

City of Albion
Income Tax Department
112 West Cass St
Albion, MI 49224-0900



2013 CITY OF ALBION

Income Tax Returns

(Resident and Nonresident)

This booklet contains the following forms and instructions:

AL-1040

2013 City of Albion
Individual Income Tax
Return

AL-1040ES

City of Albion 2014
Estimated Individual
Income Tax Voucher

AL-4267

Application for
Extension of Time to file
City of Albion Tax
Returns

Revised 09/2013

For the 2013 tax year - The due date for filing your *City of Albion Individual Income Tax Return* (AL-1040) is April 30, 2014.

Important information for Albion Taxpayers:

>Your check or money order for payment of Albion income tax must be made payable to the "**City of Albion**"

>Additional forms are available online at www.ci.albion.mi.us, at city hall or call 517-629-7865 to request by mail.

>If you owe more than \$100 on 2012 AL-1040, you must make estimated income tax payments for 2014. *City of Albion Estimated Individual Income Tax Vouchers* (AL-1040ES) for 2014 are included in this booklet.

>City of Albion accepts common form CF-1040 returns.

We look forward to serving the Albion community this coming year.

Sincerely

Joseph Domingo
Mayor of Albion

Important Information for All Income Tax Filers

This booklet contains the forms and instructions needed to file your 2013 City of Albion Individual Income Tax Return (AL-1040) and your 2014 City of Albion Estimated Individual Income Tax Vouchers (AL-1040ES). Read the instructions carefully before completing your return. You will need to complete your U.S. 1040 before you prepare your AL-1040; **remember to attach a copy of page 1 of your U.S. 1040 to your Albion return.**

WHO MUST FILE A RETURN

- Every resident and nonresident with gross income of \$600 or more (\$1200 for a taxpayer age 65 or over as of December 31, 2013) from sources listed under "Taxable Income" must complete and file a return.
- To claim a refund because the tax withheld or paid is more than the tax due, you must file a return.
- If you filed form AL-1040ES for 2013 you must file an annual return even if there is no change in tax liability.
- Each partner in a partnership is required to file an AL-1040. If the partnership elects to pay tax on behalf of the partners, the partners are not required to file a return as long as they have no other income subject to tax. Partners who file may take credit on line 19 for tax paid on their behalf by the partnership.

MARRIED PERSONS - JOINT OR SEPARATE RETURNS

A husband and wife may file either a joint return or separate returns. **Residents** filing jointly must include total income of both spouses. **Nonresidents** filing jointly must include total income subject to City of Albion income tax of both spouses. If you file separately, dependents can only be claimed by the spouse who is entitled to claim those dependents under the Internal Revenue Code (IRC).

RESIDENCY

Resident. You are an Albion resident if you reside within the city limits and Albion is your permanent home. Your permanent home is the place you intend to return to whenever you go away. A temporary absence from Albion, such as spending the winter in a southern state, does not make you a part year resident. **Part-year resident.** You are a part-year resident if you moved your permanent home into or out of the city limits of Albion during the year.

Non resident. You are a nonresident if you maintain a permanent home outside the city limits of Albion.

Change of Residence. If your residency status changed from either a resident to a non resident or a nonresident to a resident, complete Schedule C on page 2 of form AL-1040.

TAXABLE INCOME

Resident. A resident is subject to tax on all items included in total federal income unless exempted by city income tax ordinance (see section "Nontaxable income"). Taxable income includes:

1. Salaries, bonuses, wages, commissions, fees, vacation pay, profit sharing plan income and other compensation regardless of where earned.
2. Fair market value of merchandise or services received as compensation.
3. Net profit from the operation of a business or profession or other activity regardless of where earned.
4. Income from a partnership, estate or trust, interest from bank accounts, credit unions, savings and loan associations and other income regardless of where earned.
5. Rental income, capital gains, and dividends.
6. Lottery winnings won after December 30, 1988.
7. Distributions received from an S Corporation; S Corporations must file and pay tax as Corporations, distributions to owners are reported on the AL-1040 and are taxable for city income tax.

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:

1. Salaries, bonuses, wages, commissions, fees, vacation pay, profit sharing plans and other compensation for services rendered as an employee in Albion.
2. Fair market value of merchandise or services received as compensation.
3. Net profits from the operation of a business or profession or other activity conducted in Albion. (See Business Allocation Worksheet in AL-1040 booklet to allocate income if the income was earned both inside and outside the city.)
4. Net profits from rental of real and tangible property located in Albion
5. Net profits from sale or exchange of real or personal property located in Albion.

