

City Tax Law Training

Tax Year 2015



City Tax Returns

- 22 Michigan cities have city income tax
- Common ones seen at the West Michigan sites include but are not limited to, Muskegon, Muskegon Heights, Grand Rapids, and Walker
- Detroit has it's own set of city forms but at every other city uses the "Michigan Cities Common Form" to report city taxes

Reporting City Tax Withheld

- The city tax withheld will show up on the W2 next to the state information.
- It is vital that the spelling of the city is correct in the tax software to carry the city information to the correct form off the federal return. Correct city names will be available at the tax site.

Example

DEPT. ID		EMPLOYEE'S SOCIAL SECURITY NUMBER		Department of the Treasury - Internal Revenue Service - OMB No. 1545-0048		
28580		123-45-6789		1. WAGES, TIPS, OTHER LUMP	2. FEDERAL INCOME TAX WITHHELD	
W-2 WAGE AND TAX STATEMENT 2012 Copy C for EMPLOYEE'S RECORDS This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.				40,182.59	4,648.88	
				3. SOCIAL SECURITY WAGES	4. SOCIAL SECURITY TAX WITHHELD	
EMPLOYER'S NAME, ADDRESS AND ZIP CODE STATE OF NEW YORK 110 STATE STREET ALBANY NY 12236 Fed. ID. No.				41,092.59	1,725.89	
				5. MEDICARE WAGES	6. MEDICARE TAX WITHHELD	
EMPLOYER'S NAME, ADDRESS AND ZIP CODE JANE DOE 200 MAIN STREET BRONX, NY 10475				41,092.59	595.84	
				12. See NOTICE TO EMPLOYEE E 910.00 DD 16,690.83		14. OTHER
13. RETIREMENT PLAN <input checked="" type="checkbox"/> THIRD PARTY BEN. <input type="checkbox"/>						
15. STATE	16. STATE WAGES	17. STATE INCOME TAX	18. LOCAL WAGES	19. LOCAL INCOME TAX	20. LOCALITY	
NY	40,182.59	1,728.39	40,182.59	1,075.94	NYC	

What is the rate of tax?

- Residents that live in a taxing city will owe 1% of their total earnings the city they live in.
- If a person works in a city that has taxes, .5% of the total earnings made in that city will be taxed.



What income is taxable for city taxes?

- The taxable income will flow directly from TaxWise. Again, that's why the spelling of the city is IMPORTANT.
- Unemployment, workman's comp., and SSI typically are not taxable.



What cities have tax and how do you know?

This is a list of the cities. This is a list directly from the city tax form in the software, titled “MI CF” in the program.

Even if there is no with holdings on the W2, there is still tax owed. Many times, employers will not do city with holdings so it is common that there is tax due

Check the box to indicate which city this return is being prepared for.

- | | | | | |
|-----------------------------------|---------------------------------------|--|---|---------------------------------------|
| <input type="checkbox"/> Albion | <input type="checkbox"/> Battle Creek | <input type="checkbox"/> Big Rapids | <input type="checkbox"/> Flint | <input type="checkbox"/> Grand Rapids |
| <input type="checkbox"/> Grayling | <input type="checkbox"/> Hamtramck | <input type="checkbox"/> Highland Park | <input type="checkbox"/> Ionia | <input type="checkbox"/> Jackson |
| <input type="checkbox"/> Lansing | <input type="checkbox"/> Lapeer | <input type="checkbox"/> Muskegon | <input type="checkbox"/> Muskegon Heights | <input type="checkbox"/> Pontiac |
| <input type="checkbox"/> Portland | <input type="checkbox"/> Saginaw | <input type="checkbox"/> Springfield | <input type="checkbox"/> Walker | |

Filing Status and Exemption

- Filing status options are the same as the state
- Exemptions and filing status carry over



The image shows a close-up of a tax form with a red circle highlighting the filing status options. The visible text includes:

City, town or post office (see instructions)

Sign Check here if you are the

1 Single

2 Married filing jointly

3 Married filing separately (see instructions)
and full name of spouse

4a Yourself (see instructions)

4b Spouse

5 Dependents:

Extra Items

- The city portion of the return is typically very simple. It does get a little tricky if someone has moved around.
- Many people find that their employer has not withheld city income taxes and people end up owing money for the city taxes.
- Attach the W2s to the city tax forms that are being mailed to the city.
- Go through a few examples with a program coordinator to get familiar with forms, the red line will appear in places that you don't have to worry about filling out

The End

Thanks for watching!

Questions?

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