

For calendar year 2008 or tax year beginning:

and ending:

Name of trust or estate	Federal employer identification number FEIN
Name and title of fiduciary	Date entity created: _____
Number, street, and room or suite number	Check if:
City or town, state, and ZIP code	<input type="checkbox"/> Initial return
	<input type="checkbox"/> Final return
	<input type="checkbox"/> Amended return
	<input type="checkbox"/> Change in fiduciary's name or address

**INCOME AND TAX COMPUTATION:**

1	Total business income (loss) for the period - from federal return	
2	Add city of Port Huron income tax deducted from income on the federal return	
3	Total income subject to allocation. Add lines 1 and 2, enter the result on this line	
4	Allocation percentage - from schedule A on page 2. If all business was conducted in Port Huron, enter 100%	
5	Allocated income. Multiply line 3 by line 4. Enter the result on this line	
6	Net income (loss) from rental property located in the City of Port Huron - from federal return	
7	Capital gain (loss) from property located in the City of Port Huron - from federal return	
8	Other City of Port Huron income	
9	Total City of Port Huron income. Add lines 5, 6, 7 and 8. Enter the result on this line	
10	Less the amount of Port Huron income on line 9 that is applicable to beneficiaries who are City of Port Huron residents based on the following computation:	
	$\left[ \frac{\text{Resident beneficiaries' share of distributable net income}}{\text{Total distributable net income}} \right] \times \text{The amount on line 9} = \text{The amount to enter on line 10}$	
11	Amount subject to tax. Subtract line 10 from line 9, enter the result on this line	
12	Tax. Multiply line 11 by 1/2 of 1% (.005).	<b>This is the BALANCE DUE</b>

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.

Signature of fiduciary or officer presenting fiduciary

Date

Preparer's name, address and ID number

X

Preparer's signature

Date

Make checks payable to:

Treasurer, City of Port Huron

Mail to: Income Tax Division  
100 McMorran Blvd.  
Port Huron, MI 48060

X

**SCHEDULE A - BUSINESS ALLOCATION FORMULA**

	I Located everywhere	II Located in the city	III Percentage in the city II ÷ I
1a Average net book value of real and tangible personal property . . . . .			
1b Gross rentals of real property multiplied by 8 . . . . .			
1c Total - line 1a plus line 1b . . . . .			%
2 Total wages salaries, commissions and other compensation paid to all employees			%
3 Gross receipts from sales made or services rendered . . . . .			%
4 Total of all percentages - add the percentages computed on lines 1c, 2 and 3 . . . . .			%
5 Average percentage - divide line 4 by three* - Enter here and on page 1, line 4 . . . . .			%

\*In determining the average percentage, if a factor does not exist, you must divide line 4 by the number of factors used

If you are authorized to use a special formula, give the date of your approval letter \_\_\_\_\_ and attach a schedule detailing the calculation

**SCHEDULE B - RESIDENT BENEFICIARIES**

NAME AND ADDRESS OF EACH RESIDENT BENEFICIARY	SOCIAL SECURITY NUMBER
A -----	
B -----	
C -----	
D -----	
E -----	

**SCHEDULE C - EACH RESIDENT BENEFICIARIES' SHARE OF EXCLUSIONS**

1. Exclusion for Interest from governmental obligations	2. Exclusion for the portion of capital gains occurring before January 1, 1969	3. Other income exclusions Explain and support the amount
A		
B		
C		
D		
E		

The fiduciary must report the amounts in columns 1, 2 and 3 to each resident beneficiary

# 2008 INSTRUCTIONS FOR FORM PH-1041 CITY OF PORT HURON FIDUCIARY RETURN

## General

Every trust and estate that has gross income from sources listed under "Taxable Income" below, must file a City of Port Huron Fiduciary Income Tax Return (Form PH-1041). You must file a return whether or not the trust or estate had a net profit. Under the ordinance, estates and trusts are treated as a nonresident individual.

