

Individual Income Tax Returns

FORMS AND INSTRUCTIONS

- ⚡ E-filing your return is easy, fast, and secure!
- ⚡ Check the status of your return on-line at www.michigan.gov/citytax. Please allow 14 days before checking the status of your e-filed return.
- ⚡ Tax preparers who complete 11 or more Individual Income Tax returns are required to e-file all eligible returns supported by their software.
- ⚡ Visit the City Tax Administration's website at www.michigan.gov/citytax or Treasury's website at www.Mifastfile.org for a list of e-file resources, how to find an e-file provider, and more information on free e-file services.



WWW.MIFASTFILE.ORG



**FILING DUE DATE:
APRIL 18, 2023**

WWW.MICHIGAN.GOV/CITYTAX

This booklet is intended as a guide to help complete your return. It does not take the place of the law.

CITY OF DETROIT 2022

General Information for 2022 City of Detroit Income Tax Returns

Due Date. Your 2022 City of Detroit income tax return is due April 18, 2023.

Choose e-file Instead of Paper Returns. Get Your Refund Fast! E-filing eliminates many of the errors that lengthen processing times. E-file returns are usually processed within 14 days. Tax preparers who complete 11 or more individual income tax returns are required to e-file all eligible returns. Visit www.MIfastfile.org for a list of e-file resources, how to find an e-file provider, and more information on free e-file services. When e-filing, do not mail a paper copy of your return or supporting schedules.

Self Service Options

Visit our secure website at www.michigan.gov/citytax to check the status of your return. This service is available 24 hours a day, seven days a week.

IMPORTANT: To obtain information about your account using the Internet you will need the following information from your City return:

- Social Security Number (SSN) of the primary filer (the filer listed first on the return).
- Adjusted gross income (AGI) or wages.
- Filing status (single, married filing jointly, married filing separately).
- Form number of return filed (Form 5118, 5119, or 5120).
- Tax year of the return.
- City (Detroit).

Forms, instructions, and additional information is also available by visiting www.michigan.gov/citytax.

Return Mailing Address. City of Detroit income tax forms must be mailed to the address listed on each particular tax form, if not choosing to e-file.

Taxpayer Assistance. Free voluntary preparation assistance is available for certain taxpayers. Visit www.michigan.gov/citytax for more information.

Estimated Payments

You must make estimated income tax payments if you expect to owe more than \$100 when you file your City Income Tax Return.

File a *City Estimated Individual Income Tax Voucher* (Form 5123) by April 18, 2023 and pay at least one-fourth (¼) of the estimated tax. The remaining estimated tax is due in three equal payments on June 15, 2023; September 15, 2023 and January 16, 2024.

Visit www.michigan.gov/citytax to obtain Form 5123. Do not use estimate vouchers intended for another taxpayer. If you have made estimated tax payments and do not owe more tax for the year, you still must file a tax return.

Make your check payable to “State of Michigan-Detroit”. Print the last four digits of your Social Security number and “2023 City Estimate” on the front of your check.

Mail your payment to:

Michigan Department of Treasury
P.O. Box 30738
Lansing, MI 48909

Failure to make payments or underpayment of estimated payments. If you fail to make required estimated payments, pay late, or underpay in any quarter, Treasury may charge penalty and interest. The penalty for failure to make estimated payments is 1% per month on the unpaid balance, up to 25% of the total tax due. Interest is one percent above the prime rate and is computed monthly. The rate is adjusted on July 1 and January 1.

Penalty and Interest

If you pay late, you must add penalty and interest to the amount due.

The interest rate is 1 percent above the adjusted prime rate and is adjusted on January 1 and July 1 of each year. Interest is charged from the original due date of the return to the date the balance of the tax is paid. The interest rate through June 30, 2023 is 5.65 percent annually (.0001548) daily rate). For interest rates after June 30, 2023 visit www.michigan.gov/citytax or call 517-636-5829.

The initial penalty is 1 percent of tax due. Penalty increases by an additional 1 percent per month or fraction thereof, to a maximum of 25 percent for failure to pay;

Any one of the following penalties may also apply to the unpaid tax:

- 10 percent for negligence;
- 25 percent for intentional disregard of the law.

Contact Information

City Income Tax Administration Telephone Number 517-636-5829.

Customer service representatives are available from 8 a.m. to 4:30 p.m., Monday through Friday.

Assistance is available using TTY through the Michigan Relay Service by calling 711.

Forms, instructions, and additional information is available at www.michigan.gov/citytax.

Important Reminders

- **Missing pages.** Many City of Detroit income tax forms and supporting schedules are multiple-page forms. All pages must be completed and submitted for Treasury to process the return.
- **Using correct tax year forms.** Appropriate tax year forms must be filed (e.g., do not use a 2021 form to file your 2022 return).

- **Missing, incomplete, or applied for Social Security number.** If you don't have a Social Security number (SSN) or an Individual Taxpayer Identification Number (ITIN), apply for one through the IRS. **Do not** file your City of Detroit income tax return until you have received your SSN or ITIN.

Who Must File a Return

File a return if you owe tax, are due a refund, or your AGI (Resident Return) or Wages (Part-Year or Nonresident Return) exceeds your exemption allowance. City residents should also file a City return if you file a federal return, even if you do **not** owe City tax. This will eliminate unnecessary correspondence from Treasury.

Important: If your AGI (Resident Return) or Wages (Part-Year or Nonresident Return) are less than your personal exemption allowance and City income tax was withheld from your earnings, you must file a return to claim a refund of the tax withheld.

Residency and Determining Which Form You Must File

You only have one residency status, and that status determines which form you will file.

If you lived inside the City of Detroit for all of 2022 (January through December), you are a resident of Detroit. File a *City of Detroit Resident Income Tax Return* (Form 5118).

If you lived outside the City of Detroit for all of 2022 (January through December), you are a nonresident of Detroit. File a *City of Detroit Nonresident Income Tax Return* (Form 5119) if you earned income in the City of Detroit.

If you lived in the City of Detroit less than a full year (anytime between January and December), you are a part-year resident. File a *City of Detroit Part-Year Resident Income Tax Return* (Form 5120).

Forms and instructions are available on the Michigan Department of Treasury's City Income Tax Administration website at www.michigan.gov/citytax.

Married Persons — Joint or Separate

Individuals considered married for federal tax purposes may file either a joint return **or** separate returns.

When a filer and spouse have a different residency status, they should file married filing separately with each spouse using the appropriate form.

When a filer had a different residency status than their spouse during the tax year, they should file separate returns with each spouse using the appropriate form.

Deceased Taxpayers

A **personal representative** for the estate of a taxpayer who died in 2022 (or 2023 before filing a 2022 City income tax return) must file if the taxpayer owes tax or is due a refund. A full-year exemption is allowed for a deceased taxpayer on the 2022 City Income Tax Return.

Use the decedent's Social Security number and **your** address. If the taxpayer died after December 31, 2021, enter the date of death in the "Deceased Taxpayer" box in the Certification section of the City Income Tax Return.

If filing as a **personal representative** or **claimant** and you are claiming a refund for a **single** deceased taxpayer, **you must include a U.S. Form 1310 or Michigan Claim for Refund Due a Deceased Taxpayer (MI-1310)**. Enter the decedent's name in the Filer's Name lines and the representative's or claimant's name, title, and address in the Home Address line.

