

2019 CITY OF TIFFIN INCOME TAX INSTRUCTIONS

WHO MUST FILE:

Every Resident, full or partial year, 18 years of age and older, must file a tax return, whether or not taxes are due, unless that resident is retired with no earned income. See definition of earned income in the **RETIREE** section below.

Every Business Entity, whether a resident or non-resident, who conducts a business in Tiffin must file a return and pay any tax on that profit. If you have a net loss you are still required to file a return. ("Business" includes rental income.)

Individuals, earning income in Tiffin not subject to the withholding of Tiffin income tax must also file a return.

If you received a letter of need to file from this office be sure to file, even if you had no taxable income for the year. If you are not subject to Tiffin tax complete the exemption certificate on pg. 2 of the return.

RETIREES: Retirees who earn wages, operate a business, own rental property or earn other income including gambling winnings, are required to file. If your **ONLY** income source is retirement income (i.e. SSI, other pensions, interest, dividends, IRA and 401k distributions), complete the exemption certificate on pg. 2 of the return.

COLLEGE STUDENTS: College students claimed as dependents on a resident parent's federal tax return are considered residents for city tax purposes and must file a tax return on all earnings for the year regardless of where they were earned.

UNDER 18: If a person is under 18, was employed in the City of Tiffin and had Tiffin taxes withheld, a refund may be requested by filling out a tax return and sending it in with W-2(s) and a copy of the underage taxpayer's driver's license or birth certificate. If under 18 for part of the year, include paystub closest to 18th birthday.

FILING STATUS: Taxpayers who prepare their federal and state tax returns using the "married filing separate" status to lower their overall tax liability may still file a joint return for the City of Tiffin. Filing a joint return will neither increase nor decrease your City of Tiffin tax liability. Husband and wife may file joint returns, in which case both must sign the return and submit their social security numbers.

WHEN TO FILE: Taxpayers who end their taxable year on December 31 must file on or before the IRS due date. Taxpayers on a fiscal year must file on or before the 15th day of the fourth month after the close of that fiscal year or other period.

EXTENSIONS: If the deadline to file cannot be met, an automatic extension will be granted if taxpayer received an extension on his federal return. If an extension was not requested or received for federal purposes, a taxpayer may still request an extension to file his city tax by sending a request to the Tax Commissioner by the unextended due date of the return. **An extension of time to file is not an extension of time to pay.** Payment of any estimated tax due should be sent in by the unextended due date of the return to avoid a late payment penalty. Although not required by state law, a courtesy copy of the extension by the due date of the return would be appreciated. A copy of the extension must be attached to the return when filed or the return will be considered late and a late filing penalty applied.

PARTIAL YEAR RESIDENTS: If you only lived in Tiffin during part of the year you must file a tax return covering that time. Report the amount of income you earned while you lived in Tiffin. Pay stubs with year-to-date figures or a statement from your payroll department must be used if available. When the actual amount you earned while living in Tiffin cannot be determined, you may break down your earnings by the number of months employed at the job arriving at a monthly earnings figure. Use the monthly earnings figure multiplied by the number of months of residency to find your taxable amount. If you pro-rate your income you must also pro-rate your city tax that was withheld on the same income. **Attach a worksheet explaining your calculations.**

DECLARATION OF ESTIMATED TAX FOR THE COMING YEAR:

Taxpayers who expect to receive taxable income for the coming year in which Tiffin tax is not withheld must declare estimated tax payments (25% of full amount must be paid at the time of filing the Annual Return). The estimated tax payments due June 15th, September 15th, and January 15th will be billed. Please note that the tax rate increased to 2% beginning January 1, 2019.

PENALTY AND INTEREST: Except in those cases where an extension was filed, a late fee of \$25.00 per late month or fraction of a month up to a maximum of \$150.00 shall be due on returns filed after the due date, even when no tax is due. A late payment penalty of 15% of any balance due that remains unpaid after the due date will also be charged unless estimated tax payments of at least 90% of the entire tax liability has been paid by January 15th following the period covered by the return. Interest at the rate of 0.583% per month will be charged from the original due date of the return until date of actual payment. See ORC section 718.27.

NET OPERATING LOSSES: The City of Tiffin allows net operating losses occurring in tax years beginning on or after January 1, 2017 from unincorporated businesses to be carried forward for 5 years subject to limitations of Ohio Revised Code section 718.01(D)(3) Net operating losses may not be used to offset salaries, wages, commissions or other compensation. (See instructions for Line 7.)

