

CITY OF WALKER INCOME TAX

2024 PARTNERSHIP RETURN

Instructions for Form W-1065 for PARTNERSHIPS with business activity in Walker.

WHO MUST FILE A PARTNERSHIP RETURN

Every partnership that conducted business activity in the City of Walker, whether or not an office or place of business was maintained in the city, is required to file an annual return. Syndicates, joint ventures, pools and like organizations will also use Form W-1065.

ROUNDING TO NEAREST DOLLAR

Rounding tax amounts to the nearest dollar is allowed under a 1996 Income Tax Ordinance amendment. ROUND ALL AMOUNTS TO THE NEAREST DOLLAR. (i.e. \$0.00 to \$.49 = \$0.00, \$.50 to \$.99 = next dollar.)

FILING DATE:

Calendar year taxpayers must file by April 30, 2025. Fiscal year taxpayers must file within four (4) months after the end of their fiscal year.

OPTION TO PAY TAX AND TAX RATE

At its election, the partnership may file either an information return or it may compute and pay the tax which is due with respect to each partner's share of the net profits of the business. The partnership may pay the tax for partners only if it pays for ALL partners subject to the tax. Effective 1/1/88, the income tax rate is 1.0% for resident individual partners and all incorporated partners and .5% for nonresident individual partners.

PARTNERSHIP AS TAXPAYER

If the partnership elects to pay the tax for the partners, the individual partners are not required to file a return if such partners have no other income subject to the tax. However, an individual return is required from any partner having taxable income other than his distributive share of the net profits of the partnership. (In such instances, a partner who is required to file an individual return should refer to the instructions for such return.)

Partnerships electing to pay the tax on behalf of the partners, assume the status of a taxpayer to the extent that: (1) Timely payment must be made; (2) A 2025 Declaration of Estimated Income Tax, Form W-1120-ES, will be required if the total 2025 estimated tax for the partnership is expected to exceed \$100. The calendar or fiscal year of the partnership will govern in establishing the dates for filing the declaration and paying the estimated tax.

Partnerships electing to become the taxpayer should start preparation of the return on page 2 with Schedules A and B. If the partnership is subject to allocation of business income, Schedule D should be completed next. Schedule C is then completed to determine each partner's share of business and non-business income. Partnerships with rental real estate must complete Schedule E. Page 1 is to be totally completed.

REMITTANCE: Partnerships electing to pay the tax for all partners must remit the tax when filing the return.

MAKE REMITTANCE PAYABLE TO: WALKER CITY TREASURER.

MAILING ADDRESS:

WALKER INCOME TAX DEPARTMENT
P.O. BOX 153
GRAND RAPIDS, MICHIGAN 49501-0153

PARTNERSHIP FILING AN INFORMATION RETURN

Partnerships filing information returns are required to complete: Page 2: Schedules A, B, C and if appropriate Schedules D and E; and Page 1: Identification and Information Section and Column 1.

INCOME TAXABLE TO RESIDENT vs NONRESIDENT PARTNERS

The Partnership Return, Form W-1065, is designed to distinguish between that income taxed to residents and nonresidents. The purpose of the return is to set forth the entire net profit for the period covered and to show the distributive share of each partner, indicating those who are residents of Walker and those who are nonresidents. (If residency changes during the taxable period for any partner, use two lines to indicate allocation of income by status in all schedules where applicable.)

Ordinary business income of the partnership is reported in **Schedule A**. This ordinary business income is transferred to Schedule C, column 1, by showing the amount of ordinary income distributable to each partner.

Non-business income that may be taxable is reported in Schedule B, by type of income. The taxable portion for resident and nonresident partners is determined in this schedule in columns 2 through 5. The taxable non-business income is then transferred to Schedule C by showing the amounts applicable to the individual partners.

Column 1 on page 1 is the final summary transferred from Schedule C, column 7.

RESIDENT INDIVIDUAL PARTNERS are taxed on their entire distributive share of the net profits of the partnership, including that arising from business activities outside of Walker, interest, dividends, rents, royalties, other income, and gains from the sale or exchange of property, either tangible or intangible, regardless of where such property was located.