The **surviving spouse** is considered married for the year in which the deceased spouse died and may file a joint return for that year. Write your name and the decedent's name and both Social Security numbers on the return. Write "DECD" after the decedent's last name. You must report the decedent's income if the income is subject to City of Detroit income tax. Sign the return. In the deceased's signature line, write "Filing as surviving spouse." If the taxpayer died after December 31, 2021, enter the date of death in the "Deceased Taxpayer" box in the Certification section of the City Income Tax Return.

If filing as a **personal representative** or **claimant** of a deceased taxpayer(s) for a **jointly** filed return, **you must include a U.S. Form 1310 or Michigan Claim for a Refund Due a Deceased Taxpayer (MI-1310)**. Enter the names of the deceased persons in the Filer's and Spouse's Name lines and the representative's or claimant's name, title, and address in the Home Address line.

Estates and Trusts (Forms 5118 and 5120 only)

Estates and trusts with a Detroit taxable income who are required to file a U.S. Income Tax Return for Estates and Trusts, Form 1041, must file a 2022 *City of Detroit Income Tax – Estates and Trusts* (Form 5462) available at www.michigan.gov/citytax.

Extensions

To request more time to file your 2022 City income tax return, complete a *CITY Income Tax Return Application for Extension of Time to File* (Form 5209) by the original due date (April 18, 2023 for the 2022 tax year) and submit to the Michigan Department of Treasury. This extension, if approved, will be granted for a period not to exceed six months. A copy of the federal extension will not be accepted in place of Form 5209.

Amended Returns

For amended returns, place an "X" in the box on the top of page 1 and complete Part 6: AMENDED RETURN. There is no specific form used to file an amended City return. To amend your original return, select the form type you originally filed for which you are amending. Include any documents necessary to support the reason for amending your return.

An amended City of Detroit income tax return is required for any year that a determination is made by the Internal Revenue Service that affects your City of Detroit tax liability. This return is due within 90 days from the date of the Internal Revenue Service's final determination. If you file an amended federal tax return that affects your City of Detroit tax liability, you must file an amended city income tax return.

An amended income tax return is also used to correct errors on previous City of Detroit returns. The statute of limitations to file an amended return is four years from the due date of the return.

Renaissance Zone (Forms 5118 and 5120 only)

Certain areas in the City of Detroit have been designated Renaissance Zones by the State of Michigan. Certain income of qualified residents and businesses in those areas is not taxable. Contact the City of Detroit Renaissance Zone Manager at 313-224-3560 to determine if you are in a Renaissance Zone and qualify for this tax exemption.

Completing City Forms

Treasury captures the information from paper income tax returns using an Intelligent Character Recognition (ICR) process. If filing a paper return, avoid unnecessary delays by following the guidelines below so your return is processed quickly and accurately.

- **Use black or blue ink.** Do not use pencil, red ink, or felt tip pens. Do not highlight information.
- **Print using capital letters** (UPPER CASE). Capital letters are easier to recognize.
- **Fill check boxes with an [X].** Do not use a check mark.
- **Leave lines/boxes blank** if they do not apply or if the amount is zero unless otherwise directed.
- **Do not write extra numbers, symbols, or notes** on the return, such as cents, dashes, decimal points, commas, or dollar signs. Enclose any explanations on a separate sheet of paper unless you are instructed to write explanations on the return.
- **Stay within the lines** when entering information in boxes.
- **If a form has multiple pages**, all pages must be filed.
- **Report all amounts in whole dollars.** Round down amounts of 49 cents or less. Round up amounts of 50 cents or more. If cents are entered on the form, they will be treated as whole dollar amounts.

Line-by-Line Instructions for Form 5118, 2022 City of Detroit Resident Income Tax Return

Lines not listed are explained on the form.

If you are a resident of a city other than Detroit, do not file this form. If you are a resident of Detroit and your Adjusted Gross Income (AGI) is greater than your total exemption allowance, you should file a *City of Detroit Resident Income Tax Return* (Form 5118).

You are required to file a tax return and pay tax even if your employer did not withhold Detroit income tax from your paycheck. You are required to make estimated tax payments if you work for an employer not withholding Detroit tax from your wages.

Line 1: Only married filers may file joint returns. You must complete the address section of the City of Detroit return. If one or both of the taxpayers is deceased, write "DECD" after the decedent's last name.

Lines 2 and 3: Print your full Social Security number(s).

Line 5: Place an "X" in the box to identify your filing status. An individual who is married for federal purposes must either file a joint return with her/his spouse or file using the status married filing separately. If your status is married filing separately (box c), print your spouse's full name in the space provided and be sure to print his or her full Social Security number on line 3. If you filed

Where to Mail Your Return

Mail **refund or zero due** returns to:

Michigan Department of Treasury
Lansing, MI 48956

If you **owe tax**, mail your return to:

Michigan Department of Treasury
Lansing, MI 48929

Make your check payable to "**State of Michigan - Detroit**" and **print the last four digits of your Social Security Number** and "**2022 Detroit Income Tax**" on the front of your check. Do not staple your check to your return.

A Note About Debts

By law, any money you owe to the City of Detroit for income tax or a court-ordered garnishment must be deducted from your refund before it is issued. Taxpayers who are married filing jointly may receive a *CITY Non-Obligated Spouse* (Form 5245) after the return is filed. Completing and filing this form may limit the portion of the refund that can be applied to a debt. If Treasury applies all or part of your refund to any of these debts, you will receive a letter of explanation.

Disclaimer

These instructions are interpretations of the Detroit Income Tax Ordinance. The Detroit Income Tax Ordinance will prevail in any disagreements between the instructions and the Detroit Income Tax Ordinance.

your federal return as head of household or qualifying surviving spouse, file your City return as single.

Line 6: Individuals who can be claimed as a dependent by someone else cannot claim an exemption for themselves. Place an "X" in the box if someone else can claim you as a dependent. If taxable income is less than \$600, no tax is due and any tax withheld will be refunded. If income is \$600 or more, the tax shall be computed on the full amount.

Line 8: Enter the number that applies to you and your spouse only for lines 8a-8c. Enter the number that applies to you, your spouse, and your dependents on lines 8d and 8e, as of December 31, 2022.

Line 8a: Enter "1" if you are single or married filing separately; "2" if you are married filing jointly. Do not claim an exemption on line 8a if you are a taxpayer eligible to be claimed as a dependent by another taxpayer.

Line 8b: You qualify for this exemption if you are 65 years of age or older. This applies for you and/or your spouse only.

Line 8c: You and/or your spouse qualify for this exemption if you are deaf, blind, hemiplegic, paraplegic, quadriplegic, or totally and permanently disabled.

You may claim as many as apply to you and/or your spouse.

- Deaf means the primary way you receive messages is through a sense other than hearing (e.g., lip reading or sign language).
- Blind means your better eye permanently has 20/200 vision or less with corrective lenses or your peripheral field of vision is 20 degrees or less.
- Totally and permanently disabled means disabled as defined under Social Security Guidelines 42 USC 416. If you were age 66 by August 31, 2022, you may **not** claim an exemption as totally and permanently disabled.

PART 1: Income

The following income is subject to tax:

- Compensation.
- Net profits of an unincorporated business, profession, enterprise, undertaking or other activity.
- Dividends, interest, capital gains less capital losses, income from estates and trusts and net profits from rental of real and tangible personal property.

