Instructions for Form 5321

2026 City of Detroit Income Withholding Annual Reconciliation

Filing Requirements

Employers withholding city income tax are required to annually reconcile the city income tax withheld to the city income tax withholding paid. The *City Income Withholding Annual Reconciliation* (Form 5321) is the form used to make this reconciliation.

All filers must file Form 5321 on a calendar-year basis (not your fiscal year). Taxpayers that had multiple active account numbers (Federal Employer Identification Numbers) in a tax year are required to file separate annual returns for each account number assigned. Taxpayers that use an outside payroll or accounting agency should coordinate this filing responsibility with the agency.

Form 5321 must be signed and dated by the taxpayer or the taxpayer's authorized agent.

W-2 Wage and Tax Statements

Each employer must furnish W-2 statements to employees by January 31. Employers doing business within the city designated must report W-2 information to the Michigan Department of Treasury on or before the last day of February. When submitting W-2 forms by paper, they must be included with Form 5321. Note that tax withheld for December is due on or before January 15.

Form 5321 serves as the transmittal statement for paper W-2 forms. A W-2 must be submitted by an employer doing business in the city designated on Form 5321 for each employee:

a. From whom tax has been withheld for the designated city during the year, or,

b. Who earned wages in the designated city or lived in that city during the year, even if no income tax was withheld.

Some computer software programs allow the electronic filing of W-2 data in the Social Security Administrations EFW2 format, when Form 5321 is e-filed. Check with your software provider for more details.

All employers registered for city income tax withholding must file Form 5321 each year, even if no tax is due. Form 5321 reconciles the tax due for the year with the monthly payments made during the year. Do not use Form 5321 instead of your monthly returns. Form 5321 and any payment required are due the last day of February. No extensions are granted for filing Form 5321.

Late or Insufficient Payment

Returns filed late and without payment of tax due are subject to penalty and interest. Form 5321 instructions for line 11 and line 12 explain how to calculate penalty and interest.

Electronic Filing

Filing of tax returns and payments electronically is accurate, convenient and secure. E-file returns have significantly less chance of error and are processed faster than paper returns. When e-filing, do not mail a paper copy of Form 5321, unless requested by Treasury to do so.

Visit **www.MIfastfile.org** for more information.

Line-by-Line Instructions

Lines not listed are explained on the form.

This form is for use by a taxpayer filing a City of Detroit Income Tax Withholding Annual Reconciliation for 2026. This tax is administered by the Michigan Department of Treasury on behalf of the City of Detroit.

Only report income tax withholding attributable to the City of Detroit.

Taxpayer's Business Name: The business name entered on this return should be the same business name submitted on your *City of Detroit Income Tax Withholding Monthly Return* (Form 5323).

Federal Employer Identification Number (FEIN): Use the same FEIN that was used when filing Form 5323.

NOTE: If the taxpayer does not have an FEIN, the taxpayer must obtain an FEIN before filing a City of Detroit Income Tax Withholding Return. Go online to **www.michigan.gov/businesstaxes** for information on obtaining an FEIN. Returns received without a registered account number will not be processed until such time as a number is provided.

Street Address: Enter the complete address, including the two-digit abbreviation for the country code.

Foreign Filers: Complete the address fields as follows:

- **Address:** Enter the postal address for this taxpayer.
- **City:** Enter the city name for this taxpayer. DO NOT include the country name in this field.
- **State:** Enter the two-letter state or province abbreviation. If there is no applicable two-letter abbreviation, leave this field blank.
- **ZIP/Postal Code:** Enter the ZIP Code or Postal Code.
- **Country Code:** Enter the two-letter country code provided in the list of codes available online at **michigan.gov/taxes**. See the City of Detroit Withholding Tax page.

COMMONLY USED COUNTRY CODES	
United States	US
Canada	CA
Mexico	MX

NOTE: Any correspondence regarding the return filed and/ or refund will be sent to the address provided on this form. The taxpayer's primary address on file with Treasury, identified as the legal address and used for all purposes other than refund and correspondence on a specific City Income Tax Withholding Annual Reconciliation return, will not change unless the taxpayer files a *City of Detroit Notice of Change* (Form 5439) with Treasury. Missing or invalid addresses may delay processing returns or correspondence.

Date of Discontinuance: Enter the date, if applicable, the taxpayer discontinued its business. The discontinuance tax year entered must match the tax year of the form.

Example: A discontinuance date of 06/30/2026 must be entered on a 2026 return. A discontinuance date of 04/01/2025 must be entered on a 2025 return.

Reason Code for Discontinuance: Enter the two-digit code that best represents the reason for discontinuance from the table below.

01	Business Closed
02	Sale of Business
10	Other

- If selecting "Other," provide a brief explanation in the field "If Reason Code for Discontinuance is 'Other,' Explain."

Reason code if amending: Using the table below, select the two-digit code that best represents the reason for amending the return.

01	Increasing tax liability
02	Decreasing tax liability
03	Incorrect information/figures reported on original return
04	Original return was missing information/incomplete
10	Other

- If selecting "Other," provide a brief explanation of the reason in the space provided.

IMPORTANT: When amending a return you MUST enter a reason code AND place an "X" in the "Check if this is an amended return" box located in the upper right of the return.

Line 1: Enter your total gross payroll and other compensation subject to income tax withholding in the City of Detroit, for the year.

Line 3: Enter the total City of Detroit income tax withheld for the year.

Line 4: Enter the total City of Detroit income tax withheld that was paid on your monthly returns. Do not include penalty and interest.

Line 5: If amending a return previously filed, enter any overpayment received on the original return or previous amended return.

Line 7: If amending a return previously filed, enter the amount that was paid with your original return plus any additional tax that was paid after the original return was filed. **Do not** include penalty and interest paid with the original return.

Line 9: Refund. The taxpayer should not request a refund if they overwithheld City of Detroit Income Tax from an employee and the overage is reported on the employee's W-2.

NOTE: A refund is allowed if the taxpayer reported an amount in error (either a clerical error or data that conflicted with a correctly prepared W-2) or incorrectly prepared a W-2 for an employee but then re-issued a corrected W-2. If requesting a refund, include a detailed written explanation.

Line 11 and Line 12: How to compute penalty and interest:

- If your return is filed with additional tax due, include penalty and interest with your payment. Penalty is 1% of the tax due and increases by an additional 1% per month or fraction thereof, to a maximum of 25%.
- Interest is charged daily using the average prime rate, plus 1 percent. For current interest rates, visit **www.michigan.gov/taxes**.

REMINDER: Taxpayers must sign and date returns. Preparers must provide a Preparer Taxpayer Identification Number (PTIN), Preparer Firm ID (FEIN) or Social Security number (SSN) as well as a business name, business address and phone number.

Line 13: Total Payment Due. Access **https://www.michigan.gov/taxes/citytax/detroit/business/payments/employer-withholding-tax** to make an electronic payment for your total payment due. Click on the "Make a Payment" icon then the "Pay Online with Paymentus" icon to access the online payment application for City of Detroit Withholding taxpayers. Taxpayers who have not previously made electronic payments must submit the "City of Detroit Electronic Funds (Transfer EFT) Debit Application" (Form 5374) to request a user ID and account access to the online payment application.

Mailing Address

Mail your Annual Reconciliation return to:

Michigan Department of Treasury
City of Detroit
PO Box 30812
Lansing MI 48909

NOTE: Form 5321 is used to amend a previously filed annual return. To amend Form 5321, complete the return with the corrected figures and place an "X" in the "Check if this is an amended return" box located in the upper right hand corner of the return. For completing the "Reason Code if amending" field, see the line-by-line instructions.