

INSTRUCTIONS FOR SCHEDULE G OF W-1040NR

Estates and trusts with Walker taxable income that file a United States fiduciary return (federal Form 1041) must file W-1040NR and complete Schedule G. Business trusts that file with the Internal Revenue Service as a corporation must file a Walker corporation return.

TAXABLE INCOME

An estate or trust is treated as a nonresident of the city. Distributable and nondistributable income from the following sources is subject to tax:

1. Net profit (or loss) from the operation of a business that is attributable to business activity conducted in Walker whether or not such business is located in Walker.
2. Net profit from rental of real and tangible personal property located in Walker.
3. Gain on the sale or exchange of real and tangible personal property located in Walker.
4. Income from a partnership.

SCHEDULE G

Line 1. Enter the Walker net profit (or loss) from Form W-1040NR, page 2, Sched. 5, line 1c.

For instructions on Form W-1040NR, page 2, Sched. 5, lines 1a through 1c and Form W-1040NR, page 2, Worksheet 1 and Worksheet 2, see filing instructions for Form W-1040NR, Walker nonresident income tax return.

Line 2a. Enter the capital gains and losses from the sale or exchange of real and tangible personal property located in Walker. Attach a schedule calculating the amount reported and a copy of federal Schedule D.

Line 2b. Enter the ordinary gains and losses from the sale or exchange of real or tangible personal property located in Walker. Attach a schedule calculating the amount reported and a copy of federal Form 4797.

Line 2c. Enter the total of lines 2a and 2b.

Gain or loss on property purchased prior to January 1, 1988 must be determined by one of the following methods:

1. The base may be the adjusted fair market value of the property on 1/1/88 (December 31, 1987 closing price for traded securities), or
2. Divide the number of months the property was held since January 1, 1988, by the total number of months the property was held, and apply this fraction to the total gain or loss as reported on your federal income tax return.

Line 3a. Enter the net profit or loss from rents and royalties of property located in Walker. Attach a schedule calculating the amount reported and a copy of federal Schedule E.

Line 3b. Enter the income or loss from partnerships with business activity in Walker. Attach a schedule calculating the amount reported and a copy of federal Schedule E.

Line 3c. Enter the total of lines 3a and 3b.

Line 4. Enter other Walker income. Attach a schedule listing the type and amount of this income.

Line 5. Add lines 1, 2c, 3c and 4 and enter the total.

Line 6. For future use. Walker does not currently have any Renaissance Zones.

Line 7. Subtract line 6 from line 5 and enter amount.

Line 8. Enter total from Schedule G-1, line E after completing Schedule G-1.

Line 9. Subtract line 8 from line 7 and enter amount.

Line 10. For tax years 1988 through 2009, enter \$750. For tax year 2010, enter \$675. For tax years 2011 and later, enter \$600.

Line 11. Subtract line 10 from line 9 and enter amount. This amount is to be entered on Form W-1040NR, page 1, line 6. To the left of the amount on W-1040NR, page 1, line 6, write in "SCH. G."

SCHEDULE G-1

On lines A through D list each resident beneficiary's name, social security number and the amount of distributable income included in total Walker income. The Renaissance Zone deduction column is for future use. Add the amounts in the deduction column, lines A through D, and enter the total on line E and on Schedule G, line 8.

The resident beneficiary's share of distributable income included in Schedule G, line 5, is computed as follows:

1. Divide the reported Walker income on line 5 by the total income from federal Form 1041, line 9;
2. Multiply the result of step 1 by the income distribution deduction from federal Form 1041, line 18; and
3. Divide the result in step 2 in the same manner as the federal distributable income is divided between beneficiaries.

RESIDENT BENEFICIARIES

Walker resident beneficiaries must report their portion of distributable income as defined in the Internal Revenue Code on form W-1040R.

Attach a copy of page 1 of federal Form 1041 to the W-1040NR filed for the trust or estate.

ASSISTANCE

If you need forms or assistance, call (616) 791-6880. Questions by mail should be directed to: Walker Income Tax Department, P.O. Box 153, Grand Rapids, Michigan 49501-0153. Income tax forms and instructions are available on the City's website at www.ci.walker.mi.us

NOTICE

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