The following income is not subject to tax:

- Gifts, inheritances and bequests.
- Pensions and annuities, including disability pensions. (Pre-retirement distributions are taxable.)
- Proceeds from insurance (except payments from a health and accident policy paid for by your employer are taxable to the same extent as provided by the Internal Revenue Code).
- Unemployment compensation, Welfare relief payments, supplemental unemployment benefits (sub-pay).
- Worker's compensation or similar payments for death, injury or illness arising out of and in the course of an employee's job.
- Interest on obligations of the United States, the states or subordinate units of government of the states.
- Military pay for members of the Armed Forces of the United States and the National Guard.
- Social Security income or benefits.

Line 9: Enter your AGI from your federal return. This is the amount from your U.S. Form 1040, 1040NR or 1040SR. You must include copies of federal schedules that apply to you.

Line 15: If you can be claimed as a dependent by another taxpayer and this line is less than \$600 enter \$0 on Line 16.

PART 2: Credits and Payments

Line 17: Enter the amount of city income tax withheld from a *City of Detroit Withholding Tax Schedule* (Form 5121), line 5. W-2 forms are no longer accepted. File Form 5121 and a *City of Detroit Withholding Tax Continuation Schedule* (Form 5253), when applicable. The credit for withholding may be denied if you do not complete and include Form 5121.

Use Form 5253 when you have more than eight W-2s to list on Form 5121. Carry the total from column E on Form 5253 and add it to the total on line 5 on Form 5121.

Line 18: Enter total payments made on a *2022 City Estimated Individual Income Tax Voucher* (Form 5123). Include the amount of your credit forward from the prior year and payments made with extensions for 2022.

Line 19: Enter the amount of city income tax paid for you by a partnership from Form 5121, line 6.

Use Form 5253 when you have more than three partnerships to list on Form 5121. Carry the total from column C on Form 5253 and add it to the total on line 6 on Form 5121.

Line 20: Enter tax paid to another City. This credit may not exceed the tax a nonresident of Detroit would have paid on the same income earned in the City of Detroit. The credit only applies for the tax paid on income received while a resident. Enter the name of the city to which tax was paid.

PART 3: Refund or Tax Due

Line 22a: If line 16 is greater than line 21, subtract line 21 from line 16. Enter the difference on line 22a.

Line 22b: You will owe interest for late payment of tax if you pay after the due date. The interest rate is 1 percent above the adjusted prime rate and is adjusted on January 1 and July 1 of each year. Interest is charged from the original due date of the return to the date the balance of the tax is paid. The interest rate through June 30, 2023 is 5.65 percent annually (0.0001548 daily rate). For interest rates after June 30, 2023 **visit www.michigan.gov/citytax** or call 517-636-5829. Calculate your interest, if applicable, and enter on line 22b.

Line 22c: You will owe penalty for late payment of tax if you pay after the due date. Penalty accrues monthly at one percent of the tax due, and increases by an additional one percent per month (a partial month is considered a full month for the purposes of calculating penalty). Calculate your penalty, if applicable, and enter on line 22c.

Line 22d: Typically, if you owe more than \$100, you are required to make estimated payments. You may owe penalty and interest for underpayment, late payment, or for failing to make estimated tax payments. Use the *City Underpayment of Estimated Income Tax* (Form 5338) to compute penalty and interest. If you do not file Form 5338, Treasury will compute your penalty and interest and send you a bill. Enter the penalty and interest due from Form 5338, line 28.

Line 22e: Add lines 22a through 22d and enter the total on line 22e. This is the total balance due with your return.

If the balance due is less than \$1, no payment is required, but you must still file your return.

See "Pay" address on page 2 of Form 5118. Make checks payable to "**State of Michigan - Detroit.**"

Line 25: Subtract line 24 from line 23. The Department of Treasury does not refund amounts less than \$1. Mail your city income tax return to the "Refund or zero returns" address on page 2 of Form 5118.

PART 4: Additions to Income

Line 26: Enter the deduction taken for self-employment tax on your federal return and for other taxes on or measured by income, such as your share of City of Detroit

income tax paid by partnerships or S-Corporations, or your share of the taxes paid by an estate or trust.

Line 28: Enter other additions to income listed below:

- Enter losses from S-Corporations to the extent included in AGI
- Enter the other adjustments below if subtracted to reach federal AGI
 - Educator expenses
 - Health savings account deduction or Archer MSA deduction
 - Penalty on early withdrawal of savings
 - Student loan interest deduction
 - Repayment of supplemental unemployment benefits under the Trade Act of 1974
- Enter the portion of a loss which occurred prior to July 1, 1962. Use one of the methods described below for Line 36, applying the method to the loss included in AGI, to determine the amount to report.
- Enter federal NOL subtracted in determining AGI.

PART 5: Subtractions from Income

Line 30: Enter pension, annuity and other retirement benefits included in AGI. Do not deduct benefits distributed early.

Line 31: Enter only the taxable portion of Social Security benefits included on your U.S. Form 1040. Do not include your total Social Security benefits.

Line 32: Enter interest on obligations of the United States or subordinate units which were included in AGI.

Line 33: You may subtract state and local income tax refunds and homestead property tax credit refunds that were included in AGI.

Line 34: Enter unemployment benefits included in AGI.

Line 35: If applicable, enter Renaissance Zone deduction, and include Renaissance Zone approval letter from the City of Detroit.

Line 36: Enter any other subtractions from income listed below.

- Ordinary, necessary, reasonable and unreimbursed expenses paid or incurred by an individual in connection with the performance by an individual of services as an employee may be deducted from gross income in determining income subject to the tax to the extent the expenses are applicable to income taxable under this ordinance. The expenses are limited to the following:
 - Expenses of travel, meals and lodging while away from home.
 - Expenses incurred as an outside salesman who works away from their employer's place of business.
 - Expenses of transportation.
 - Expenses under a reimbursement or other expense allowance arrangement with your employer, where the reimbursement or allowance has been included in total compensation reported.

Documentation that the activity was authorized by your employer and verification of expenses may be required.

Miscellaneous business expenses such as professional dues, supplies, education and others not covered in the above list are not deductible for City of Detroit tax purposes.

- Compensation received for service in the armed forces of the United States to the extent included in AGI.
- Income from recoveries related to federal itemized deductions from prior tax years.
- Net profits received from a financial institution or an insurance company should be included here.
- You may deduct the portion of gain which occurred prior to July 1, 1962. To determine the amount excluded, use one of the following methods:
 1. The base may be the adjusted fair market value of the property on July 1, 1962 (July 2nd closing price for traded securities), or
 2. Divide the number of months the property has been held since June 30, 1962 by the total number of months the property was held, and apply this fraction to the total gain as reported on your federal income tax return.
- The city net operating loss (NOL) carryover is limited for NOLs created in 2018 and future years. Enter the full amount of NOL carryovers from NOLs created before 2018 (Group 1). For NOLs created in 2018 and future years (Group 2), enter the lesser of the Group 2 NOL carryover or 80% of the income subject to tax after deducting Group 1 NOLs. The calculation may be made using a worksheet found on the City Income Tax website at www.michigan.gov/citytax. Net operating losses may only be carried forward.
- Enter income from an S-Corporation to the extent included in AGI

AMENDED RETURN WORKSHEET

Line 1: Overpayment from amended Form 5118, line 23. \$ _____

Line 2: Refund from original Form 5118, line 25..... \$ _____

Line 3: Amount credited to estimated tax from amended Form 5118, line 24. \$ _____

Line 4: Subtract lines 2 and 3 from line 1. If greater than zero, enter amount to be refunded here and on amended Form 5118, line 25 \$ _____

Line 5: Subtract lines 2 and 3 from line 1. If less than zero, enter amount as tax due here and on Form 5118, line 22a \$ _____

PART 6: Amended Return

IMPORTANT: If you are amending, you **must** place an "X" on page 1 of your amended return.

