

SCHEDULE RZ OF BC-1040 CITY OF BATTLE CREEK INCOME TAX

FOR COMPUTATION OF THE RENAISSANCE ZONE DEDUCTION

TAX YEAR:

FOR USE BY A RESIDENT DOMICILED IN A RENAISSANCE ZONE,

AN INDIVIDUAL WITH INCOME FROM RENTAL REAL ESTATE LOCATED IN A RENAISSANCE ZONE OR

AN INDIVIDUAL PROPRIETORSHIP, PROFESSION OR PARTNERSHIP LOCATED AND CONDUCTING BUSINESS IN A RENAISSANCE ZONE

1. Name(s) as shown on BC-1040	2. Your social security number
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DISQUALIFICATION SECTION			
AN INDIVIDUAL IS NOT QUALIFIED TO CLAIM THE RENAISSANCE ZONE DEDUCTION IF ANY OF THE FOLLOWING TAXES ARE DELINQUENT :			
Battle Creek Income Tax	Personal Property Tax	Commercial Facilities Tax (CFT)	City Utilities Users Tax
Michigan Income Tax	Michigan Single Business Tax	Enterprise Zone Tax	Technology Park Development Tax
General Property Tax	Industrial Facilities Tax (IFT)	Neighborhood Enterprise Zone Tax	Commercial Forest Tax

RESIDENT DOMICILED IN A RENAISSANCE ZONE

COMPLETE THIS SECTION IF YOU ARE OR WERE A RESIDENT OF BATTLE CREEK DOMICILED IN A RENAISSANCE ZONE.

A 183 DAY RESIDENCE REQUIREMENT MUST BE COMPLETED BEFORE QUALIFYING TO CLAIM THE RENAISSANCE ZONE DEDUCTION.

3. Address of domicile in Renaissance Zone			
4. Date domicile established at this residence	/ /	If domicile is continuous for at least 183 days, taxpayer is qualified on this date.	
5. Dates of domicile this year : Starting date	/ /	Ending date	/ /
		Total number of days	Days
6. Percentage of year as a qualified resident of a Renaissance Zone (Line 5 divided by 365)		6.	%
7. Gross income from the BC-1040 form (line 1, 2 & 3 netted (before RZ deduction))		7.	00
8. Capital gains (not ordinary income) included in amount reported on BC-1040 form		8.	00
9. Lottery winnings included in income reported on BC-1040		9.	00
10. Total deductions related to income included in line 7		10.	00
11. Base income for Renaissance Zone deduction (Line 7 less lines 8, 9 and 10)		11.	00
12. Total qualified ordinary income (Line 11 multiplied by line 6)		12.	00
13. Portion of gains from sale or exchange of property occurring after qualification date		13.	00
14. Lottery winnings from an instant lottery game or an on-line game won after becoming a qualified taxpayer		14.	00
15. Renaissance Zone deduction allowed (Add lines 12, 13 and 14) Enter here and on BC-1040, line 3		15.	00

OTHER INDIVIDUALS WITH INCOME FROM RENTAL REAL ESTATE, BUSINESS, PROFESSION OR PARTNERSHIP LOCATED AND DOING BUSINESS IN A RENAISSANCE ZONE

COMPLETE THIS SECTION IF YOU ARE A RESIDENT OR NONRESIDENT INDIVIDUAL WITH INCOME FROM RENTAL REAL ESTATE, A BUSINESS, A PROFESSION OR A PARTNERSHIP LOCATED AND DOING BUSINESS IN A RENAISSANCE ZONE.

