

## GENERAL INFORMATION

<b>WHO MUST FILE:</b>	<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 <a href="http://www.centervilleohio.gov">www.centervilleohio.gov</a> 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. Requirements and instructions for online filing can be found on the Income Tax page.</p> <p>Entities such as corporations, partnerships, nonresident sole proprietors, etc. physically located in Centerville or doing business in the city must file a separate business return.</p>
<b>PART YEAR RESIDENTS:</b>	<p>If you lived in Centerville during part of the year, you must file a tax return covering that period of time. You must report all income earned while living in Centerville. Pay statements showing year to date wages at the time of your move may be submitted if available. Otherwise, you may apportion your earnings based on residency. Income must be apportioned based on the dates of employment and dates of residency. For example: You had 2 employers in 2020 and moved to Centerville on July 1, 2020. You were employed by Employer A from January 1, 2020 to March 31, 2020. These wages would not be included on your Centerville return since these wages were earned prior to residency. However, you were employed by Employer B from April 1, 2020 to December 31, 2020. To determine the amount of wages to include on your Centerville return, divide months of residency by the total months employed (resident for 6 months / 9 months employed = 67%). You would include 67% of the wages shown in Box 5 on the W-2 from Employer B. Please attach a worksheet explaining your calculations along with a copy of your W-2. <b>Please note:</b> If you prorate income, you must also prorate any city tax that was withheld for another city on the same income. The credit for tax paid to another city cannot exceed 2.25% of the wages included on your return.</p>
<b>DUE DATE:</b>	<p>Calendar year filers: April 15, 2021. Fiscal year filers: by the 15th day of the 4th month following close of fiscal year. A late filing penalty may be assessed if the tax return is filed after the due date.</p>
<b>DOCUMENTATION:</b>	<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), Federal Form 1040, Schedule 1 and copies of other city returns.</p>
<b>FILING STATUS:</b>	<p>Joint or separate returns are permissible for married taxpayers. The tax due is generally the same regardless of filing status.</p>
<b>TAXABLE INCOME:</b>	<p>Salaries, wages, commissions, bonuses, incentive payments, directors fees, property in lieu of cash, tips, dismissal or severance pay, vacation pay, wage continuation plans, and stock options at the time of exercise. Also, gambling and lottery winnings, 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>
<b>NON-TAXABLE INCOME:</b>	<p>Interest, dividends, worker's compensation, unemployment compensation, federal, state and local tax refunds, stimulus payments, ADC, child support, alimony to recipient, IRA or 401K distributions, retirement pensions, annuities, active duty military and reserve pay, social security, capital gains, third party sick pay, election poll worker wages and cancellation of indebtedness.</p>
<b>REFUNDS:</b>	<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 2.25%.</p>
<b>OUT-OF-TOWN TRAVEL:</b>	<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>
<b>MISCELLANEOUS:</b>	<p>Amounts of less than \$10.00 shall not be refunded or assessed.</p>
<b>FULLY WITHHELD:</b>	<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>
<b>NET OPERATING LOSS:</b>	<p>For taxable years beginning on or after January 1, 2017 a net operating loss shall be carried forward for a period of five (5) years, subject to the limitations described in ORC 718.01(D)(3). Usage is restricted to 50% per year during tax years 2020 through 2022.</p>
<b>W2 TAX CREDIT:</b>	<p>Limited to 2.25% 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>
<b>DECLARATIONS:</b>	<p>Every person who anticipates a net tax liability of at least \$200 is required under Ohio law to make estimated tax payments. The Declaration of Estimated Tax and first quarter payment is calculated and paid with the 2020 tax return. Second quarter is due June 15, 2021; third quarter is due September 15, 2021; fourth quarter is due January 15, 2021. Quarterly statements will <b>NOT</b> be sent; however, quarterly vouchers are available on the city's website.</p>

# LINE BY LINE INSTRUCTIONS

## INCOME AND TAX COMPUTATIONS

- Line 1 –** Total Qualifying wages from Section A. Attach complete copies of all W2's. Some W2 copies do not include figures in all of these boxes so multiple copies may need to be submitted.
- Line 2 –** Other taxable income from page 2, Section B
- Line 3 –** Enter all other taxable compensation including, but not limited to, 1099-Misc income, gambling and prize winnings, and taxable HSA withdraws generally included on line 8 of the Federal 1040 form Schedule 1. Please include copies of any forms which show the income reported.
- Line 6 –** CREDITS
- a. Centerville tax withheld only
  - b. Credit for city tax withheld for another city with a tax rate lower than 2.25% is generally the amount listed in Box 19 on the W2. Credit cannot exceed 2.25% of the wages being taxed by Centerville.  
  