Line 38: Enter the reason for amending your return.

Complete the AMENDED RETURN WORKSHEET. Do not mail the amended return worksheet; retain for records. Include all payments made with the original City of Detroit

Income Tax return on line 18. If line 23 computes to be an overpayment, it should be adjusted to reflect original refunds and credits on the AMENDED RETURN WORKSHEET.

PART 7: Certification

Sign and date your tax return. If filing a joint return, both the filer and spouse must sign the return.

Line-by-Line Instructions for Form 5119, 2022 City of Detroit Nonresident Income Tax Return

Lines not listed are explained on the form.

If you do not have income subject to City income tax in excess of total exemption amount for the City of Detroit, do not file a *City of Detroit Nonresident Income Tax Return* (Form 5119) unless you are filing to claim a refund of withholding tax paid to the City of Detroit.

Line 1: Only married filers may file joint returns. You must complete the address section of the City of Detroit return. If one or both of the taxpayers is deceased, write "DECD" after the decedent's last name.

Lines 2 and 3: Print your full Social Security number(s).

Line 5: Place an "X" in the box to identify your filing status. An individual who is married for federal purposes must either file a joint return with her/his spouse or file using the status married filing separately. If your status is married filing separately (box c), print your spouse's full name in the space provided and be sure to print his or her full Social Security number on line 3. If you filed your federal return as head of household or qualifying surviving spouse, file your City return as single.

Line 6: Individuals who can be claimed as a dependent by someone else cannot claim an exemption for themselves. Place an "X" in the box if someone else can claim you as a dependent. If taxable income is less than \$600, no tax is due and any tax withheld will be refunded. If income exceeds that amount, the tax shall be computed on the full amount.

Line 8: Enter the number that applies to you and your spouse only for lines 8a-8c. Enter the number that applies to you, your spouse, and your dependents on lines 8d and 8e, as of December 31, 2022.

Line 8a: Enter "1" if you are single or married filing separately; "2" if you are married filing jointly. Do not claim an exemption on line 8a if you are a taxpayer eligible to be claimed as a dependent by another taxpayer.

Line 8b: You qualify for this exemption if you are 65 years of age or older. This applies for you and/or your spouse only.

Line 8c: You and/or your spouse qualify for this exemption if you are deaf, blind, hemiplegic, paraplegic, quadriplegic, or totally and permanently disabled.

You may claim as many as apply to you and/or your spouse.

- Deaf means the primary way you receive messages is through a sense other than hearing (e.g., lip reading or sign language).
- Blind means your better eye permanently has 20/200 vision or less with corrective lenses or your peripheral field of vision is 20 degrees or less.

If the tax preparer is someone other than the taxpayer, he or she must enter the business name, address and telephone number of the firm he or she represents and Preparer Tax Identification Number (PTIN), Federal Employer Identification Number (FEIN), or Social Security number. Check the box to indicate if Treasury may discuss your return with your tax preparer.

- Totally and permanently disabled means disabled as defined under Social Security Guidelines 42 USC 416. If you were age 66 by August 31, 2022, you may **not** claim an exemption as totally and permanently disabled.

PART 1: Income

The following income is subject to tax:

- Compensation received as an employee for work done or services performed in the City of Detroit.
- Net profits of an unincorporated business or profession based on business activity conducted in the City of Detroit, whether or not such business or profession is located in the City of Detroit.
- Net profits from rental of real or tangible personal property located in the City of Detroit or gains on a sale or exchange of real or tangible personal property located in the City of Detroit.

The following income is not subject to tax:

- Gifts, inheritances and bequests.
- Pensions and annuities, including disability pensions. (Pre-retirement distributions are taxable.)
- Proceeds from insurance (except that payments from a health and accident policy paid for by your employer are taxable to the same extent as provided by the Internal Revenue Code).
- Unemployment compensation, Welfare relief payments, supplemental unemployment benefits (sub-pay).
- Worker's compensation or similar payments for death, injury or illness arising out of and in the course of an employee's job.
- Interest, dividends and other forms of intangible income (when the receipts in interest and/or other intangible income is part of a business, it shall be considered as business income taxable to nonresidents and reported in Part 5).
- Military pay for members of the Armed Forces of the United States and the National Guard.
- Social Security income or benefits.

Line 9: Enter wages, salaries, commissions, etc. earned in the City of Detroit. Do not include compensation received for service in the armed forces of the United States. Follow instruction (a) if you performed all of your services in the City of Detroit. Use instruction (b) if you performed part of your services in the City of Detroit and part of your services outside the City of Detroit.

a) Nonresidents who worked 100 percent of the year in the City of Detroit enter total wages, salaries, commission, etc.

All of your wages, including vacation pay, holiday pay, bonuses and disability income (except that portion which can be excluded under the Internal Revenue Code) are taxable. All wages are considered to be from the location where the employee performed services.

b) Nonresidents who performed part of their services in the City of Detroit are required to complete Part 3 on the *City of Detroit Withholding Tax Schedule* (Form 5121), page 2. Enter total wages earned in the City of Detroit from the sum of Column H on Form 5121, page 2. Form 5121 and the *City of Detroit Withholding Tax Continuation Schedule* (Form 5253) are not required to determine Detroit commissions. Those paid by commission should enter actual commissions earned in the City of Detroit on line 9.

Line 10: Enter net profit or loss from business (including farm income) or profession. Include income reported on Form 1099-MISC if the work occurred inside the City of Detroit. Use Part 5 to apportion income to the City of Detroit if business activity occurs both inside and outside the City. Business income from activity that occurs in a qualified renaissance zone should be excluded. You must include a copy of U.S. Schedule C or Schedule F.

Line 11: Enter the gains and losses from the sale or exchange of real or tangible personal property located in the City of Detroit. Include schedules from your federal income tax return to support line 11. Gains or losses on sale of intangible assets (e.g., stocks, bonds) are neither taxed nor deductible by nonresidents on the Detroit return.

The portion of a gain that is due to ownership prior to July 1, 1962, may be deducted from taxable income. See the instructions for line 33. If the sale of property acquired prior to July 1, 1962 results in a loss, exclude from your loss the portion of the loss due to ownership prior to July 1, 1962. Use one of the methods described in the instructions for line 33 to determine the amount of loss to exclude.

Line 12: Enter the net profit or loss from rentals of real and tangible personal property located in the City of Detroit. Include U.S. *Schedule E* from your federal income tax return to support line 12. If rental income is from property in an eligible renaissance zone the net income may be excluded and the Renaissance Zone approval letter from the City of Detroit should be submitted.

Line 13: Report your share of the Detroit partnership income (or loss) on line 13. If you are a shareholder in a tax-option corporation that has elected to file under Sub-Chapter S of the Internal Revenue Code, you are not required to report a distribution, nor may you deduct your share of any loss sustained by the corporation.

Line 13 should include other City of Detroit income subject to tax that is not reported elsewhere on this return.

