

# 2020 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.**

- Situations related to COVID-19:** Your work, while done remotely, is still the result of your employment at a company within the City of Kettering and therefore subject to Kettering municipal tax. As those wages are taxable, no refund will be granted for any period of time working remotely due to COVID-19.

**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 12 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 for a period not to exceed 5 years.

*\*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.*

**To determine the allowable 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
<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 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](http://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 2021 estimated tax liability.

## PART B – DECLARATION OF ESTIMATED TAX FOR 2021

**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 2021. 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](mailto:ketteringtax@ketteringoh.org)**

**Website: [www.ketteringoh.org](http://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 & 2018 NOL Available (A) \_\_\_\_\_  
 (B) 2019 NOL Available (B) \_\_\_\_\_  
 (C) Total (A) + (B) (C) \_\_\_\_\_

**Step 2: Calculate 50% Phase-in Limitation**

(A) Form KR-1040, Worksheet B, Line 6 \_\_\_\_\_ x 50% = \_\_\_\_\_  
 (B) Amount from Step 1(C) above \_\_\_\_\_ x 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 7**

**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 2021" column as applicable; enter the total for all tax years at the bottom of the "Loss Carryforward to 2021" column.

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

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

\*\*Enter amount of net operating losses used on your 2019 city income tax return.