

City of Montgomery Individual Income Tax Return 2020

Tax Office use only

- Due on or before April 15, 2021. Filing is mandatory even if no tax due
- A minimum penalty of \$25 per month will be charged for late filing of this return
- Make check or money order payable to The City of Montgomery

Account Number _____

SS# Mr _____ Mrs/Ms _____

Phone: _____ Email address: _____

If moved in or out of Montgomery during 2020, please give date of move:

Moved in: _____ Moved out: _____

Should your account be inactivated? Yes _____ No _____ If yes, attach explanation

See Page 3 instructions for 'Mailing Address'

Per Ohio State law, your Federal form 1040, Federal Schedule 1 and all W-2 forms must be included with this return.

- Qualifying wages - (Generally found in Box 5 of W-2) see Page 3 instructions (Attach all W-2 forms)..... \$ _____
- Other income (Federal form 1040, Schedule 1, Line 8)..... \$ _____
- Less non-taxable income - see Page 3 instructions (Provide calculations for part-year residency)..... \$ _____
- Total taxable qualifying income: (Lines 1 and 2 minus Line 3) \$ _____
- Total Business income (Worksheet A) **Business losses may not offset W-2 Income or other compensation from Line 2...** \$ _____
- Total taxable income (Line 4 plus Line 5) (If Line 5 is a loss, enter only the amount from Line 4)..... \$ _____
- Montgomery tax (1% of Line 6) \$ _____
- Credits**
 - Montgomery tax withheld per W-2(s) \$ _____
 - Estimated tax paid to Montgomery \$ _____
 - Credit for taxes paid to other municipalities (see instructions on page 4)..... \$ _____
 - Prior year overpayment \$ _____
 - Total credits (Lines 8a through 8d) \$ _____
- If Line 7 is greater than Line 8e, enter amount due (if \$10.00 or less, enter \$0) **2020 Tax Due** \$ _____
- If Line 7 is less than Line 8e, overpayment (of \$10.01 or more) to be refunded \$ _____ or credited \$ _____ to next year's estimate

****No additional taxes, refunds or credits of less than ten dollars shall be collected or refunded.****

Late filing penalty _____ Penalty on tax due _____ Interest on tax due _____ Total balance due _____

				Card # _____	Exp Date: _____	Verification Code _____
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Declaration of Estimated Tax for Year 2021 — MANDATORY IF ESTIMATED TAX LIABILITY IS \$200 OR GREATER

- Total estimated income subject to tax \$ _____ multiply by tax rate of 1% for gross tax of..... \$ _____
- Less expected tax credits
 - Tax withheld by employer for Montgomery, (not to exceed 1% of that portion taxed) \$ _____
 - Payments to another municipality, (not to exceed 1% of that portion taxed) \$ _____
- Net 2021 estimated tax due (Line 11 less 12a & 12b) Note: To avoid a penalty, 90% of tax liability due by January 15, 2022 \$ _____
- First Quarter Estimate Payment
 - Amount due with this declaration (minimum of 22.5% of Line 13)..... \$ _____
 - Less overpayment credit from prior year (from Line 10 above) \$ _____
 - Net First Quarter Estimate payment \$ _____
- Total enclosed payment (Line 9 plus Line 14c) \$ _____

May we contact your preparer directly? Yes ___ No ___ Preparer name and phone: _____

I certify that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the declaration is based on all information of which preparer has any knowledge.

Signature of Person Preparing, if other than Taxpayer _____ Date _____

Signature of Taxpayer _____ Date _____

Preparer's Address and Phone _____

Signature of Taxpayer _____ Date _____

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****Worksheets to be completed only by individuals who have taxable income other than wages.****

To receive all available deductions and credits, attach copies of Federal Schedule 1, applicable copies of Federal Schedule(s) C, E, F, Form(s) K-1, Form 4797 and any other filed local tax returns.

Note: Losses from business activities **may not** be used as a deduction from W-2 wages or other compensation.

If rental property is located within the City of Montgomery, a current tenant listing must accompany this tax filing. A tenant listing includes name, address, move in/move out date, and phone number, if available.