Add the amounts from City of Detroit Activities:

- Income or Loss from Partnerships and Income or Loss from Estates and Trusts of the U.S. *Schedule E*.

Include copy of federal *Schedule K-1* for your share of partnership losses on City of Detroit activities and U.S. Form 8582.

Line 18: If you can be claimed as a dependent by another taxpayer and this line is less than \$600 enter \$0 on Line 19.

PART 2: Credits and Payments

Line 20: Enter the amount of city income tax withheld from Form 5121, line 5. W-2 forms are no longer accepted. File Form 5121 and Form 5253 when applicable. The credit for withholding may be denied if you do not complete and include Form 5121.

Use Form 5253 when you have more than eight W-2s to list on Form 5121. Carry the total from column E on Form 5253 and add it to the total on line 5 on Form 5121.

Line 21: Enter total payments made on a 2022 *City Estimated Individual Income Tax Voucher* (Form 5123). Include the amount of your credit forward from the prior year and payments made with extensions for 2022.

Line 22: Enter the amount of city income tax paid for you by a partnership from Form 5121, line 6.

Use Form 5253 when you have more than three partnerships to list on Form 5121. Carry the total from column C on Form 5253 and add it to the total on line 6 on Form 5121.

PART 3: Refund or Tax Due

Line 24a: If line 19 is greater than line 23, subtract line 23 from line 19. Enter the difference on line 24a.

Line 24b: You will owe interest for late payment of tax if you pay after the due date. The interest rate is 1 percent above the adjusted prime rate and is adjusted on January 1 and July 1 of each year. Interest is charged from the original due date of the return to the date the balance of the tax is paid. The interest rate through June 30, 2022 is 5.65 percent annually (.0001548 daily rate). For interest rates after June 30, 2023 visit www.michigan.gov/citytax or call 517-636-5829. Calculate your interest, if applicable, and enter on line 24b.

Line 24c: You will owe penalty for late payment of tax if you pay after the due date. Penalty accrues monthly at one percent of the tax due, and increases by an additional one percent per month (a partial month is considered a full month for the purposes of calculating penalty). Calculate your penalty, if applicable, and enter on line 24c.

Line 24d: Typically, if you owe more than \$100, you are required to make estimated payments. You may owe penalty and interest for underpayment, late payment, or for failing to make estimated tax payments. Use the *City Underpayment of Estimated Income Tax* (Form 5338) to compute penalty and interest. If you do not file Form 5338, Treasury will compute your penalty and interest and send you a bill. Enter the penalty and interest due from Form 5338, line 28.

Line 24e: Add lines 24a through 24d and enter the total on line 24e. This is the total balance due with your return.

If the balance due is less than \$1, no payment is required, but you must still file your return.

See "Pay" address on page 3 of Form 5119. Make checks payable to "**State of Michigan - Detroit.**"

Line 27: Subtract line 26 from line 25. The Department of Treasury does not refund amounts less than \$1. Mail your city income tax return to the “Refund or zero returns” address on page 3 of Form 5119.

PART 4: Subtractions from Income

Subtractions are allowable to the extent the expenses are applicable to income reported on this return.

Line 28: Ordinary, necessary, reasonable and unreimbursed expenses paid or incurred by an individual in connection with the performance by an individual of services as an employee may be deducted from gross income in determining income subject to the tax to the extent the expenses are applicable to income taxable under this ordinance. The expenses are limited to the following:

- Expenses of travel, meals and lodging while away from home.
- Expenses incurred as an outside salesman who works away from their employer’s place of business.
- Expenses of transportation.
- Expenses under a reimbursement or other expense allowance arrangement with your employer, where the reimbursement or allowance has been included in total compensation reported.

Documentation that the activity was authorized by your employer and verification of expenses may be required.

Miscellaneous business expenses such as professional dues, supplies, education and others not covered above are not deductible for City of Detroit tax purposes. If the employee expenses relate to a position where wages are apportioned on Form 5121, Part 3, only report the Detroit share of the expenses here.

Line 29: Contributions to an Individual Retirement Account may be deducted. The IRA deduction is only allowable for taxpayers with City of Detroit earned income to the extent the income is subject to tax. IRA deductions are limited to contributions eligible for deduction on the federal income tax return.

Line 30: To compute the alimony deduction, divide line 14 by your federal AGI (before alimony deductions). Multiply that amount by the amount of alimony paid. The alimony deduction for payers only applies to those who have a court order issued before January 1, 2019.

Line 31: Moving expenses incurred by members of the Armed Forces on active duty pursuant to a military order and incident to a permanent change of station that qualify under the Internal Revenue Code as a deduction on your federal return may be deducted on your City of Detroit return. The City of Detroit deduction is limited to moving expenses in connection with new employment in the Detroit area. Multiply eligible expenses by the ratio of Detroit taxable income after the move to total income after the move. Include U.S. Form 3903 with your return.

Line 32: Enter only net profits included on line 14.

Line 33: Enter gain on property purchased prior to July 1, 1962 which must be determined by one of the following methods:

1. The basis may be the adjusted fair market value of the property on July 1, 1962 (July 2nd closing price for traded securities), or

2. Divide the number of months the property has been held since June 30, 1962 by the total number of months the property was held, and apply this fraction to the total gain as reported on your federal income tax return.

PART 5: Business Income Apportionment

Part 5 of Form 5119 is to apportion income to the City of Detroit if business activity occurs both inside and outside the city. Business income does not include income from S-Corporations. If you have income from more than one business to apportion, complete a *City of Detroit Business Income Apportionment Schedule* (Form 5327). You may complete as many continuation schedules as needed. Do not file this form. Retain a copy for your records.

NOTE: If you have a separate business name or Federal Employer Identification Number (FEIN) for your business, enter those in the space provided.

Line 35: Enter in Column A the average net book value of ALL real and tangible personal property owned by the business regardless of location. In Column B, enter the average net book value of the real and tangible personal property owned and located in the City of Detroit.

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 and the net book value at the end of the year and dividing the sum by two. If this method will not properly reflect the average net book value of tangible property owned during the year, any other method that will accurately reflect it will be permitted.

Line 36: Enter in Column A the gross annual rent multiplied by eight for all rented real property regardless of location. In Column B, enter the gross annual rent multiplied by eight for rented real property located in the City of Detroit. Gross annual rent should include money and other considerations given for the use or possession of real property rented or leased.

Line 38: Enter in Column A total compensation paid to all employees during the year. In Column B, show compensation paid to employees for work or services performed within the City of Detroit.

Line 39: Enter in Column A the total gross revenue from all sales or services rendered during the year. In Column B, show the amount of revenue derived from sales made or services rendered in the City of Detroit. Rental income is to be considered as derived from services rendered and is to be included in gross receipts.

Line 41: If column A has an amount greater than zero on each of lines 37, 38 and 39, divide line 40 by 3. If column A is zero for any of lines 37, 38 or 39, then divide line 40 by the number of factors that include an amount greater than zero in column A.

If the entire business operation is conducted inside the City of Detroit, your percentage should be 100 percent.

In the case of a taxpayer authorized by the City of Detroit Finance Director to use another apportionment formula, retain a copy of the approval letter. Treasury may request a copy of your approval letter.

Line 42: Enter net profit (or loss) per U.S. *Schedule C* or U.S. *Schedule F*.

