

2019 KETTERING INDIVIDUAL INCOME TAX RETURN GENERAL INFORMATION

WHO MUST FILE	Residents: All residents (including part-year residents) of the City of Kettering who are 18 years of age and older are required to file an annual income tax return. A return is required regardless of income or employment status. 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. Non-Residents: 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. Part Year Residents: 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 year-to-date 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. Attach a worksheet explaining your calculations.
EXEMPTIONS TO MANDATORY FILING	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.
DUE DATE	Your City of Kettering Income Tax Return (Form KR-1040) is due on or before APRIL 15, 2020 and 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 City of Kettering . 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, no payment is required.
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. A copy of an approved federal extension must be attached to your return at the time of filing. 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 of time to pay taxes due. Penalty and interest charges will apply to all payments received after the original due date.
ESTIMATED TAX	Taxpayers who anticipate a net tax liability of \$200.00 or more 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. Estimated tax payment vouchers and instructions are available on our website.
REFUNDS	Refunds are allowed only when city income tax has been paid to or withheld for Kettering. Refund requests must be filed on the City of Kettering Income Tax Return. When filing a travel day refund request, you must include a <u>completed</u> Days Worked Outside the City of Kettering Worksheet (found on our website). Failure to do so may delay processing of the refund request. 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.
TAXABLE INCOME	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.
EXEMPT INCOME	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.
S-CORPORATIONS	Individual shareholders should not include any gain or loss from an S-Corporation on their individual return. S-Corporations conducting business in Kettering must file a City of Kettering Business Income Tax Return (Form KBR-1040). Forms are available on our website.
OTHER INCOME / LOSS CALCULATION	All business income and/or loss must be netted together to arrive at an overall net profit or loss for the current year. Business income includes, but is not limited to, activities reported on Federal Schedule(s) C, E, or F and ordinary gains reported on Federal Form 4797. If netting results in an overall loss, the loss may be carried forward for a period not to exceed five (5) years (subject to limitations in Ohio Revised Code Chapter 718.01). Note that a loss from business activities may not be used to offset wages reported on Form(s) W-2, gambling winnings reported on Form(s) W-2G, or other miscellaneous income reported on Federal Form 1040.
PENALTY AND INTEREST	A 15% penalty will be imposed on the balance of unpaid tax due as of the first day after the <u>original</u> due date of the return. Interest will be imposed on the balance of unpaid tax due beginning with the first day after the <u>original</u> due date of the return. The interest rate is adjusted annually based on the federal short-term rate + 5%. Please visit our website (www.ketteringoh.org) for the current interest rate. A \$25.00 late filing penalty will be imposed for the failure to file a return by the due date (regardless of balance due shown on return).
ATTACHMENTS	Attach your Federal Form 1040 and supporting documentation for each income, loss or deduction item reported on your city return. Examples include: Form(s) W-2 and W-2G, Form(s) 1099-Misc, Schedule(s) K-1, or Federal Schedule(s) C, E, or F.
DISCLAIMER	Definitions and instructions are illustrative only. The City of Kettering Income Tax Code and the Ohio Revised Code supersede any interpretation presented.

2019 INSTRUCTIONS FOR PREPARING CITY OF KETTERING INDIVIDUAL INCOME TAX RETURN

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: Complete Worksheet B on page 2 of this return. If income reported on Form 1099-Misc is included on the Federal Schedule C, do not report it separately on Worksheet B, Line 12. Refer to instructions below regarding net operating losses if applicable. **Enter the amount from Worksheet B, Line 14 on Page 1, Line 2 of this return. Do not enter amounts less than zero. Attach all appropriate schedules and documentation.**

Net Operating Losses

In accordance with Ohio Revised Code Chapter 718 and the City of Kettering Income Tax Code, **net operating losses may not offset wage income reported on Form W-2.** A net operating loss may be carried forward to future tax years as follows:

Loss incurred in tax year 2016	3-year carryforward
Loss incurred in tax years 2017 and after	5-year carryforward*

*Note that for tax years 2018-2022, only 50% of the available loss carryforward may be deducted: such limitation applies only to losses incurred in tax years 2017 and after. Losses incurred in tax year 2016 are fully deductible against non-wage income.