NONTAXABLE INCOME

Residents and Nonresidents. The following types of income are nontaxable to both residents and nonresidents and, to the extent that they are included on line 7 or line 8 of form AL-1040, they may be listed as subtractions (**Attach federal schedules as needed**).

1. Gifts, inheritances, bequests and distributions of principal from estates and trusts.
2. Proceeds from insurance, qualifying IRA distributions, pensions, annuities and retirement benefits (including social security) even if taxable under the IRC (internal revenue code of the IRS). *NOTE: Early distributions are taxable for the city.*
3. Amounts received for personal injuries, sickness and disability are excluded only to the extent provided by the IRC.
4. Unemployment compensation, supplemental unemployment benefits, welfare relief payments and worker's compensation.
5. Interest and dividends from U. S. obligations such as Savings Bonds and Treasury Notes, obligations of the states, or subordinate units of government of states.
6. Dividends on an insurance policy.
7. Compensation received for service in the U.S. armed forces, including reserve components.

Nonresidents Only. The following items are not taxable to nonresidents:

1. Interest, dividends and royalty income.
2. Income from trusts and estates.

DUE DATE

Your Albion return is due on or before April 30, 2014, or within four months after the end of your fiscal year accepted by the Internal Revenue Service (IRS). If the due date falls on a weekend or holiday returns are due the following business day.

ROUNDING DOLLAR AMOUNTS

Round down all amounts less than 50 cents. Round up all amounts of 50 through 99 cents. Do not enter cents.

EXTENSIONS

To request more time to file your Albion tax return, send a payment of your estimated annual liability to the City of Albion, with a completed *Application for Extension of Time to file City of Albion Tax Returns (AL-4267)* on or before the original due date of your return. Albion will extend the due date only if a payment is made. You may request an extension by writing to the City of Albion, Income Tax Department, 112 West Cass Street, Albion, MI 49224-0900. Albion will not notify you of approval. Do not file an extension if you will be claiming a refund.

An extension of time to file is not an extension of time to pay. If you underestimate the tax due and do not pay enough with your extension request, an assessment for penalty and interest will be sent to you.

When you file your AL-1040 return, include on line 18 the amount of tax you paid with your extension request. Attach a copy of the extension to your return.

PENALTY AND INTEREST FOR FILING AND PAYING LATE

Your return must be postmarked no later than April 30, 2014. If you file and pay late, penalty is due at the rate of 1 percent per month to a maximum of 25 percent of the tax due. Interest is also due at the annual rate of 1 percent above the current prime rate. (The interest rate is adjusted on January 1 and July 1 of each year.) If the computed penalty and interest amount is less than \$2, the minimum late charge is \$2. Include penalty and interest amounts on line 21.

2014 ESTIMATED PAYMENTS

You must make estimated income tax payments throughout the year if you expect to owe more than \$100 when you file your 2014 AL-1040 return. You must pay at least one-fourth (1/4) of the estimated tax with your first voucher which is due April 30, 2014. The remaining balance will be due in three equal payments to be made on June 30, 2014, September 30, 2014 and January 31, 2015.

If you file estimated tax payments, you must still file an annual return. You may adjust your estimate when making any quarterly payment. Failure to file estimated tax payments when required will result in penalty and interest charges.

DECEASED TAXPAYERS

The estate of a taxpayer who died in 2013 (or 2014 before filing a 2013 return) must file a return if the taxpayer owes tax or is due a refund. The surviving spouse or the personal representative may file the return.

The surviving spouse may file a joint return for 2013. Write your name and the decedent's name and both Social Security numbers on the AL-1040. Write "deceased" after the decedent's name. You must report the decedent's income. Sign the return. In the decedent's signature block, write "Filing as surviving spouse" and the decedent's date of death.

The personal representative should enter on line 1 the names of the decedent and personal representative in the following order:

John Brown, Estate of
Jane Green, Rep.
Representative's Address

Use the decedent's Social Security number and the personal representative's address. Enter the date of death in the signature block.

AMENDED RETURNS

If you made an error on a return previously filed, correct it by filing an *Amended Albion Individual Income Tax Return (AI-1040X)*. If your amended return claims a refund, you must file it within four years of the due date of your original return.

