

# CITY OF DETROIT — INCOME TAX



## SCHEDULE RZ OF D-1040(R), D-1040(L) OR D-1040(NR)

**TAX YEAR**  
**20** \_\_\_\_\_

**FOR COMPUTATION OF THE RENAISSANCE ZONE DEDUCTION  
FOR USE BY A RESIDENT DOMICILED IN A RENAISSANCE ZONE  
AN INDIVIDUAL WITH INCOME FROM RENTAL REAL ESTATE LOCATED IN A RENAISSANCE ZONE OR  
AN INDIVIDUAL PROPRIETORSHIP OR PARTNERSHIP LOCATED AND CONDUCTING BUSINESS IN A RENAISSANCE ZONE**

1. Name(s) as shown on D-1040(R), D-1040(L) or D-1040(NR)	2. Social Security Number  / /		
<b>DISQUALIFICATION SECTION</b>			
AN INDIVIDUAL IS NOT QUALIFIED TO CLAIM THE RENAISSANCE ZONE DEDUCTION IF ANY OF THE FOLLOWING TAXES ARE DELINQUENT:			
Detroit Income Tax Michigan Income Tax General Property Tax	Personal Property Tax Michigan Single Business Tax Individual Facilities Tax (IFT)	Commercial Facilities Tax (CFT) Enterprise Zone Tax Neighborhood Enterprise Zone Tax	Detroit Utility Users Tax Technology Park Development Tax Commercial Forest Tax

### RESIDENT DOMICILED IN A RENAISSANCE ZONE

COMPLETE THIS SECTION IF YOU ARE OR WERE A RESIDENT OF DETROIT DOMICILED IN A RENAISSANCE ZONE  
A 183-DAY RESIDENCE REQUIREMENT MUST BE COMPLETED BEFORE QUALIFYING TO CLAIM THE RENAISSANCE ZONE DEDUCTION

3. Address of domicile in Renaissance Zone:			
4. Date domicile established at this residence: / /	If domicile is continuous for 183 days, taxpayer is qualified on this date.		
5. Dates of domicile this year: Starting Date: / /	Ending Date: / /	Total Number of Days: _____ DAYS	
6. Percentage of year as a qualified resident of a Renaissance Zone (Line 5 divided by 365)	6.	%	
7. Gross income from Line 3 of D-1040(R) or D-1040(L)	7.		00
8. Capital Gains (not ordinary income) included in amount reported on D-1040(R) or D-1040(L)	8.		00
9. Lottery winnings included in income reported on D-1040(R) or D-1040(L)	9.		00
10. Total deductions related to income included in Line 7 above D-1040(R) or D-1040(L)	10.		00
11. Base income for Renaissance Zone deduction (Line 7 less Line 8, Line 9 and Line 10)	11.		00
12. Total qualified ordinary income (Line 11 multiplied by Line 6)	12.		00
13. Portion of gains from sale or exchange of property occurring after qualification date	13.		00
14. Lottery winnings from an instate lottery game or an on-line game won after becoming a qualified taxpayer	14.		00
15. Renaissance Zone deduction allowed (Add Line 12, Line 13 and Line 14). Enter here and on D-1040(R) or D-1040(L), Line 8	15.		00

### OTHER INDIVIDUALS WITH INCOME FROM RENTAL REAL ESTATE, BUSINESS, PROFESSION OR PARTNERSHIP LOCATED AND DOING BUSINESS IN A RENAISSANCE ZONE

COMPLETE THIS SECTION IF YOU ARE A RESIDENT OR NONRESIDENT INDIVIDUAL WITH INCOME FROM RENTAL  
REAL ESTATE, A BUSINESS, A PROFESSION OR A PARTNERSHIP LOCATED AND DOING BUSINESS IN A RENAISSANCE ZONE

