

2002 MICHIGAN
Nonresident and Part-Year Resident Schedule

Issued under authority of P.A. 281 of 1967. Filing is mandatory.

Please type or print in blue or black ink.

Attach to Form MI-1040. Read the instructions on the back before completing this form.

Attachment Sequence No. 02

1. Filer's First Name, Middle Initial and Last Name	▶ 2. Filer's Social Security Number
If a Joint Return, Spouse's First Name, Middle Initial and Last Name	3. Spouse's Social Security Number

Your Residency Check appropriate box.

4. a. Nonresident b. Part-Year Resident of Michigan -- Enter Dates

You

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FROM: Mo. Day Yr. **TO:** Mo. Day Yr.
 Spouse

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Income Allocation

	Column A - Total Income	Column B - Michigan Income	Column C - Other States Income
5. Wages, salaries, other payments (tips, etc.) .....	.00	.00	.00
6. Interest and dividends .....	.00	.00	.00
7. Business and farm income (attach U.S. <i>Schedule C and F</i>) .....	.00	.00	.00
8. Capital gains/losses from MI-1040D or U.S. <i>Schedule D</i> .....	.00	.00	.00
9. Income reported on U.S. <i>Schedule E</i> .....	.00	.00	.00
10. Pensions, IRA distributions, annuities and Social Security .....	.00	.00	.00
11. Other (see instructions) .....	.00	.00	.00
12. Total income. Add lines 5 through 11 .....	.00	.00	.00
13. Enter the total adjustments from U.S. <i>1040</i> , line 34, or U.S. <i>1040A</i> , line 20. Describe: .....	.00	.00	.00
14. Subtract line 13 from line 12. The amount in column A should equal MI-1040, line 10. Enter amount in column C on MI-1040 Schedule 1 , line 11 or, if a negative amount, enter as a positive amount on MI-1040 Schedule 1 , line 4 .....	.00	.00	.00

Exemption Allowance (If one spouse is a full-year resident, see instructions on the back.)

15. Subtract the amount on your MI-1040, line 9g, from the amount on your MI-1040, line 9..... 15. _____ .00

16. Enter your Michigan source income from line 14, column B 16. _____ .00

17. Enter your total income from line 14, column A 17. _____ .00

18. Divide line 16 by line 17 and enter the percentage here (but not more than 100%)..... 18. _____ %

19. Multiply line 15 by the percentage on line 18..... 19. _____ .00

20. Add the amount from your MI-1040, line 9g, to your calculation on line 19. Enter here and on MI-1040, line 15. ▶ 20. _____ .00

You must file an original form, a copy of this form, or a Treasury-approved substitute form.

Instructions for Completing Schedule NR

Part-year and nonresidents must pay income tax to Michigan on all income earned in Michigan or attributable to Michigan.

List each type of income on Schedule NR and decide how much is attributable to Michigan. Each line in column A should be the same as the amount reported on your federal return. Enter income attributable to Michigan in column B and the rest in column C. The column C total on line 14 is the amount you may subtract from AGI.

The following instructions explain what type of income should be included on each line and how to determine what goes in column B for Michigan income. Two definitions may help: (1) **Allocate**: To assign or distribute to one state. (2) **Apportion**: To divide or share between two or more states.

Line 5: Wages, salaries, tips, etc.

Example: You reported \$50,000 in wages on your U.S. 1040. Of this, \$30,000 was earned in Michigan. For line 5, enter \$50,000 in column A, \$30,000 in column B and \$20,000 in column C.

Col. B: Part-year residents enter salaries and wages received for the period you were a Michigan resident. Nonresidents enter salaries and wages earned in Michigan. (Deferred compensation is allocated to the state of residence when received.)

Col. C: Residents of reciprocal states enter all wages earned in Michigan plus wages earned in another state. See "Reciprocal States" on page 8.

Line 6: Nonbusiness interest and dividend income is attributable to the state of residence when received.

Col. B: Enter the total interest and dividend income you received while a Michigan resident.