Worksheet A: For the calculation of all types of **business income** reported on an individual's tax return. The State of Ohio made changes to the way municipalities must calculate total profit and loss from business activity for residents. Do not report Partnership or S Corp income from businesses located within the City of Montgomery on this worksheet as the entity is required to file a separate business tax return. Income from S Corps located outside of Montgomery is not taxable. All profit and loss from businesses, regardless of location, must be combined to a net amount for taxation. Credit for taxes paid to other municipalities for these businesses will be calculated in **Worksheet B**. Total income per type of Schedule can be combined for **Worksheet A**. Total profit minus total loss equals the taxable business income and should be included on Page 1, Line 5. (See Example Worksheet on Page 4)

	WORKSHEET A	B	C	D
	NET PROFIT / LOSS FROM BUSINESS	PROFIT	LOSS	TOTAL
1	Schedule C Business Income (Form 1040, Schedule 1, Line 3)			
2	Ordinary Income or Loss (Form 1040, Schedule 1, Line 4) (attach Federal 4797)			
3	Schedule E Rental, Partnership, or Other Income (Form 1040, Schedule, 1, Line 5)			
4	Schedule F Farm Income (Form 1040, Schedule 1, Line 6)			
5	Total prior year losses carried forward and applied in current year 2015 _____ 2016 _____ TOTAL LOSSES:			
6	2017 - 2019 Loss Carryforward (limited) **See instructions on page 3 - "Loss calculation" 2017 Loss x 50% _____ 2018 Loss x 50% _____ 2019 Loss x 50% _____ TOTAL LOSS: _____ (Losses incurred in 2017 - 2019 will be limited to the lesser of 50% of the loss or 50% of the remaining 2020 profit that was not offset by 2015-2016 losses.)			
7	TOTALS			

Current year losses may be carried forward for five years.

Enter total from Column D, Line 7 on Page 1, Line 5

Attach Federal Schedule 1 and applicable Federal Schedules C, E, F, Form 4797

WORKSHEET B: Credit for tax paid to other cities on business income. (For residents only)		List each municipality separately and add another page if needed.			
A	B	C	D	E	F
Municipality where taxes were paid:	Tax Rate	Profit	Local taxes paid	Maximum Credit Column C x 1%	Credit Allowed -Lessor of Column D or E
8					
9					
10					
11	Total Possible Credit				F1
12	Maximum credit allowed: (Worksheet A, Column D total x 1%)				F2

Worksheet B: Each municipality must be listed separately. Enter the name of the municipality where taxes were paid in Column A. Taxes paid to Montgomery should only be entered in this worksheet if paid directly by a business entity. Payments made by the individual taxpayer should be entered on Page 1, Line 8b.

(See Example Worksheet on Page 4)

Column B - Enter the tax rate for the municipality

Column C - Enter the taxed profit for that municipality

Column D - Enter the amount of tax paid to the municipality

Column E - Multiply the profit in Column C x 1%

Column F - Enter the smaller amount of Column D or E

Total the amounts in Column F

Enter the lesser of F1 or F2 on Page 1, Line 8c

Attach copies of all municipal tax returns to receive credit.



Individual Income Tax Return: General Information

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.

