

GENERAL INSTRUCTIONS

WHO MUST FILE:	<p>All residents 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 not required to file (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 www.ci.centerville.oh.us 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>Entities such as corporations, partnerships, sole proprietors, etc. physically located in Centerville or doing business in the city.</p>
PART YEAR RESIDENTS:	<p>If you lived in Centerville during part of the year, you must file a tax return covering that period of time. Report the income earned while living in Centerville. You may apportion your earnings by the number of months of residency to determine the taxable amount. For example: Box 5 on your W2 is \$60,000. You lived in Centerville 5 months and your W2 is for the full 12 months of the year. Your taxable income per month is \$5,000 (\$60,000 / 12 months) and \$25,000 would be reported as taxable income. Please attach a worksheet explaining your calculations along with a copy of your W2. Pay statements showing year to date earnings at the time of your move may be submitted if available. If you prorate your income, you must also prorate any city tax that was withheld on the same income.</p>
DUE DATE:	<p>Calendar year filers: April 15, 2010. Fiscal year filers: by the 15th day of the 4th month following close of fiscal year.</p>
DOCUMENTATION:	<p>All income, credits, and deductions must be substantiated by copies of W2's, federal schedules, and local city returns. Incomplete returns will be returned to the taxpayer.</p>
FILING STATUS:	<p>Joint or separate returns are permissible for married taxpayers. The tax due is generally the same regardless of filing status.</p>
TAXABLE INCOME:	<p>Gross salaries, wages, commissions, bonuses, incentive payments, directors fees, property in lieu of cash, tips, dismissal or severance pay, vacation pay, wage continuation plans, sick pay to the extent it constitutes qualifying wages and stock options at the time of exercise. Also, gambling and lottery winnings (effective May 19, 2004), the net profits from partnerships, sole proprietorships, sub S (taxed at the entity level - do not include on individual returns), incorporated business entities, professions and other entities, rental and farm income and any other ordinary income.</p>
NON-TAXABLE INCOME:	<p>Interest, dividends, worker's compensation, unemployment compensation, ADC, child support, alimony to recipient, IRA or 401K distributions, retirement pensions, annuities, active duty military pay, social security, capital gains, and election poll worker wages.</p>
RETIREMENT PLANS:	<p>No deduction is allowed for contributions to IRA, KEOGH, 401K, deferred compensation or similar retirement plans.</p>
REFUNDS:	<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 1.75%.</p>
2106 EXPENSES:	<p>These expenses must properly belong on a 2106 for federal reporting purposes and be required by the employer. These expenses are recouped first from the city of employment and secondly from the City of Centerville. (For example, if you worked in Fairborn, you would obtain a refund of 1.5% from Fairborn and Centerville would refund the remaining 1/4%.) If 2106 line 4 only is completed, this is considered miscellaneous itemized expense and a refund will not be granted, nor will any tax liability be reduced.</p>
OUT-OF-TOWN TRAVEL:	<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>
MISCELLANEOUS:	<p>Amounts of less than \$1.00 shall not be refunded or assessed.</p>
EXTENSIONS:	<p>An extension request must be filed by the return due date and is an extension of time to file only; not an extension of time to pay. A copy of the Federal Extension form will be accepted as the city extension. The tax due must be paid by the original due date (April 15th). Penalty and interest will be charged on taxes paid after the due date.</p>
FULLY WITHHELD:	<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>
NET OPERATING LOSS:	<p>No carry forward or carry back allowed per tax ordinance.</p>
W2 TAX CREDIT:	<p>Limited to 1.75% 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>