NONRESIDENT INDIVIDUAL PARTNERS are taxed on their distributive share of the partnership's ordinary business income which is attributable to business activity in Walker, plus net rentals of tangible property in the City and gains from the sale or exchange of tangible property in the City. Nonresidents are not taxed on their share of net rentals on property located outside the City, gains from the sale or exchange of tangible property located outside the City, gains from the sale or exchange of securities or other intangible property, or on interest and dividends.

When the receipt of interest and other intangible income is directly related to the nature of the business, such interest, etc. shall be considered business income taxable to nonresidents, and is to be included in the ordinary business income reported in Schedule A, line 1.

CORPORATE PARTNERS are taxed on their distributive share of the partnership's ordinary business income attributable to business activity in Walker, plus net rentals of tangible property in the City and gains from the sale or exchange of tangible property in the City. Corporations are not taxed on: their share of net rentals of property located outside the City; or gains from the sale or exchange of tangible property located outside the City.

PAGE 1 INSTRUCTIONS

COLUMN 1. The amounts to be inserted in column 1, page 1 are transferred from Schedule C on page 2 of the return. If this return is an information return, the remaining columns, 2 through 6, on page 1 need not be completed. However, if the partnership elects to pay the tax, columns 2 through 6 must be completed.

COLUMN 2. Allowable individual partner deductions which relate to the partnership are deducted in column 2. These deductions include net operating loss carryovers. This column is also used to adjust for a net capital loss realized by any of the partners, in excess of the partner's maximum allowable (\$3,000) capital loss deduction. Therefore, a net capital loss realized by any of the partners, in excess of the partner's allowable capital loss deduction must be added back in column 2, page 1. The allowable capital loss deduction for each partner is the lesser of (1) the net capital loss, (2) the amount in column 1, page 1, computed without regard to capital gains and losses, or (3) \$3,000. Capital gains and losses, and net operating loss carryovers are to be handled in the same manner as provided in the Federal Internal Revenue Code. Nonresident partners must allocate net operating losses to Walker at the percentage of business conducted in Walker in the year in which the loss was sustained. **ATTACH A SCHEDULE DETAILING COMPUTATION OF AMOUNTS REPORTED IN COLUMN 2.**

COLUMN 3. A \$600 exemption is allowed for each partner, the partner's spouse and dependents. Additional exemptions are allowed if the taxpayer or spouse is 65 or over or is blind. In general, the same rules apply in determining dependents as under the Federal Internal Revenue Code. A spouse may be taken as an exemption on the partnership return only if such spouse has no income subject to Walker Income Tax. Exemptions for a partner whose residence status has changed from a resident to a nonresident or from a nonresident to a resident of Walker during the taxable year are first applied against income while a resident with the balance, if any, applied to Walker income while a nonresident. A partner's personal and dependency exemptions may not be claimed on more than one partnership return. **Exemptions are not allowed to other persons who are partners** (i.e. corporations who are partners, partnerships who are partners, etc.)

Column 6. In column 6 enter payments made by the partnership: Tax paid with a tentative return; Payments on a 2024 Declaration of Estimated Income Tax; or any credits for income taxes paid to any other municipality by the partnership on behalf of Walker resident partners, if the income on which

**2024 CITY OF WALKER W-1065
PARTNERSHIP INCOME TAX RETURN**

For calendar year 2024 or other taxable period beginning _____, 2024 and ending _____.

