



2017 KETTERING BUSINESS INCOME TAX RETURN GENERAL INFORMATION

Revised 9/2019

Notice: The State of Ohio made significant changes to the Ohio municipal income tax laws (Chapter 718 of the Ohio Revised Code) effective January 1, 2016. Please read below to learn how these changes may impact you.

WHO MUST FILE	<p>C-Corporations: C-Corporations are required to file as entities on the net profit or loss derived from sales made, work done, services performed or rendered and business or other activities conducted in Kettering, whether or not such corporation has a place of business in Kettering.</p> <p>S-Corporations: S-Corporations are required to file as entities on the net profit or loss derived from sales made, work done, services performed or rendered and business or other activities conducted in Kettering, whether or not such corporation has a place of business in Kettering. If the S-Corporation has net income, the corporation must pay the tax due rather than the individual shareholders. The individual shareholders of an S-Corporation may not include any gain or loss on their individual returns.</p> <p>Partnerships: Partnerships are required to file as entities on the net profit or loss derived from sales made, work done, services performed or rendered and business or other activities conducted in Kettering, whether or not such partnership has a place of business in Kettering. Non-resident partners may not include any gain or loss on their individual returns.</p> <p>LLC(s): A limited liability company is required to file consistent with its federal filing. For example, if the LLC is recognized as a partnership at the federal level, it should file as a partnership at the local level. Single member LLC's that report net profit or loss on Federal Form 1040, Schedule C should file as an individual taxpayer at the local level (on Form KR-1040).</p> <p>Miscellaneous Entities: Any undertaking, not specifically defined above, conducting activities or producing income, including but not limited to, rental of real estate and personal property, and a business conducted by a trust or guardianship of an estate that produces a net profit shall be subject to city income tax and is required to file a return as an entity.</p>
NET OPERATING LOSSES	The City of Kettering allows a three (3) year net operating loss carryforward period for losses incurred in tax years 2016 and prior. In accordance with Ohio Revised Code Chapter 718, losses incurred in tax years 2017 and after are allowed a five (5) year carryforward period, [subject to the limitations described in ORC 718.01 (D)(3)].
DUE DATE	Calendar year Tax Returns (Form KBR-1040) must be filed on or before April 17, 2018 . Fiscal year returns are due on the 15th day of the fourth month after the close of the period. All returns should be mailed to: City of Kettering Income Tax Division, P.O. Box 639409, Cincinnati, OH 45263-9409 .
PAYMENTS	Make checks or money orders payable to <i>City of Kettering</i> . Online payments can be made on our website at www.ketteringoh.org via electronic check, credit card or debit card. A convenience fee will be added for all credit card and debit card transactions. If the balance due with your return is \$10.00 or less payment need not accompany your return.
EXTENSIONS	Taxpayers who have requested an automatic 6-month extension for filing their federal income tax return shall automatically receive a 6-month extension for the filing of their city tax return. Taxpayers who have not requested a 6-month extension for their federal income tax return may be granted a 6-month extension by submitting a request to the Tax Administrator by the due date of the return. An extension of time to file is not an extension to pay taxes due. Penalty and interest charges will apply to all payments received after the return due date. A copy of an approved federal extension must be attached to your return at the time of filing.
ESTIMATED TAX	Taxpayers who anticipate a net tax liability of at least \$200.00 are required under Ohio law to make estimated tax payments. Quarterly estimated tax payments are due on April 15, June 15, September 15, and December 15. Fiscal year taxpayers should substitute corresponding dates. The first quarter estimated tax form is found at the bottom of the income tax return. Subsequent vouchers may be obtained from our website.
OVERPAYMENTS	Overpayments of estimated tax may be refunded or applied to the next tax year by making the appropriate designation on the City of Kettering Business Income Tax Return (Form KBR-1040). Overpayments of \$10.00 or less will not be refunded. There is a three (3) year statute of limitations for claiming a refund or credit of any overpayment of city tax.
PENALTY AND INTEREST	A \$25.00 late filing penalty will be imposed for the failure to timely file a return (regardless of liability shown). Penalty will be imposed on all tax remaining unpaid after becoming due. The penalty rate is 15% of the amount not timely paid. Interest will be imposed on all tax remaining unpaid after becoming due. The rate is adjusted annually based on the federal short-term rate + 5%. Please call our office at (937) 296-2502 for the current rate.
ATTACHMENTS TO RETURN	Partnerships/Associations should attach all pages of their Federal Form 1065 (including all schedules and supporting statements) and copies of all K-1s. Note: Preparers should note each partner's share of city income and city tax paid on each partner's behalf on their respective K-1s. Corporations should attach copies of all pages of their Federal Form 1120 or 1120S, whichever is applicable (including all schedules and supporting statements). Fiduciaries/Trusts/Estates should attach a copy of Page 1 of their Federal Form 1041 (including all schedules and supporting statements).
DISCLAIMER	Definitions and instructions are illustrative only. The City of Kettering Income Tax Code and the Ohio Revised Code supersede any interpretation presented.