If a change on your federal return affects Albion taxable income, you must file an AL-1040X with Albion within 90 days of the change. Include payment of any tax and interest due. If you have overpaid, use this form to request a refund.

HELP

For help or forms call 1-517-629-7865

WHERE TO MAIL YOUR 2013 RETURN

If enclosing payment make check payable to "City of Albion" and write the last four digits of your social security number and the words 2013 income tax on the front of your check or money order. Do not staple your check or money order to the return. Returns may be submitted in person or mailed to:

CITY OF ALBION
INCOME TAX DEPARTMENT
112 W CASS ST
ALBION, MI 49224

LINE-BY-LINE INSTRUCTIONS FOR FORM AL-1040

Lines not listed are explained on the form.

Line 4 Residency Status: Check appropriate residency status box; if part year enter from / to dates you were an Albion resident.

Line 5 Exemptions & dependents: Exemptions and dependents. Line 5a: check all boxes that apply, enter total number of boxes checked. Enter birth date in space provided. Line 5b: List dependents, only dependents qualifying under Internal Revenue Code may be claimed. Attach additional sheet if necessary. Line 5c: Add 5a and 5b, enter on 5c.

Line 6 Filing Status: Only married taxpayers may file a joint return. Married filing separately must enter spouse's social security number in box 3 and enter spouse's name in space provided.

Line 7 Wages: Enter wages from W2s, copies are to be submitted with completed return. **Nonresidents** with earnings both in and out of the city from one employer must complete an "Allocation of Wages Worksheet" (attach a copy to your return), attach a letter from the employer stating the total days or hours worked and the number worked in Albion.

Line 8 Additions: Enter total from schedule A, page 2; use your federal 1040 to help complete this schedule; nonresidents may opt to only enter items taxable for the City of Albion. Nontaxable items listed on schedule A will be deducted on schedule B. Refer to section titled "Taxable Income". Proper completion of schedules A & B will reduce the number of requests for additional information. Attach copies of federal schedules to your Albion return. Sick pay that is taxable under the IRC is taxable for the city. Self-employed nonresidents with earnings both in and out of the city must complete a "Business Allocation Worksheet", attach a copy of the worksheet to the return.

Line 10 Subtractions: Enter total from schedule B, page 2; refer to sections titled "Taxable Income" and "Nontaxable Income". For IRA contribution deductions please attach proof of payment. **IMPORTANT:** Do not deduct nontaxable pensions (1099R income) **UNLESS** they were reported on schedule A. Alimony, separate maintenance and principal sum payable in installments are deductible for the city to the extent they are deductible under the IRC. Unreimbursed employee expenses are deductible, see paragraph below. Child support is NOT deductible. Moving expenses are deductible only for those moving into the city; moving expenses within the city or out of the city are not deductible. Not all IRS deductions are allowed for city income tax, some items that are NOT deductible: Self employment tax, self employed health insurance, student loan interest, educator expenses, tuition and fees, federal schedule A items (such as mortgage interest, taxes, etc). **Nonresidents filing income allocation worksheets must also prorate any deductions.** Complete an allocation worksheet for each prorated deduction and attach to your return.

Employee Business expenses deduction, Form 2106: Following expenses incurred as an employee in the City of Albion are deductible.

Travel, meals and lodging while away from home.

Expenses as an outside salesperson who works away from his/her employer's place of business (does not include driver/salesperson whose primary duty is service and delivery).

Transportation (but not transportation to and from work).

Expenses reimbursed under an expense account or other arrangement with your employer, **only if the reimbursement was included in gross income.**

For nonresidents, the adjustments are limited to the amount shown on your U.S. 2106 multiplied by the percentage on allocation of wages worksheet, line 3. If you did not complete allocation of wages worksheet, use 100% of your U.S. 2106 amount.

All filers deducting employee business expenses must attach a copy of the completed IRS form 2106 to their AL-1040.

Line 15 Credit for income taxed by other Michigan cities: Albion Residents Only, nonresidents enter 0 on line 15. Enter the amount of income taxed by other Michigan cities **after exemptions and deductions taken on other city form.** \$_____ To calculate the credit, multiply amount entered by ½ percent (.005); compare to the **actual tax paid** to the other city (from other city return), enter the lower of the two amounts on line 15. **The amount of credit may not exceed the amount of tax actually paid, the credit is not necessarily the amount of withholding. You must attach a copy of first page of income tax returns filed with other cities to claim this credit. This is a nonrefundable credit.**

Line 18 Payments and prior year credits: Enter the total estimated tax paid, amount paid with extension request and amount of prior year credit applied to current tax year.