IDENTIFICATION AND INFORMATION							
PLEASE TYPE OR PRINT	Name of Partnership			Federal Employer Identification Number			
	Number and Street			Type of Return - Check one <input type="checkbox"/> Information only <input type="checkbox"/> Payment on behalf of all partners			
	City, Town or Post Office		State	Zip Code	Date Business Started		
					Number of Employees on December 31, 2023		
<input type="checkbox"/> Initial Walker Return <input type="checkbox"/> Final Walker return			Number of Partners				
ATTACH A COPY OF PAGES 1-5 OF FEDERAL FORM 1065							
NAME, HOME ADDRESS, SOCIAL SECURITY NUMBER AND RESIDENCY STATUS OF EACH PARTNER (Place a check mark in Column A or B or fill in Column C)				SOCIAL SECURITY OR FEDERAL IDENTIFICATION NUMBER	COLUMN A RESIDENT OR CORPORATION FULL YEAR	COLUMN B NON- RESIDENT FULL YEAR	COLUMN C IF RESIDENT PART OF YEAR, INDICATE TIME PERIOD
(a) _____							
(b) _____							
(c) _____							
(d) _____							

Note 1. The partnership may pay tax for partners only if it pays for ALL partners subject to the tax. If the partnership elects to use this return as an information return, complete page 2 and fill in Column 1 below; It will not be necessary to fill in Columns 2 through 6 since a computation of tax need not be made.

Note 2. A partner who has other income in addition to the partnership income must file an individual return and show on such return the amounts entered below in Columns 1, 2 and 6. A partner who is claiming his or her exemption as a member of another partnership is NOT entitled to claim the exemption in this partnership return in Column 3.

ALL PARTNERSHIPS		TAX PAYMENT BY PARTNERSHIP (If information return only, disregard this section)					
	COLUMN 1 TOTAL INCOME (From Page 2, Schedule C, Column 7) (See Note 1 above)	COLUMN 2 ALLOWABLE INDIVIDUAL DEDUCTIONS (See Instructions)	COLUMN 3 EXEMPTIONS (See Note 2, above, and Instructions)	COLUMN 4 TAXABLE INCOME (Column 1 less Columns 2 and 3)	COLUMN 5 (a) RESIDENT TOTAL TAX (Multiply Column 4 by .01)	COLUMN 5 (b) NON-RESIDENT TOTAL TAX (Multiply Column 4 by .005)	COLUMN 6 CREDITS (See Instructions)
1. (a)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
2. (b)							
3. (c)							
4. (d)							
5. (e)							
6. Totals	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
7. Total tax (Add Line 6 of Column 5a and Column 5b)					\$ _____		

PAYMENTS AND CREDITS						Do not write in space below		
8. a. Tax paid with tentative return						\$ _____	File _____	Items _____
b. Payments and credits on 2024 Declaration of Estimated Walker Income Tax						\$ _____	Code _____	
c. Other Credits - explain in attached statement						\$ _____	Auditor _____	
9. TOTAL - Add Lines 8a, b and c. (This total must agree with the total of Column 6 above)						\$ _____	Approval _____	
TAX DUE OR OVERPAYMENT								
10. If tax (Line 7) is larger than payments (Line 9) enter BALANCE DUE (PAY BALANCE DUE IN FULL WITH THIS RETURN. MAKE REMITTANCE PAYABLE TO: WALKER CITY TREASURER)						\$ _____		
11. If payments (line 9) are larger than tax (line 7), enter overpayment						\$ _____		
12. Amount of overpayment on line 11 to be applied to 2025 Estimated Tax						\$ _____		
13. Amount of overpayment on line 11 to be refunded						\$ _____		
14. Amount of overpayment on line 11 to be refunded via direct deposit to the following account:								
a. Routing number		b. Type of account: <input type="checkbox"/> Checking <input type="checkbox"/> Savings						
c. Account number						\$ _____		
15. May the Income Tax Department discuss this return with the preparer shown below? <input type="checkbox"/> Yes <input type="checkbox"/> No								

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

SIGN HERE	(Date)	(Signature of partner or member)	(Title)	(Phone number)
SIGN HERE	(Date)	(Individual or firm signature of preparer)	(Address)	(Phone number)

SCHEDULE A - ALLOCABLE PARTNERSHIP ORDINARY BUSINESS INCOME

1. ORDINARY INCOME (OR LOSS) from Page 1, Line 22, U.S. Partnership Return of Income, Form 1065 (ATTACH COPY OF PAGES 1-5 FEDERAL 1065)	
2. Add City of Walker income tax, if deducted in determining income on Federal Form 1065	
3. Add interest and other costs incurred in connection with the production of income exempt from Walker income tax	
4. Deduct Sec. 179 depreciation	
5. TOTAL adjusted ordinary business income (Add Lines 1, 2 and 3 and subtract line 4)	

