

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, City 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 City 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 City 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 18th.

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.

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 City 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.

City of Waterville Income Tax Return

For Calendar Year ending December 31, 2011 or for the _____ months ending _____ **2011**

Corporate or Trade Name, name of responsible official, proprietor, or individual and Address are as they appear on our records. Make necessary corrections.

Your name(s) and current address must be shown below

TAX OFFICE USE ONLY

RECEIVED _____
POSTED _____

CR _____
LFF _____
P&I _____

Check Amount \$ _____ Check # _____ Cash \$ _____

Primary Taxpayer SS#: _____
Spouse/Secondary SS#: _____
Home Phone Number: _____
Cell or Daytime Number: _____
Are you a resident of Waterville? Yes No
Do you own? Yes No
If no, name & address of Landlord: _____
Will you have taxable income next year? Yes No
If no, please explain: _____

LIST ANY ADDRESS CHANGE SINCE JANUARY 1, 2011

Date Moved into City of Waterville _____ Previous Address _____
Date Moved out of City of Waterville _____ Present Address _____

Did you or will you receive a refund from another city? If so, how much? (\$ _____) and from what City? (_____)

Schedule A Enter your TOTAL wages, salaries, bonuses, incentive payments and other compensation BEFORE ANY PAYROLL DEDUCTIONS received from January to December 31 from each employer or source. INCLUDE all sick pay. ADD Amounts deducted as Federal Tax Sheltered Annuities. **ATTACH ALL W-2'S**

(A1)	(A2)	(A3)	(A4)	(A5)	(A6)
PRINT EMPLOYER'S NAME	CITY/TOWNSHIP WHERE PHYSICALLY WORKING/LOCATED	WATERVILLE TAX WITHHELD (BOX 19 OF W-2)	OTHER CITY TAX WITHHELD (BOX 19 OF W2)	CREDIT FOR OTHER CITY TAX PAID. 1.5% LIMITATION SEE INSTRUCTIONS	TOTAL WAGES BOX 5 OF W2 - IF BLANK SEE INSTRUCTIONS SECTION 3A
		\$	\$	\$	\$
1. TOTALS, IF NO OTHER TAXABLE INCOME, PROCEED TO LINE 8					

PLEASE STAPLE COPIES OF W-2's HERE

INCOME OTHER THAN W2 WAGES (If applicable)

2.	TOTAL FROM SECTION A, PAGE 2 (ATTACH ALL APPROPRIATE FEDERAL SCHEDULES).....	(2)	\$	_____
3.	Adjustment from Schedule X (Page 2) ADD I DEDUCT T	(3)	\$	_____
4.	Total Income (Line 1 and/or 2 and 3).....	(4)	\$	_____
5.	Amount allocable to Waterville. If Schedule Y is used _____ %.....	(5)	\$	_____
6.	LESS ALLOCABLE - WATERVILLE NET LOSS FROM PREVIOUS YEAR (limited to 5 years).....	(6)	\$	(_____)
7.	ADJUSTED NET INCOME SUBJECT TO WATERVILLE INCOME TAX	(7)	\$	_____
8.	WATERVILLE INCOME TAX 2% OF LINE 1, LINE 4 OR LINE 7	(8)	\$	_____
9.	TAX CREDITS:			
	(A) Waterville Tax Withheld (Col. A-3 above).....	A	\$	_____
	(B) Tax withheld to other municipalities (Col. A-5 above) (Not to exceed 1.5% of TAXED income per each W-2)....	B	\$	_____
	(C) Tax paid or to be paid another municipality (Not withholding) (Not to exceed 1.5%) City Name _____ Amount.....	C	\$	_____
	(D) Estimated Tax Paid _____ Prior year over payment	D	\$	_____
	(9E)..... TOTAL OF LINES 9A, 9B, 9C, 9D		\$	_____
10.	TAX DUE (LINE 8 LESS 9E) If this amount is less than \$5.00, no tax is due.....	(10)	\$	_____
11.	Penalty and Interest of 2% per month on the unpaid balance (After due date).....	(11)	\$	_____
12.	Late Filing Fee. \$10.00 for the first month and \$5.00 for each additional month after due date.....	(12)	\$	_____
13.	TOTAL AMOUNT DUE (Make Check Payable to City of Waterville Tax Department).....	(13)	\$	_____
	No refunds or billings for amounts under \$5.00			
14.	Overpayment (Line 8 less Line 9E).....	(14)	\$	(_____)
	(A) Credited to next years tax.....		\$	_____
	(B) Refunded.....		\$	_____

The undersigned declares that this return (and accompanying schedules) is a true, correct and complete return for the taxable period stated and the figures used herein are the same as used for Federal Income Tax purposes, and if an audit of Federal return is made which affects tax liability shown on this return, an amended return will be filed within 3 months. I authorize the Income Tax Division to discuss my account with the preparer named below. Check here

