

# CITY OF HAMTRAMCK INCOME TAX PARTNERSHIP RETURN

Instructions for Form H-1065

## FILING DATE:

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

## REMITTANCE:

Partnerships electing to pay the tax for partners must remit for all partners when filing return. The tax due must be paid when filing the return. Make remittance payable to:

CITY OF HAMTRAMCK

## MAILING ADDRESS:

CITY OF HAMTRAMCK  
Partnership Return  
P.O. Box 209  
Eaton Rapids, MI 48827

## Who Must File a Partnership Return

(Form H-1065)

Every partnership that conducts business activities in the City of Hamtramck, whether or not an office or place of business was maintained in the City, is required to file an annual return within (4) months following the end of their taxable year. If on a calendar year basis, the return must be filed by April 30th. Syndicates joint ventures, pools and like organizations will also use Form H-1065. So called tax options” (under Sec. 13711377, Internal Revenue Code, Subchapter S Corporations included) must file as corporations on Form H- 1120.

## Residents vs. Non-Resident Partners

Partners who are residents of Hamtramck are taxed on their entire distributive shares on the net profits of the partnership, including that arising from business activities outside the city, and including interest, dividends, rents and royalties and gains from the sale or exchange of property, either tangible or intangible.

Partners who are non-residents of Hamtramck are taxed on their distributive shares on the portion of the net profits which is attributable to business activity in the City, plus net rentals of property in the City and gains from the sale or exchange of real or tangible personal property in the City. They are not taxed on their share of net rentals on property outside the City, gains from the sale or exchange of real or tangible property outside the City, gains from the sale or exchange of securities or other intangible property, or interest or dividends.

The Partnership Return Form H-1065, is designed to distinguish between that income taxed to both residents and non-residents, and that taxed to residents only.

The return set forth the entire net profit for the period covered and shows the distributive share of each partner, indicating those who are residents of Hamtramck, and those who are non-residents. 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, based on the pro-ration of time in each status.

## Option to Pay Tax

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 profit of the business, after giving effect to exemption and other items to which each partner is entitled. Such option is available to all partnerships regardless of the residency of the partners. The partnership may pay the tax for partners only if it pays for all partners subject to tax.

If the partnership elects to pay the tax on behalf of the partners thereof, then such election and payments shall be deemed to meet the requirements for the filing of a return, as provided by the Ordinance, for each partner who has no other income subject to the tax. However, an individual return shall be required from any partner having taxable income other than his distributive share of the net profits of the partnership. In such instances, the partner should enter as “Additions to Income” on his individual return Form H-1040, Line 2 the amount shown on the partnership return on page 1, column 1. The deductions shown in column 2 and the credit in column 5 paid on his behalf by the partnership should also be listed in his individual return, page 1, Lines 5 and 10 respectively, Attach a copy of the H-1065 to your Individual H-1040 Return,

## Partnership as Taxpayer

If the partnership elects to pay the tax on behalf of the partners then it assumes the status of a taxpayer to the following extent:

1. Timely payment. Payment must be made within four (4) months from the end of the fiscal year or period, other-wise it will be subject to interest and penalties the same as a delinquent payment from any other taxpayer.

2. Payment of estimated tax. The election of the partnership to pay the tax on behalf of the individual partners also carries with it the requirements to file a Declaration of Estimated Income Tax, Form H-1040-ES, if the total estimated tax for the partnership is expected to exceed \$40, and to pay such tax. If the partnership so files and makes payments, the partners will not be required to file a Declaration as individuals, unless they have additional income (from which Hamtramck income tax was not withheld) on which the Hamtramck tax is expected to exceed \$40. The fiscal year of the partnership will govern in establishing the dates for filing the declaration and paying the estimated tax.

## Income: Instructions for Page I

**Column 1.** Fill out schedules on Page 2 first and transfer amounts in Column 5, Schedule D to this column. List amounts in same order as partners are listed in top section.

**Exemptions. Column 2.** Exemptions are allowed for each partner and his or her dependents. An exemption of \$600 is allowed for the partner, the partner’s spouse, and each dependent. 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 each spouse had no income subject to the Hamtramck income tax. Additional exemptions are allowed if the partner or his spouse is 65 or over, or is blind.