SCHEDULE B - NON-BUSINESS INCOME AND EXCLUSIONS

ATTACH COPY OF FEDERAL SCHEDULE K (1065) ATTACH SCHEDULES TO EXPLAIN ALL EXCLUSIONS	Federal Form 1065 Reference	COLUMN 1 NON-BUSINESS INCOME	COLUMN 2 EXCLUDABLE RESIDENT PARTNERS PORTION OF COLUMN 1	COLUMN 3 <u>TAXABLE</u> RESIDENT PARTNERS PORTION OF COLUMN 1	COLUMN 4 EXCLUDABLE NONRESIDENT PARTNERS PORTION OF COLUMN 1	COLUMN 5 <u>TAXABLE</u> NONRESIDENT PARTNERS PORTION OF COLUMN 1
INTEREST AND DIVIDENDS						
1. Interest income	Sch. K, Line 5					
2. Dividend income	Sch. K, Line 6a					
SALE OR EXCHANGE OF PROPERTY (SEE INSTRUCTIONS)						
3. Net short term capital gain (loss)	Sch. K, Line 8					
4. Net long term capital gain (loss)	Sch. K, Line 9a					
5. Net Section 1231 gain (loss)	Sch. K, Line 10					
RENTS AND ROYALTIES (IF NON-BUSINESS INCOME INCLUDES RENTAL REAL ESTATE, ATTACH COPY OF FEDERAL FORM 8825)						
6. Net income (loss) from rental real estate activities	Sch. K, Line 2					
7. Net income (loss) from other rental activities	Sch. K, Line 3c					
8. Royalty Income	Sch. K, Line 7					
OTHER INCOME						
9. Other Income	Sch. K, Line 11					
10. TOTALS (Add lines 1 through 9)				*		*

SCHEDULE C - DISTRIBUTION TO PARTNERS

	COLUMN 1 ADJUSTED BUSINESS INCOME (Schedule A, Line 5)	COLUMN 2 GUARANTEED PAYMENTS TO PARTNERS (Fed. 1065, line 10)	COLUMN 3 INCOME SUBJECT TO ALLOCATION (Add Column 1 and Column 2)	COLUMN 4 NONRESIDENT ALLOCATION PERCENTAGE PER SCH. D (Enter 100% for resident partners)	COLUMN 5 ALLOCATED BUSINESS INCOME (Column 3 times % in Column 4)	COLUMN 6a RESIDENT PARTNER'S NON- BUSINESS INCOME (Total equals Sch. B Column 3, Line 10)	COLUMN 6b NONRESIDENT PARTNER'S NON- BUSINESS INCOME (Total equals Sch. B Column 5, Line 10)	COLUMN 7 TOTAL INCOME (Add Columns 5, 6a and 6b) (Enter here and on page 1, column 1)
(a)				%				
(b)				%				
(c)				%				
(d)				%				
(e)				%				
Totals								

SCHEDULE D - BUSINESS ALLOCATION FORMULA

		COLUMN 1 LOCATED EVERYWHERE	COLUMN 2 LOCATED IN WALKER	COLUMN 3 PERCENTAGE (Column 2 divided by Column 1)
1. a. Average net book value of real and tangible personal property				
b. Gross annual rent paid for real property only, multiplied by 8				
c. TOTALS (Add Lines 1a and 1b)				%
2. Total wages, salaries, commissions and other compensation of all employees				%
3. Gross receipts from sales made or services rendered				%
4. Total Percentages - add the percentages computed in Column 3, Lines 1c, 2 and 3 (A percentage must be computed for each line)				%
5. Business Allocation Percentage (Divide Line 4 by the number of factors) Enter here and on Schedule C, Column 4 (See note below)				%

NOTE 3. In determining the business allocation percentage (Line 5), a factor shall be excluded from the computation only when such factor does not exist anywhere insofar as the taxpayer's business operation is concerned, in such cases, the sum of the remaining percentages shall be divided by the number of factors actually used.