Signature _____ Date _____ Signature of person preparing this return other than Taxpayer _____ Date _____
Signature of Taxpayer's husband or wife, if joint return _____ Date _____ Address of preparer _____

SECTION A

MUST ATTACH APPROPRIATE FEDERAL SCHEDULE(S)

SECTION 1	Profit (or Loss) from Business or Profession, Schedule C	NET INCOME SECTION 1	\$
SECTION 2	Total from Form 4797	NET INCOME SECTION 2	\$
SECTION 3	Income from Schedule E	NET INCOME SECTION 3	\$
SECTION 4	All other Taxable Income	NET INCOME SECTION 4	\$
INCOME FROM PARTNERSHIP, ESTATES & TRUSTS, FEES, TIPS, COMMISSIONS, WAGES AND MISC.			
TOTAL	From Section A 1, 2, 3 & 4 Enter on Page 1, Line 2 (See NOTE 1 below)	\$	

NOTE 1: *LOSSES FROM THE OPERATION OF A BUSINESS (including rental losses) are not deductible from W-2 income, but they may be carried forward for a period of five (5) years to apply against subsequent profits.

FOR BUSINESS ACCOUNTS SCHEDULE X – RECONCILIATION WITH FEDERAL INCOME TAX RETURN

ITEMS NOT DEDUCTIBLE	ADD	ITEMS NOT TAXABLE/ITEMS NOT DEDUCTIBLE OF FEDERAL FORMS	DEDUCT
A. Federally deducted losses from IRC 1221 or 1231 property dispositions	A. \$ _____	M. Unreimbursed travel expense (per Fed. Form 2106 reduced by 2% AGI as shown on Fed. Schedule A)	M. \$ _____
B. Five percent of intangible income reported in letter O, except that from IRC 1221 property dispositions	B. \$ _____	N. Federally reported income and gains from IRC 1221 or 1231 property dispositions except to the extent the income and gains apply to those described in IRC 1245 or 1250	N. _____
C. Federally deducted taxes based on income	C. \$ _____	O. Federally reported intangible income such as, but not limited to interest, dividends, and patent and copyright income	O. \$ _____
D. Guaranteed payments or accruals to or for current or former partners or members	D. \$ _____	P. Amount of Federal Tax Credits to the extent they have reduced corresponding operating expenses	P. \$ _____
E. Federally deducted dividends, distributions, or amounts set aside for, credited to, or distributed to REIT or RIC investors	E. \$ _____	Q. Partnerships, S corp, LLC IRC 179 Expense	Q. \$ _____
F. Federally deducted amounts paid or accrued to or for qualified self employed retirement plans, health insurance plans, and life insurance plans for owners or owner employees of non C corporation entities	F. \$ _____	R. Partnership, S corp, LLC charitable contributions	R. \$ _____
G. Rental activities by partnership, S corp, LLC	G. \$ _____	S. Other	S. \$ _____
H. Other	H. \$ _____	T. Total Lines M through S	T. \$ _____
I. Total lines A through H	I. \$ _____		

SCHEDULE Y – BUSINESS ALLOCATION FORMULA

	a. Located Everywhere	b. Located in Waterville	c. Percentage (b ÷ c)
Step 1. Average "original cost" of Real & Tangible Property	\$ _____	\$ _____	XXXXXXXX
Gross Annual Rentals Multiplied by 8	_____	_____	XXXXXXXX
Total Step 1	_____	_____	_____ %
Step 2. Wages, Salaries, Etc., Paid	_____	_____	_____ %
Step 3. Gross Receipts from Sales Made and/or Work or Services Performed	_____	_____	_____ %
Step 4. Total Percentages	_____ %	_____ %	_____ %
Step 5. Average Percentage (Divide Total Percentages by Number of Percentages Used: Carry to Line 5 – Page 1)	_____ %	_____ %	_____ %

SCHEDULE Z – PARTNERS' DISTRIBUTIVE SHARES OF NET INCOME TO BE FILLED OUT BY PARTNERSHIP ENTITY ONLY

1. Name, Street Address and City of Township of Each Partner	2. Distributive Share of Each Partner Amount
(a) _____	\$ _____
(b) _____	\$ _____
(c) _____	\$ _____
(d) _____	\$ _____
	Total \$ _____

INSTRUCTIONS

SECTION A – OTHER TAXABLE INCOME

List all the taxable income from Federal Schedules and/or 1099's. Appropriate Federal Schedules must be attached.

