

CITY OF IONIA INCOME TAX DIVISION

INSTRUCTIONS FOR FORM CF-1040ES

QUARTERLY ESTIMATED INCOME TAX PAYMENT VOUCHERS

WHO MUST MAKE ESTIMATED INCOME TAX PAYMENTS

- A. **Individuals and Unincorporated Businesses:** Every resident or nonresident who expects taxable income from which the city income tax will not be withheld must make estimated income tax payments. Payments are not required if the estimated tax is one hundred dollars (\$100.00) or less. A husband and wife may make joint estimated income tax payments.
- B. **Corporations:** A corporation (including a Subchapter S corporation) subject to the tax on all or part of its net profits must make estimated income tax payments. Payments are not required from corporations if the estimated tax is two hundred fifty dollars (\$250.00) or less.
- C. **Partnerships:** A partnership electing to pay the tax on behalf of its partners must make estimated income tax payments. Payments are not required if the estimated tax is one hundred dollars (\$100.00) or less. If the partnership elects to pay the tax on behalf of the partners, a partner is not required to make estimated payments as an individual unless the partner has other income on which the income tax is expected to exceed one hundred dollars (\$100.00).

WHEN AND WHERE TO FILE A DECLARATION AND PAY ESTIMATED TAX

- A. **Calendar Year Taxpayers:** The first estimated payment must be made on or before April 30 of the tax year.
- B. **Payment of Estimated Tax:** The estimated tax may be paid in full with the first quarter payment or paid in four (4) equal quarterly installments. Calendar year quarterly payments are due on or before April 30, June 30, and September 30 of the tax year and January 31 of the next year. Fiscal year installments are due on or before the end of the fourth, sixth, ninth and thirteenth month after the beginning of the fiscal year. Remittances are to be made payable to: City of Ionia.
- C. **Where to Send Payments:** The quarterly payments shall be mailed to: City of Ionia, PO Box 512, Ionia, MI 48846.

DO NOT USE OR PHOTOCOPY ANOTHER TAXPAYER'S FORMS. If you do, your payment could be applied to the wrong account.

NOTE: Reminder notices will not be sent. Save this set of forms for use in making the remainder of this year's quarterly estimated payments.

CALCULATION OF ESTIMATED INCOME TAX

Calculate the estimated income tax due using the Estimated Income Tax Computation Worksheet below. Round computations to the nearest dollar.

ESTIMATED INCOME TAX COMPUTATION WORKSHEET	TAX YEAR _____	
1. TOTAL INCOME EXPECTED	1.	
2. EXEMPTIONS {List the amount of the exemption for Ionia}	2.	
3. ESTIMATED TAXABLE INCOME (Line 1 less Line 2)	3.	
4. ESTIMATED TAX Nonresident individuals enter 0.5% (0.005) of Line 3. All other taxpayers enter 1% (0.01) of Line 3.	4.	
5. IONIA INCOME TAX TO BE WITHHELD.	5.	
6. OTHER CREDITS EXPECTED	6.	
7. ESTIMATED TAX (Line 4 less Lines 5 and 6)	7.	

The annual return for the previous year may be used as the basis for computing your declaration of estimated tax for the current year. The same figures used for estimating your federal income tax, adjusted to exclude any income not taxable or deductions not allowed under the Uniform City Income Tax Ordinance (MCL 141.601 et seq.), may be used.

CALCULATION OF THE ESTIMATED TAX PAYMENT DUE EACH QUARTER

If you know the amount of quarterly estimated tax to be paid, write the amount in the estimated tax due box of Form CF-1040ES, for the quarter, round the payment to the nearest dollar.

AMENDED DECLARATION

If you find that your estimated tax is substantially increased or decreased as a result of a change in income or exemptions, you may amend your estimate at the time of making any quarterly payment with Form CF-1040ES by adjusting the quarterly payment.

LATE PAYMENT OR UNDERPAYMENT OF ESTIMATED INCOME TAX

If you fail to make the required quarterly estimated tax payments, underpay or pay late, interest and penalty may be charged. The interest rate is 1 percent above the prime rate. The interest rate is adjusted on January 1 and July 1 each year. The penalty rate is 1 percent per month.

INTEREST AND PENALTY

If the total amount of tax withheld, tax credits and estimated tax paid is less than seventy percent (70%) of the tax due for the current or previous year, interest and penalty will be charged. Payment of estimated tax does not excuse the taxpayer from filing an annual income tax return even though the total tax liability has been paid.

INCOME SUBJECT TO CITY INCOME TAX

- A. **Residents:** All salaries, wages, bonuses, commissions and other compensation; net profits from business or profession; net rental income; capital gains less capital losses; interest and dividends; income from estates and trusts; and other income.
- B. **Nonresidents:** Salaries, wages, bonuses, commissions and other compensation for services rendered or work performed in the city; net rental income from property located in the city; net profits from a business, profession or other activity to the extent that it is from work done, services rendered or activity conducted in the city; capital gains less capital losses from the sale of real or tangible personal property located in the city.

WITHHOLDING TAX AND OTHER TAX CREDITS

- A. **Withholding Tax:** You may subtract from your estimated income tax the amount of income tax expected to be withheld for the city.
- B. **Income Tax Paid by Partnership:** If you are a member of a partnership which elects to and pay the tax on behalf of its partners, you may subtract from your estimate of city income tax, the amount of tax expected to be paid by the partnership on your distributive share of net profits.
- C. **Income Tax Paid to Another Municipality:** Residents who pay income tax to another municipality on income taxable in the resident city may subtract from their estimate of income tax the amount of income tax expected to be paid to the other municipality. The credit is limited to the amount of tax assessable under the resident city's Income Tax Ordinance on the same income of a nonresident.

PAYMENT RECORD FOR TAX YEAR _____ (Keep this for your records.)

PAYMENT	DATE PAID	CHECK NUMBER	ESTIMATED TAX PAID
FIRST QUARTER PAYMENT			
SECOND QUARTER PAYMENT			
THIRD QUARTER PAYMENT			
FOURTH QUARTER PAYMENT			
TOTAL ESTIMATED TAX PAYMENTS			

Make remittances payable to:
City of Ionia

Mail estimated tax forms and payments to:
City of Ionia
PO Box 512
Ionia, MI 48846

If you have questions please call the Income Tax Division at (616) 523-0142