The return is due by the last day of the fourth month, following the end of the trust's or estate's taxable year. Calendar year 2008 returns are due by April 30, 2009. We do not require trusts or estates to file a Declaration of Estimated Income Tax.

You must pay any balance due when you file the return. Make all funds payable to Treasurer, City of Port Huron. Mail both the return and your payment to: Income Tax Division, 100 McMorran Boulevard, Port Huron, Michigan 48060.

## Taxable Income

"Income from trusts and estates" means "income" as defined in Sec. 643(b) of the federal Internal Revenue Code. It includes all income properly paid, credited, distributed or required to be distributed.

### The only types of income taxable to an estate or trust are the following:

- (1) The portion of net profits from the operation of a business or enterprise operated by the estate or trust from business activity conducted in the City of Port Huron. It does not matter whether or not the business or enterprise is located in Port Huron. We tax businesses outside the City on any portion of its net profits that are allocable to business activities in the City.
- (2) Net profits from rentals of real and tangible personal property located in the City of Port Huron.
- (3) Capital gains from the sale or exchange of real and tangible personal property located in the City of Port Huron.
- (4) Income from partnerships.

## Instructions for Page One of Form PH-1041

**Line 1** - Show on this line the total net profit (or loss) from business activities reported on page 1 of your federal income tax return (Form 1041).

**Line 4** - Show on this line the allocation percentage you determined in schedule A. If you conducted all of your business in the City of Port Huron, enter 100%.

**Line 6** - Show on this line the net profit (or loss) from the rental of real and tangible personal property located in the City of Port Huron.

**Line 7** - Show on this line capital gains (or loss) from the sale or exchange of real and tangible personal property located in the City of Port Huron.

**Lines 10 and 11** - Beneficiaries who are City of Port Huron residents must report their portion of distributable net income on their individual return. Resident beneficiaries should receive this information from the Fiduciary. Use line 10 to find the resident's share of total taxable income. Subtract this amount from total income. Enter the result on line 11. This is the income that is taxable to the trust or estate.

## Schedule A - Business Allocation Formula

Use the Business Allocation Formula when a trust or estate conducts a business activity both inside and outside the City of Port Huron. Use the formula to find what percentage of business activity was conducted in the city. We tax trusts and estates on the percentage of income that relates to business activity in the city.

**Line 1a.** Show in column I the average net book value of all real and tangible personal property owned by the business no matter where it is located. In column II show the net book value of all real and tangible personal property owned by the business in the City of Port Huron. You may find the average net book value by adding the net book value at the beginning and at the end of the year and dividing the sum by two. You may also use any other method that accurately reflects the average net book value for the year.

**Line 1b.** Show in column I the gross rentals for the year multiplied by eight for all rented property no matter where the property is found. In column II enter the gross rentals for the year multiplied by eight for all rented property in the city. Gross rentals refer only to real property, rented or leased. Rent includes all amounts paid, directly or indirectly, for the use or possession of the property.

**Line 2.** Show in column I the total compensation paid to all employees during the year. In column II enter the amount of compensation paid to employees for work done or services performed within the city of Port Huron during the year.

**Line 3.** Show in column I the total gross receipts from all sales or services rendered during the year. In column II enter the amount of receipts from sales made or services rendered in the City of Port Huron during the year.

**Line 5.** In determining the average percentage, exclude a factor only if the factor does not exist as far as your business operation is concerned. If a factor does not exist, divide the sum of the percentages by the number of factors used.

## Schedule C - Resident Beneficiaries Share of Exclusions

Get the information for this schedule from the comparable areas of the trust's or estate's federal return. Show only information and amounts for beneficiaries who are City of Port Huron residents. Fiduciaries must report the amounts in columns 5, 6 and 9 to each resident beneficiary. The beneficiary will show these amounts as exclusions on their individual return PH-1040.

## Assistance

If you have any questions or need help, please call **(810) 984-9741**. You can also visit our office in room 112 of the Municipal Office Center, 100 McMorran Boulevard, Port Huron, Michigan 48060.