Line 44: The city net operating loss (NOL) carryover is limited for NOLs created in 2018 and future years. Enter the full amount of NOL carryovers from NOLs created before 2018 (Group 1). For NOLs created in 2018 and future years (Group 2), enter the lesser of the Group 2 NOL carryover or 80% of the income subject to tax after deducting Group 1 NOLs. The calculation may be made using a worksheet found on the City Income Tax website at www.michigan.gov/citytax. Net operating losses may only be carried forward.

If less than 100 percent of business activity was conducted in the City of Detroit in the year in which the loss was sustained, the apportionment percentage in the loss year must be applied.

Line 45: Enter the applicable part of self-employment retirement deduction. Multiply deduction from U.S. Form 1040, Schedule 1 by line 41.

PART 6: Amended Return

IMPORTANT: If you are amending, you **must** place an "X" on page 1 of your amended return.

Line 48: Enter the reason for amending your return.

Complete the AMENDED RETURN WORKSHEET. Do not mail the amended return worksheet; retain for records. Include all payments made with the original City of Detroit Income Tax return on line 21. If line 25 computes to be an overpayment, it should be adjusted to reflect original refunds and credits from the AMENDED RETURN WORKSHEET.

AMENDED RETURN WORKSHEET

Line 1: Overpayment from amended Form 5119, line 25 \$ _____

Line 2: Refund from original Form 5119, line 27 \$ _____

Line 3: Amount credited to estimated tax from amended Form 5119, line 26. \$ _____

Line 4: Subtract lines 2 and 3 from line 1. If greater than zero, enter amount to be refunded here and on amended Form 5119, line 27 \$ _____

Line 5: Subtract lines 2 and 3 from line 1. If less than zero, enter amount as tax due here and on Form 5119, line 24a \$ _____

PART 7: Certification

Sign and date your tax return. If filing a joint return, both the filer and spouse must sign the return.

If the tax preparer is someone other than the taxpayer, he or she must enter the business name, address and telephone number of the firm he or she represents and Preparer Tax Identification Number (PTIN), Federal Employer Identification Number (FEIN), or Social Security number. Check the box to indicate if Treasury may discuss your return with your tax preparer.

Line-by-Line Instructions for Form 5120, 2022 City of Detroit Part-Year Resident Income Tax Return

Lines not listed are explained on the form.

If you do not meet the requirements for filing a return, but Detroit tax was withheld or estimated tax paid, a return must be filed to obtain a refund of tax withheld.

Line 1: Only married filers may file joint returns. You must complete the address section of the City of Detroit return. If one or both of the taxpayers is deceased, write "DECD" after the decedent's last name.

Lines 2 and 3: Print your full Social Security number(s).

Line 5: Place an "X" in the box to identify your filing status. An individual who is married for federal purposes must either file a joint return with her/his spouse or file using the status married filing separately. If your status is married filing separately (box c), print your spouse's full name in the space provided and be sure to print his or her full Social Security number on line 3. If you filed your federal return as head of household or qualifying surviving spouse, file your city return as single.

Line 6: Enter your dates of residency in 2022. If you were a resident in the City of Detroit January 1, 2022 through December 31, 2022, file a *City of Detroit Resident Income Tax Return* (Form 5118).

Line 8: Enter the number that applies to you and your spouse only for lines 8a-8c. Enter the number that applies to you, your spouse, and your dependents on lines 8d and 8e, as of December 31, 2022.

Line 8a: Enter "1" if you are single or married filing separately; "2" if you are married filing jointly. Do not claim an exemption on line 8a if you are a taxpayer eligible to be claimed as a dependent by another taxpayer.

Line 8b: You qualify for this exemption if you are 65 years of age or older. This applies for you and/or your spouse only.

Line 8c: You and/or your spouse qualify for this exemption if you are deaf, blind, hemiplegic, paraplegic, quadriplegic, or totally and permanently disabled.

You may claim as many as apply to you and/or your spouse.

- Deaf means the primary way you receive messages is through a sense other than hearing (e.g., lip reading or sign language).
- Blind means your better eye permanently has 20/200 vision or less with corrective lenses or your peripheral field of vision is 20 degrees or less.
- Totally and permanently disabled means disabled as defined under Social Security Guidelines 42 USC 416. If you were age 66 by August 31, 2022, you may **not** claim an exemption as totally and permanently disabled.

Line 9: Individuals who can be claimed as a dependent by someone else cannot claim an exemption for themselves.

Place an “X” in the box if someone else can claim you as a dependent. If taxable income is less than \$600, no tax is due and the tax withheld will be refunded. If income exceeds that amount, the tax shall be computed on the full amount.

PART 1: Income

See instructions for Forms 5118 and 5119 regarding the differences between income subject to tax for residents and nonresidents.

The following income is subject to tax:

- Compensation.
- Net profits of an unincorporated business, profession, enterprise, undertaking or other activity.
- Dividends, interest, capital gains less capital losses, income from estates and trusts and net profits from rental of real and tangible personal property.

The following income is not subject to tax:

- Gifts, inheritances and bequests.
- Pensions and annuities, including disability pensions. (Pre-retirement distributions are taxable.)
- Proceeds from insurance (except that payments from a health and accident policy paid for by your employer are taxable to the same extent as provided by the Internal Revenue Code).
- Unemployment compensation, Welfare relief payments, supplemental unemployment benefits (sub-pay).
- Worker’s compensation or similar payments for death, injury or illness arising out of and in the course of an employee’s job.
- Interest on obligations of the United States, the states or subordinate units of government of the states.
- Military pay for members of the Armed Forces of the United States and the National Guard.
- Social Security income or benefits.

Line 10: Enter wages, salaries, commissions, etc. All wage income is taxable while a resident of the City of Detroit. Only wage income earned inside the City of Detroit is taxable while a nonresident. See instructions for the *City of Detroit Nonresident Income Tax Return* (Form 5119), to determine the amount of taxable wages. Do not include compensation received for service in the armed forces of the United States.

Line 11: Enter taxable interest reported on U.S. Form 1040 and received while a resident of the City of Detroit in Column A. Interest on obligations of the United States is exempt.

Line 12: Report taxable dividends received while a resident of the City of Detroit in Column A.

Line 13: Report taxable alimony received while a resident of the City of Detroit in Column A. Generally, the person receiving alimony will not have taxable alimony if the court order was issued after December 31, 2018.

Line 14: Enter all business income earned while a resident in Column A. Enter business income amount earned from business located in the City of Detroit while a nonresident in Column B. Business income does not include income from S-Corporations. If business activity occurs both inside and outside the City of Detroit while a nonresident, complete a City of Detroit Business Income

Apportionment Schedule (Form 5327). Add the total from Form(s) 5327, line 19, and enter on line 14, Column B. For additional instruction on completing Form 5327, refer to instructions for Form 5119, “Part 5: Business Income Apportionment.” You may complete as many schedules as needed. Do not file this form. Retain a copy for your records.

Line 15: Residents should generally report all gains and losses in Column A. Nonresidents should report the gains and losses from the sale or exchange of real or tangible personal property located in the City of Detroit in Column B. Include schedules from your federal income tax return to support line 15. Gains or losses on sale of intangible assets (i.e., stocks, bonds, etc.) are neither taxed nor deductible by nonresidents on the City of Detroit return. Gain or loss on property purchased prior to July 1, 1962 should be excluded. To determine the amount excluded, use one of the following methods:

1. The base may be the adjusted fair market value of the property on July 1, 1962, or

2. Divide the number of months the property has been held since June 30, 1962 by the total number of months the property was held and apply this fraction to the total gain or loss as reported on your federal income tax return.