In the case of a taxpayer authorized by the Income Tax Administrator to use one of the special formulae, attach an explanation and use the lines provided below:

a. Numerator	
b. Denominator	

c. Percentage (a divided by b) Enter here and on Schedule C, Column 4	
d. Date of Administrator's approval letter	

SCHEDULE E - RENTAL REAL ESTATE

If the business activity of this partnership includes rental of real estate, indicate below the complete address and the gain or loss of each property.

PROPERTY	STREET ADDRESS	GAIN OR LOSS	PROPERTY	STREET ADDRESS	GAIN OR LOSS
A			D		
B			E		
C			TOTALS	(ATTACH COPY OF FEDERAL FORM 8825)	

such tax was levied is included in this return. DO NOT take credit for income taxes paid to any other municipality on behalf of nonresident partners. The credit for tax paid to another city shall be the lesser of: (1) The income tax paid the other municipality for Walker resident partners, or (2) .5% of an amount obtained by deducting the amount for exemptions claimed for Walker resident partners on page 1, column 3 of this return from the gross amount of income of Walker resident partners subject to tax by such other city.

All credits in column 6 are to be distributed on lines 8a, b and c, and totaled on line 9. The total on line 9 must agree with the total of column 6.

COMPUTATION AND PAYMENT OF TAX

Line 10. If tax due (line 7) is greater than the total tax payments (line 9) subtract line 9 from line 7 and enter the tax due. Tax due must be paid when filing the return.

OVERPAYMENT OF TAX

Line 11. If the total tax payments (line 9) is greater than tax due (line 7) subtract line 7 from line 9 and enter the tax overpayment.

Lines 12 – 14. On lines 12 through 14 enter all or the portion of the overpayment to be credited forward (line 12), refunded via a paper check (line 13) or refunded via a direct deposit (line 14).

PREPARER AUTHORIZATION

Line 15. If the "Yes" box is marked, the partnership is authorizing the Walker Income Tax Department to call the preparer to answer any questions that may arise during the processing of the return. The partnership is also authorizing the preparer to give the Department any information that is missing from the return, to call the Department for information about the processing of the return, and to respond to any notices related to the return.

PAGE 2 INSTRUCTIONS

SCHEDULE A - ALLOCABLE BUSINESS INCOME

Schedule A is used to report ordinary business income of the partnership. Ordinary business income of Schedule A is transferred to Schedule C, column 1. Schedule C is used to determine the amount of ordinary business income subject to the Walker tax. If ordinary business income includes income from other partnerships, you must attach a supplementary schedule to calculate allocable business income excluding partnership income. Partnership income cannot be reallocated and must be included in Schedule B, line 9.

Non-business income is reported in Schedule B. The taxable portion of non-business income is transferred to Schedule C.

Instructions for Schedules B and C indicate how amounts transferred from Schedules A and B are allocated to the individual partners.

SCHEDULE B - NON-BUSINESS INCOME & EXCLUSIONS

Schedule B is used to allocate the total non-business income of the partnership between resident partners and nonresident partners. After determining the total taxable income for resident and nonresident partners, the totals are transferred to Schedule C wherein an analysis is made to determine the amount of non-business income distributable to each individual partner. Therefore, compute the total amount of distributable non-business income, by type of income, and enter these amounts on the proper lines of Schedule B, column 1. For each category of non-business income use columns 2 and 3 to show the resident partners excludable and taxable portion and use columns 4 and 5 to show the nonresident partners excludable and taxable portion. The total of columns 2 through 5 must equal the total of column 1.

INTEREST AND DIVIDENDS. In column 1, line 1, report total partnership non-business interest income. In column 1, line 2, report total partnership income from dividends. The interest and dividends reported on lines 1 and 2, column 1, are to be apportioned between resident partners (columns 2 and 3) and nonresident partners (column 4). Resident partners exclude in column 2 the total nontaxable interest from obligations of the United States, the states or subordinate units of government of the states. Interest and dividend income is not taxable to nonresidents.

