

# 2021 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:** You must complete Worksheet C if you are filing for a refund of Kettering tax withheld in liability, tax withheld on wages while under the age of 18, or a non-resident individual filing for a refund of tax withheld for days worked outside of Kettering.

When filing a refund request for days worked outside of Kettering, a completed Days Worked Outside the City of Kettering Worksheet (found on our website) must be attached to your return. Failure to do so will delay processing of the request.

All claims for refunds related to days worked outside of Kettering or for tax withheld in excess of liability will require signatures of both the taxpayer and their employer representative (please refer to page 3 of the Days Worked Outside of the City of Kettering Worksheet). **Claims submitted without the required signatures will be considered incomplete and will not be processed until the signatures are provided.**

**LINE 2:** Complete Worksheet B on page 2 of this return. If income reported on Form 1099-NEC 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 wages reported on Form(s) W-2, gambling winnings or other miscellaneous income reported on the Federal Form 1040.

\*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. A net operating loss may be carried forward for a period not to exceed 5 years.

**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 2022 estimated tax liability.

## PART B – DECLARATION OF ESTIMATED TAX FOR 2022

**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 2022. 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) 2017-2019 NOL Available (A) \_\_\_\_\_  
 (B) 2020 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 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 2022” column as applicable; enter the total for all tax years at the bottom of the “Loss Carryforward to 2022” column.

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