Example: Wages of \$50,000 taxed by Dayton at 2.5% = \$1,250 in Box 19 of the W2. The credit allowed on Line 6b is \$50,000 x 2.25% = \$1,125.
  - c. Enter any overpayment of tax from last year.
  - d. Enter estimated tax payments made for 2020.
  - e. Centerville residents can include credit for taxes paid to other cities on the same income taxed by Centerville if supporting documentation of the credit is attached to the return (e.g. copies of tax returns filed with other cities). If you are not reporting any losses from self-employment, partnerships or rentals, credit for 2.25% of the income reported may be included.
- Line 6e –** However, if losses are claimed in computing taxable income, the losses must be ratably allocated against net profit income in calculating the credit allowable for taxes paid to other cities as follows:

	Total	Kettering	Springboro
Business Income (Sch C, E or F)	\$50,000	\$30,000	\$20,000
Percentage of Total Business Income		60%	40%
Business Loss (Sch C, E or F)	(\$5,000)		
Prior Year Loss*	(\$3,000)		
<b>Total</b>	<b>(\$8,000)</b>	<b>(\$4,800)</b>	<b>(\$3,200)</b>
Business Income (Profits)	\$50,000	\$30,000	\$20,000
Net Other Income	\$42,000	\$25,200	\$16,800
Tax Rate		2.25%	1.5%
Allowable Credit (limited to 2.25% )		\$567.00	\$252.00

\* For taxable years beginning on or after January 1, 2017, a net operating loss shall be carried forward for a period of five (5) years, subject to the limitations described in ORC 718.01(D)(3).

- Line 8a –** UNDERPAYMENT PENALTY: 15%  
Penalty is assessed at 15% on the difference between 90% of the actual tax due for the year and the amount paid through withholding and/or estimate payments (unless 100% of the prior year tax amount was paid).
- Underpayment Penalty Example
- |                            |    |          |
|----------------------------|----|----------|
| Tax due \$1,000.00 x 90% = | \$ | 900.00   |
| Less withholding           |    | (200.00) |
| Less estimate payments     |    | (200.00) |
| Underpaid amount           |    | 500.00   |
| Penalty - 15%              | \$ | 75.00    |
- Line 8b –** PENALTY AND INTEREST FOR LATE PAYMENT is assessed on taxes paid after April 15th **including extended returns**.  
Penalty is 15% of the amount not timely paid.  
Interest is federal short term rate as defined in §5703.47 ORC plus 5% adjusted annually (7% rate for 2020).
- Line 8c –** LATE FILING PENALTY – There is a **late filing fee** if your return is submitted after April 15th or the fiscal due date. The late filing penalty is \$25.00 per month (maximum of \$150 for each return not filed timely), or fraction thereof, that the tax return remains unfiled regardless of the liability shown thereon.  
  
Penalty and interest totaling less than \$10.00 are not assessed.
- Line 9 –** Enter the total amount due (Line 7 + Line 8a + Line 8b + Line 8c). If the total is less than \$10.00 no payment is required. Make checks payable to City of Centerville. To pay by credit card visit the website at [www.centervilleohio.gov](http://www.centervilleohio.gov).
- Line 10 –** Enter any overpayment in excess of \$10.00 for 2020 as a credit to 2021 or to be refunded.

## SECTION B – INCOME OTHER THAN WAGES

- 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.
- Line 2 –** Residents report all rental income regardless of location.
- 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 NOT offset wages or gambling and prize winnings).
- Line 6 –** For taxable years beginning on or after January 1, 2017 a net operating loss shall be carried forward for a period of five (5) years, subject to the limitations described in ORC 718.01(D)(3). Usage is restricted to 50% per year during tax years 2020 through 2022.
- Line 7 –** Total income other than wages (Line 5 Less Line 6).