

# INSTRUCTIONS FOR WAUSEON CITY INCOME TAX RETURN

## GENERAL INSTRUCTIONS FOR WAUSEON INCOME TAX RETURNS

### 1. WHO IS REQUIRED TO FILE:

This return is to be used by individuals, partnerships, corporations, or any other entity.

### 2. WHEN AND WHERE TO FILE RETURN:

Taxpayers who end their year on December 31, must file on or before April 15 OR THE IRS DUE DATE. Taxpayers on a fiscal or partial year basis, must file within 105 days following the end of such period. This return is to be filed with the Tax Commissioner at City of Wauseon, Municipal Building, 230 Clinton Street, Wauseon, OH 43567.

### 3. EXTENSION OF TIME FOR FILING RETURNS:

Taxpayers granted a Federal extension of filing time may be granted an extension of time for filing their City return by mailing a copy of the Federal extension to the Tax Commissioner on or before the date due of the return. The extension of filing time does not extend the date for payment of tax due. Failure to receive the return or extension by date due will result in a late fee being assessed.

### 4. FILING STATUS:

All taxpayers are considered individual taxpayers for filing and estimating City tax. The City of Wauseon permits joint filing for convenience but all income is considered separately.

### 5. INCOME SUBJECT TO THE TAX:

- A. Salaries, wages, and other compensation earned by Wauseon residents anywhere and earned by nonresidents for work done or services performed within the City.
- B. Net profits of unincorporated businesses regardless of where located if owned by resident.
- C. Net profits of nonresident unincorporated businesses resulting from work done or services performed within the City.
- D. All pre-tax items of income are subject to tax (i.e. deferred amounts, 401K, Cafeteria Plans, or any other pre-tax items).

### 6. WHAT CONSTITUTES NET PROFIT:

Net profit of any business entity is the same as recognized by the IRS with adjustments for Wauseon as required by the Codified Tax Ordinance and ruling of the Tax Commissioner. For tax purposes, net profit is taxable income after all ordinary and necessary expenses and before net operating loss and special deductions.

### 7. THE FOLLOWING ARE NOT DEDUCTIBLE IN DETERMINING NET PROFITS FOR WAUSEON INCOME TAX:

- A. All taxes based on income (Federal, State, or municipal income taxes).
- B. Gift, Estate or Inheritance tax.
- C. Taxes for local benefits or improvements to property which tend to increase its value.
- D. Taxes on property producing income and taxable by the Codified Tax Ordinance.
- E. Interest and/or Other Expense incurred in the production of non-taxable income (at least 5% of the total of items not taxable).
- F. Payments to partners per Federal Form 1065 and S-Corp shareholder distributions.
- G. Self-employed 401(k), Keough, HR10 or similar tax deferred plans.
- H. Other expenses not considered ordinary and necessary expenses of doing business.

### 8. LOSSES:

- A. No portion of a net operating loss may be applied against the profit of succeeding years or carried back against the net profit of a prior year.
- B. Losses incurred from an unincorporated entity may not be taken against the W-2 wages of the taxpayer or taxpayer's spouse.
- C. Loss from an unincorporated business owned by a taxpayer may not be taken against the profits of an unincorporated business owned by the taxpayer's spouse.
- D. Resident taxpayers operating a business anywhere, including rental, which incurs a loss, the amount of the loss that is subject to another municipality may not be used to reduce the taxpayer's taxable income for Wauseon.

### 9. INCOME NOT TAXABLE:

Unemployment or Worker's Compensation; IRS qualified retirement plans or annuities received as a result of retirement; interest; dividends; active or reserve military pay; life insurance proceeds; and income of taxpayers under the age of 16.

### SPECIFIC INSTRUCTIONS

- A. Insert date for period covered by return other than a calendar year.
- B. Print name and address, social security number or EID number, and Wauseon tax account number, if known.
- C. Complete taxpayer phone number and period of residency.

Line 1. List wages and salaries, occupation, and wage information from W-2 forms. IF YOU HAVE NO OTHER INCOME, SKIP TO LINE 11, AND COMPUTE YOUR TAX LIABILITY.

Line 2. Enter income from self-employment. If partnership income is included on this line, complete Section C on Page 2 of this return and attach Schedule 'E' and K-1 forms.

Line 3. Enter income from rents, leases, farm income or farm rental income. Attach Schedule 'E' and/or 'F' as applicable.

Line 4. Partnership income. If an information return only is filed, complete Section D on Page 2 of this return and attach copies of applicable forms.

Line 5. All corporate entities report income on this line. Sub 'S' corporations are to file as an entity, however each resident member/partner is required to report his distributive share on his Wauseon return. Credit for tax paid, up to 1 1/2%, will be allowed on this same income. Attach copy of 1120, 1120A and 1120S including all statements and schedules as filed for IRS.