Line 19 Partnership payments: Enter amount of any tax paid on your behalf by a partnership. Enter the federal employer number (EIN) of the partnership in the space provided.

Line 21 Tax Due: If line 16 is greater than line 20 enter tax due; enclose payment with return. Make check or money order out to the City of Albion. If you cannot pay you should file the return and contact the income tax department for payment options.

Lines 22, 23, 24 and 25 Overpayment: If line 20 is greater than line 16 enter overpayment amount on line 22; options for your overpayment are: line 23 credit forward for estimated tax, line 24 donate to operational expenses of the City of Albion or line 25 refund; you may divide your overpayment between the options or apply the total to one option. You may opt for direct deposit of your refund by checking electronic refund box and entering your bank's routing number and your account number, designate checking or savings by marking the appropriate box.

Schedule A Additions: see instruction for line 8 and refer to sections titled "Taxable Income" and "Nontaxable Income".

Schedule B Subtractions: see instructions for line 10 and refer to sections titled "Taxable Income" and "Nontaxable Income".

Schedule C Part year schedule: Instructions are printed on the schedule. Refer to sections titled "Taxable Income" and "Nontaxable Income" and instructions for line 8 and line 10 for information on additions and subtractions.

PLEASE attach a copy of page 1 of your federal return to your Albion return.

SPECIAL NOTE FOR GAIN/LOSS ON SALE OF PROPERTY ACQUIRED BEFORE JANUARY 1, 1972

Only gains or losses incurred after January 1, 1972 on property in Albion are taxable. For property acquired before January 1, 1972 taxable gain/loss may be determined by (1) difference between the fair market value on January 1, 1972 and sales price, or (2) multiplying the federal income tax gain or loss by the ratio of number of months held after January 1, 1972 to total months held. Enter adjustments on 'other' line of additions or subtractions schedule, enter description and attach calculations.

Name:

S.S.#

AL-1040

2013

SCHEDULE A - ADDITIONS

A) Interest & Dividend income; federal schedule B	A)	_____	.00
B) Income from federal schedule C, Profit or Loss from Business	B)	_____	.00
C) Income from federal schedule D, Capital Gains and Losses	C)	_____	.00
D) Income from federal schedule E, Supplemental Income and Loss	D)	_____	.00
E) Taxable Distributions from S Corporation	E)	_____	.00
F) Gambling Winnings (W2-G), if not reported on line 7	F)	_____	.00
G) 1099R income	G)	_____	.00
H) Miscellaneous Income from 1099Ms	H)	_____	.00
I) Other (describe)	I)	_____	.00
J) Other (describe)	J)	_____	.00
K) Other (describe)	K)	_____	.00
Total Additions, add lines A through J, enter total here and on line 8, page 1	TOTAL	_____	.00

SCHEDULE B - SUBTRACTIONS

L) Tax exempt interest & dividends	L)	_____	.00
M) Loss from federal schedule C, Profit or Loss from Business	M)	_____	.00
N) Loss from federal schedule D, Capital Gains and Losses	N)	_____	.00
O) Loss from federal schedule E, Supplemental Income and Loss	O)	_____	.00
P) Nontaxable 1099R income (normal distributions)	P)	_____	.00
Q) Contributions to an IRA, SEP, SIMPLE or other qualified retirement plan	Q)	_____	.00
R) Other (describe)	R)	_____	.00
S) Other (describe)	S)	_____	.00
Total Deductions, add lines L through S, enter total here and on line 10, page 1.	TOTAL	_____	.00

SCHEDULE C

PART YEAR SCHEDULE

	COLUMN A Income earned while resident of Albion	COLUMN B Nonresident income taxable for the city	COLUMN C Nonresident income not taxable for the city	COLUMN D TOTALS: A +B +C
1) Wages/ W2 income	_____	_____	_____	_____
2) Additions	_____	_____	_____	_____
3) Subtotal	_____	_____	_____	_____
4) Subtractions	_____	_____	_____	_____
5) Total Income	_____	_____	_____	_____
6) Exemptions	_____	_____	XXXXXXXXXXXX	_____
7) Taxable Income	_____	_____	XXXXXXXXXXXX	XXXXXXXXXXXX
8) Tax	_____	_____	XXXXXXXXXXXX	_____
	1% rate	1/2% rate		