2017 INSTRUCTIONS FOR PREPARING CITY OF KETTERING BUSINESS INCOME TAX RETURN

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PART A – TAX CALCULATION

LINE 1: Enter Federal Taxable Income from the appropriate federal form as follows:

- Form 1120, Line 28
- Form 1120S, Schedule K, Line 18
- Form 1065, Analysis of Net Income (Loss), Line 1

LINE 2: Enter the net adjustments from Schedule X.

Note: No deduction is allowed for federal tax credits that reduce corresponding operating expenses.

LINE 3: Line 1 plus Line 2.

LINE 4: Enter the apportionment percentage from Schedule Y, Step 5.

LINE 5: Multiply Line 3 by Line 4.

LINE 6: Enter the amount of loss carryforward, if applicable.

Note: for loss carryforward purposes, a partnership loss shall remain at the partnership level for taxable years beginning on or after January 1, 2016.

LINE 7: Line 5 plus Line 6.

LINE 8: Multiply Line 7 by 2.25% (.0225).

LINE 9a: Enter the amount of estimated tax payments including any amounts paid with an extension.

LINE 9b: Enter the amount of prior year credit, if any.

LINE 10: Line 9a plus Line 9b.

LINE 11: Line 8 minus Line 10.

LINE 12: If the return is past due, a \$25.00 late filing penalty is imposed. This penalty is due in addition to all other penalties and is imposed even if no tax is due. Enter the applicable amount.

LINE 13a: Enter the amount of penalty, if applicable. The penalty rate is 15% of the amount not timely paid.

LINE 13b: Enter the amount of interest, if applicable. Interest is imposed on all tax not timely paid. The rate is adjusted annually based on the federal short-term rate + 5%. Please call our office at (937) 296-2502 for the current rate.

LINE 14: Add Lines 11-13b. This is your balance due. If Line 14 reflects an overpayment, enter this amount on Line 15.

Note: If you are required to pay estimated tax payments, you must continue and complete Part B of this return.

LINE 15: Overpayment from Line 14.

LINE 16: Enter the amount from Line 15 to be refunded.

LINE 17: Enter the amount from Line 15 to be credited to your 2018 estimated tax liability.

PART B – DECLARATION OF ESTIMATED TAX FOR 2018

LINE 18: Enter the amount of estimated income for 2018.

LINE 19: Multiply Line 18 by 2.25% (.0225) to determine the total estimated tax due for 2018.

LINE 20: Multiply Line 19 by 22.5% (.225) to determine the amount of estimated tax due for the first quarter.

LINE 21: Enter the amount of credit from Line 17 above.

LINE 22: Enter the net estimated tax due if Line 20 minus Line 21 is greater than zero.

LINE 23: Line 14 plus Line 22. **Make checks payable to City of Kettering.** Online payments can be made on our website via electronic check, credit card or debit card. A convenience fee will be added to all credit card and debit card payments.

MAIL COMPLETED RETURNS TO:

City of Kettering
Income Tax Division
P.O. Box 639409
Cincinnati, OH 45263-9409

Phone: (937) 296-2502
Fax: (937) 296-3242
Email: ketteringtax@ketteringoh.org
Website: www.ketteringoh.org



CITY OF KETTERING