DECLARATION OF ESTIMATED TAX

- Line 1 -** W2 wages (typically Box 5), bonuses, commissions, 1099's (excluding 1099-R), etc. (Complete copies must be attached.) Use worksheet on page 2 for multiple income sources.
- Line 2 -** Attach copy of Schedule E for rental income / loss.
- Line 3 -** Resident individuals attach K1 statements for ordinary income/loss and rental income/loss from Partnerships (but not S Corps). Partnerships filing at partnership level attach complete copy of Federal Form 1065. Partnerships should also complete Schedule X on the back of the tax return.
- Line 4 -** Resident and nonresident individuals (sole proprietorships) attach complete copies of Federal Schedule C for income or loss. Resident sole proprietorships are subject to Centerville tax on all business income no matter where earned. Credit will be allowed up to the Centerville tax rate of 1.75% for income taxed by other cities. **COPIES OF THE OTHER CITIES TAX RETURNS (PAGE 1) MUST BE INCLUDED FOR CREDIT TO BE ALLOWED.**
- Line 5 -** Corporations attach complete copy of Federal Form 1120 or 1120S.
- Line 6 -** Enter ordinary gains/losses per Form 4797 attached. Enter Form 2106 expenses properly belonging on Form 2106 and required by the employer to be expended. No deduction will be allowed for 2106 expenses recoverable from another city or for Line 4 expenses if that is the only line completed. (Eff 1-97 no reduction of 2% AGI). Enter gambling winnings (taxable effective May 19, 2004). No deduction is allowed for gambling losses.
- Line 7 -** Enter total income subject to city tax.
- Line 8 -** Multiply line 7 by 1.75%.
- Line 9 -** CREDITS
- a. Enter city tax withheld not to exceed 1.75% per W2 wage.

Example: Wages of \$50,000 taxed by Kettering at 2.25% = \$1,125 in Box 19 of the W2. The credit allowed on Line 9a is \$50,000 x 1.75% = \$875.

Use worksheet on page 2 for multiple income sources.
 - b. Enter credit from prior year.
 - c. Enter estimated tax payments.
 - d. Enter payment made with tentative return or extension.
 - e. Enter amount for tax paid to other cities for self-employment income not to exceed 1.75%. Documentation must be attached (i.e., a copy of a return to another city).
- Line 10 -** Enter total credits.
- Line 11 -** Enter penalty and interest for tax paid after April 15, 2010, or fiscal due date. Enter penalty and interest for underpaying tax liability. See rates and example to the right.
- Line 12 -** Enter total amount due payable to City of Centerville Line 8 – Line 10 + Line 11.
- Line 13 -** Enter credit to be applied to next year or refunded.

The Tax Ordinance requires that 90% of actual tax due be paid and/or withheld during the taxable year. Estimated tax payments are due April 15, July 31, October 31, and January 31. We will send statements for the second, third and fourth quarters if this section of the return is completed. Please submit the first quarter payment with your tax return.

Schedule X - Reconciliation with federal return.

This schedule is to be completed by corporations, partnerships, sole proprietorships, and business entities. Resident individuals should not use Schedule X. The figure on Line 1 is "adjusted federal taxable income." According to Ohio Revised Code Section 718: "If a taxpayer is not a C Corporation and is not an individual, the taxpayer shall compute "adjusted federal taxable income" as if the taxpayer were a C Corporation."

Schedule Y - Business Allocation Formula.

The purpose of this schedule is to allocate a portion of business net income to Centerville using the three factor formula. A factor may be excluded only when the factor does not exist anywhere.

PENALTY AND INTEREST FOR LATE PAYMENT is assessed on taxes paid after April 15 or fiscal due date including extended returns.

Penalty is 10% during the first 6 months and an additional 1 1/2% per month thereafter.

Interest is federal short term rate as defined in §5703.47 ORC plus 3% adjusted annually (5% for 2009).

UNDERPAYMENT PENALTY:

Penalty is assessed at 10% on the difference between 90% of the actual tax due for the year and the amount paid through withholding and/or declaration.

Underpayment Penalty Example

Tax due \$1,000.00 x 90% =	\$ 900.00
Less withholding	(200.00)
Less cash payments	(200.00)
Underpaid amount	500.00
Penalty - 10%	\$ 50.00