16. Business Name (D.B.A.) and address of each location in a Renaissance Zone	RESIDENT COLUMN	NONRESIDENT COLUMN	
17. Business income reported on D-1040(R), D-1040(L) or D-1040(NR)	17.	00	00
18. Net operating loss deduction claimed on D-1040(R), D-1040(L) or D-1040(NR)	18.	00	00
19. Retirement plan deduction claimed on D-1040(R), D-1040(L) or D-1040(NR) related to income on Line 17	19.	00	00
20. Base for Renaissance Zone Deduction (Line 17 less Line 18 and Line 19)	20.	00	00
21. Renaissance Zone Apportionment Percentage	IN DETROIT (COLUMN 1)	IN REN ZONE (COLUMN 2)	PERCENTAGE (COLUMN 2 DIVIDED BY COLUMN 1) (COLUMN 3)
21a. Average net book value of real and personal property			
21b. Gross rents paid on real property multiplied by 8			
21c. Total property (Add Line 21a and 21b)			%
21d. Total wages, salaries and other compensation			%
21e. Total percentages (Add Column 3, Line 21c and 21d)			%
21f. Renaissance zone deduction percentage (Line 21e divided by 2)	21f.	%	%
22. Renaissance Zone deduction for business (Line 20 multiplied by Line 21f)	22.	00	00
23. Renaissance Zone deduction from partnership return: PARTNERSHIP FEIN →	23.	00	00
24. Address of each parcel of rental real estate located within a Renaissance Zone			
25. Income from rental real estate located within a Renaissance Zone	25.	00	00
26. Total Renaissance Zone Deduction (Add Line 22, Line 23 and Line 25). Enter here and on D-1040(R), D-1040(L) or D-1040(NR)		00	00

# INSTRUCTIONS FOR SCHEDULE RZ OF D-1040(R), D-1040(L), OR D-1040(NR)

## RENAISSANCE ZONE DEDUCTION

### GENERAL INFORMATION

Certain geographic areas within Detroit were designated as Renaissance Zones. In conjunction with the designation of these zones, the Detroit Income Tax Ordinance was amended effective January 1, 1997, to include a Renaissance Zone deduction.

### WHO MAY CLAIM THE RENAISSANCE ZONE DEDUCTION

A resident of a Renaissance Zone for 183 consecutive days, and resident and nonresident individuals with income from rental real estate, business, profession or other activity located and doing business in a Renaissance Zone that file a Statement of Eligibility with the City of Detroit, and obtain approval for tax relief are qualified to claim this deduction.

### HOW TO CLAIM THE RENAISSANCE ZONE DEDUCTION

To claim a Renaissance Zone deduction, a taxpayer must file a Detroit Income Tax return and attach a completed Schedule RZ.

### RENAISSANCE ZONE DEDUCTION DISQUALIFIERS

A person is not eligible to claim a Renaissance Zone deduction if the person:

1. Is delinquent in filing or paying any of the following state or local taxes: Michigan single business tax. Michigan income tax, city income tax, Act 198 industrial abatement tax, commercial abatement tax, enterprise zone tax, city utility users tax or general property taxes.
2. Owns residential rental property and did not file an affidavit with the Detroit Treasurer's Office by December 31 of the prior tax year attesting that the property is in substantial compliance with all applicable state and local zoning, building and housing codes.

A business owner is subject to the above disqualifiers and not eligible to claim a Renaissance Zone deduction if the business:

1. Is located within Detroit outside of a Renaissance Zone and moves to a location within a Renaissance Zone in Detroit without approval of the City.
2. Relocates more than 25 full-time equivalent jobs from one or more non-Renaissance Zone local governmental units (city, village or township) and any of the local government units from which a job was relocated adopts a resolution objecting to the relocation within 60 days of being notified of the job relocation by the business.

### RESIDENT DOMICILED IN A RENAISSANCE ZONE DOMICILE DEFINED

Domicile is the place where a person has his or her true, fixed and permanent home and principal establishment, to which, whenever absent therefrom, he or she intends to return.

### QUALIFICATION DATE

A resident domiciled in a Renaissance Zone for the required 183 consecutive days becomes a qualified taxpayer as of the first day of the

domicile. As an example, a taxpayer who meets the 183 day requirement during the period January 1, 1997 through July 2, 1997, becomes a qualified taxpayer on January 1, 1997.

### DEDUCTIBLE INCOME

Income during the period of domicile in a Renaissance Zone may be deducted except the following: Lottery winnings from an instant game or on-line game won before becoming qualified, the portion of gains from the sale or exchange of property occurring before qualification and income from illegal activities.

### INDIVIDUAL WITH INCOME FROM RENTAL REAL ESTATE, A BUSINESS, A PROFESSION OR A PARTNERSHIP LOCATED AND DOING BUSINESS IN A RENAISSANCE ZONE. INCOME QUALIFIED FOR RENAISSANCE ZONE DEDUCTION

1. That portion of business or professional income from business activity in a Renaissance Zone after adjustment for any net operating loss deduction and retirement plan deduction. The Renaissance Zone portion of business activity is determined via a two-factor apportionment formula, property and payroll within a Detroit Renaissance Zone to that in Detroit.
2. Income from rental or real property located in a Renaissance Zone.
3. The partners share of partnership income from business activity in a Renaissance Zone.