SALE OR EXCHANGE OF PROPERTY. Report in column 1, lines 3, 4 and 5, the total taxable net gain or loss from sales and exchanges of property, short term, long term and Section 1231, respectively. Resident and nonresident partners may exclude any gain or loss on the sale of obligations of the United States and the gain or loss attributable to the period prior to January 1, 1988. If the property was acquired prior to January 1, 1988, market values of traded securities as of December 31, 1987, may be used as the cost basis; or the gain or loss applicable to the period after January 1, 1988, may be computed by multiplying the total gain or loss by the ratio of the

months the property was held after January 1, 1988, to the total months the property was held.

The nonresident excludable portion also includes that portion of the gain (or loss) which arose from the sale or exchange of intangible assets, and of tangible property located outside of Walker. The taxable nonresident partners portion in column 5 will be the gain (or loss) attributable to the period after January 1, 1988, from the sale or exchange of tangible real and personal property located in Walker.

RENTS AND ROYALTIES. Report in column 1, lines 6, 7 and 8, the total net income or loss from all rents and royalties. The resident partners portion of rents and royalties is taxable. The nonresident partners exclude net income or loss from rents, and royalties attributable to property located OUTSIDE of Walker.

OTHER INCOME. Report in column 1, line 9, all other partnership income.

TOTAL NON-BUSINESS INCOME. Enter on line 10 the totals for each column in Schedule B. After transferring the amounts from columns 3 and 5 of Schedule B to Schedule C, the total of Schedule C, column 6a, (taxable resident partners non-business income) must equal the total of Schedule B, column 3, and the total of Schedule C, column 6b, (taxable nonresident partners non-business income) must equal the total of Schedule B, column 5.

SCHEDULE C - DISTRIBUTION TO PARTNERS

The totals of columns 1, 6a and 6b of Schedule C, showing the distribution to individual partners of ordinary and non-business income, must agree with the totals transferred from Schedules A and B.

Column 1. Enter in column 1 the individual partner's share of business income from Schedule A, line 5. If Sec. 179 depreciation is included in Schedule A and the partners have unequal credits for such additional depreciation (e.g. if one partner is single and one is married filing jointly for Federal income tax purposes), the apportionment of income to partners in this column will require a special computation.

Column 7. Transfer the amount of each individual partner's share shown in column 7, Schedule C to column 1, page 1 of the return.

SCHEDULE D - BUSINESS ALLOCATION PERCENTAGE

The business allocation percentage is to be applied to the distributive share of business income of NONRESIDENT partners if business activity of the partnership is conducted both within and outside the City of Walker.

LINE 1a. Enter in column 1 the average net book value of all real and tangible personal property owned by the business, regardless of location; and in column 2 show the net book value of the real and tangible personal property owned and located or used in the City of Walker. The average net book value of real and tangible personal property may be determined by adding the net book values at the beginning of the year and the net book values at the end of the year and dividing the sum thus obtained by two.

LINE 1b. Enter in column 1 the gross annual rent multiplied by 8 for all rented real property regardless of location. In column 2 show the gross annual rent multiplied by 8 for rented real property located in the City of Walker. Gross annual rent refers to real property only, rented or leased during the taxable period, and should include the actual sums of money or other consideration payable, directly or indirectly, by the taxpayer for the use or possession of such property.

LINE 2. Enter in column 1 the total compensation paid to all employees during the year and in column 2 show the amount of compensation paid to employees for work or services performed within the City of Walker.

LINE 3. Enter in column 1 the total gross revenue from all sales or services rendered during the year and in column 2 show the amount of revenue derived from sales made or services rendered in the City of Walker during the year. If there is no regularly maintained sales force outside of the city, this allocation factor must be 100% for businesses with no other business activity outside the city.

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 Income Tax Department, P.O. Box 153, Grand Rapids, Michigan 49501-0153.

NOTICE

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