

AccountingAidSociety

Credit for Taxes Paid to Another City

- If a taxpayer lived in one taxing city but worked in another taxing city, earnings are taxed by both.
- The resident city will give credit for taxes paid to the nonresident city.
- The credit is the lesser of:
 - The taxes levied by the non-resident city
 - What the comparable non-resident taxes would have been in the resident city. (rates and exemptions may differ).

Steps to calculate the amount to use for the Credit for Taxes Paid to Another City

Step 1

- Complete a **non-resident city tax return** for the **city the taxpayer worked in**, but did not live in. Notate the amount of tax that has been computed.

Step 2

- Complete a **non-resident city tax return** for the **city the taxpayer lived in**, but did not work in. Notate the amount of tax that has been computed, then **DELETE THIS RETURN**.

Step 3

- Complete a **resident city tax return** for the **city the taxpayer lived in**, but did not work in. The lesser of the tax amounts computed in Step 1 and Step 2 is the amount to be entered in as the credit for tax paid to other cities.

Step 4

- Print an extra copy of the non-resident return to attach to the resident return.

Commonly Seen Cities: Special Scenarios

Resident City	Non-Resident City	Special Instructions
Detroit	Hamtramck OR Highland Park	Skip step 2, use amount from step 1 in step 3
Highland Park	Hamtramck	Skip step 2, use amount from step 1 in step 3