

INSTRUCTIONS FOR SCHEDULE RZ OF W-1120 CORPORATION RENAISSANCE ZONE DEDUCTION

Revised 10/31/2007

WHO MAY CLAIM A RENAISSANCE ZONE DEDUCTION

A corporation located and conducting business activity in a Renaissance Zone is qualified to claim the deduction.

HOW TO CLAIM A RENAISSANCE ZONE DEDUCTION

To claim a Renaissance Zone deduction, a corporation must file a local income tax return and attach a completed Schedule RZ to form W-1120.

RENAISSANCE ZONE DEDUCTION DISQUALIFIERS

A corporation is not eligible to claim a Renaissance Zone deduction if the corporation:

1. Is delinquent in filing or paying any of the following state or local taxes: Michigan single business tax, Michigan income tax, city income tax, Act 198 industrial abatement tax, commercial abatement tax, enterprise zone tax, city utility tax or general property taxes.
2. Owns residential rental property and did not file an affidavit with the Walker City Treasurer's Office by December 31 of the prior tax year attesting that the property is in substantial compliance with all applicable state and local zoning, building and housing laws or codes.
3. Is located within Walker outside of a Renaissance Zone and moves to a location within a Renaissance Zone in Walker without approval of the City.
4. Relocates more than twenty five (25) full-time equivalent jobs from one or more non-renaissance zone local governmental units (city, village or township) and any of the local government units from which a job was relocated adopts a resolution objecting to the relocation within 60 days of being notified of the job relocation by the business.

QUALIFICATION DATE

RENAISSANCE ZONE 1

A corporation located in Renaissance Zone 1 becomes a qualified taxpayer on the first day after December 31, 2006, that the corporation is located and conducting business activity in a Walker Renaissance Zone. The qualification continues until the corporation ceases to be located and conducting business activity in a Walker Renaissance Zone or until expiration of the Renaissance Zone designation on December 31, 2021.

DEDUCTIBLE INCOME

A corporation may deduct that portion of its net income from business activity within a Renaissance Zone. Business activity carried on within a Walker Renaissance Zone is determined via a two-factor Renaissance Zone Apportionment factor, property and payroll within a Renaissance Zone to that in Walker. Income used to calculate any other deduction allowed by the income tax ordinance and income derived from illegal activity shall not be used to calculate this deduction.

LINE BY LINE INSTRUCTIONS

Before filling in Schedule RZ, complete Form W-1120 through line 9.

- Line 1. Enter corporation's name as shown on their Walker income tax return, Form W-1120.
- Line 2. Enter the corporation's Federal Employer Identification Number.
- Line 3. Enter the address of each location in a Walker Renaissance Zone.
- Line 4. Enter the beginning date and ending date the corporation was qualified to claim the Renaissance Zone Deduction for the tax year.

RENAISSANCE ZONE APPORTIONMENT PERCENTAGE

The Renaissance Zone apportionment percentage is used by corporations doing business in Walker inside a Renaissance Zone and outside the Renaissance Zones.

- Line 5a. In column 1, enter the average net book value of all real and tangible personal property owned and located in Walker. In column 2, enter the average net book value of the real and tangible personal property owned and located in a Walker Renaissance Zone. The average net book value of real and tangible personal property may be determined by adding the net book value at the beginning of the year to the net book value at the end of the year and dividing the sum by two, or if the business was located in the Renaissance Zone for less than a year, on a monthly average basis.
- Line 5b. Enter in column 1 the gross annual rent multiplied by 8 for all rented real property located in Walker. In column 2 show the gross annual rent multiplied by 8 for rented real property located in a Walker Renaissance Zone.
- Line 6. Enter in column 1 compensation paid to employees for work or services performed within Walker. In column 2, enter compensation paid to employees for work or services performed within a Walker Renaissance Zone. In column 3, enter the percentage, column 2 divided by column 1.
- Line 9. Enter the total income subject to tax from W-1120, line 9.

ASSISTANCE

If you have questions not answered in these instructions, or if you need assistance in preparing your return call (616) 791-6880. Questions by mail should be directed to: Walker City Income Tax Department, PO Box 153, Grand Rapids, Michigan 49501-0153.

WEBSITE

Income tax forms, instructions and additional information are available under the Income Tax Department section of the City of Walker website, www.ci.walker.mi.us.

NOTICE

These instructions are interpretations of the City of Walker Income Tax Ordinance. The Ordinance will prevail in any disagreement between the instructions and the Ordinance.