form AL-1040 for business allocation.)
- d. Net profits from rental of real and tangible property located in Albion.
- e. Net profits from sale or exchange of personal property located in Albion.

**Line 3:** This is your estimated City of Albion taxable income.

**Line 5:** Albion City Income Tax you expect your employer to withhold.

**Line 6:** Enter the sum of:

- a. Any credit forward from your 2016 AL-1040.
- b. Estimated credit for tax paid to another city. If you are a resident of the City of Albion and pay income tax to another city in Michigan on income earned outside the City of Albion, you may take credit for the tax paid to the other city. Reduce wages earned in the other city with income tax by your Albion exemption amount claimed on line 12 of your Albion return. Multiply the resulting figure by .5 percent (.005). This is your estimated credit amount.
- c. Estimated credit for partnership income tax paid. If you are a member of a partnership which elects to file a return and pay the tax on behalf of its partners, you may take the amount of tax expected to be paid by the partnership as a credit.
- d. **Line 8.** This is the total estimated tax due after exemptions, estimated withholding & credits. Estimated payments are required if you will owe \$100 or more.

**ALTERNATE METHOD TO CALCULATE QUARTERLY ESTIMATED PAYMENTS:** No penalty & interest will be assessed if estimated payments for 2017 are equal to 70% of final tax due for 2016 *or* 70% of final tax due for 2017 (provided estimated payments are made in a timely manner). Alternate option to using worksheet is to multiply 2016 tax due by 70%; deduct employer withholding and divide by 4 to calculate minimum payment for quarterly payments; using this method will avoid penalty & interest and may have a lower quarterly payment; however this method may also result in a larger balance due when return is filed.

|   |  |   |                                 |
|---|--|---|---------------------------------|
| <b>2017</b><br><b>Fourth Installment</b>                              | <b>Due Date:</b><br><b>1/31/2018</b>   | <b>CITY OF ALBION ESTIMATED</b><br><b>INDIVIDUAL INCOME TAX VOUCHER</b> | <b>2017</b><br><b>AL-1040ES</b> |
| <i>Issued under authority of P.A 284 of 1964. Filing is mandatory</i> |  | Your Social Security Number   | Spouse's Social Security Number |
| Name(s)   |  | This space for office use   |                                 |
| Street Address  |  |   |                                 |
| City State Zip  |  |   |                                 |
| Mail to:<br>City of Albion<br>112 W Cass St<br>Albion, MI 49224       | Make check or money order payable to 'City of Albion'<br><br><b>Write payment amount here:</b><br><br>\$ .00 |   |                                 |
| <b>2017</b><br><b>Third Installment</b>                               | <b>Due Date:</b><br><b>9/30/2017</b>   | <b>CITY OF ALBION ESTIMATED</b><br><b>INDIVIDUAL INCOME TAX VOUCHER</b> | <b>2017</b><br><b>AL-1040ES</b> |
| <i>Issued under authority of P.A 284 of 1964. Filing is mandatory</i> |  | Your Social Security Number   | Spouse's Social Security Number |
| Name(s)   |  | This space for office use   |                                 |
| Street Address  |  |   |                                 |
| City State Zip  |  |   |                                 |
| Mail to:<br>City of Albion<br>112 W Cass St<br>Albion, MI 49224       | Make check or money order payable to 'City of Albion'<br><br><b>Write payment amount here:</b><br><br>\$ .00 |   |                                 |
| <b>2017</b><br><b>Second Installment</b>                              | <b>Due Date:</b><br><b>6/30/2017</b>   | <b>CITY OF ALBION ESTIMATED</b><br><b>INDIVIDUAL INCOME TAX VOUCHER</b> | <b>2017</b><br><b>AL-1040ES</b> |
| <i>Issued under authority of P.A 284 of 1964. Filing is mandatory</i> |  | Your Social Security Number   | Spouse's Social Security Number |
| Name(s)   |  | This space for office use   |                                 |
| Street Address  |  |   |                                 |
| City State Zip  |  |   |                                 |
| Mail to:<br>City of Albion<br>112 W Cass St<br>Albion, MI 49224       | Make check or money order payable to 'City of Albion'<br><br><b>Write payment amount here:</b><br><br>\$ .00 |   |                                 |
| <b>2017</b><br><b>First Installment</b>                               | <b>Due Date:</b><br><b>4/30/2017</b>   | <b>CITY OF ALBION ESTIMATED</b><br><b>INDIVIDUAL INCOME TAX VOUCHER</b> | <b>2017</b><br><b>AL-1040ES</b> |
| <i>Issued under authority of P.A 284 of 1964. Filing is mandatory</i> |  | Your Social Security Number   | Spouse's Social Security Number |
| Name(s)   |  | This space for office use   |                                 |
| Street Address  |  |   |                                 |
| City State Zip  |  |   |                                 |
| Mail to:<br>City of Albion<br>112 W Cass St<br>Albion, MI 49224       | Make check or money order payable to 'City of Albion'<br><br><b>Write payment amount here:</b><br><br>\$ .00 |   |                                 |