



# 2017 KETTERING INDIVIDUAL 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.**

<b>WHO MUST FILE</b>	<p><b>Residents:</b> The City of Kettering has mandatory filing requirements, which means that all residents (18 and older) must file a city tax return (Form KR-1040) on an annual basis. <b>Note:</b> Active duty military personnel, unemployed persons, or other persons with no reportable income or loss for the current year are also subject to the mandatory filing requirements and must file a city tax return each year.</p> <p><b>Non-Residents:</b> Non-residents of Kettering who have taxable income or loss, earned or derived from within the City, from which Kettering tax was not withheld, must file a return.</p> <p><b>Part Year Residents:</b> If you only lived in Kettering during part of the taxable year, you must file a return covering that time. You must calculate both your tax liability and tax credit only on the portion of your income earned as a Kettering resident. Income earned in Kettering may NOT be pro-rated. Pay statements with YTD figures must be used if available. If actual records are not available, you may break down your earnings by the number of months employed at the job to determine your monthly earnings. This figure may then be multiplied by the number of months you lived in Kettering to determine your Kettering taxable income. If you pro-rate your taxable income, you must also pro-rate your city tax that was withheld on the same income. <b>Attach a worksheet explaining your calculations.</b></p>
<b>EXEMPTIONS TO MANDATORY FILING</b>	Permanently retired or permanently disabled persons with only non-taxable sources of income or loss (such as social security, pensions, interest, and dividends) may file for a permanent exemption from the mandatory filing requirement by submitting the Declaration of Exemption Form and all required attachments. Forms are available on our website.
<b>DUE DATE</b>	Your City of Kettering Income Tax Return (Form KR-1040) is due on or before <b>APRIL 17, 2018</b> and should be mailed to: <b>City of Kettering Income Tax Division, P.O. Box 639409, Cincinnati, OH 45263-9409.</b>
<b>PAYMENTS</b>	Make checks or money orders payable to <i>City of Kettering</i> . Online payments can be made on our website at <a href="http://www.ketteringoh.org">www.ketteringoh.org</a> via electronic check, credit card or debit card. A convenience fee will be added for all credit card and debit card transactions. <b>If the balance due with your return is \$10.00 or less payment need not accompany your return.</b>
<b>EXTENSIONS</b>	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. <b>A copy of an approved federal extension must be attached to your return at the time of filing.</b>
<b>FORM 2106 EXPENSES</b>	Business expenses reported on Federal Form 2106 are deductible on your city income tax return but shall be limited to the amount deducted on your federal income tax return as shown on Federal Schedule A. Please attach a copy of your Form 2106 and Federal Schedule A to your return. <b>If wages are allocated between cities, Form 2106 expenses should likewise be allocated and tax credit reduced accordingly.</b>
<b>ESTIMATED TAX</b>	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 January 15.
<b>REFUNDS</b>	Refunds are allowed only when city income tax has been paid to or withheld for Kettering. Refund requests, including those related to travel days, taxpayers under the age of 18 and in cases where Kettering tax was withheld in excess of a taxpayer's liability must be filed on the City of Kettering Income Tax Return (Form KR-1040). Note: There is a three (3) year statute of limitations for claiming a refund or credit of any overpayment of city tax. Overpayments of \$10.00 or less will not be refunded.
<b>TAXABLE INCOME</b>	Taxable income includes but is not limited to the following: qualifying wages, salaries, commissions, other compensation, wage continuation plans (includes retirement incentive plans and buyouts), contributions made by or on behalf of employees to a tax deferred annuity plan (401k plans and the like), bonuses, directors fees, fringe benefits such as car allowance, stock options, gambling winnings, net profits from the operation of a business, profession, enterprise or other activity and royalties.
<b>EXEMPT INCOME</b>	Exempt income includes but is not limited to the following: interest, dividends, military pay and allowances, social security benefits, welfare benefits, unemployment insurance benefits, worker's compensation, proceeds from qualified retirement plans as defined by the IRS, personal earnings of all persons under the age of 18, capital gains, alimony, contributions to a section 125 plan (cafeteria or flexible spending account), proceeds of sickness, accident or liability insurance policies and disability payments.
<b>S-CORPS</b>	Individual shareholders should not include any gain or loss from an S-Corporation on their individual return. S-Corporations doing business in Kettering must file a City of Kettering Business Income Tax Return (Form KBR-1040) available on our website.
<b>OTHER INCOME / LOSS CALCULATION</b>	All income earned (other than wage income) including income or loss from self-employment, rentals, partnerships, fees, ordinary gains and losses reported on Form 4797, gambling winnings and any other activity must be netted together to arrive at an overall net profit or loss for the current year. If the netting results in an overall loss, the loss may be carried forward for a period not to exceed five (5) years. <b>Please note the method for computing overall net profit or loss has changed effective Jan. 1, 2016 as a result of changes made to Chapter 718 of the Ohio Revised Code. Please refer to the return instructions for calculation details.</b>
<b>PENALTY AND INTEREST</b>	<p>A <b>\$25.00 late filing penalty</b> will be imposed for the failure to file a return by the due date (regardless of the balance due shown on the return).</p> <p><b>Penalty</b> will be imposed on all tax remaining unpaid after becoming due. The penalty rate is 15% of the amount not timely paid.</p> <p><b>Interest</b> 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.</p>
<b>ATTACHMENTS</b>	Attach page 1 of your Federal 1040 and a supporting document to verify each income, loss or deduction item reported on your city return. Examples include: Federal Schedule(s) A, C, E, F or K-1, Form(s) 1099-Misc., Form(s) W-2 and W-2G.
<b>DISCLAIMER</b>	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 INDIVIDUAL INCOME TAX RETURN

Revised 9/2019

## PART A – TAX CALCULATION

**LINE 1:** Enter total amount of Qualifying Wages, which generally includes amounts reported in the Medicare wage base (Box 5 of Form W-2), with exceptions including compensation of Medicare-exempt employees hired before April 1, 1986 and income from the disqualifying disposition of stock options. If you have multiple W-2's, complete Worksheet A on page 2 of this return. Attach all W-2's.