Instructions for part year schedule:

For lines 1, 2, and 4 enter amount earned while a resident in column A, amounts earned as a nonresident that are taxable for Albion in column B and amounts not taxable for the city in column C. See AL-1040 instructions for information on additions and subtractions. Nonresident income is taxable for the city if earned in the city or if associated with business activity or property in the city. Calculate line 3 by adding lines 1 & 2; calculate line 5 by subtracting line 4 from line 3. Exemption allowance is # of exemptions times \$600; if exemption allowance is greater than column A line 5 any excess may be carried to line 6 column B. Line 7: subtract line 6 from line 5 in columns A & B - taxable income. Multiply line 7 column A by resident rate of 1%(.01) and enter on line 8 column A. Multiply line 7 column B by nonresident rate of 1/2%(.005) and enter on line 8 column B. Add line 8 of columns A and B and enter on line 8 column D and on line 14 of AL-1040.

Enter Dates of Albion Residency below for 2013:

Enter nonresident address for 2013:

From:

To:

I declare, under penalty of perjury, that the information in this return and attachments is true and complete to the best of my knowledge

I declare, under penalty of perjury, that this return is based on all information of which I have knowledge.

I authorize City of Albion to discuss my return and attachments with my preparer

Do not discuss with my preparer.

Preparer's Signature, Address, Phone & ID Number

Filer's Signature

Date

Spouse's Signature

Date

Name:

S.S.#

AL-1040

2013

SCHEDULE A - ADDITIONS

A) Interest & Dividend income; federal schedule B	A)	_____	.00
B) Income from federal schedule C, Profit or Loss from Business	B)	_____	.00
C) Income from federal schedule D, Capital Gains and Losses	C)	_____	.00
D) Income from federal schedule E, Supplemental Income and Loss	D)	_____	.00
E) Taxable Distributions from S Corporation	E)	_____	.00
F) Gambling Winnings (W2-G), if not reported on line 7	F)	_____	.00
G) 1099R income	G)	_____	.00
H) Miscellaneous Income from 1099Ms	H)	_____	.00
I) Other (describe)	I)	_____	.00
J) Other (describe)	J)	_____	.00
K) Other (describe)	K)	_____	.00
Total Additions, add lines A through J, enter total here and on line 8, page 1	TOTAL	_____	.00

SCHEDULE B - SUBTRACTIONS

L) Tax exempt interest & dividends	L)	_____	.00
M) Loss from federal schedule C, Profit or Loss from Business	M)	_____	.00
N) Loss from federal schedule D, Capital Gains and Losses	N)	_____	.00
O) Loss from federal schedule E, Supplemental Income and Loss	O)	_____	.00
P) Nontaxable 1099R income (normal distributions)	P)	_____	.00
Q) Contributions to an IRA, SEP, SIMPLE or other qualified retirement plan	Q)	_____	.00
R) Other (describe)	R)	_____	.00
S) Other (describe)	S)	_____	.00
Total Deductions, add lines L through S, enter total here and on line 10, page 1.	TOTAL	_____	.00

SCHEDULE C

PART YEAR SCHEDULE

	COLUMN A Income earned while resident of Albion	COLUMN B Nonresident income taxable for the city	COLUMN C Nonresident income not taxable for the city	COLUMN D TOTALS: A +B +C
1) Wages/ W2 income	_____	_____	_____	_____
2) Additions	_____	_____	_____	_____
3) Subtotal	_____	_____	_____	_____
4) Subtractions	_____	_____	_____	_____
5) Total Income	_____	_____	_____	_____
6) Exemptions	_____	_____	XXXXXXXXXXXX	_____
7) Taxable Income	_____	_____	XXXXXXXXXXXX	XXXXXXXXXXXX
8) Tax	1% rate _____	1/2% rate _____	XXXXXXXXXXXX	_____

Instructions for part year schedule:

