

INSTRUCTIONS FOR WATERVILLE TAX RETURN

GENERAL INSTRUCTIONS

1. WHO IS REQUIRED TO FILE THIS RETURN

This return should be used by individuals, partnerships, corporations and any other entity having income taxable by this municipality. **If you have received this form and have no taxable income, please file it stating why you are no longer subject to the city tax.**

2. WHEN AND WHERE TO FILE RETURN

This return is to be filed on or before April 15, or if you report to the Federal government on a fiscal basis, four months after the end of your fiscal year.

The return is to be filed with the Commissioner of Taxation, Village of Waterville, 25 N. Second St., Waterville, Ohio 43566.

Total amounts due as shown on Line 10 (on Line 13 when tax and penalties are due) must be paid when the return is filed. Checks or money orders should be made to the Village of Waterville Tax Department.

3. INCOME TAX IS LEVIED UPON THE FOLLOWING:

- A. Income from qualifying wages – **Box 5 of W-2 or use Box 3 if Medicare exempt (use Box 18 wages ONLY if no wages are shown in Box 5 or Box 3)**, tips, salaries, wages, commissions and other personal service compensation, received by residents of Waterville from all sources or received by non-residents of Waterville for work done or services performed or rendered in Waterville.
- The following instructions are applicable only to taxpayers having taxable income other than that listed in paragraph 3(A) above.**
- B. On the net profits of all unincorporated businesses, partnerships, professions, or other activities conducted by residents of Waterville or conducted by non-residents in Waterville.
- C. On the net profits of all corporations derived from work done or services performed or rendered and business or other activities conducted in Waterville whether or not an office or place of business is maintained in Waterville.
- D. On the gross income derived anywhere from gaming, wagering, lotteries, or schemes of chance by residents of Waterville or by nonresidents of Waterville when the income derived from gaming, wagering, lotteries, or schemes of chance is won or received from Waterville sources.
- E. Loss on the sale, exchange or other disposition of depreciable property and real estate used in taxpayer's business, shall not be allowed as a deductible expense.
- F. Any charitable, educational, fraternal or other type of non-profit association or organization enumerated in Section 718 of the Revised Code of Ohio which is not exempt from the payment of real estate taxes is required to file returns and remit the taxes levied under the Ordinance on all business activities of a type ordinarily conducted for profit.

4. WHAT CONSTITUTES NET PROFIT:

Net profits of a business shall be the same as reported for federal income tax purposes but adjusted to the requirements of the Ordinance, regulations, and the rulings of the Commissioner.

THE FOLLOWING ARE NOT DEDUCTIBLE IN DETERMINING NET PROFIT FOR WATERVILLE INCOME TAX PURPOSES

- A. The tax under the Ordinance
- B. Federal or other taxes based upon income;
- C. Gift, estate or inheritance taxes;
- D. Taxes for local benefits or improvements to property which tend to appreciate the value thereof.

5. LOSSES:

Operating losses from business or professional activities, the profit of which would be taxable under the Ordinance, may not be offset against salaries, wages, bonuses, incentive payments, commissions, fees or other compensation or against net profits from other business or professional activities.

Rental, business and professional activities, the profit of which would be taxable to the city, must complete a final return even if a loss is shown.

6. INCOME NOT TAXABLE

Taxable income shall not include: poor relief, unemployment insurance benefits, pensions or similar benefits received from any governmental agency, religious or educational organizations.

Proceeds of insurance, workman's compensation insurance, social security benefits, pensions, compensation for damages for personal

injuries and like reimbursements and compensations for damages to property by way of insurance and otherwise, not including damages for loss of profits.

Interest and dividends from intangible property, active duty military pay and allowances received by members of the armed forces of the United States.

Income of any charitable, educational, fraternal or other type of non-profit association or organization, enumerated in Section 718.01 of the Revised Code of Ohio "to the extent that such income is derived from tax exempt tangible property or tax exempt activities."

7. EXTENSION OF TIME FOR FILING RETURNS:

Taxpayers granted extensions of time for filing their federal income tax returns have automatic extensions of time for filing their Village of Waterville Income Tax Returns. PROVIDED A COPY OF THE FEDERAL EXTENSION APPLICATION IS SUBMITTED BY THE ORIGINAL DUE DATE.

Extension filing waives late filing fees only. All other Penalties and Interest are still applicable to any unpaid balance based on the original due date of April 15th.

SPECIFIC INSTRUCTIONS

INSTRUCTIONS FOR PREPARING MUNICIPAL INCOME TAX RETURNS – PAGE 1

If this return is made for a period other than the calendar year, insert the beginning and ending date of the period.

Heading. Print your name, address, social security or federal identification number plainly or make necessary corrections if already printed. Indicate your residency status including dates if you were a partial year resident of Waterville.

Line 1 – W2 wages – Total wages, salaries, etc. Box 5 of W2 if box 5 is blank see section 3A. Attach all W-2's.

Calculating credits for tax paid to other cities:

- If your city of employment tax rate is 1.5% or higher; Multiply your Box 18 wage by 1.5%
- If your city of employment tax rate is lower than 1.5%; Multiply your Box 18 wage by that city's tax rate.