**Credits, Column 5.** Enter in this column payments made by the partnership for tax paid with a tentative return; or any payments and credits made by the partnership on behalf of Hamtramck resident partners for income taxes to any other municipality, if the income on which such tax was levied is included in the return. Do not take credit for income taxes paid to another municipality on behalf of partners who are not Hamtramck residents. The credit shall be the lesser amount of either (1) the income tax paid the other municipality, or (2) the amount of tax that would be due to the City of Hamtramck on earnings in the other municipality and cannot exceed 1/2 of 1% of the amount that would be taxable by the City of Hamtramck.

## Schedule A - Income from Partnership

**Line 1.** Use the same basis and method as used for Federal Income tax reporting.

**Line 6.** If the Hamtramck income tax has been included in Line 1, it should be added back here.

**Line 8.** Interest from obligations of the United States, the states, or subordinate units of government of the states, and dividends from national and state bank stocks are exempted from the tax. If they have been included in the total on Line I they should be deducted here.

Any deduction other than the dividend exclusion allowed by the Federal Internal Revenue Code must be explained in an attached schedule.

## Schedule B - Exclusions for Non-Resident Partners

**Line 12.** Use this line to exclude dividends and interest applicable to non-resident partners since dividends and interest are not taxable to non-residents.

When the receipt of interest and other intangible income is directly related to the nature of the business, such interest, etc. shall be considered as business income.

**Line 13.** Income or loss from rents from tangible property located in Hamtramck is taxable to both residents and non-residents.

Income or loss from royalties, and rents of or capital gains or losses on sale of property located outside Hamtramck, is only taxable to residents of the City of Hamtramck

## Schedule C - Sale or Exchange of Property

Gains and losses from the sale or exchange of property are treated in the same manner, and the amount subject to tax determined on the same basis, as under the Federal Internal Revenue Code.

Only the amount of the gain or loss occurring from October 1, 1962 to date of disposition shall be recognized for purposes of the Hamtramck income tax. The amount of gain or loss occurring after October 1, 1962 is to be determined by either (1) computing the difference between the October 1, 1962 fair market value (October 30th closing price for traded securities) or the cost if the date acquired was subsequent to October 1, 1962 and the proceeds from the sale or exchange or (2) by using the gain or loss for the entire holding period, as computed for Federal income tax purposes, and computing the taxable portion of such gain or loss on the ratio that the number of months held in the period subsequent to October 1, 1962 is to the total time the property was held. The fair market value of property shall be determined by an appraisal or similar reliable evidence.

## INSTRUCTIONS FOR BUSINESS ALLOCATION FORMULA - SCHEDULE E.

The business allocation percentage formula is to be used by NON-RESIDENT owners of businesses with business activity both within and without the City of Hamtramck who, because they do not maintain sufficient records to accurately reflect the net profits from operations conducted within the City of Hamtramck, or for other reasons, are not using the separate accounting method.

**Line 21.** Enter in column I 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 located in the city of Hamtramck. The average net book value of real and tangible personal property may be determined by adding the net book values at Jan. 1, and the net book values at the end of the year and dividing the sum thus obtained by two. Any other method which will accurately reflect the average net book value for the period will also be permitted. Explanation to be attached.

**Line 21a.** Enter in column 1 the gross rentals for period Jan. 1, thru Dec. 31, multiplied by 8 for a rented property regardless of location. In column 2 show the gross rentals for period Jan 1, thru Dec. 31, multiplied by 8 for all rented property located in the City of Hamtramck. Gross rentals refer to real property, Tented or leased 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 real property

**Line 22.** Enter in column I the total compensation paid to all employees during the period Jan. 1 thru Dec. 31, and in column 2 show the amount of compensation paid to employees for work done or for services performed within the City of Hamtramck during the period Jan. 1 thru Dec. 31.

**Line 23.** Enter in column I the total gross receipts for all sales or services rendered during the period Jan. 1 thru Dec. 31, and in column 2 show the amount of gross receipts from sales made or services rendered in the City of Hamtramck during the period Jan. 1 thru Dec. 31.

## Tax Due or Refund

If the partnership has elected to pay the tax for the partners and payments and credits exceed the tax due, show the amount of such overpayment on page 1, line 10. If your payments and credits exceed the tax, the overpayment will be refunded by check. You may take credit for the overpayment on your Estimated Tax Form H-1040-ES. Refunds will be made as quickly as possible, but please allow 90 days before making an inquiry. Refunds of less than one dollar (\$1.00) will not be made.

## Assistance

If there are questions not answered in these instructions, call (313) 870-9366

website: [www.hamtramck.us](http://www.hamtramck.us)