**Claim For Refund:** Worksheet C on page 2 of this return must be completed if you are:

- A non-resident individual filing for a refund related to travel days, or in cases where Kettering tax has been withheld in excess of liability.
- Filing for a refund of Kettering tax withheld on earnings while you were under the age of 18.

**LINE 2:** Enter the amount of unreimbursed employee business expenses. You must include a copy of Form 2106 and Federal Schedule A to support the deduction. **Note:** The deduction shall be limited to the amount deducted on Schedule A of your federal income tax return. **If wages are allocated between cities, Form 2106 expenses should likewise be allocated, and tax credit reduced accordingly.**

**LINE 3:** Line 1 minus Line 2.

**LINE 4:** Enter total other income (or loss) from Worksheet B on page 2 of this return. Attach all appropriate schedules and documentation. **Note:** **The method for calculating overall net profit or loss has changed. Net profits and losses are no longer subject to limitation, even if reportable to another Municipal Corporation.** For taxable years that began before January 1, 2017, a net operating loss may be carried forward for a period of three (3) years. For taxable years beginning on or after January 1, 2017 a net operating loss shall be carried forward for a period of five (5) years, subject to the limitations described in ORC 718.01 (D)(3).

**LINE 5:** Line 3 plus Line 4. Losses reported on Line 4 cannot offset W-2 income from Line 3.

**LINE 6:** Multiply Line 5 by 2.25% (.0225).

**LINE 7a:** Enter the total amount of Kettering tax withheld from W-2's. If you have multiple W-2's, please refer to Worksheet A.

**LINE 7b:** Enter the total amount of tax withheld for or paid to another Municipal Corporation, not to exceed 2.25%. Attach supporting documentation in the form of W-2's or tax returns submitted to other Municipal Corporations. If you have multiple W-2's, please refer to Worksheet A. **Note:** This credit is available for **RESIDENTS** only.

Residents with income or loss from sources other than Qualifying Wages shall calculate credit for tax paid to another Municipal Corporation as follows:

- If Part A line 4 is comprised of **profit items only**, full credit may be claimed for taxes due and paid to other Municipal Corporations.
- If Part A line 4 includes loss items the losses must be allocated against the profits as illustrated in the example below:

	Total	Dayton	Troy
<b>Profits</b>	\$50,000	\$30,000	\$20,000
Municipal Contribution %		60%	40%
<b>Loss Allocation</b>			
NOL Carryforward	(5,000)		
Current Year Loss	(3,000)		
<b>Total</b>	<b>(8,000)</b>	<b>(4,800)</b>	<b>(3,200)</b>
Profits	\$50,000	\$30,000	\$20,000
Losses	(8,000)	(4,800)	(3,200)
<b>Net Other Income</b>	<b>\$42,000</b>	<b>\$25,200</b>	<b>\$16,800</b>
Tax Rate		×2.25%	×1.75%
<b>Allowable Credit</b>	<b>\$861</b>	<b>\$567</b>	<b>\$294</b>

**LINE 7c:** Enter the amount of estimated tax payments including any amounts paid with an extension.

**LINE 7d:** Enter the amount of prior year credits.

**LINE 8:** Add Lines 7a, 7b, 7c, and 7d.

**LINE 9:** Line 6 minus Line 8.

**LINE 10:** 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 11a:** Enter the amount of penalty, if applicable. The penalty rate is 15% of the amount not timely paid.

**LINE 11b:** 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 12:** Add Lines 9 – 11b. This is your balance due. If Line 12 reflects an overpayment, enter this amount on Line 13.

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

**LINE 13:** Overpayment from Line 12.

**LINE 14:** Enter the amount from Line 13 to be refunded.

**LINE 15:** Enter the amount from Line 13 to be credited to your 2018 estimated tax liability.

## PART B – DECLARATION OF ESTIMATED TAX FOR 2018

**LINE 16:** Enter the amount of estimated income for 2018. Multiply by tax rate (2.25%) to determine the total estimated tax due for 2018.

**LINE 17:** Enter the total amount of Kettering and other allowable municipal taxes estimated to be withheld from wages.

**LINE 18:** Line 16 minus Line 17

**LINE 19:** Multiply Line 18 by 22.5% to determine the amount of estimated tax due for the first quarter.

**LINE 20:** Enter the amount of credits from Line 15 above.

**LINE 21:** Enter the net estimated tax due if Line 19 minus Line 20 is greater than zero.

**LINE 22:** Line 12 plus Line 21. **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](mailto:ketteringtax@ketteringoh.org)  
Website: [www.ketteringoh.org](http://www.ketteringoh.org)**



CITY OF KETTERING