Line 7: Enter income from U.S. Schedules C and F. Allocate business or farm income, including interest and dividends, to the state where the business operates no matter where it is registered. If the business activity is in Michigan and in another state, use a *Schedule of Apportionment* (Form MI-1040H) to apportion this income. If you have income from more than one business, the income from each must be allocated and apportioned separately. Do this on a separate schedule, then enter the totals in columns B and C. Attach all schedules to your return and identify the state where the business or farm is located.

Col. B: Enter the business or farm income earned in Michigan.

Line 8: If you are allocating your income, complete an *Adjustments of Capital Gains and Losses*, Form MI-1040D, to allocate capital gains/losses. Enter in column B the amount allocated to Michigan from MI-1040D, column Z, line 17 (gains), or line 18 (losses). If you are not allocating your income, enter in column 8A and 8B the capital gains/losses from the U.S. *Schedule D*.

Line 9: Enter income from U.S. *Schedule E*. Allocate to Michigan net rents and royalties from tangible personal property located in Michigan. Allocate income or loss to the state where the business, estate or trust operates, no matter where it is registered. If the business activity is in Michigan and in another state, use Form MI-1040H to apportion this income. Describe the business or property that is the source of the U.S. *Schedule E* income or loss and list the state where the income originates.

Col. B: Enter the share of U.S. *Schedule E* income attributable to Michigan.

Line 10: Pensions, annuities, IRA distributions and Social Security benefits are allocated to the state you lived in when you received it.

Col. B: Enter pensions, annuities and IRA distributions received as a Michigan resident here and on *MI-1040 Schedule 1*, line 12. See limitations, page 16.

Line 11: Enter other income subject to federal income tax, such as alimony, prizes, state and local tax refunds, gambling winnings or jury duty fees and identify the source. This income (**except for Michigan lottery winnings**) is allocated to the state you lived in when you received it.

Col. B: Enter "other income" received while a Michigan resident. **Nonresidents must include Michigan lottery winnings won after December 31, 1996.**

Line 13: Enter your total adjustments to income from U.S. 1040, line 34, or U.S. 1040A, line 20. Apportion these items in the following ways:

- Contributions to IRAs and Keogh retirement plans are apportioned by the ratio of Michigan wages or self-employment income to total wages or self-employment income.
- Moving expenses are allocated to the state of destination. If you moved into Michigan, enter these expenses in column B. If you moved out of Michigan, enter these expenses in column C.

- The deduction for self-employment tax is apportioned by the ratio of self-employment earned in Michigan to total self-employment income.

- The deduction for self-employed health insurance, and penalty for early withdrawal are allocated to the state you lived in when it was paid.

Describe these adjustments on the line given or attach a detailed schedule.

Col. B: Enter the amount of these adjustments apportioned to Michigan.

Line 14: Subtract line 13 from line 12 and enter totals in each column. The amount in column A should equal MI-1040, line 10. If the column C total is more than zero, enter it on *MI-1040 Schedule 1*, line 11. If the column C total is less than zero, enter it as a positive amount on *MI-1040 Schedule 1*, line 4. Out-of-state losses cannot reduce Michigan taxable income.

Exemption Allowance: Use lines 15 - 20 to figure the prorated amount allowed for personal and dependent exemptions.

Line 15: If you are single or you and your spouse shared the same residency status all year, enter the amount from MI-1040, line 9. If one spouse was a full-year Michigan resident and the other a part-year or nonresident, and you are filing a joint return, do the following computations on a separate sheet and attach it to your return. The full-year resident's exemption allowance is \$3,000 (plus any special exemption that applies). Each part-year or nonresident spouse must divide his/her Michigan adjusted gross income by his/her total adjusted gross income, then multiply the result by \$3,000 plus \$1,900 for each special exemption that applies. To compute the exemption allowance for dependents, divide the combined Michigan AGI of both spouses by total AGI, multiply by \$3,000, and then multiply by the number of dependents.

Line 20: Add the child care deduction, line 9g of the MI-1040, to the prorated exemption allowance.

Special Note: Part-year residents of a renaissance zone must use Schedule NR to determine their subtraction. Enter total income in column A, income received as a **nonresident** of the zone in column B, and income received as a resident of the zone in column C. Enter the column C amount on *MI-1040 Schedule 1*, line 15. Full-year Michigan residents should not prorate their exemption allowance.