To determine the allowable 2017 and 2018 net operating loss deduction, please refer to page 2 of the instructions.

LINE 3: Line 1 plus Line 2.

LINE 4: Multiply Line 3 by 2.25% (.0225).

LINE 5a: 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 5b: 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 2 is comprised of **profit items only**, full credit may be claimed for taxes due and paid to other Municipal Corporations.
- If Part A line 2 includes loss items the losses must be allocated against the profits as illustrated in the example below:

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

LINE 5c: Enter the amount of estimated tax payments including any amounts paid with an extension.

LINE 5d: Enter the amount of prior year credits.

LINE 6: Add Lines 5a, 5b, 5c, and 5d.

LINE 7: Line 4 minus Line 6.

LINE 8: Enter the amount of penalty, if applicable. A 15% penalty will be imposed on the balance of unpaid tax due as of the first day after the original due date of the return.

LINE 9: Enter the amount of interest, if applicable. Interest will be imposed on the balance of unpaid tax due beginning with the first day after the original due date of the return. The interest rate is adjusted annually based on the federal short-term rate + 5%. Please visit our website (www.ketteringoh.org) for the current interest rate.

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 even if no tax is due. Enter the applicable amount.

LINE 11: Add Lines 7-10. This is your balance due. If Line 11 reflects an overpayment, enter this amount on Line 12.

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

LINE 12: Overpayment from Line 11.

LINE 13: Enter the amount from Line 12 to be refunded.

LINE 14: Enter the amount from Line 12 to be credited to your 2020 estimated tax liability.

PART B – DECLARATION OF ESTIMATED TAX FOR 2020

LINE 15: Enter the amount of Total Estimated Income Subject to Tax. Multiply this figure by 2.25% to determine the total estimated tax due for 2020. Enter the result on Line 15.

LINE 16: Enter the total amount of Kettering and other allowable municipal taxes estimated to be withheld from wages.

LINE 17: Line 15 minus Line 16.

LINE 18: Multiply Line 17 by 22.5% to determine the amount of estimated tax due for the first quarter.

LINE 19: Enter the amount of credits from Line 14 above.

LINE 20: Subtract Line 19 from Line 18. Enter the result on Line 20.

LINE 21: Line 11 plus Line 20. **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 Income Tax Division
Individual Net Operating Loss Worksheet
Tax Year _____
(Attach to Form KR-1040)

Step 1: Calculate Total Available Net Operating Loss

(A) 2017 NOL Available (A) _____
 (B) 2018 NOL Available (B) _____
 (C) Total (A) + (B) (C) _____

Step 2: Calculate 50% Phase-in Limitation

(A) Form KR-1040, Worksheet B, Line 8 _____ × 50% = _____
 (B) Amount from Step 1(C) above _____ × 50% = _____
 (C) Lesser of Step 2(A) or Step 2(B) _____

Step 3: Enter amount from Step 2(C) on Form KR-1040 Worksheet B, Line 9

Determine Net Operating Loss Carryforward to future years

1. Enter the amounts from Step 1(A) and 1(B) in the "Loss Realized" column for each year as applicable; enter the total for all tax years in the "Total" at the bottom of the column.
2. Enter the amount from Step 2(C) in the "Amount Utilized (by year)" column as applicable.
Losses should be utilized starting with the oldest tax year in which a loss was incurred until fully exhausted. Any remaining loss should be deducted from the subsequent tax year.
3. Total the amounts from columns (a) - (f) for each tax year and enter in the "Total Used" column; enter the total for all tax years at the bottom of the "Total Used" column.
4. Subtract the "Total Used" from the "Loss Realized" for each tax year; enter the result in the "Loss Carryforward to 2020" column as applicable; enter the total for all tax years at the bottom of the "Loss Carryforward to 2020" column.

		Amount Utilized (by year)						Total Used <i>columns (a) - (f)</i>	Loss Carryforward to 2020
Loss Realized		2017 (a)	2018 (b)	2019 (c)	2020 (d)	2021 (e)	2022 (f)		
Loss Year	2017 (Step 1(A))		*						
	2018 (Step 2(A))								
	2019								
	2020								
	2021								
	Total								

*Enter amount of net operating losses used on your 2018 city income tax return.