SCHEDULE X – RECONCILIATION WITH FEDERAL INCOME TAX RETURN

This schedule is to be used to adjust the Federal net income to the Waterville taxable income. The total of the items listed in the left hand column (A thru H shown on Line I) are added to the Federal net income. The total of the items listed in the right hand column (M thru S as shown on Line T) are to be deducted from the Federal net income.

SCHEDULE Y – BUSINESS ALLOCATION FORMULA

The business allocation percentage formula is to be used by corporations, unincorporated businesses, partnerships, professions, or other entities doing business within and without this municipality if actual records or their local business are not maintained.

The net profits attributable to this municipality of a taxpayer conducting a business, profession or other activity both within and without the municipality shall be determined under the separate accounting method or in accordance with the three factor Business Allocation Percentage Formula as provided in Section 718.02 of the Revised Code of Ohio, and in accordance with the rules and regulations adopted by the Commissioner of Taxation.

INCOME FROM RENTS AND PARTNERSHIPS

Please attach a copy of Federal Rent and Partnership Schedules and report income on Line 2.

NET RENTAL INCOME IS SUBJECT TO TAX IF:

The gross rent per month from all property owned by a WATERVILLE RESIDENT exceeds \$100 regardless of where such properties are located or the gross rent per month from all properties located in Waterville by a NON-RESIDENT exceeds \$100.

The \$100 per month rental applies to the property itself regardless of the form of ownership or number of owners.

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, 2012, Voucher 2 by July 31, 2012, Voucher 3 by October 31, 2012, Voucher 4 by January 31, 2013.

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	\$ _____

**WATERVILLE – DECLARATION OF ESTIMATED INCOME TAX
FOR CALENDAR YEAR OR FISCAL PERIOD**

NAME AND ADDRESS MUST BE PRINTED ON THIS FORM

MAKE CHECKS PAYABLE TO: CITY OF WATERVILLE TAX DEPARTMENT
File this return with COMMISSIONER OF TAXATION
25 N. Second St., Waterville, Ohio 43566

2012

VOUCHER 1 – DUE APRIL 15, 2012

(Fiscal year taxpayers - see instructions)

ESTIMATED TAX \$ _____
From Line 6 of worksheet

INSTALLMENT DUE \$ _____
1/4 estimated Tax (Payments may
be rounded to the nearest dollar)

CHECK # _____

Signature _____

RECORD YOUR PAYMENT ON WORKSHEET

**WATERVILLE – DECLARATION OF ESTIMATED INCOME TAX
FOR CALENDAR YEAR OR FISCAL PERIOD**

NAME AND ADDRESS MUST BE PRINTED ON THIS FORM

MAKE CHECKS PAYABLE TO: CITY OF WATERVILLE TAX DEPARTMENT
File this return with COMMISSIONER OF TAXATION
25 N. Second St., Waterville, Ohio 43566

2012

VOUCHER 2 – DUE JULY 31, 2012

(Fiscal year taxpayers - see instructions)

ESTIMATED TAX \$ _____
From Line 6 of worksheet

INSTALLMENT DUE \$ _____
1/4 estimated Tax (Payments may
be rounded to the nearest dollar)

CHECK # _____

Signature _____

RECORD YOUR PAYMENT ON WORKSHEET

**WATERVILLE – DECLARATION OF ESTIMATED INCOME TAX
FOR CALENDAR YEAR OR FISCAL PERIOD**

NAME AND ADDRESS MUST BE PRINTED ON THIS FORM

MAKE CHECKS PAYABLE TO: CITY OF WATERVILLE TAX DEPARTMENT
File this return with COMMISSIONER OF TAXATION
25 N. Second St., Waterville, Ohio 43566

2012

VOUCHER 3 – DUE OCTOBER 31, 2012

(Fiscal year taxpayers - see instructions)

ESTIMATED TAX \$ _____
From Line 6 of worksheet

INSTALLMENT DUE \$ _____
1/4 estimated Tax (Payments may
be rounded to the nearest dollar)

CHECK # _____

Signature _____

RECORD YOUR PAYMENT ON WORKSHEET

**WATERVILLE – DECLARATION OF ESTIMATED INCOME TAX
FOR CALENDAR YEAR OR FISCAL PERIOD**

NAME AND ADDRESS MUST BE PRINTED ON THIS FORM

MAKE CHECKS PAYABLE TO: CITY OF WATERVILLE TAX DEPARTMENT
File this return with COMMISSIONER OF TAXATION
25 N. Second St., Waterville, Ohio 43566

2012

VOUCHER 4 – DUE JANUARY 31, 2013

(Fiscal year taxpayers - see instructions)

ESTIMATED TAX \$ _____
From Line 6 of worksheet

INSTALLMENT DUE \$ _____
1/4 estimated Tax (Payments may
be rounded to the nearest dollar)

CHECK # _____

Signature _____

RECORD YOUR PAYMENT ON WORKSHEET