For lines 1, 2, and 4 enter amount earned while a resident in column A, amounts earned as a nonresident that are taxable for Albion in column B and amounts not taxable for the city in column C. See AL-1040 instructions for information on additions and subtractions. Nonresident income is taxable for the city if earned in the city or if associated with business activity or property in the city. Calculate line 3 by adding lines 1 & 2; calculate line 5 by subtracting line 4 from line 3. Exemption allowance is # of exemptions times \$600; if exemption allowance is greater than column A line 5 any excess may be carried to line 6 column B. Line 7: subtract line 6 from line 5 in columns A & B - taxable income. Multiply line 7 column A by resident rate of 1%(.01) and enter on line 8 column A. Multiply line 7 column B by nonresident rate of 1/2%(.005) and enter on line 8 column B. Add line 8 of columns A and B and enter on line 8 column D and on line 14 of AL-1040.

Enter Dates of Albion Residency below for 2013:

Enter nonresident address for 2013:

From:

To:

I declare, under penalty of perjury, that the information in this return and attachments is true and complete to the best of my knowledge

I declare, under penalty of perjury, that this return is based on all information of which I have knowledge.

I authorize City of Albion to discuss my return and attachments with my preparer

Do not discuss with my preparer.

Preparer's Signature, Address, Phone & ID Number

Filer's Signature

Date

Spouse's Signature

Date

BUSINESS ALLOCATION WORKSHEET

Nonresidents Only

If you are self-employed and have income earned from your business both inside and outside the city, you must complete the worksheet below to calculate taxable income; attach this worksheet to your return.

Property Factor

- 1. a. Average net book value of real and tangible personal property
- b. Gross annual rentals of real property multiplied by 8
- c. Total (Add lines 1a and 1b)

Payroll Factor

- 2. Total wages, salaries, commissions and other compensation of all employees

Sales Factor

- 3. Gross receipts from sales made or services rendered.

Total Percentages

- 4. Add the three percentages computed for lines 1c, 2 and 3 in column C.

Average Percentage

- 5. Divide total percentages from line 4 by 3 or by the number of factors actually used.

Calculation of Albion taxable income

- 6. Net income from business or profession (attach documentation, such as 1099M, federal schedule C, ect).

- 7. Multiply line 6 by percentage on line 5 ; income subject to City of Albion income tax.

	Located Everywhere A	Located in Albion B	Percentage C
1a.			
1b.			
1c.			
2.			
3.			
4.			
5.			
6.			
7.			

Instructions:

Lines not listed are explained on the form. Complete this worksheet only if there was business activity both within and without the City of Albion AND you are a nonresident.

Line 1a: Enter in Column B the average net book value of the real and tangible personal property located in the City of Albion. Determine the average net book value by adding the net book values of first day of fiscal year and net book values at the end of the year and divide the sum by two. Enter in column A the average net book value of all real and tangible personal property regardless of location. Any other method which accurately reflects the average net book value for the period is also permitted.

Line 1b: Add the gross rentals for fiscal year for rented property located within the City of Albion. Multiply the sum by 8 and enter the result in column B. Add the gross rentals for fiscal year for all property regardless of location, multiply the sum by 8 and enter in column A. Gross rentals are for real property rented or leased during the taxable period and includes the actual sums of money or other consideration paid, directly or indirectly, by the business for the use or possession of such property.

Line 1c: Add lines 1a and 1b.

Line2: Enter in column B the compensation paid to employees for work or services performed within the City of Albion during the fiscal year. Enter in column A the total compensation paid to all employees during the same period.

Line 3: Enter in column B the gross revenue derived from sales made or services rendered in the City of Albion during the fiscal year. Enter in column A the total gross revenue from all sales or services rendered during the same period.

Column C: For lines 1c, 2 and 3 divide amounts in column B by amounts in column A, enter resulting percentage in column C.

Line 4: Add percentages in column C; lines 1c, 2 and 3.

Line 5: Average percentage, divide line 4 by number of factors (usually 3, if a factor does not exist divide by the number of factors used).

Line 6: Enter net income from business or profession.

Line 7: Multiply line 6 by percentage on line 5 to determine income subject to Albion income tax, enter on appropriate line of AL-1040 schedule A (schedule B if a loss); attach a copy of this worksheet to your return.

ALLOCATION OF WAGES WORKSHEET

This worksheet is for use only by a nonresident who works both in and out of the city for the same employer. Complete a worksheet for each employer for whom you worked both in and out of the city.

