

Detroit Income Tax

- **Note that TaxSlayer looks at the Detroit tax input as “part of” the State input**
- **Data may not be saved until the counselor ‘continues’ all the way out of the state return & the MI tax due recalculates**
- **Be careful!**

Detroit Income Tax

- **Detroit return is e-filed with MI return**
- **Who must file:**
 - **Persons who owe tax or are due a refund**
 - **Residents whose AGI exceeds the personal exemption (\$600 each)**
 - **Non- / Part-year residents whose Detroit wages exceed the personal exemption**
- **Residents who file a Federal return (even if no Detroit tax is owed) should file**

Detroit Income Tax

- **Three different residencies possible**
 - **Resident – Form 5118**
 - **Non-Resident – Form 5119**
 - **Part-year Resident – Form 5120**
- **Specify residency status, TaxSlayer selects correct form – do not confuse**

Detroit Resident Income Tax

Personal Data flows through from federal return

Michigan Department of Treasury - City Tax Administration
Form 103 (03-19) Page 1 of 2

2019 City of Detroit Resident Income Tax

Issued under authority of Public Act 284 of 1964, as amended.

Return is due April 15, 2020.

Type or print in blue or black ink.

1. Filer's First Name		M.I.	Last Name		2. Filer's Full Social Security No. (Example: 123-45-6789)	
If a Joint Return, Spouse's First Name		M.I.	Last Name		3. Spouse's Full Social Security No. (Example: 123-45-6789)	
Home Address (Number, Street, or P.O. Box)					4. CITY RESIDENT. Return for the city of:	
City or Town			State	ZIP Code	DETROIT	City Code 170
5. 2019 FILING STATUS. Check one.					8. EXEMPTIONS	
a. <input type="checkbox"/> Single					65 and over..... b.	
b. <input type="checkbox"/> Married filing jointly					Deaf, Disabled or Blind..... c.	
c. <input type="checkbox"/> Married filing separately*					Number of dependent children d.	
* If you check box "c," complete line 3 and enter spouse's full name below:					Number of other dependents..... e.	
6. 2019 DEPENDENT STATUS					TOTAL EXEMPTIONS. Add lines 8a through 8e. f.	
<input type="checkbox"/> Check the box if you or your spouse can be claimed as a dependent on another person's tax return.						
7a. Filer's date of birth (MM-DD-YYYY)		7b. Spouse's date of birth (MM-DD-YYYY)				
- -		- -				

If MFS, enter spouse name & SSN

Detroit Personal & Special Exemptions

4. CITY RESIDENT. Return for the city of: DETROIT		City Code 170
8. EXEMPTIONS. 8a-8c apply to you and your spouse only.		
Personal Exemption	a.	2
65 and over.....	b.	2
Deaf, Disabled or Blind.....	c.	
Number of dependent children	d.	
Number of other dependents.....	e.	
TOTAL EXEMPTIONS. Add lines 8a through 8e.	f.	4

From Federal Return

Detroit Personal & Special Exemptions

4. CITY RESIDENT. Return for the city of: DETROIT		City Code 170
8. EXEMPTIONS. 8a-8c apply to you and your spouse only.		
Personal Exemption	a.	2
65 and over.....	b.	2
Deaf, Disabled or Blind.....	c.	
Number of dependent children	d.	
Number of other dependents.....	e.	
TOTAL EXEMPTIONS. Add lines 8a through 8e.	f.	4

Calculated by TS

Detroit Personal & Special Exemptions

4. CITY RESIDENT. Return for the city of: DETROIT		City Code 170
8. EXEMPTIONS. 8a-8c apply to you and your spouse only.		
Personal Exemption	a.	2
65 and over.....	b.	2
Deaf, Disabled or Blind.....	c.	
Number of dependent children	d.	
Number of other dependents.....	e.	
TOTAL EXEMPTIONS. Add lines 8a through 8e.	f.	4

“Blind” from Federal, others from MI return w/ same criteria. Cannot be disabled if over age 65. Applies only to TP and Spouse – not disabled dependents

\$600 deduction per exemption

City of Detroit Income Tax

- Structure of **Resident** return similar to MI:
- Starts with Federal AGI
 - Plus: Additions
 - Minus: (Subtractions)
 - Minus: (Exemptions)
 - Equals: Taxable Income
 - Resident tax rate = 2.4%

