



2021 KETTERING BUSINESS INCOME TAX RETURN GENERAL INFORMATION

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. S-corporations must report net income or net loss at the entity level. Shareholders may not include net income/losses 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 status. 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	In accordance with Ohio Revised Code Chapter 718.01, losses incurred in tax years 2017 and after are allowed a five (5) year carryforward period. Such losses are also subject to a 50% limitation for tax years 2018 – 2022 under state law.
DUE DATE	Calendar year tax returns must be filed on or before April 18, 2022 . 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 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. Do not remit payment for balance due if the amount is \$10.00 or less.
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 original due date. A copy of an approved federal extension <u>must be</u> attached to your return at the time of filing.
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 18, 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 liability by making the appropriate designation on the return. 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.
PENALTY AND INTEREST	<p>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.</p> <p>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.</p> <p>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 the return).</p>
ATTACHMENTS TO RETURN	<p>Partnerships must attach all pages of the Federal Form 1065 (including all schedules and supporting statements) and copies of all K-1s. Note: Schedules K-1 should include detail regarding each partner's share of city income and income tax paid on each partner's behalf.</p> <p>Corporations must attach a <u>complete</u> copy of the Federal Form 1120 or 1120S (including all schedules and supporting statements).</p> <p>Fiduciaries/Trusts/Estates must attach a <u>complete</u> copy of the Federal Form 1041 (including all schedules and supporting statements).</p>
DISCLAIMER	Definitions and instructions are illustrative only. The City of Kettering Income Tax Code and the Ohio Revised Code supersede any interpretation presented.

INSTRUCTIONS FOR PREPARING CITY OF KETTERING BUSINESS INCOME TAX RETURN

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: Calculate the allowable pre-apportionment net operating loss (NOL) using the Net Operating Loss worksheet on page 2 of the instructions. Enter the allowable amount on Line 4.

Note that for tax years 2018-2022, only 50% of the available loss carryforward may be deducted in subsequent tax years; such limitation applies only to losses incurred in tax years 2017 and after. Losses incurred in tax years 2017 and after are also applied on a pre-apportionment basis.

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 5: Line 3 plus Line 4.

LINE 6: Enter the apportionment percentage from Schedule Y, Step 5.

LINE 7: Multiply Line 5 by 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 applicable.

LINE 10: Line 9a plus Line 9b.

LINE 11: Line 8 minus Line 10.

LINE 12: 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 13: 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 14: 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 15: Add Lines 11-14. This is your balance due. If Line 15 reflects an overpayment, enter this amount on Line 16.

LINE 16: Overpayment from Line 15.

LINE 17: Enter the amount from Line 16 to be refunded.

LINE 18: Enter the amount from Line 16 to be credited to your 2021 estimated tax liability.

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

PART B – DECLARATION OF ESTIMATED TAX FOR 2022

LINE 19: Enter the amount of estimated income for 2022.

LINE 20: Multiply Line 19 by 2.25% (.0225) to determine the total estimated tax due for 2022.

LINE 21: Multiply Line 20 by 22.5% (.225) to determine the amount of estimated tax due for the first quarter.

LINE 22: Enter the amount of credit from Line 18 above.

LINE 23: Enter the net estimated tax due if Line 21 minus Line 22 is greater than zero.

LINE 24: Line 15 plus Line 23. **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
Business Net Operating Loss Worksheet
 Tax Year _____
 (Attach to Form KBR-1040)

Step 1: Calculate Total Available Net Operating Loss

(A) 2017-2019 NOL Available	(A) _____
(B) 2020 NOL Available	(B) _____
(C) Total (A) + (B)	(C) <u>_____</u>

Step 2: Calculate 50% Phase-in Limitation

(A) Form KBR-1040 Line 3		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 KBR-1040 Line 4

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 2022" column as applicable; enter the total for all tax years at the bottom of the "Loss Carryforward to 2022" column.

		Loss Realized	Amount Utilized (by year)					Total Used columns (a) - (f)	Loss Carryforward to 2022
			2017 (a)	2018 (b)	2019 (c)	2020 (d)	2021 (e)		
Loss Year	2017								
	2018								
	2019								
	2020								
	2021								
	Total								