IF YOU HAVE NO OTHER TAXABLE INCOME AND NO ENTRY ON LINE 2, YOU MAY SKIP TO LINE 8 AND COMPUTE YOUR TAX LIABILITY.

Deferred compensation and other tax shelters your company may have are taxable by the cities in this area. When filling out your tax return, remember to include your TOTAL income.

Line 2 – is the total of **other income** subject to the tax. Attach the appropriate federal schedules. Interest and dividends are not taxable.

Line 3 – is the adjustment total from Schedule "X" on page 2 which is for reconciliation with Federal adjusted gross and/or unreimbursed business expense. Reimbursed moving expenses may be deducted on Line S of Schedule "X" if included on your W-2.

If you use this return to claim allowable travel or other business expenses, not reimbursed, enter amount of expenses on Line 3 (from Page 2, Schedule X, Line M) of the return and attach a copy of Federal Schedule 2106.

2106 EXPENSES ARE LIMITED TO THE NET AMOUNT TAKEN ON FEDERAL SCHEDULE A (REDUCED BY 2% AGI). ATTACH A COPY OF SCHEDULE A WITH FORM 2106.

Line 4 – is the total of Lines 1, 2, and 3.

Line 5 – is the amount allocable to this municipality if Schedule "Y" (Business Allocation Formula) is used by corporations, unincorporated businesses, partnerships, professions, or other entities doing business within and without this municipality if actual records of their local business are not maintained.

Line 6 – is the allocable Waterville net loss from previous years (limited to 5 years).

Line 7 – is the amount subject to Waterville income tax.

Line 8 – Enter two percent (2%) of Line 7, or two percent (2%) of Line 1 for taxpayers whose only source of income is from W2 wages.

Line 9(A) – Enter all municipal income tax withheld by your employer for Waterville.

(continued on back)

Line 9(B) – Enter here tax withheld to other municipalities, not to exceed one and one-half percent (1.5%) of taxed income per each W-2. Credit given for income reduced by 2106 expense is limited to one and one-half percent (1.5%) of TAXABLE INCOME. Attach itemized breakdown if W-2(s) are marked “Various” or “All Cities”.

Line 9(C) – Enter here tax paid or to be paid to other municipalities not to exceed one and one-half percent (1.5%) of taxed income (not withholding).

Line 9(D) – Enter here the total of all estimate made to Waterville for this taxable year including any credit from overpayment on the prior year’s return.

Line 9(E) – is the total of 9(A), 9(B), 9(C), and 9(D).

Line 10 – If line 8 is greater than Line 9(E) the difference is entered here. Remittance of this amount must accompany the return when filed. Waterville

does not bill or refund amounts under \$5.00.

Line 11 – After due date, add 2% penalty and interest per month on any unpaid tax due.

Line 12 – Late Filing Fee. Flat fee of \$10.00 for failure to file on time and \$5.00 per month for each additional month.

Line 13 – Total amount due. Make check payable to the Village of Waterville Tax Department.

Line 14 – If Line 9(E) is greater than Line 8, the difference is entered here. Enter on line (A) the amount to be credited to next year’s tax and line (B) the amount you request as a refund.

BE SURE TO ATTACH COPIES OF YOUR W-2(S) AND SIGN THE RETURN.

Assistance in preparing your Village of Waterville Income Tax Return is available by appointment at the Municipal Building, 25 North Second Street, or by phone at (419) 878-8102.

ESTIMATED PAYMENT INSTRUCTIONS

Every taxpayer having or anticipating any income **not subject to Withholding by Employer** shall file a declaration setting forth the estimated annual income, together with an estimate of the amount of tax due.

The Taxpayer must pay 90% of the total estimated tax liability. Payments are to be made in four (4) equal installments. For example, if your income is \$10,000, your estimated tax liability is \$200. Ninety percent (.90) of \$200 = \$180, you pay \$45 in April, July, October, and January. **Payments may be rounded to the nearest dollar.**

File and pay on Voucher 1 by April 15, 2011, Voucher 2 by July 31, 2011, Voucher 3 by October 31, 2011, Voucher 4 by January 31, 2012.

Fiscal Year – If the books are kept on a fiscal instead of calendar year, change all Voucher dates to correspond with your fiscal year.

ESTIMATED TAX WORKSHEET

(KEEP FOR YOUR RECORDS – DO NO FILE)

COMPUTATION OF ESTIMATED TAX

1.	Estimated taxable income	\$ _____
2.	a. Estimated tax due – 2% of Line 1	\$ _____
	b. 90% (.90) of Line 2a	\$ _____
3.	a. Amount of Waterville tax withheld	\$ _____
	b. Credit for tax withheld to other city (Limited to 1.5%)	\$ _____
4.	Overpayment from prior year	\$ _____
5.	Total credits (Lines 3a, 3b and 4)	\$ _____
6.	90% of estimated tax due to be paid in quarterly installments (Line 2b less Line 5)	\$ _____

RECORD OF ESTIMATED TAX PAYMENTS

	DUE DATE	CHECK NUMBER	DATE	AMOUNT
VOUCHER 1	April 15th	_____	_____	\$ _____
VOUCHER 2	July 31st	_____	_____	\$ _____
VOUCHER 3	October 31st	_____	_____	\$ _____
VOUCHER 4	January 31st	_____	_____	\$ _____
			TOTAL	\$ _____