Print Form

# BATTLE CREEK CORPORATION INCOME TAX INSTRUCTIONS

For use by corporations doing business in the City of Battle Creek

**Form BC-1120**

Battle Creek Income Tax Department
P.O. Box 1657
Battle Creek, Michigan 49016-1657

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|---|---|
| CORPORATE TAX RATE | Corporate tax rate is 1%. |
| TAX FORMS | All Battle Creek income tax forms are available on the City's website: http://www.battlecreekmi.gov/403/Income-Tax-Forms |
| RENAISSANCE PHASE OUT | Renaissance Zone 1 through 4 will phase out at the end of calendar year 2024. For instructions on the Renaissance Zone go to http://www.battlecreekmi.gov/403/Income-Tax-Forms |
| FILING DATE | The due date is April 30th of the following calender year. Those on a fiscal year must file by the last day of the fourth month following the end of the fiscal year. Penalty and interest ($2.00 minimum) will be assessed on all late payments. |
| PAYMENT OF TAX DUE | Tax due (line 13) of one dollar ($1.00) or more must be paid with return. NOTE: If prior year tax on line 10 is $250.00 or more, estimated income tax payments may be required for next year. See page 4 of instructions for information. Make check or money order payable to: CITY OF BATTLE CREEK Mail tax return and payment to: Battle Creek Income Tax, P.O. Box 1657, Battle Creek, MI 49016-1657. |
| DISCLAIMER NOTICE | These instructions are interpretations of the Battle Creek Income Tax Ordinance. The Ordinance will prevail in any disagreement between the instructions and the Ordinance. |
| CONTACT | For assistance: find us online at http://www.battlecreekmi.gov/206/Income-Tax; call (269) 966-3345, or visit the Battle Creek Income Tax Department at: City Hall, 10 N Division, Room 114, Battle Creek, MI 49014. |

**Failure to attach documentation or attaching incorrect or incomplete documentation will delay processing of the return or result in corrections being made to the return.**

# BATTLE CREEK FORM BC-1120 INSTRUCTIONS FOR CORPORATIONS

## CORPORATIONS REQUIRED TO FILE

Every corporation "doing business" in the city, whether or not it has an office or place of business in the city, is required to file an annual City of Battle Creek Corporation Income Tax Return, Form BC-1120. Attach a copy of federal Form 1120, 1120-A, 1120S, or other corporate return form along with Schedule K and all ancillary schedules filed with the IRS to the Battle Creek return.

Corporations cannot elect to file and be taxed as partnerships. A tax option corporation (S corporation, REIT, etc.) is treated as a C corporation.

The Battle Creek Income Tax Ordinance specifically exempts financial institutions from taxation. "Financial institutions" are defined as state and national banks, trust companies, building and loan associations, savings and loan associations, credit unions, safety and collateral deposit companies, and any other association, joint stock company or corporation at least 90% of whose assets consist of intangible personal property and at least 90% of whose gross income consists of dividends, interest or other charges resulting from the use of money or credit.

## MAILING OF RETURN FORMS

Corporation income tax forms will no longer be mailed. Forms are available on our web site at:
http://www.battlecreekmi.gov/403/Income-Tax-Forms

## RENAISSANCE ZONE DEDUCTION

A qualified corporation located and "doing business" in a Battle Creek Renaissance Zone may be eligible to claim the Renaissance Zone deduction. This deduction allows the corporation to deduct the portion of its income earned in a Battle Creek Renaissance Zone from income subject to Battle Creek income tax.

A taxpayer is not qualified to claim the deduction if the corporation is delinquent for any Michigan or local taxes. A Battle Creek income tax return must be filed to claim this deduction. Schedule RZ of BC-1120 is required to be attached to the corporation return when claiming the Renaissance Zone deduction. A taxpayer claiming the RZ deduction uses Schedule RZ to compute the deduction. Schedule RZ of BC- 1120SCRZ is designed to handle all calculations relative to the deduction. See the instructions for Schedule RZ of BC-1120SCRZ and the form for additional information.

## TAX RATE

The tax rate is 1%.

## FILING DATE

Taxpayers on a calendar year are required to file by April 30th of the following calendar year. Those on a fiscal year must file by the last day of the fourth month following the end of the fiscal year. Returns shall be for the same calendar year, fiscal year or other accounting period as the taxpayer uses for federal income tax purposes.

## EXTENSIONS

A six month extension is automatically granted without a request if all tax due has been paid by the due date of the return. Upon filing an APPLICATION FOR EXTENSION OF RETURN FORM BC-1120 EXT on or before the due date for filing a return, the Income Tax Administrator may extend the time for filing up to six months. When an extension is requested, the tentative tax must be paid. An extension is automatically granted upon payment of the balance due (Form BC-1120EXT, line 3). Failure to pay the balance due invalidates the extension request. An extension filed without a payment will not be accepted. Interest and penalty will be assessed on taxes paid late even if an extension of time to file is granted.