1. a. Number of days paid. (Standard is 5 days a week x 52 weeks= 260 days)	<u>1.a.</u>	
b. Vacation, holidays, sick and other days paid but not worked.	<u>1.b.</u>	
c. Actual number of days worked everywhere (1a - 1b)		<u>1.c.</u> days
2. Actual number of days worked in Albion		<u>2.</u> days
3. Percentage of days worked in Albion		<u>3.</u> %
4. Total wages shown in box 1 of W-2		<u>4.</u> .00
5. Wages earned in Albion		<u>5.</u> .00

Instructions:

- Line 1.a.: Enter the total number of days paid.
- Line 1.b.: Enter number of paid days not worked, vacation days, holidays, sick days, ect.
- Line 1.c.: Deduct line 1b from line 1a to obtain actual number of days worked everywhere.
- Line 2. Enter the number of days worked in Albion; a letter from your employer must accompany a copy of this worksheet or allocation will not be allowed.
- Line 3: Determine percentage of days worked in Albion, divide line 2 by line 1c.
- Line 4: Enter wages from W2 box 1.
- Line 5. Multiply line 4 by percentage on line 3, enter on line 5 and on AL-1040.

ALLOCATION OF EXPENSES AND DEDUCTIONS FOR NONRESIDENTS

ATTACH COPIES OF WORKSHEETS TO YOUR RETURN; ATTACH ADDITIONAL PAGES AS NEEDED

Nonresidents who have income from sources both inside and outside the City of Albion may have to calculate deductible portion of certain expenses and deductions. Business expense (form 2106) deductions must be allocated on the same basis as wages (if 50% of wages are taxable then 50% of related 2106 expenses may be deducted). Deductions for alimony must be allocated. IRA deductions must also be allocated.

Allocation of Business Expenses (form 2106)

- | | |
|--|----------|
| 1. Enter total wages | 1. _____ |
| 2. Enter portion of wages taxable for the City of Albion | 2. _____ |
| 3. Percentage wages taxable for the City of Albion. Divide line 2 by line 1 | 3. _____ |
| 4. Enter related business expenses from form 2106 | 4. _____ |
| 5. Multiply line 4 by percentage from line 3,
enter here and on schedule B of AL-1040 | 5. _____ |

Allocation of Alimony Deduction

- | | |
|---|----------|
| 1. Enter federal adjusted gross income | 1. _____ |
| 2. Enter alimony paid | 2. _____ |
| 3. Add lines 1 and 2 | 3. _____ |
| 4. Enter total taxable income for the city before alimony deduction | 4. _____ |
| 5. Divide line 4 by line 3 to obtain percentage | 5. _____ |
| 6. Multiply alimony paid by percentage calculated on line 5;
enter here and on schedule B of AL-1040 | 6. _____ |

Nonresident Allocation of IRA Contribution Deduction

Taxpayer

- 1. Enter total earned income of taxpayer 1. _____
- 2. Enter total earned income taxable by City of Albion 2. _____
- 3. Calculate percentage; divide line 2 by line 1 3. _____
- 4. Enter IRA Contribution 4. _____
- 5. Multiply line 4 by percentage on line 3, enter here and on schedule B of AL-1040 5. _____

Taxpayer Spouse

If the taxpayer's spouse has his/her own earned income use above worksheet to determine if the spouse may take a deduction for IRA contributions. If the spouse does not have their own earned income and the taxpayer made contributions on the spouse's behalf to an IRA account complete the worksheet below to calculate the deduction.

- 1. Enter total earned income from joint return. 1. _____
- 2. Enter total earned income taxable by City of Albion 2. _____
- 3. Calculate percentage; divide line 2 by line 1 3. _____
- 4. Enter IRA Contribution for spouse. 4. _____
- 5. Multiply line 4 by percentage on line 3, enter here and on schedule B of AL-1040 5. _____

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 2014 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, 2014. You may also pay in equal installments due on or before April 30, 2014; June 30, 2014; September 30, 2014 and January 31, 2015. **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 before June 30, 2014; if the change occurs between June 1 and August 31 pay on or before September 30, 2014; if the change occurs between September 1 and December 31 pay on or before January 31, 2015.

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 "2014 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 2014 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 2014 income subject to tax or 2013 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) 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, 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 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 2014 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 2013 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 2014 are equal to 70% of final tax due for 2013 *or* 70% of final tax due for 2013 (provided estimated payments are made in a timely manner). Alternate option to using worksheet is to multiply 2013 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.