Line 6. List other income subject to Wauseon tax not included on Lines 1 thru 5 on this line. Attach 1099's or substitute form in support on income shown. Income not taxable is interest, dividends, unemployment or worker's compensation, qualified pension, and social security.

Line 7 and 8. Bring forward amounts on Line 26 or 31, if applicable.

Line 9. Total Lines 1 through 8.

Line 10. If allocation formula is used, enter the percentage (carried to at least 4 decimal points) of allocation and multiply it times Line 9.

Line 11. Enter total income subject to Wauseon income tax. See instructions for losses.

Line 12. Multiply taxable income on Line 11 by 1 1/2% (.015) to determine tax due before applicable credits.

Line 13(A). Total all city tax withheld per W-2 forms (1 1/2% LIMITATION).

Line 13(B) Tax paid to other cities on income shown on Lines 2 thru 6. Attach copy of other city tax return (1 1/2% LIMITATION) to support tax shown.

Line 13(C) Estimated tax paid this city including prior year carry-over credit, if applicable.

Line 14. Total credits (Line 13(A) + 13(B) + 13(C).)

Line 15. Balance of tax due. Subtract Line 14 from Line 12.

Line 16. Overpayment (if tax credits exceed tax due, enter difference).

Line 17. Underpayment Penalty. If Line 14 does not equal 90% of the tax liability shown on Line 12 or 100% of the prior year tax liability (provided the prior year tax was not zero), an underpayment penalty must be computed and entered on this line. Multiply the amount on Line 15 by 15%.

Line 18. If the tax return is filed after April 15 OR THE IRS DUE DATE or a copy of the Federal extension of filing time was not received by the Tax Commissioner by April 15 OR THE IRS DUE DATE, a Late Fee of \$25.00 per month or fraction thereof (maximum \$150.00) must be entered on this line.

Line 19. If the return is filed after April 15 OR THE IRS DUE DATE, interest is assessed at .42% per month or fraction thereof REGARDLESS OF EXTENSION filed prior to original date due of the return.

Line 20. Total amount due (including penalties and interest, if applicable) is entered here. Payment in full must accompany return to complete filing requirements. Make check or money order payable to Commissioner of Taxation.

Line 21. Overpayments shown on Line 16 shall be applied to unpaid penalty and interest charges for prior years; to the taxes owed for any previous year in the order in which such taxes became due; to the first installment of the succeeding year; and if none is applicable, refunded to the taxpayer. Tax return must be signed for complete filing requirements.

Line 22. Add payments to partners or distributive shares to partner/member if taken as a deduction on the Federal tax return.

Line 23. Total all income taxes based on income (Federal, State, and municipal taxes).

Line 24. If you deducted income not subject to Wauseon tax on Line 31, you must add back at least 5% of that income to compensate for expenses attributable to its production. (If now shown, auditor will compute and bill taxpayer for additional due.)

Line 25. Contributions in excess of 10% of net profits.

Line 26. Total additions to income (Add Lines 22 thru 25), transfer to Line 7 on Page 1.

Line 27. Deduct interest income included in entities shown on Lines 2 thru 5, on Page 1.

Line 28. Deduct dividend income (less Federal Exclusions).

Line 29. Deduct income from patents and copyrights.

Line 30. Other Deductions - ATTACH DOCUMENTATION. (Codified Tax Ordinance does not allow Federal Schedule A (Itemized Deductions) for Unreimbursed Employee Business Expense based on Federal Form 2106.) If applicable, Nonresident Refund Forms must be obtained from tax office.

Line 31. Total deductions from income (Add Lines 27 thru 30), transfer to Line 8, on Page 1.

Line 32. If you are a partner in a partnership or Sub 'S' Corporation, complete this Section and transfer totals to Page 1, Line 2.

Line 33. If partnership files an information only return with Wauseon, complete this Section.

Line 34. The business allocation formula is contained in the Codified Ordinance at Section 191.02(3) (a), (b), (c), and (d). Compute percentage to at least four decimal places. If taxpayer is a resident entity and did not have a place of business outside Wauseon, the percentage is 100%. Transfer allocation percentage to Line 10, Page 1.

TAX PREPARER INFORMATION: Return must be signed by preparer and name of preparer printed legibly, Name and address of firm, and phone number. A signed form giving the tax preparer authority to discuss the taxpayer's tax matters with the Tax Commissioner must accompany the tax return.

TAXPAYER: All returns must be signed by the taxpayer who is affirming that all information contained therein is true and correct as filed with the Federal IRS. Return must be signed to complete filing requirements.