

GENERAL INSTRUCTIONS

WHO MUST FILE:	<p>All residents of the City of Centerville 18 years of age or older living in Centerville (including part year residents) having taxable income. A return is required even if tax is fully withheld. If there is no taxable income for a particular year, please indicate zero income, sign the return and mail it to the Tax Department. Please call the Tax Office if you are fully retired (retirees who do not have taxable income are exempt from filing once we are notified). If you are under age 18 and had Centerville tax withheld, a refund request (form available at www.centervilleohio.gov or by calling the Tax Office at 937-433-7151) must be filed to receive a refund. Include W2 and a copy of birth certificate or driver's license as proof of age.</p> <p>If you would like to use the On-Line Tax Preparation Tool, please visit the city website. You will assign your own PIN this year.</p> <p>Entities such as corporations, partnerships, sole proprietors, etc. physically located in Centerville or doing business in the city.</p>
PART YEAR RESIDENTS:	<p>If you lived in Centerville during part of the year, you must file a tax return covering that period of time. Report the income earned while living in Centerville. You may apportion your earnings by the number of months of residency to determine the taxable amount. For example: Box 5 on your W2 is \$60,000. You lived in Centerville 5 months and your W2 is for the full 12 months of the year. Your taxable income per month is \$5,000 ($\\$60,000 / 12$ months) and \$25,000 would be reported as taxable income. Please attach a worksheet explaining your calculations along with a copy of your W2. Pay statements showing year to date earnings at the time of your move may be submitted if available. If you prorate your income, you must also prorate any city tax that was withheld for another city on the same income.</p>
DUE DATE:	<p>Calendar year filers: April 15, 2013. Fiscal year filers: by the 15th day of the 4th month following close of fiscal year. Beginning with the 2010 tax year a late filing penalty will be assessed if the tax return is filed after the due date.</p>
DOCUMENTATION:	<p>All income, credits, and deductions must be substantiated by copies of W2's, federal schedules (e.g. Schedule C, Schedule E, Schedule K-1, Schedule A, Form 2106), and local city returns. Incomplete returns will be returned to the taxpayer.</p>
FILING STATUS:	<p>Joint or separate returns are permissible for married taxpayers. The tax due is generally the same regardless of filing status.</p>
TAXABLE INCOME:	<p>Gross salaries, wages, commissions, bonuses, incentive payments, directors fees, property in lieu of cash, tips, dismissal or severance pay, vacation pay, wage continuation plans, sick pay to the extent it constitutes qualifying wages and stock options at the time of exercise. Also, gambling and lottery winnings (effective May 19, 2004), the net profits from partnerships, sole proprietorships, incorporated business entities, professions and other entities, rental and farm income and any other ordinary income. Note: Subchapter S income is taxed at the entity level and should not be included on a resident's tax return.</p>
NON-TAXABLE INCOME:	<p>Interest, dividends, worker's compensation, unemployment compensation, ADC, child support, alimony to recipient, IRA or 401K distributions, retirement pensions, annuities, active duty military pay, social security, capital gains, election poll worker wages and cancellation of indebtedness.</p>
RETIREMENT PLANS:	<p>No deduction is allowed for contributions to IRA, KEOGH, 401K, deferred compensation or similar retirement plans.</p>
REFUNDS:	<p>Are allowed only when city income tax has actually been paid to or withheld for Centerville. Returns so submitted will be adjusted without notice to the taxpayer, as well as returns submitted using tax credits in excess of 1.75%.</p>
2106 EXPENSES:	<p>These expenses must properly belong on a 2106 for federal reporting purposes and be required by the employer. These expenses are recouped first from the city of employment and secondly from the City of Centerville. (For example, if you worked in Fairborn, you would obtain a refund of 1.5% from Fairborn and Centerville would refund the remaining 1/4%.) Effective in 2010 the deduction allowed is limited to the amount which exceeds 2% of adjusted gross income. Attach federal Schedule A and Form 2106.</p>
OUT-OF-TOWN TRAVEL:	<p>If your city of employment refunds all or part of city tax withheld, all or part of this would be payable back to the City of Centerville since your wage is then no longer fully taxed in another city.</p>
MISCELLANEOUS:	<p>Amounts of less than \$5.00 shall not be refunded or assessed.</p>
EXTENSIONS:	<p>An extension request must be filed by the return due date and is AN EXTENSION OF TIME TO FILE ONLY; NOT AN EXTENSION OF TIME TO PAY. A copy of the Federal Extension form will be accepted as the city extension. The tax due must be paid by the original due date (April 15th). Penalty and interest will be charged on taxes paid after the due date.</p>
FULLY WITHHELD:	<p>If your taxes are fully withheld, you may simply attach your W2's to the form without computations and mail it to the tax office.</p>
NET OPERATING LOSS:	<p>No carry forward or carry back allowed per tax ordinance.</p>
W2 TAX CREDIT:	<p>Limited to 1.75% per wage on income taxed in another city. (Note: County earnings taxes and school district taxes do not qualify for a municipal tax credit.)</p>