		RESIDENT COLUMN		NONRESIDENT COLUMN
16. Business name (D.B.A.) and address of each location in a Renaissance Zone				
17. Business and farming income reported on BC-1040	17.		00	00
18. Net operating loss deduction claimed on BC-1040	18.		00	00
19. Retirement plan deduction claimed on BC-1040	19.		00	00
20. Base for Renaissance Zone deduction (Line 17 less lines 18 and 19)	20.		00	00
21. Renaissance Zone Apportionment Percentage				
	COLUMN 1 IN BATTLE CREEK	COLUMN 2 IN REN. ZONE	COLUMN 3 PERCENTAGE	
21a. Average net book value of real and personal property			(Column 2 divided	
21b. Gross rents paid on real property multiplied by 8			by column 1)	
21c. Total property (Add line 21a and 21b)			%	
21d. Total wages, salaries and other compensation			%	
21e. Total percentages (Add column 3, line 21c and 21d)			%	
21f. Renaissance Zone deduction percentage (Line 21e divided by 2)			%	%
22. Renaissance Zone deduction for business (Line 20 multiplied by line 21f)	22.		00	00
23. Renaissance Zone deduction from partnership return		PARTNERSHIP FEIN	-	23.
			00	00
24. Address of each parcel of rental real estate located in a Renaissance Zone				
25. Income from rental real estate located within a Renaissance Zone	25.		00	00
26. Total Renaissance Zone deduction (Add lines 22, 23 and 25) Enter here & on BC-1040 line 3	26.		00	00

INSTRUCTIONS FOR SCHEDULE RZ OF BC-1040 RENAISSANCE ZONE DEDUCTION

GENERAL INFORMATION

Four geographic areas within Battle Creek were designated as Renaissance Zones (zones 1 thru 4 – beginning January 1, 2001 ending December 31, 2015). This designation grants tax relief to a qualified taxpayer. In conjunction with the designation of these zones, the Battle Creek Income Tax Ordinance was amended, effective January 1, 1997, to include a Renaissance Zone deduction.

WHO MAY CLAIM A RENAISSANCE ZONE DEDUCTION

A qualified resident of Battle Creek domiciled in a Renaissance Zone for 183 consecutive days and qualified resident and nonresident individuals with income from rental real estate, business, profession or other activity located and doing business in a Renaissance Zone.

HOW TO CLAIM A RENAISSANCE ZONE DEDUCTION

To claim a Renaissance Zone deduction, a taxpayer must file a Battle Creek income tax return and attach a completed Schedule RZ of the BC-1040.

RENAISSANCE ZONE DEDUCTION DISQUALIFIERS

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

1. The person 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. The person owns residential rental property and did not file an affidavit with the Battle Creek City Treasurer's Office by December 31 of the prior tax year attesting that the property is in compliance with all applicable state and local zoning, building and housing laws or codes.

A business owner is subject to the above disqualifiers and not eligible to claim a Renaissance Zone deduction if the business:

1. Is located within Battle Creek outside of a Renaissance Zone and moves to a location within a Renaissance Zone in Battle Creek without approval of the City.
2. Relocates more than 25 full-time equivalent jobs from one or more non-Renaissance Zone local governmental units (city, village or township) and any of the 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.

RESIDENT DOMICILED IN A RENAISSANCE ZONE

DOMICILE DEFINED: Domicile is the place where a person has his or her true, fixed and permanent home and principal establishment, to which, whenever absent therefrom, he or she intends to return.

QUALIFICATION DATE: A resident domiciled in a Renaissance Zone for the required 183 consecutive days becomes a qualified taxpayer as of the first day of domicile.

DEDUCTIBLE INCOME: Income earned or received during the period of domicile in a Renaissance Zone may be deducted except the following: Lottery winnings from an instant game or on-line game won before becoming a qualified taxpayer; the portion of gains from the sale or exchange of property occurring before the qualification date; and income from illegal activities.

INDIVIDUAL WITH INCOME FROM RENTAL REAL ESTATE, A BUSINESS, A PROFESSION OR A PARTNERSHIP LOCATED AND DOING BUSINESS IN A RENAISSANCE ZONE

INCOME QUALIFIED FOR RENAISSANCE ZONE DEDUCTION

1. That portion of business or professional income from business activity in a Renaissance Zone after adjustment for any net operating loss deduction and retirement plan deduction. The Renaissance Zone portion of business activity is determined via a two-factor apportionment formula, property and payroll within a Battle Creek Renaissance Zone to that in Battle Creek.
2. Income from rental of real property located in a Renaissance Zone.
3. The partner's share of partnership income from business activity in a Renaissance Zone.