### LINE BY LINE INSTRUCTIONS

Before filling in Schedule RZ, complete form D-1040(R) or D-1040(NR) through Line 7.

- LINE 1. Enter taxpayer's name as shown on their Detroit return.
- LINE 2. Enter taxpayer's Social Security Number.

### INSTRUCTIONS FOR RESIDENTS DOMICILED IN A RENAISSANCE ZONE. (Others skip to instructions for Line 16).

- LINE 3. Enter address of domicile in the Renaissance Zone.
- LINE 4. Enter the date domicile established at residence on Line 3.
- LINE 5. Enter the starting and ending dates of domicile in the Renaissance Zone this year and the total number of days domiciled.
- LINE 6. Divide the number of days on Line 5 by 365 enter %.
- LINE 7. Enter gross income reported — Line 3.
- LINE 8. Enter the capital gain or loss (not ordinary income or loss) included in reported income.
- LINE 9. Enter all lottery winnings included in reported income.
- LINE 10. Enter the total deductions claimed on D-1040(R) or D-1040(L).

LINE 13. Determine the portion of capital gains (not including any capital losses) from sale or exchange of property reported that occurred after the qualification date listed on Line 4 and enter the amount. Attach a schedule showing the computation. The allowable Renaissance Zone deduction for capital gains may be determined by one of the following methods:

- A. Adjust the basis for the property to the fair market value on the qualification date (the prior days closing price for traded securities) and subtract the basis from the sale proceeds; or
- B. Divide the number of months the property was held since the qualification date by the total number of months the property was held and apply this fraction to the gain reported for the property on the Federal income tax return.

LINE 14. Enter lottery winnings won after the qualification date.

**INSTRUCTIONS FOR INDIVIDUALS WITH INCOME FROM RENTAL REAL ESTATE, BUSINESS, PROFESSION OR PARTNERSHIP**

For this section of Schedule RZ, residents are to use the resident column and nonresidents are to use the nonresident. A part-year resident is to report the resident and nonresident portions accordingly.

LINE 16. List the business name and address of each location within a Renaissance Zone.

LINE 17. Enter the business income reported.

LINE 18. Enter the net operation loss deduction.

LINE 19. Enter the portion of the retirement plan deduction claimed on D-1040(R), D-1040(L) or D-1040(NR) that is based upon business income included in Line 17.

LINE 21. The Renaissance Zone apportionment percentage is used by companies doing business inside a Renaissance Zone and outside the Renaissance Zones. If the business income is 100% within the Renaissance Zones, enter 100% on Line 21f.

LINE 21a. In Column 1, enter the average net book value of all real and tangible personal property owned and located in Detroit. In Column 2, enter the average net book value of the real and tangible personal property owned and located in a Detroit Renaissance Zone. 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 to the net book value at the end of the year and dividing the sum by two, or if the business was located in the Renaissance Zone for less than a year, on a monthly average basis.

LINE 21b. Enter in Column 1 the gross annual rent multiplied by 8 for all rented real property located in Detroit. In Column 2, show the gross annual rent multiplied by 8 for rented real property located in a Detroit Renaissance Zone.

LINE 21d. Enter in Column 1 compensation paid to employees for work or services performed within Detroit. In Column 2, enter compensation paid to employees for work or services performed within a Detroit Renaissance Zone. In Column 3, enter the percentage, Column 2 divided by Column 1.

LINE 23. Enter the Renaissance Zone deduction from a partnership. Be certain to enter the partnership Federal Employer Identification Number (FEIN). If a person has a Renaissance Zone deduction from more than one partnership, attach a schedule providing details. Adjust to include the applicable portion of net operating loss or retirement plan deductions claimed on Detroit return that is based upon partnership income included in Line 17.

LINE 24. Enter the address for each parcel of rental real estate located in a Renaissance Zone.

LINE 25. Enter the income from rental real estate located in a Renaissance Zone.

LINE 26. Add Lines 22, 23 and 25. Enter total Renaissance Zone Deduction here and on tax return. Attach Schedule RZ to the return.