REQUIRED ATTACHMENTS	Ohio State law requires that your Montgomery return include a copy of page 1 of your Federal 1040 form, the Federal Schedule 1 form (if applicable) and all W-2 forms. Please attach a supporting document to verify each income, loss or deduction item reported on your city return. Examples include Federal Schedules C, E, F, K-1, Form 4797 and/or 1099-Misc.
ESTIMATED TAX	Taxpayers who anticipate a net tax liability of \$200.00 or more are required under Ohio law to remit estimated tax payments. Quarterly estimated tax payments are due on April 15, June 15, September 15 and January 15. A minimum of 90% of tax liability must be received by the January 15 due date to avoid possible penalties.
LOSS CALCULATION	All income or loss from self-employment, rentals, partnerships, fees, ordinary gains and losses reported on Form 4797, and any other business 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. Please note: The methodology for computing overall net profit or loss has changed effective January 1, 2016. Please refer to the worksheets and instructions on page 4 for calculation details. Note: Losses previously allocated to Montgomery for tax years 2015 and 2016 may be used at 100% to offset any profits. Credit for losses incurred in 2017 through 2019 will be limited to the lesser of 50% of the loss or 50% of the remaining 2020 profit.
REFUNDS AND CREDITS	Refunds are allowed only when city income tax has been paid to or withheld for Montgomery. 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 or carried forward. **See the insert regarding refunds for change of work location due to COVID emergency.**
PAYMENTS	Make checks or money orders payable to the City of Montgomery. The Tax Office accepts VISA, Mastercard, Discover and American Express cards with no processing charge. If the balance due with your return is \$10.00 or less, payment need not accompany your return.
EXTENSIONS	Taxpayers who have requested a 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 tax due. Penalty and interest charges will apply to all payments received after the return due date. A copy of your Federal extension form must be attached to your return when filed. Only those extension requests received in duplicate with a self-addressed, postpaid envelope will have a copy returned after being appropriately marked.
PENALTY AND INTEREST	Effective beginning the 2016 tax year: Late filing penalty will be imposed for the failure to timely file a return (regardless of liability shown) at the rate of \$25.00 <u>per month or fraction thereof</u> , up to a maximum of \$150.00. Penalty will be imposed on all tax remaining unpaid after becoming due. The penalty rate is 15% of the amount not timely paid. Interest will be imposed on all tax remaining unpaid after becoming due. The rate is adjusted annually based on the federal short-term rate plus 5%.
MAILING ADDRESS	If you are requesting that your account be inactivated due to your moving from the jurisdiction with no intent to return, although retaining a mailing address within the jurisdiction as your address of record, please enter the date of your move, the reason and attach supporting documentation with regard to your relocation.
EXEMPTIONS TO MANDATORY FILING	Any person under 18 years of age who has not previously filed a return and has no earned income. Any permanently disabled or retired person with only non-taxable sources of income; and who has previously filed a return establishing their status with the City's tax office and who will continue to have no earned income.
DISCLAIMER	Definitions and instructions are illustrative only. The City of Montgomery Income Tax Ordinance and the Ohio Revised Code supersede any interpretation presented.

Instructions for Individual Income Tax Returns

(For complete line-by-line instructions in more detail, visit our website at www.montgomeryohio.org and click on Tax Forms)

This form is to be used by individuals who receive income reported on Federal Forms W-2, W-2G, Form 4797, 1099-MISC, or Federal Schedules C, E, F or K-1. Individuals who file as Sole Proprietors of Single Member LLCs should also use this form.

- LINE 1:** List the total of qualifying wages from all W-2 forms. Qualifying wages generally include amounts reported in the Medicare wage Base (Box 5 of W-2); however, there are exceptions. Qualifying wages include, but are not limited to: Deferred Compensation, i.e. 401(k) and 457(b), Deferred annuity plans and stock options.
****Interest, dividends, pension/retirement, alimony received, active military pay and allowances, unemployment, workers compensation and Social Security income are not taxable. Capital gains are not taxable unless considered ordinary income.****
- LINE 2:** Other taxable income: Includes, but is not limited to, Federal 1040 Schedule 1, Line 8 income, gambling and prize winnings, director's fees, taxable HSA withdrawals and scholarship distributions.
- LINE 3:** Less non-taxable income: Part-year residents: Income may be pro-rated for residents who move into or out of Montgomery during the current year. It is also necessary to adjust any credit claimed for other city tax withheld or paid. Please indicate move-in or move-out date on the front of the tax form.
- LINE 5:** Total Business income: To calculate total taxable business income from Schedules C, E, F; Form 4797 and K-1, please complete Worksheet A. Enter the total from Column D, Line 7 of the worksheet. See example on the following page.