Detroit **Resident** Income Tax

The following are taxable to **residents** regardless of where the income is earned:

- Wages, bonuses, etc.
- Business and Rental Income
- Gambling winnings, including the Lottery
- Early retirement distributions
- Interest, Dividends, and Capital Gains
- Pre-retirement distributions (code 1)

Detroit **Resident** Income Tax

- The following **resident** sources of income are NOT taxable:
 - Unemployment Compensation
 - Social Security
 - Pensions and annuities (except code 1)
 - Interest on obligations of the US, states, or subordinate gov't units of the states
- The following are allowed deductions
 - IRA Deductions
 - Alimony paid

Detroit **Resident** Income Tax

- TaxSlayer does not consistently handle all additions and subtractions – see next slides
- Prepare initial Detroit tax return: use crib sheet for guidance on manual additions & subtractions required
- Review initial Detroit return (print pdf) for any corrections needed
- Make any adjustments and check again

Detroit **Resident** Income Tax

- **Subtract** - taxable amount in federal AGI of:
 - Income from service in armed forces (**manual**)
 - Interest on U.S. obligations (**auto**)
 - Other Tax-Exempt Interest (MI & Other) (**manual**)
 - MI & local tax refunds (**auto**)
 - IRA distributions (**auto**)
 - Pensions, annuities (**auto**)
 - Unemployment benefits (**auto**)
 - Social Security (**auto**)
 - Homestead property tax credits (**manual**)

Note: any updates for 2019 not yet confirmed

Detroit **Resident** Income Tax

Note: any updates for 2019 not yet confirmed

- **Add back** to income:

- Code 1 Pension distributions (**manual**)
- Educator expenses (**manual**)
- HSA contributions (**manual**)
- Deductible part of self-employ. tax (**auto**)
- SE Health Insurance deduction (**auto**)
- Penalty on early withdrawals (**manual**)
- Student loan interest deduction (**manual**)

Detroit Income Tax Crib Sheet

(see D15 website for full sheet)

Federal 1040 Line #	Income Source	Resident		Non-Resident	
		Taxable?	TaxSlayer	Taxable?	TaxSlayer
	Tax Rate	2.4%		1.2%	
	Special Exemptions	Yes	Flow thru from MI 1040	Yes	Flow thru from MI 1040
<div>Needs update for Federal line numbers</div>					
			Point for Resident Return		
7	Wages	YES	in AGI	YES *	manual input *
	- Income from service in US armed forces / National Guard	NO	MANUAL SUBTRACTION	NO	n/a
8a	Taxable Interest	YES	in AGI	NO	n/a
8b	Tax-Exempt Interest				
	- US Obligations	NO	auto subtraction	NO	n/a
	- MI Obligations	NO	MANUAL SUBTRACTION	NO	n/a
	- All other	NO	MANUAL SUBTRACTION	NO	n/a
9a	Dividends	YES	in AGI	NO	n/a
10	Taxable State & Local Tax Refunds	NO	auto subtraction	NO	n/a
11	Alimony Received	YES	in AGI	NO	n/a
12	Business Income	YES	in AGI	YES *	100% flow through - see Note 1
13	Capital Gain/(Loss) - stocks, bonds, etc.	YES	in AGI	NO	n/a

TaxSlayer Input – Detroit “Inside” MI Return

State Return



If you need to change your state residency status just delete the current return and start again. State forms differ by the type of residency you select.

+ Add Another State Return

State	Return Type	
Michigan	Resident	Localities
+ Add Another State Return		

Detroit return is ‘inside’ MI return for creation & editing

TaxSlayer Input – Detroit “Inside” MI Return

Michigan Return

Basic Information

EDIT

Income Subject to Tax

BEGIN

Additions to Income

BEGIN

Subtractions from Income

EDIT

Credits

BEGIN

Voluntary Contributions

BEGIN

Use Tax

BEGIN

Payments

BEGIN

Miscellaneous Forms

BEGIN

City of Detroit Return

City of Detroit

EDIT

TaxSlayer Input – Detroit

Michigan Return

City Of Detroit Return

Only one City of Detroit return can be sent with the Michigan Tax Return. Only complete one City of Detroit Return

City of Detroit Resident Return

City of Detroit Part-Year Resident Return

City of Detroit Nonresident Return

TaxSlayer Input – Detroit Additions

Michigan Return

City Of Detroit Resident Return

Do you wish to complete the City of Detroit return - Form 5118?