Line 16: Residents should report any early distribution from an Individual Retirement Account (IRA) received before age 59 1/2.

Line 17: Residents should report any early distribution from a pension plan, annuity, or other retirement plan.

Line 18: Enter the net profit or loss from royalties and rentals of real and tangible personal property from U.S. *Schedule E* received while a resident of the City of Detroit in Column A. Enter the net profit or loss from rental of real and tangible property located in the City of Detroit and received while a nonresident in Column B. Include schedules from your federal income tax return to support line 18.

Line 19: Enter all partnership and trust income included on your U.S. Form 1040, U.S. *Schedule E* and received while a resident in Column A. For the period you were a nonresident, report your share of the City of Detroit partnership income (or loss) on line 19 Column B. If you are a shareholder in a tax-option corporation that has elected to file under Sub-Chapter S of the Internal Revenue Code, you are not required to report a distribution, nor may you deduct your share of any loss sustained by the corporation.

Include a copy of your federal *Schedule K-1* for your share of partnership losses on City of Detroit activities and U.S. Form 8582.

Line 20: Enter income reported as “Other Income” on U.S. Form 1040, *Schedule 1* and received while a resident in Column A, except for income from recoveries related to federal itemized deductions from prior tax years.

Line 20 should include other City of Detroit income subject to tax that is not reported elsewhere on this return.

PART 2: Subtractions from Income

NOTE: For the period a taxpayer was a resident, any expense listed may be subtracted in full. For the period a taxpayer was a nonresident, the subtraction is limited to the share of total income earned in the City of Detroit.

Line 22: Enter the amount deducted on your federal return for contributions to an Individual Retirement Account (IRA) and/or a retirement account for the self employed (i.e., Keogh/SEP). Contributions made while a nonresident may be subtracted only to the extent income was earned in the City of Detroit.

Line 23: Ordinary, necessary, reasonable and unreimbursed expenses paid or incurred by an individual in connection with the performance by an individual of services as an employee may be deducted from gross income in determining income subject to the tax to the extent the expenses are applicable to income taxable under this ordinance. The expenses are limited to the following:

- Expenses of travel, meals and lodging while away from home.
- Expenses incurred as an outside salesman who works away from their employer's place of business.
- Expenses of transportation.
- Expenses under a reimbursement or other expense allowance arrangement with your employer, where the reimbursement or allowance has been included in total compensation reported.

Documentation that the activity was authorized by your employer and verification of expenses may be required. Miscellaneous business expenses such as professional dues, supplies, education and others not covered above are not deductible for City of Detroit tax purposes. Report eligible expenses incurred while a resident in Column A and those incurred while a nonresident in Column B.

Line 24: Moving expenses incurred by members of the Armed Forces on active duty pursuant to a military order and incident to a permanent change of station that qualify under the Internal Revenue Code as a deduction on your federal return may be deducted on your City of Detroit return. The City of Detroit deduction is limited to moving expenses in connection with new employment in the Detroit area. Multiply eligible expenses by the ratio of Detroit taxable income after the move to total income after the move. Taxpayers may not subtract moving expenses for moves outside the City of Detroit. Include U.S. Form 3903 with your return.

Line 25: For nonresidents, compute the alimony deduction by dividing your City of Detroit income received while a nonresident by your federal Adjusted Gross Income (before alimony deductions). Multiply that amount by the amount of alimony paid. The alimony deduction for payers only applies to those who have a court order issued before January 1, 2019.

Line 26: If applicable, residents should enter Renaissance Zone deduction in Column A, and **include Renaissance Zone approval letter.**

Line 27: Net profits received from a financial institution or an insurance company should be included here.

Enter net operating loss carryover. The city net operating loss (NOL) carryover is limited for NOLs created in 2018 and future years. Enter the full amount of NOL carryovers from NOLs created before 2018 (Group 1). For NOLs created in 2018 and future years (Group 2), enter the lesser of the Group 2 NOL carryover or 80% of the income subject to tax after deducting Group 1 NOLs. The calculation may be made using a worksheet found on the City Income Tax website at www.michigan.gov/citytax. Net operating losses may only be carried forward.

PART 3: Income Tax Calculation

Line 30: Exemptions on line 8f are multiplied by \$600. The amount allowed for exemptions is prorated based on the number of months subject to each tax rate.

Line 32: When a loss exists on line 31 (if line 31 is negative) in either Column A or B and there is income in the other column, line 32 must be used to subtract the loss from the income column to arrive at taxable income (or loss) on line 33.

Example: A taxpayer reports \$12,000 on line 29, column A, and -\$1,000 on line 29, column B. The taxpayer has 3 exemptions and was a Detroit resident for six months. The taxpayer would report \$900 in each column of line 30. Line 31 would have \$11,100 in column A and -\$1,900 in column B. Since column B has a loss, that loss is transferred to column A on line 32. The taxpayer would enter \$1,900 in column A (the loss is entered as a positive number). For line 33, column A is \$9,200, \$11,100 - \$1,900. The taxpayer would report \$0 in Column B.

Line 33: If you can be claimed as a dependent by another taxpayer and the sum of columns A and B for line 33 is less than \$600, enter \$0 on Line 34.

Line 34: Multiply line 33, Column A by 2.4 percent (0.024) and line 33, Column B by 1.2 percent (0.012).

PART 4: Credits and Payments

Line 36: Enter the amount of city income tax withheld from a *City of Detroit Withholding Tax Schedule* (Form 5121), line 5. W-2 forms are no longer accepted. The credit for withholding may be denied if you do not complete and include Form 5121.

Use the *City of Detroit Withholding Tax Continuation Schedule* (Form 5253) in addition to Form 5121 if you have more than eight W-2s to list. Carry the total from column E on Form 5253 and add it to the total on line 5 on Form 5121.

Line 37: Enter total payments made on a *2022 City Estimated Individual Income Tax Voucher* (Form 5123). Include the amount of your credit forward from the prior year and payments made with extensions for 2022.

Line 38: Enter the amount of city income tax paid for you by a partnership from Form 5121, line 6.

Use Form 5253 when you have more than three partnerships to list on Form 5121. Carry the total from column C on Form 5253 and add it to the total on line 6 on Form 5121.

Line 39: Enter tax paid to another City. The credit only applies for tax paid on income received while a resident.

IMPORTANT: Enter the name of the city to which the tax was paid. The credit may not exceed 1.2 percent of the income earned in the other city.

PART 5: Refund or Tax Due

Line 41a: If line 35 is greater than line 40, subtract line 40 from line 35. Enter the difference on line 41a.

Line 41b: You will owe interest for late payment of tax if you pay after the due date. The interest rate is 1 percent above the adjusted prime rate and is adjusted on January 1 and July 1 of each year. Interest is charged from the original due date of the return to the date the balance of the tax is paid. The interest rate through June 30, 2023 is 5.65 percent annually (.0001548 daily rate). For interest rates after June 30, 2023 visit www.michigan.gov/citytax or call 517-636-5829. Calculate your interest, if applicable, and enter on line 41b.