## REMITTANCE

The tax due must be paid when filing the return. Make check or money order payable to: CITY OF BATTLE CREEK

## MAILING ADDRESS

Mail return and payment to:

BATTLE CREEK INCOME TAX DEPARTMENT
PO BOX 1657
BATTLE CREEK, MI 49016-1657

## EFFECTIVE DATE OF TAX

The City of Battle Creek income tax became effective July 1, 1967. Corporations are required to pay the tax each year on that part of its net income attributable to business activity conducted in Battle Creek, commencing with its first year ending after July 1, 1967.

## PAGE 1 INSTRUCTIONS

Lines 1 – 9. Follow the instructions printed on the return form.

Line 10. Corporations qualified to claim a Renaissance Zone deduction use Schedule RZ of BC-1120 to calculate the deduction. Enter the deduction as calculated on Schedule RZ, line 15.

Line 11. Enter the total income subject to tax (line 9 less line 10).

Line 12. Compute the tax by multiplying the income subject to tax (line 12) by the corporation tax rate (1.%) and enter the amount of tax.

**TAX PAYMENTS**

Line 13. Enter the total of all tax payments made for the tax year prior to filing the return. The payments consist of any credit forward from the prior year's tax return, estimated income tax payments, extension payments and tax paid by a partnership on behalf of the corporation. When reporting tax paid by a partnership, attach a separate schedule listing the partnership name, federal employer identification number and the amount of tax paid by the partnership.

**OVERPAYMENT**

Line 14. If the total tax payments (line 14) is greater than the tax (line 12) subtract line 12 from line 13 and enter the overpayment.

Line 15. Enter all or any portion of the overpayment to be credited forward and applied as a payment to the corporation's next year estimated tax.

Line 16. Reserved for future use.

Lines 17 and 18. Enter the amount of your overpayment to be refunded. A refund will be issued via a paper refund check.

Line 19. If tax (line 12) is greater than the total payments (line 13) subtract line 13 from line 12 and enter the balance due.

To pay with a check or money order make the check or money order payable to the CITY OF BATTLE CREEK and mail the payment with the return to: Battle Creek Income Tax Department, P.O. Box 1657, Battle Creek, Michigan 49016-1657.

**PREPARER DISCLOSURE**

Line 20. By marking (X) the "Yes" box on line 20, the corporation is authorizing the Battle Creek Income Tax Department to: contact the preparer for answers to any questions that may arise relating to its return; and answer any questions from the preparer about the return. Also, by marking (X) the "Yes" box on line 20, the corporation is authorizing the preparer to: provide the Income Tax Department with any information about or missing from the return; contact the Income Tax Department for information about the return or the status of any related refund or payments; and respond to notices about math errors, offsets and return preparation.

**PAGE 2 INSTRUCTIONS**

**SCHEDULE S**

Tax option corporations (S corporations) must file as C corporations. Schedule F is used to reconcile the amount reported on Form BC-1120, line 1, page 1, with the amounts on federal Form 1120S and Schedule K.

**SCHEDULE C**

**Column 1 – Add – Items Not Deductible**

Line 1. Enter on line 3 all expenses (including interest expense) incurred in connection with the derivation of income not subject to Battle Creek Income tax.

Line 2. Enter on line 3 the amount of Battle Creek income paid or accrued during the tax year.

Line 3. Enter on line 3 the nondeductible portion of a loss from the sale or exchange of property acquired prior to July 1, 1967. The portion of the loss occurring prior to the inception of the Ordinance, July 1, 1967 is not recognized. The amount of loss occurring prior to July 1, 1967, is determined by either (1) computing the difference between the total gain or loss for the property as reported for federal income tax purposes and the Battle Creek taxable portion of the loss computed by July 1, 1967, (the June 30,1967, closing price for traded securities) for the basis in determining or loss; or (2) by multiplying the loss for the entire holding period, as computed for federal income tax purposes, by a fraction, the numerator being the number of months the property was held prior to July 1, 1967 and denominator being the total number of months the property was held. See line 10 for instructions relative to gains from sales or exchanges of property acquired prior to July 1, 1967. Capital loss from U.S. Government obligations included in income reported on page 1, line 1, are not deductible. Remove these losses by including them in the amount reported on line 3.

Line 4. Reserved for future use.

Line 5. Enter the losses from entities filing as partnerships included in taxable income reported on page 1, line 1.

Column 2 – Deduct – Items Not Taxable and Allowable Deductions

Line 7. Enter the amount of interest income from obligations of the United States, the states or subordinate units of government of the state that is included in taxable income reported on page 1, line 1.

Line 8. If you reported dividend income, enter on this line the amount of the dividend-received deduction allowed by the Federal Internal Revenue Code for dividends received.