Additions

Subtractions

Amount of your city refund that you would like to apply to next year

Payments and Credits

Detroit Miscellaneous Forms

BEGIN

BEGIN

BEGIN

BEGIN

TaxSlayer Input – Detroit Additions

Michigan Return

Note “City of Detroit” heading has disappeared

Additions

Other Additions

\$

Description of Other Addition

FEDERAL ADJ

**Add total of these manual
Federal Adjustments and input
here**

- Educator expenses
- HSA deduction
- Penalty on early withdrawal
- Student loan interest

TaxSlayer Input – Detroit Subtractions

Michigan Return

Subtractions

Note “City of Detroit” heading has disappeared

IRA, Pension Annuity and Other Retirement Benefit Distribution

Other Subtractions

BEGIN

BEGIN

Two choices

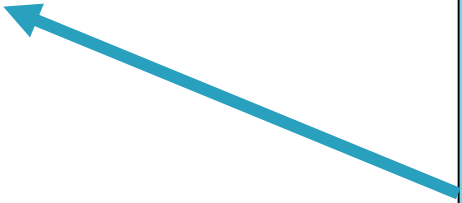
TaxSlayer Input – Detroit Subtractions

Michigan Return

IRA Pension Annuity And Other Retirement Benefit Distribution

IRA, Pension Annuity and Other Retirement Benefit Distribution are automatically pulled from the federal return. If you need to make an adjustment to this amount enter it below.

Enter amount to adjust total pulled from the federal



**IRA & Pension Income
automatically subtracted
(does not include Code 1)
Enter any adjustments to
these if needed (unlikely)**

TaxSlayer Input – Detroit Subtractions

Michigan Return

No, it's still Detroit....

Other Subtractions

Description of Other Subtraction

Other Subtraction

Add & input total of

- **Exempt interest (other than for Federal Obligations – includes both MI and other states)**
- **Property tax credit refunds (1040, Sch 1, line 8)**
- **Unreimbursed employee business expenses (see Detroit instructions)**

TaxSlayer Input – Detroit Payments & Credits

Michigan Return

Nope, still not right

Payments And Credits

Estimated payments, credits, and other payments

\$

Estimated Payments

Credit for income taxes paid to another city

\$

Credit for income taxes
paid to another city

Name of other city

Detroit **Resident** Income Tax

- **Detroit resident tax return is filed electronically with the MI state return**
- **Client print set will include a copy of the Detroit return**
- **Ensure proper form has been completed & any manual additions & subtractions are correct and complete**

Detroit **Nonresident** Income Tax

- For **Nonresidents**, taxes are owed on share of:
 - Compensation received for work performed in the City of Detroit
 - Self-employment income for business conducted in the city, whether or not the business is located in the city
 - Net profits from rental of or gain on sale/ exchange of real or tangible personal property located in Detroit
- Tax rate is 1.2%

Detroit **Nonresident** Income Tax

- W-2 wages must be allocated based on days worked in Detroit
- TaxSlayer can handle allocation for only one W-2
 - *(W-2 Boxes 18, 19, 20 – Local Wages – “DETROIT” must be filled in)*
- **More than one W-2 requires manually prepared paper return**

Detroit **Nonresident** Income Tax

- **Nonresidents must complete Detroit Form 5121 (part 3) to apportion wages (TS will handle)**
- **If portion of Detroit wages is less than 100%, taxpayer must be able to provide letter from employer specifying total days worked & days worked outside Detroit to verify apportionment (include with return)**

Detroit **Nonresident** Income Tax

- **Self-employment income must be allocated based on Detroit revenue share of total revenue**

TaxSlayer Input – Detroit **Nonresident**

Michigan Return

City Of Detroit Nonresident Return

Do you wish to complete the City of Detroit Nonresident Return, Form 5119?

