

CITY OF ALBION FIDUCIARY INCOME TAX RETURN

Issued under authority of P.A. 284 of 1964. Filing is mandatory

Check appropriate box.

- This is an original return
- This is an amended return

> 1. For taxable year beginning _____, and ending _____.

| | |
|---|--|
| PART 1 IDENTIFICATION (Please type or print) | |
| > 2. Name of Estate or Trust | > 4. Federal Employer Identification Number (FEIN) |
| > 3. Name, Complete Address and Title of Fiduciary | Estate Information |
| | 5a. County |
| | 5b. Probate File No. |
| | 5c. Date of Death |
| Trust Information | |
| Contact Person | 6. Date Trust Was Created |
| Phone # | |

| | |
|--|---|
| PART 2 INCOME AND TAX COMPUTATION | |
| 7. Total business income (or loss) for the period (from U.S. 1041)..... | 7. _____ .00 |
| Please attach a copy of your U.S. 1041 and supporting schedules | |
| 8. Add Albion income tax deducted from income..... | 8. _____ .00 |
| 9. Total allocable income. Add lines 7 and 8..... | 9. _____ .00 |
| 10. Allocation percentage (from line 5 of Schedule A on page 2 of AL-1041)..... | 10. _____ % |
| 11. Allocated income (multiply line 9 by line 10)..... | 11. _____ .00 |
| 12. Net income or loss from rental property located in Albion (from U.S. 1041)..... | 12. _____ .00 |
| 13. Net income (or loss) from sale or exchange of property in Albion (from U.S.1041)..... | 13. _____ .00 |
| 14. Other Albion income..... | 14. _____ .00 |
| 15. Total Albion income. Add lines 11,12,13 and 14..... | 15. _____ .00 |
| 16. Less the amount of Albion income on line 15 applicable to beneficiaries who are Albion residents per the following computation: | |
| Resident beneficiaries' share of distributable net income received by the estate or trust divided by Total distributable net income received. | X Amount of line 15 less any portion of line 15 not included in distributable net income |
| | = Amount to enter on Line 16 |
| | 16. _____ .00 |
| 17. Income subject to tax (line 15 less line 16)..... | 17. _____ .00 |
| 18. Amount of tax. Multiply line 17 by 1/2 of 1% (.005)..... | 18. _____ .00 |

SIGNATURES AND DECLARATIONS

| | |
|--|--|
| I declare, under penalty of perjury, that the information in this return and attachments is true and complete to the best of my knowledge. | I declare, under penalty of perjury, that this return is based on all information of which I have knowledge. |
| <input type="checkbox"/> I authorize Albion to discuss this claim and attachments with the preparer. | <input type="checkbox"/> Do not discuss this claim with the preparer. |
| Signature of Fiduciary or Officer Representing Fiduciary | Date |
| Preparer's Name, Address, PTIN and/or FEIN | |

This return is due April 30, 2010 or on the last day of the fourth month after the close of your tax year.

Mailing: Make check payable to "City of Albion." Write the estate's or trust's FEIN and "2009 AL-1041" on the front of the check. Mail return with payment (if applicable) to: City of Albion, Income Tax Division, 112 West Cass St., Albion, MI 49224-0900.

NAME:

FEIN:

SCHEDULE A - BUSINESS ALLOCATION FORMULA

| | Column A Located Everywhere | Column B Located in Albion | Column C Percentage B/A |
|--|-----------------------------------|----------------------------------|-------------------------------|
| 1a. Average net book value of real and tangible personal property..... | 1a. | | |
| 1b. Gross rentals of real property, multiplied by 8..... | 1b. | | |
| 1c. Total (add lines 1a and 1b)..... | 1c. | | % |
| 2. Total wages, salaries, and other compensation of all employees..... | 2. | | % |
| 3. Gross receipts from sales made or services rendered..... | 3. | | % |
| 4. Total percentages - add percentages computed in Column C on lines 1c, 2 and 3 | → | | 4. % |
| 5. Average percentage (divide the amount on line 4 by 3). Enter here and on line 10, page 1 Note: In determining the average percentage if a factor does not exist, the sum of the percentages shall be divided by the number of factors used | → | | 5. % |

In the case of a taxpayer authorized by the Administrator to use a special formula, complete lines below:

- | | |
|--|------------|
| 1. Numerator | 1. _____ |
| 2. Denominator | 2. _____ |
| 3. Percentage. Divide line 1 by line 2, and enter on line 10, page 1 | 3. _____ % |

Attach copy of Administrator's approval letter.

EXPLANATION of CHANGES (If you checked the amended box on the front, please complete this section.)

Explain changes to income, deductions and credits. Show computations and attach a copy of the amended U.S. 1041 and all supporting schedules.