2014 Fourth Installment	Due Date: 1/31/2015	CITY OF ALBION ESTIMATED INDIVIDUAL INCOME TAX VOUCHER	2014 AL-1040ES
<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		
Mail to: City of Albion 112 W Cass St Albion, MI 49224	Make check or money order payable to 'City of Albion'		
Write payment amount here:			
\$.00			
2014 Third Installment	Due Date: 9/30/2014	CITY OF ALBION ESTIMATED INDIVIDUAL INCOME TAX VOUCHER	2014 AL-1040ES
<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		
Mail to: City of Albion 112 W Cass St Albion, MI 49224	Make check or money order payable to 'City of Albion'		
Write payment amount here:			
\$.00			
2014 Second Installment	Due Date: 6/30/2014	CITY OF ALBION ESTIMATED INDIVIDUAL INCOME TAX VOUCHER	2014 AL-1040ES
<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		
Mail to: City of Albion 112 W Cass St Albion, MI 49224	Make check or money order payable to 'City of Albion'		
Write payment amount here:			
\$.00			
2014 First Installment	Due Date: 4/30/2014	CITY OF ALBION ESTIMATED INDIVIDUAL INCOME TAX VOUCHER	2014 AL-1040ES
<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		
Mail to: City of Albion 112 W Cass St Albion, MI 49224	Make check or money order payable to 'City of Albion'		
Write payment amount here:			
\$.00			

Instructions for Filing Your City of Albion Application for Extension (AL-4267)

This information is issued under P.A. 284 of 1964.

An extension of time to file the federal return automatically extends the due date of the city return the same length of time. **An extension of time to file is not an extension of time to pay.** If at the time the extension is filed, you determine additional city income tax is due, pay the amount due on this form or on a copy of the federal extension. If no tax is due, it is not necessary to send an extension form to the city of Albion by April 30th (the copy of the federal extension attached to your return will be sufficient). Attach a copy of all federal and city extensions to the AL-1040, AL-1041, AL-1065 or AL-1120 when it is filed.

PART 1: Identification

Lines not listed are explained on the form.

Line 1. File a separate application for each tax type. Check the box next to the tax this application is for.

Lines 2 and 3. Corporation, partnership and fiduciary filers must enter their federal employer identification number (FEIN) on line 2. Individual income tax filers must enter their Social Security number on line 3.

Line 4. Print or type your name mailing address.

Line 5. Enter taxpayer's address if it is different from the mailing address listed on line 4.

PART 2: Computation and Payment of Tax Due

You must estimate your tax liability for the year and pay any unpaid portion of the estimated tax due with your application for extension. The application and payment must be postmarked on or before the original due date of your return.

If you underestimate your tax due and do not pay enough with your application for extension, you must pay interest on the unpaid amount. Compute interest from the due date of the annual return. The interest rate is 1 percent above the prime rate and is adjusted on January 1 and July 1. Interest is charged from April 30th (or the due date of the return) to the date you pay the rest of the tax.

Penalty of 1 percent per month to a maximum of 25 percent of the unpaid tax for failure to pay may also be applied.

Line 7. Payments made to date include quarterly payments, a credit forward from the previous tax year and any other payments previously made for this tax year. Individual income tax filers should include any city withholding.

PART 3: Extension Request

Line 13. If the extension will extend the filing period of the city return beyond the automatic federal extension, attach a copy of the approved federal extension.

Line 15. Check the box if Albion has already granted you an extension for this tax year. If you need more time, submit a new application with a copy of the original application before the original extension expires.

*Use this form only to request an extension of time to file an Albion tax return.
Follow the payment and mailing instruction on the front of the form.*

CHECKLIST

- Attach copy of page 1 of federal return.
- Attach copies of federal schedules for income, losses, deductions and expenses.
- Attach W2s.
- If claiming credit for tax paid to another city attach copy of page 1 of your return to that city.
- Check your return for legibility.
- Double check social security numbers for accuracy.
- Check math calculations.
- Round to nearest dollar; refunds under \$1 will not be issued; tax due of under \$1 need not be paid.
- Make check or money order payable to the City of Albion.
- Call the tax department at 517-629-7865 if you have any questions.
- Allow 6 – 8 weeks for processing of your return.