Lines 9 & 10. Taxpayers may deduct income, war profits and excess profits taxes imposed by foreign countries or possessions of the United States, allocable to income included in taxable net income, any part of which would be allowable as a deduction in determining federal taxable income under the applicable provisions of the Federal Internal Revenue Code.

If a foreign tax credit, rather than a foreign tax deduction, was claimed on your federal return, enter on line 9 the portion of the foreign tax credit which was grossed up and included in your Battle Creek return as dividends received.

Enter on line 10 the "foreign taxes paid or accrued" portion of the foreign tax credit claimed on the federal return, not in excess of the federal limitations. The balance of your foreign tax credit is not deductible.

Line 11. Enter on line 11 the nontaxable portion of a gain from the sale or exchange of property acquired prior to July 1, 1967. The portion of the gain occurring prior to the inception of the Ordinance, July 1, 1967, is not recognized. Refer to the instructions for Schedule E, line 3 for computation instructions.

Capital gains from US Government obligations included in income reported on page 1, line 1, are not taxable. Remove these gains by including them in the amount reported on line 10.

Line 12. Enter income from entities filing as partnerships included in taxable income reported on page 1, line 1.

**SCHEDULE D**

The business allocation percentage formula must be used by corporations “doing business” both within and outside the City of Battle Creek who have not been approved to use separate accounting.

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 Battle Creek. 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 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 Battle Creek. 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 paid, 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 Battle Creek during the year.

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 Battle Creek during the year. A corporation must be “doing business” outside of Battle Creek to allocate net profit (or loss).

Separate Accounting - The taxpayer may request, or the administrator may require, use of the separate accounting method. If such method is requested, the administrator may require a detailed statement to determine whether the net profits attributable to the City will be apportioned with reasonable accuracy (Ordinance Section 19).

Generally, a corporation that is unitary in nature (i.e., has central management, purchasing, warehousing, advertising, etc.) cannot use separate accounting.

Taxpayers allocating on any basis other than separate accounting shall include all interest, dividends and other non-operating income to arrive at the total income subject to the allocation percentage. Taxpayers using separate accounting shall include in income subject to tax a proportionate share of dividends, interest and other non-operating income of the total corporation. This type of income is apportioned to Battle Creek activity on the same basis as general administrative and overhead costs are apportioned.

## SCHEDULE G

Line 1. Net operating losses carried forward are to be reported on this line. There is no provision for carrying back losses to prior tax years. Carryover losses are allocated to Battle Creek at the same apportionment percentage reported for the year in which the loss was sustained. If all business was not conducted in Battle Creek in the year in which the loss was sustained, use the business allocation percentage formula to arrive at the deductible portion of the loss. Attach a schedule showing the computation for the amount reported on Line 1.

Line 2. Enter on this line the net capital loss carryover applicable to Battle Creek. Net capital losses sustained by a corporation may be carried forward in the same manner as under the Federal Internal Revenue Code. If all business was not conducted in Battle Creek in the year in which the loss was sustained, use the business allocation percentage formula for the year of the loss to calculate the deductible portion of the loss. Attach a schedule showing your computation of the amount reported on this line.

Line 3. A corporation who is a partner in a business activity taxed as a partnership that has business activity in Battle Creek must enter on this line their portion of the Battle Creek taxable income or loss from the partnership. Attach a schedule showing the computation for the amount reported on this line including the name and taxpayer identification number of the partnership.

## ESTIMATED INCOME TAX PAYMENTS

1. WHO MUST FILE:

Every corporation subject to the tax on all or part of its net profits must make estimated income tax payments using Form BC-1120ES or Form CF-1120ES. Estimated income tax payments are not required from corporations if the estimated tax is two hundred fifty dollars ($250.00) or less.

2. WHEN AND WHERE TO FILE AND PAY:

A. Calendar year taxpayers must make the first estimated payment on or before April 30th of the year. The estimated tax is payable in equal installments on or before April 30th, June 30th, September 30th of the tax year and January 31st of the following year.

B. A corporation filing on a fiscal year or a short tax year basis must make the first quarterly estimated income tax payment within four (4) months after the beginning of each fiscal year or short period. For example, if a fiscal year begins on April 1st, the first quarterly payment is due on or before July 31st of the tax year. The remaining installments must be paid on or before the last day of the 6th, 9th and 13th months after the beginning of the tax year.

C. Filing and Payment: Corporate estimated tax payments should be mailed to:

Battle Creek Income Tax Department
P.O. Box 1657
Battle Creek, MI 49016-1657

The estimated tax may be paid in full by the due date of the first quarterly installment.

## ASSISTANCE

For assistance, find us online at http://www.battlecreekmi.gov/206/Income-Tax, call (269) 966-3345, or visit the Battle Creek Income Tax Department at City Hall, 10 N Division, Room 114, Battle Creek, Michigan 49014.

## NOTICE

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