NONDEDUCTIBLE EXPENSE CREDIT: FOR BUSINESS USE ONLY Ohio Revised Code does not allow for adjustment of federal taxable income of expenses reduced because of taking Federal Tax Credit (i.e. Work Opportunity, Small Employer Health Insurance and similar credits). Tiffin allows a tax credit to adjust tax liability due to the disallowed expenses. Nondeductible Expense Credit worksheet and proper documentation must be attached in order to take the credit.

AMENDED RETURNS: Amended returns are accepted by completing an income tax return with the words "Amended Return" written in red ink across the top and indicating the year being amended. The amended return is required within three (3) months of the final determination of any changed tax liability resulting from the Federal audit, judicial decision, or other circumstances.

TAXABLE INCOME: Tiffin income tax is levied at the rate of 2.0%. Income taxable to the city is listed below. While this list is not comprehensive, it encompasses most of the taxable situations. In addition to the listing, the net profits of all unincorporated businesses, professions, rentals or other activities conducted by residents and non-residents of the City of Tiffin are taxable.

TAXABLE INCOME

Wages, salaries and other compensation
Bonuses, stipends and tip income
Commissions, fees and other earned income
Sick pay (including 3rd party)
Employee contributions to retirement plans and tax deferred annuity plans (including Section 401k, 403b, 457b, etc.)
Net rental income
Net profits of businesses, professions, sole proprietorships, etc.
Income of corporations, partnerships, s-corporations, estates or trusts (Taxed at the entity level)
Vacation pay
Stock options
Net farm income
Prizes and gifts, if connected with employment, to the same extent as taxable for Federal Income Tax purposes
Director fees
Income from jury duty
Strike pay
Uniform, automobile, moving and travel allowances (in excess of expense)
Executor fees
Supplemental Unemployment Benefits (SUB pay)
Lottery winnings (Gross winnings; no deduction for losses)
Compensatory insurance proceeds from lost wage settlements

NON-TAXABLE INCOME

Interest or dividend income
Pre-tax contributions made by or on behalf of employees to cafeteria plans (Sections 125 plans)
Welfare benefits
Social Security
Income from qualified pension plans
State unemployment benefits
Worker's Compensation
Proceeds of life insurance
Alimony and child support
Government disability payments
Poll worker income up to \$1,000
Military pay (including National Guard)
Earnings of persons under 18 years of age
Capital gains
Patent and copyright income
Royalties derived from intangible property
Compensatory insurance proceeds derived from property damage or personal injury settlements
K-1 income/loss from S-Corporations at the individual level

2019 LINE BY LINE INSTRUCTIONS

Complete the worksheet detailing the wages received on your W-2s

PAGE 1

Column 1 – Enter employer's name and dates worked for employer in column to left.

Column 2 – Enter the city where employed. If your W-2 states "various" or "all cities," please attach a copy of the itemized breakdown showing all cities in which tax was withheld.

Column 3 – Enter the wages earned on each W-2. In most cases the amount shown in Box 5 of the W-2 should be used. However, if Box 18 is higher, that wage must be used to calculate total wages earned.

Column 4 – Enter City of Tiffin tax withheld from Box 19 on the W-2.

Column 5 – Enter tax withheld for work in other cities.

Column 6 – For each W-2 with tax withheld for a city other than Tiffin, enter the smaller of Column 5 or (Column 3 multiplied by 2.0%). Tiffin allows a credit for taxes withheld by another city up to 2.0%. Credit may not exceed 2.0% of the wages taxed by another city on each W-2 form.

Line 1 – Enter total amount of W-2 wages from Column 3. Attach all W-2s to back of return along with copy of your Federal Form 1040 (federal tax return) NOTE: Wages from **active** military service are not taxable. Please include W-2 with return and check the active military box on the exemption on page 2 of return but do not include wages in taxable income. Wages of civilian employees of the military are taxable.

Line 2 – Enter income from W-2G, 1099MISC not included on Federal Schedule C, and any other miscellaneous income (usually Line 8, Federal Form 1040-Schedule 1). Attach 1099MISC, W-2G and any other documentation for income on this line. If city tax was withheld, please enter on Line 6 or 9, whichever is applicable.

Line 3 – Enter the amount of other income from Line 32 from the back of the return, but not less than -0-, if applicable. Attach appropriate schedules and documentation.

Line 4 – Add Lines 1, 2 and 3

Line 5 – Multiply Line 4 by 2.0% (.02).

Line 6 – Enter tax withheld for Tiffin from Column 4. and any forms included in income on Line 2.

Line 7 – Enter any prior year credits.

Line 8 – Enter any estimated payments made.

Line 9 – Enter credit for taxes withheld by other cities from Column 6 and/or Line 6B from Schedule of Income from other than Wages on back.