LINE BY LINE INSTRUCTIONS

INCOME AND TAX COMPUTATIONS

- Line 1** – Attach complete copies of all W2's.
- Line 2** – If you file Form 2106 Employee Business Expenses with your federal tax return, list the amount deducted on federal Schedule A (after deduction of 2% of adjusted gross income). Attach both Form 2106 and Federal Schedule A.
- Line 4** – Other taxable income from page 2, Section A
- Line 7** – CREDITS
- b. Credit for city tax withheld for another city with a tax rate lower than 1.75% is generally the amount listed in Box 19 on the W2. Credit cannot exceed 1.75% of the wages being taxed by Centerville.
- Example: Wages of \$50,000 taxed by Kettering at 2.25% = \$1,125 in Box 19 of the W2. The credit allowed on Line 8b is \$50,000 x 1.75% = \$875.
- c. Enter any overpayment of tax from last year.
- d. Enter estimated tax payments made for 2012.
- e. Enter payment made with an extension request or credit for tax paid to another city on self employment or rental income not to exceed 1.75%. Attach documentation for credit taken for another city (e.g. copy of tax return for other city).
- Line 9a** – UNDERPAYMENT PENALTY:
Penalty is assessed at 10% on the difference between 90% of the actual tax due for the year and the amount paid through withholding and/or declaration.
- | | | |
|-------------------------------------|--------|-----------|
| <u>Underpayment Penalty Example</u> | | |
| Tax due \$1,000.00 x 90% = | \$ | 900.00 |
| Less withholding | | (200.00) |
| Less cash payments | | (200.00) |
| Underpaid amount | | 500.00 |
|
Penalty - 10% |
\$ |
50.00 |
- Line 9b** – PENALTY AND INTEREST FOR LATE PAYMENT is assessed on taxes paid after April 15 or fiscal due date **including extended returns**.
- Penalty is 10% during the first 6 months and an additional 1 1/2% per month thereafter.
- Interest is federal short term rate as defined in §5703.47 ORC plus 3% adjusted annually (3% for 2012).
- Line 9c** – LATE FILING PENALTY – There is a **late filing fee** for tax years beginning on or after January 1, 2010 if your return is submitted after April 15th or the fiscal due date. If the tax return is not more than 120 days late, the penalty assessed shall be \$25.00. If the tax return is more than 120 days late, the penalty is \$50.00.
- Line 10** – Enter the total amount due (Line 6 – Line 8 + Line 9a + Line 9b + Line 9c). If the total is less than \$5.00 no payment is required.
- Line 11** – Enter any overpayment in excess of \$5.00 for 2012 as a credit to 2013 or to be refunded.

DECLARATION OF ESTIMATED TAX

The Tax Ordinance requires that 90% of the actual tax due be paid and/or withheld during the taxable year. Estimated tax payments are due April 30, July 31, October 31, and January 31. We will send statements for the second, third and fourth quarters if this section of the return is completed. Please submit the first quarter payment with your tax return.

SECTION A

- Line 1** – All residents engaged in a sole proprietorship regardless of location should report their Schedule C net income or loss and attach a copy of all pages of their Federal Schedule C. Resident business entities and non-resident entities doing business in Centerville should report their income as adjusted in Schedule X and/or Schedule Y below.
- Line 2** – Residents report all rental income regardless of location. Non-residents report rental income for all rental property located in Centerville (using the Allocation Formula in Schedule Y if applicable).
- Line 3** – Residents report Schedule K1 income from partnerships only (Form 1065). Subchapter S corporations are taxed at the entity level in Centerville.
- Line 4** – Ordinary income (loss) from Form 4797. Capital gains are not taxable.
- Line 5** – For individuals, income and losses from 2 or more business activities may offset to calculate the total for this line, however if the total is less than zero, enter zero (losses may no longer offset wages).
- Line 6** – Report other income not included above – e.g. commissions, tips, directors fees, gambling winnings etc and attach documentation for this income.
- Line 7** – Total income other than wages (Line 5 + 6).

Schedule X - Reconciliation with federal return.

This schedule is to be completed by corporations, partnerships, sole proprietorships, and business entities. Resident individuals should not use Schedule X. The figure on Line 1 is "adjusted federal taxable income." According to Ohio Revised Code Section 718: "If a taxpayer is not a C Corporation and is not an individual, the taxpayer shall compute "adjusted federal taxable income" as if the taxpayer were a C Corporation."

Schedule Y - Business Allocation Formula.

The purpose of this schedule is to allocate a portion of business net income to Centerville using the three factor formula. A factor may be excluded only when the factor does not exist anywhere.