Line 41c: You will owe penalty for late payment of tax if you pay after the due date. Penalty accrues monthly at one percent of the tax due, and increases by an additional one percent per month, or fraction thereof (e.g., penalty on a \$500 tax due will be \$30 if the tax is unpaid for six months). Calculate your penalty, if applicable, and enter on line 41c.

Line 41d: Enter the penalty and interest due from Form 5338, line 28. Typically, if you owe more than \$100, you are required to make estimated payments. You may owe penalty and interest for underpayment, late payment, or for failing to make estimated tax payments. Use the *City Underpayment of Estimated Income Tax* (Form 5338) to compute penalty and interest. If you do not file Form 5338, Treasury will compute your penalty and interest and send you a bill.

Line 41e: Add lines 41a through 41d and enter the total on line 41e. This is the total balance due with your return.

If the balance due is less than \$1, no payment is required, but you must still file your return.

See "Pay" address on page 3 of Form 5120. Make checks payable to "State of Michigan - Detroit."

Line 44: Subtract line 43 from line 42. The City of Detroit does not refund amounts less than \$1. Mail your City of Detroit return to the "Refund or zero returns" address on page 3 of Form 5120.

AMENDED RETURN WORKSHEET

Line 1: Overpayment from amended Form 5120, line 42 \$ _____

Line 2: Refund from original Form 5120, line 44 \$ _____

Line 3: Amount credited to estimated tax from amended Form 5120, line 43..... \$ _____

Line 4: Subtract lines 2 and 3 from line 1. If greater than zero, enter amount to be refunded here and on amended Form 5120, line 44..... \$ _____

Line 5: Subtract lines 2 and 3 from line 1. If less than zero, enter amount as tax due here and on Form 5120, line 41a..... \$ _____

PART 6: Amended Return

IMPORTANT: If you are amending, you **must** place an "X" on page 1 of your amended return.

Line 45: Enter the reason for amending your return.

Complete the AMENDED RETURN WORKSHEET. Do not mail the amended return worksheet; retain for records. Include all payments made with the original City of Detroit Income Tax return on line 21. If line 25 computes to be an overpayment, it should be adjusted to reflect original refunds and credits from the AMENDED RETURN WORKSHEET.

PART 7: Certification

Sign and date your tax return. If filing a joint return, both the filer and spouse must sign the return.

If the tax preparer is someone other than the taxpayer, he or she must enter the business name, address and telephone number of the firm he or she represents and Preparer Tax Identification Number (PTIN), Federal Employer Identification Number (FEIN), or Social Security number. Check the box to indicate if Treasury may discuss your return with your tax preparer.

Instructions for Form 5121, City of Detroit Withholding Tax Schedule - 2022

The *City of Detroit Withholding Tax Schedule* (Form 5121) is designed to report City of Detroit income tax withholding and to apportion nonresident wages.

Use a *City of Detroit Withholding Tax Continuation Schedule* (Form 5253) and include with return when you have more than eight W-2s or more than three partnerships to list on Form 5121. Carry the total from column E on Form(s) 5253 and add it to the total on line 5 on Form 5121. Carry the total from column C on Form(s) 5253 and add it to the total on line 6 on Form 5121.

Include a completed Form 5121 with your City of Detroit income tax return.

If Form 5121 is not included when required, the processing of your return will be delayed. Do not submit W-2 or 1099 forms with your return. Keep copies of your W-2 and 1099 forms with your tax records for six years and have them available if requested by the Department of Treasury.

Completing the Withholding Tables

Lines not listed are explained on the form.

Complete Form 5121 using information from your W-2, 1099 forms, and any other documents that report City of Detroit income tax withheld. If you need additional space, place an "X" in the box under line 6 and complete Form 5253.

PART 1 Column D: Enter wages, tips, and other compensation from which city income tax was withheld. Also list any income reported on Form 1099 from which city income tax was withheld.

PART 1 Column E: Enter income tax withheld on compensation included in Column D. Also list any withholding reported on Form 1099.

PART 2: Enter City of Detroit income tax withholding paid on your behalf by a partnership. Include the partnership's name and federal identification number.

PART 3: Complete this section only if wages earned while a nonresident or part-year resident were earned from employment that was partly inside and partly outside the City of Detroit. If married and filing a joint return, wages from both spouses must be included on Part 3 if any of the wages from Part 1 of this form were earned from employment inside the City of Detroit or if any City of Detroit taxes were withheld. W-2s, 1099 forms, or any other documents reported on Part 1 that are not allocated on Part 3 will be considered Detroit wages and taxed accordingly.

Part-year residents should only complete this section if they have wages earned while a nonresident that were earned both inside and outside the City of Detroit. If a part-year resident worked at the same job as both a resident and as a nonresident, Column G will not be the full amount reported in Box 1 of Form W-2. The taxpayer should report the full amount of wages earned as a resident on Form 5120, line 10, Column A. If the

taxpayer also has wages earned within Detroit as a nonresident, the amount reported in Column G should be the difference between the amount from Form W-2, Box 1, and the amount reported on Form 5120, line 10, Column A. For that job, the part-year resident taxpayer would complete Columns B – F based on the time worked as a nonresident only.

Example: A taxpayer worked at the same job for the entire year. The main job location was inside Detroit, but the taxpayer worked outside Detroit an average of one day per week. On August 1st, the taxpayer moved into Detroit. Box 1 of Form W-2 reports \$42,000. The taxpayer would report \$17,500 on line 10, Column A, of Form 5120 based on being a resident for 5 months. The taxpayer would then report $\$42,000 - \$17,500 = \$24,500$ in Column G, Part 3 of the City Schedule W. Columns B through F would be completed based on the taxpayer's actual work location while a nonresident.

Basic Guidelines for PART 3:

If Part 3 is not completed, all wages are assumed to have been earned 100% inside the City of Detroit. Non-residents and Part-year residents **MUST** complete Part 3 to allocate wages from Part 1 outside of the City of Detroit.

- Days Worked: Actual number of days you were on the job. It does not include holidays, sick days, vacation days or other days not worked.
- Hours must be converted to days.
- **Note: Drivers** are considered working in the City of Detroit while driving within city limits.
- If less than 100 percent of your wages are attributable to work inside the City of Detroit, please obtain a letter from your employer to verify Columns B through E of Form 5121 and retain your work log for your records. Treasury may request a copy of your work log and employer letter.
- **Do not round percentages.** Report percentages to the second decimal place.

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CITY OF DETROIT FILING INFORMATION

In an effort to provide improved taxpayer service and efficiency, the Michigan Department of Treasury began processing the City of Detroit Individual Income Tax returns beginning with the 2015 tax year.

The transition is part of Detroit's post-bankruptcy management plan and affects any taxpayer subject to Detroit City income tax.

City taxpayers are able to e-file their Detroit return with or without their State of Michigan Individual Income Tax return. In addition, taxpayers now have access to Treasury's online services to check the status of their return.

Important Information

Filing due date for the 2022 Tax Year: **April 18, 2023**

If you owe tax, mail your return to:
Michigan Department of Treasury
Lansing, MI 48929

Mail refund or zero-due returns to:
Michigan Department of Treasury
Lansing, MI 48956

Visit **www.michigan.gov/citytax** for additional information.

To speak directly to a Customer Service Representative call 517-636-5829.

Tax Forms

All 2022 City of Detroit Tax Forms can be found at **www.michigan.gov/citytax**

Forms with instructions are also available at Detroit City Hall.