Line 10 – FOR BUSINESS USE ONLY Enter credit for nondeductible expenses from worksheet. Worksheet and documentation must be attached to return.

Line 11 – Add Lines 6 through 10.

Line 12 – Subtract Line 11 from Line 5. If Line 5 is more than Line 11, enter balance due.

Line 13 – Enter Late Filing and Late Payment Penalty, if applicable. See other side of instruction page.

Line 14 – Enter Interest at 0.583% per month on the balance due, if applicable.

Line 15 – Add Lines 12, 13, and 14. Enter total here. No tax due if balance is \$10.00 or less.

Line 16 – If Line 5 is less than Line 11, enter overpayment.

Lines 17 & 18 – Indicate disposition of overpayment either by refund or credit to next year. Per Ohio Revised Code, no refund or credit is issued for overpayments of \$10.00 or less.

Line 19 – Enter total estimated tax on income subject to tax multiplied by a tax rate of 2.0%.

Line 20 – Enter any Tiffin tax to be withheld or credit for tax withheld/paid to another city.

Line 21 – Enter net tax due by subtracting Line 20 from Line 19.

Line 22 – Enter amount due with estimate, 25% of Line 21.

Line 23 – If applicable, enter overpayment from previous year (Credit from Line 18). If credit from Line 18 exceeds Line 22, credit will carry over into 2nd Quarter payment. No estimated tax will be due at this time, unless you want to pay your remaining estimated balance in full for the year.

Line 24 – Subtract Line 23 from Line 22.

Line 25 – Enter amount from Line 15. No tax due if balance is \$10.00 or less.

Line 26 – Add Lines 24 and 25. **Sign and date return and make check payable to the Tiffin Income Tax Department.**

PAGE 2

Schedule of Income from other than wages

Line 1 Schedule C: Net profits shall be determined on the basis of the information used for Federal income tax purposes, adjusted to the requirements of the ordinance. All business entities must attach copies of appropriate Federal Schedules.

Line 2 Schedule E: Residents enter profit/loss from all properties. Nonresidents enter only profit/loss from Tiffin properties.

Line 3 Schedule F: Farm Income (Tiffin residents only)

Line 4 Schedule K-1: Residents only enter profit/loss from **entities that do not file and pay Tiffin tax.**

Line 5 Forms 1120, 1120S, 1065, 1041 See Ohio Revised Code Section 718.01(E) & 718.02.

Line 6 Add Lines 1 through 5. Enter amount from 6A on Line 27 below and amount from 6B on Line 9 on front of return

SCHEDULE X: This schedule is used by businesses for the purpose of making adjustments when total income includes income not taxable and/or not deductible for city purposes. Items not taxable include interest, dividends, and capital gains from the sale, exchange or other disposition of property. Items not deductible include federal, state, local and other taxes based on income, capital losses from the sale, exchange or other disposition of property, expenses incurred in the production of non-taxable income, net operating loss deduction per Federal return, payment to partners, payments to "officers" unless included on W-2 forms or any other items as prohibited by the Federal or State governments. Amounts considered as "special deductions" on Federal return are not considered for local tax.

SCHEDULE Y: To be used when the books and records of the taxpayer do not disclose with reasonable accuracy the net profit attributable to Tiffin. A business allocation formula consisting of the average property, wages paid, and gross receipts may be used by business entities not required to pay tax on entire net profits. See ORC section 718.02.

Line 27 – Enter total from Schedule of Income other than Wages, Line 6A.

Line 28A – Enter total from Schedule X, Line h.

Line 28B – Enter total from Schedule X, Line p.

Line 28C – Subtract Line 28B from Line 28A

Line 29 – If Line 28A is more than Line 28B add Line 28C to Line 27. If Line 28B is more than Line 28A subtract Line 28C from Line 27.

Line 30 2017 & 2018 Net Operating Losses – Enter allowable NOL carryforward. NOTE: Post 2017 Net Operating Losses are allowed to be carried forward and applied to future income at 50% of the available loss with a maximum of a 5 year carryforward. A taxpayer may use a maximum of 50% of any post 2017 losses to reduce taxable income to \$0.00 and carry forward the unused loss for an additional 4 consecutive years. **An NOL schedule must accompany this return.**

Line 31a – Subtract Line 30 from Line 29

Line 31b – Multiply Line 31a by allocation percentage from Schedule Y.

Line 32 – Enter amount from Line 31B and carry amount to Page 1 Line 3. If loss enter -0- .

NOTE: Returns are not considered complete without all required documentation. A copy of the federal tax return must be attached along with all applicable schedules, W-2s, 1099s and W-2Gs. S: 3879