Yes

**YES to complete Detroit
Non-Resident Return**

Income

BEGIN

Subtractions

BEGIN

Payments and Credits

BEGIN

Detroit Miscellaneous Forms

BEGIN

TaxSlayer Input – Detroit **Nonresident**

Michigan Return

Income

Gain or (loss) from the sale of tangible property in the City of Detroit

\$

Partnerships and trusts

\$

Wage Allocation

Business Income Allocation

**Wage Allocation (but TS
can only handle one W-2)**

BEGIN

Business Income Allocation

BEGIN

Detroit **Nonresident** Income Tax

- Subtractions:
 - IRA deduction (limited) *
 - Alimony paid (apportioned) *
 - Early Distribution Pensions (code 1)
 - Unreimbursed employee business expenses
- TaxSlayer cannot handle these – if any (or more than one W-2), requires a manually prepared paper return

Detroit **Nonresident** Income Tax

- **Refer to [Michigan.gov/taxes](https://www.michigan.gov/taxes) website for Detroit income tax rules – Form 5119 for nonresidents (print & complete form if necessary)**
- **Use the Detroit City Tax Tool to confirm what elements of income should be included**

Detroit **Part-Year Resident** Income Tax

- Income is reported as Resident for part of the year, and Nonresident for part of the year, using the different rules for each
- Exemption allowances are apportioned
- Income while a resident is taxed at 2.4%, while a nonresident at 1.2%, and then added together

Detroit **Part-Year Resident** Income Tax

Michigan Return

City Of Detroit Part Year Resident Return

Do you wish to complete the City of Detroit Part-Year Return, Form 5120?

Yes

Yes for Part-Year Resident Return

Heading Information

Income

Subtractions

Payments and Credits

BEGIN

BEGIN

BEGIN

BEGIN

Heading: provide dates of residency

Detroit **Part-Year Resident** Income Tax

Michigan Return

Income

Resident Income

Nonresident Income

BEGIN

BEGIN

**Simplistic inputs for Resident &
Nonresident Income**

Detroit **Part-Year Resident** Income Tax

Michigan Return

Subtractions

Resident Amount

Nonresident Amount

BEGIN

BEGIN

**Simplistic inputs for Resident &
Nonresident Subtractions**

Detroit **Part-Year** Resident Income Tax

- **Recommend preparing a paper return – same manual adjustments required in TaxSlayer as for resident and non-resident portions of return**
- **Simplistic TaxSlayer input screens make errors more likely**

Detroit **Part-Year** Income Tax

- **Use the Detroit City Tax Tool to confirm what elements of income should be included for resident and nonresident periods, respectively**
- **Refer to [Michigan.gov/taxes](https://www.michigan.gov/taxes) website for Detroit income tax rules – Form 5120 for Part-Year Residents (print & complete form)**

Detroit Paper Return


- **If filing a paper return**
 - **Print two copies for client – one to mail & one for their file**
- **Print extra copy of Federal forms that must be attached to the return**
 - **Federal 1040 Page 1 & Schedules B, C, D, E**
 - **Other city return (credit for taxes paid to other city)**
- **Taxpayer should attach W-2's & 1099-R's (if taxable)**

Remember: use this crib sheet (see D15 website for full sheet)

Federal 1040		Resident		Non-Resident	
Line #	Income Source	Taxable?		TaxSlayer	
	Tax Rate	1.2%			
	Special Exemptions	Yes	Flow thru from MI 1040	Yes	Flow thru from MI 1040
37	Federal AGI	Start point for Resident Return			
7	Wages	YES	in AGI	YES *	manual input *
	- Income from service in US armed forces / National Guard	NO	MANUAL SUBTRACTION	NO	n/a
8a	Taxable Interest	YES	in AGI	NO	n/a
8b	Tax-Exempt Interest				
	- US Obligations	NO	auto subtraction	NO	n/a
	- MI Obligations	NO	MANUAL SUBTRACTION	NO	n/a
	- All other	NO	MANUAL SUBTRACTION	NO	n/a
9a	Dividends	YES	in AGI	NO	n/a
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12	Business Income	YES	in AGI	YES *	100% flow through - see Note 1
13	Capital Gain/(Loss) - stocks, bonds, etc.	YES	in AGI	NO	n/a


Needs update for fed line numbers

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Individual Income Tax

Where's My
Refund?

Check Your Tax Refund Status

And access additional Self-Service
options:

Pay Your Taxes Due Online

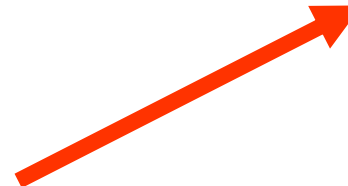
Electronic Filing Options

Identity Confirmation Quiz


Frequently Asked Questions

Identity Theft

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Questions?



Comments?