SCHEDULE B - NAMES AND ADDRESSES OF RESIDENT BENEFICIARIES. Complete if any income is distributed.

| 1. Name | 2. Address; if mailing address differs from home address, give both. | 3. Social Security Number |
|---------|--|---------------------------|
| a. | | |
| b. | | |
| c. | | |
| d. | | |
| e. | | |
| f. | | |

SCHEDULE C - RESIDENT BENEFICIARIES' SHARE OF EXCLUSIONS

| 4. Exclusion for Dividends from National and State Bank Stock | 5. Exclusion for Capital Gains and Losses for the Period Prior to Jan 1, 1972 | 6. Exclusion for Interest from Government Obligations | 7. Exclusion for Rentals | 8. Exclusion of Business Income | 9. Total Misc. Estate and Trust Income Exclusion (Add Columns 6, 7 and 8) |
|---|---|---|--------------------------|---------------------------------|---|
| a. | | | | | |
| b. | | | | | |
| c. | | | | | |
| d. | | | | | |
| e. | | | | | |
| f. | | | | | |

INSTRUCTIONS FOR THE ALBION FIDUCIARY INCOME TAX RETURN (form AL-1041)

General

Every trust and estate, which has gross income from sources listed under "Taxable Income" below, must file a *City of Albion Fiduciary Income Tax Return* (AL-1041), whether tax is due or not. For purposes of this tax, an estate or trust shall be treated as a nonresident individual and a tax rate of one half of one percent (.005) shall apply on the earnings listed under "Taxable Income" below.

An annual return is due on or before the last day of the fourth month following the end of the trust's or estate's taxable year. Calendar year 2009 returns are due by April 30, 2010.

"Income from estates" means "income" as defined in Sec 643(b) of the Internal Revenue Code (IRC), properly paid, credited or distributed but not in excess of the resident individual's share of the distributable net income of the estate, decreased by the amount of depreciation or depletion allowed the resident individual as a deduction under IRC section 642. The exceptions for trusts are also applicable to income from estates. "Income from trusts" means the amount of "income" as defined in IRC section 643(b), distributed or required to be distributed under IRC section 652(a) or 662(a)(1), decreased by the amount of depreciation or depletion allowed the resident individual as a deduction by IRC section 642.

Trusts and estates are not required to file *City of Albion Estimated Individual Income Tax Vouchers* (AL-1040ES).

Taxable Income

- That portion of the net profits from the operation of a business or enterprise operated by the estate or trust that is attributable to business activity conducted in the City of Albion whether or not such a business or enterprise is located in Albion. For example, a business located outside of Albion that conducts business in Albion would be taxable on the portion of its net profits properly allocable to Albion business activities.
- Net profits from rentals of real and tangible personal property located in Albion.
- Net profits from the sale or exchange of real and tangible personal property located in Albion.
- Income from partnerships.

Line-by-Line Instructions for AL-1041, Page 1

Line 7: The total net profit (or loss) is to be computed from *U.S. 1041*, page 1, by using those lines applicable to any business operation.

Lines 10 and 11: You must complete Schedule A before completing these lines.

Line 16: City of Albion resident beneficiaries report their portion of distributable net income on their individual returns and should receive this information from the Fiduciary. This line, which is a resident's share of the Albion income, should be subtracted from line 15 to arrive at the amount of Albion income taxable to the trust or estate.

Schedule A – Business Allocation Formula

The business allocation percentage formula is to be used by estates or trusts with business activity both within and outside

Albion, who, because they do not maintain sufficient business records to accurately reflect the net profits from operations conducted within Albion, or for other reasons, are not using the separate accounting method.

Line 1a: 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 show the net book value of all real and tangible personal property owned by the business located in Albion. The average net book value of real and tangible personal property may be determined by adding the net book values at the beginning of the year and the net book values at the end of the year and dividing the sum by two. Any other method which accurately reflects the average net book value for the year will also be permitted.

Line 1b: In column A enter the gross rentals for the year multiplied by eight for all rented property regardless of location. In column B enter the gross rentals for the year multiplied by eight for all rented property located in Albion. Gross rentals refer only to real property, rented or leased, and should include the actual sums of money or other consideration payable, directly or indirectly by the taxpayer for the use or possession of such real property for the year.

Line 2: Enter in column A the total compensation paid to all employees during the year. Enter in column B the amount of compensation paid to employees for work done or services performed within the City of Albion during the year.

Line 3: Enter in column A the total gross receipts from all sales or services rendered during the year. Enter in column B the amount of receipts derived from sales made or services rendered in the City of Albion during the year.

Line 5: In determining the average percentage, a factor shall be excluded only if it does not exist insofar as the taxpayers business is concerned. In such cases, the sum of the percentages must be divided by the number of factors used.

Schedule C – Resident Beneficiaries' Share of Income and Credits

The information for this schedule is taken from the comparable columns of the *U.S. 1041*. However, only report that information which applies to residents of Albion on form AL-1041. Fiduciaries report amounts in columns 4, 5 and 9 to each resident beneficiary who will show these amounts as subtractions on the individual return (AL-1040).

Where to Mail your 2009 Return

After computing your City of Albion income tax, if the tax due is one dollar (\$1) or more it must be paid when filing this return.

Make check or money order payable to "City of Albion."

Write the estate's or trust's federal identification number and "2009 AL-1041" on the front of the check. Mail the completed AL-1041 and payment (if tax is due) to:

City of Albion
Income Tax Division
112 West Cass St.
Albion, MI 49224-0900

Questions

If you have questions or need more information, call the City of Albion at (517) 629-7865.