RESIDENTS DOMICILED IN A RENAISSANCE ZONE

Line 3. Enter address of domicile in the Renaissance Zone.

Line 4. Enter the date domicile was established at residence on line 3.

Line 5. Enter the starting and ending dates of domicile in the Renaissance Zone this year and the total number of days domiciled.

Line 6. Divide the number of days on line 5 by 365, and enter the percentage.

Line 7. Enter gross net income (BC-1040, lines 1, 2 & 3 netted)

Line 13. Determine the portion of capital gains (not including capital losses) from sale or exchange of property reported on BC-1040, line 2 that occurred after the qualification date listed on line 4 and enter the amount. Attach a schedule showing the computation. The allowable Renaissance Zone deduction for capital gains may be determined by one of the following methods:

- A. Adjust the basis for the property to the fair market value on the qualification date (the prior days closing price for traded securities) and subtract the basis from the sale proceeds; or
- B. Divide the number of months the property was held since the qualification date by the total number of months the property was held and apply this fraction to the gain reported for the property on the federal income tax return.

Line 14. Enter lottery winnings from instant games or on-line games won after the qualification date listed on line 2.

INDIVIDUALS WITH INCOME FROM RENTAL REAL ESTATE, BUSINESS, PROFESSION OR PARTNERSHIP

For this section of Schedule RZ residents are to use the resident column and nonresidents are to use the nonresident column. A part-year resident is to divide each line item and report the resident and nonresident portions accordingly.

Line 16. List the business name, D.B.A., and the address of each location within a Renaissance Zone.

Line 17. Enter the business and farm income reported on BC-1040.

Line 18. Enter the net operating loss deduction claimed on BC-1040.

Line 19. Enter the retirement plan deduction claimed on BC-1040 related to income on line 17 of this form.

Line 21. The Renaissance Zone apportionment percentage is used by companies doing business in Battle Creek inside a Renaissance Zone and outside the Renaissance Zones. If the business income is 100% within the Renaissance Zones, enter 100% on line 21f and complete the form from there.

Line 21a. In column 1 enter the average net book value of all real and tangible personal property owned and located in Battle Creek. In Column 2 enter the average net book value of the real and tangible personal property owned and located in a Battle Creek 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 21b. Enter in column 1 the gross annual rent multiplied by 8 for all rented real property located in Battle Creek. In column 2 show the gross annual rent multiplied by 8 for rented real property located in a Battle Creek Renaissance Zone.

Line 21c. Total column 1 and column 2. In column 3 enter the percentage (column 2 divided by column 1).

Line 21d. Enter in column 1 compensation paid to employees for work or services performed within Battle Creek. In column 2 enter compensation paid to employees for work or services performed within a Battle Creek Renaissance Zone. In column 3 enter the percentage (column 2 divided by column 1).

Line 23. Enter the Renaissance Zone deduction from a partnership. Be certain to enter the partnership Federal Employer Identification Number (FEIN). If a person has a Renaissance Zone deduction from more than one partnership, attach a schedule providing necessary data. Adjust for any retirement plan deduction claimed on BC-1040, line 3 based on partnership income included in line 23.

Line 24. Enter the address for each parcel of rental residential real estate located in a Renaissance Zone.

Line 25. Enter the income from rental real estate located in a Renaissance Zone.

Line 26. Enter the total of lines 22, 23 and 25. Also enter this total on line 3 of the BC-1040 form.

ASSISTANCE

If you have questions or need assistance, contact the Battle Creek Income Tax Department by phone at (269) 966-3345 or by mail send to PO Box 1657, Battle Creek, Michigan 49016.

WEBSITE

Income tax forms, instructions and additional information are available under the Income Tax Department section of the City of Battle Creek website, www.battlecreek.org.