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LINE 8c: Enter credit for tax paid to other municipalities. Credit for tax withheld and paid to another municipality may not exceed 1% of those wages actually taxed. Tax withheld at a rate higher than 1% must be reduced to the percent allowable (e.g., tax paid to Cincinnati divided by 2.1 equals Montgomery credit). Residents with income or loss from business activity should complete Worksheet B (see example below) and add the total from Line 12F to the allowable credit from W-2 forms and other income. If a refund was issued from another city, please adjust credit accordingly and provide documentation, such as the city tax return or refund form.
****No credit is given for taxes paid to counties or for school district taxes.****

LINE 9: If amount on Line 9 is \$10.00 or less, no payment needs to be remitted. If tax due is \$10.01 or greater, balance of tax due must accompany return. If paying by credit card, please include full 16-digit card number, expiration date, and verification code.

LINE 10: Overpayment of \$10.01 or greater may be credited to the 2021 tax year or refunded. Overpayments will be applied to the 2021 estimate unless a refund is requested in writing. By law, all refunds and credits in excess of \$10.00 are reported to IRS.

****In March, 2020, Governor DeWine signed HB 197, which requires employers to remit local withholding tax to the employee's 'Principal Place of Business' for employees required to work remotely because of the COVID-19 emergency. This legislation prohibits an employee from claiming a refund based on days not worked at their place of business as a result of Covid-19.**

LINE 11 Estimated tax payments are required by every taxpayer who reasonably expects to have a tax liability of \$200 or greater which will not be withheld by an employer; or is due based on business or other types of income. Estimate 2021 income: multiply estimated income by 1%. If no declaration is submitted, the Tax Office will post a declaration based on preceding full year's tax liability.

LINE 12 a-b: Enter any expected withholding credits for payments to Montgomery (Line 12a) or other municipality (Line 12b).

LINE 13: Enter the net 2021 estimated tax due. You may pay the full amount of estimated tax with the filing of this form.

LINE 14a: First quarter payment of at least 22.5% of amount calculated on Line 13 must be entered on this line. (See Page 3 instructions)

LINE 14b: Enter the amount of any credit carried over from the prior year and subtract from Line 14a.

LINE 14c: Enter the amount of first quarter payment. Subsequent payments will be due the 15th of June, September and January 2022.

LINE 15: Total of payment accompanying return (Line 9 plus Line 14c).

PAGE 2: Complete Worksheet A if you have income from business activity. Attach copy(s) of Federal Schedule(s) C, E, F and/or K-1 form(s). All income and loss must be netted together to arrive at overall profit or loss for the current year. Enter amount from Column D, Line 7 on Page 1, Line 5. If the total is a loss, this amount may be carried forward for up to five years to offset gain.

Worksheet A, Line 6: Losses allocated to Montgomery from 2015 and 2016 are available at 100% to offset any profits.

Line 7: 2017 through 2019 available losses will be limited to the lesser of 50% of the loss or 50% of the remaining 2020 profit.

Business losses may not be used to offset W-2 wages or other compensation.

EXAMPLE

WORKSHEET A		B	C	D
NET PROFIT / LOSS FROM BUSINESS		PROFIT	LOSS	TOTAL
1	Schedule C Business Income (Form 1040, Schedule 1, Line 3)	5,000	200	4,800
2	Ordinary Income or Loss (Form 1040, Schedule 1, Line 4 (attach Federal 4797))		3,000	(3,000)
3	Schedule E, Rental, Partnership, or Other Income (Form 1040, Schedule 1, Line 5)	1,000		1,000
4	Schedule F Income (Form 1040, Schedule 1, Line 6)			
5	Total prior year losses carried forward and applied in current year 2015 _____ 2016 <u>\$1,000</u> TOTAL LOSSES		1,000	(1,000)
6	2017-2019 Loss: (Amount of 2017-2019 losses being used cannot exceed 50% of either the amount of the loss or the remaining 2020 income not offset by 2015-2016 losses) 2017 Loss: <u>\$2000</u>		1,000	(1,000)
7	TOTALS	6,000	5,200	\$800

Enter total from Column D, Line 7 on Page 1, Line 5. Current year losses may be carried forward for five years.

EXAMPLE

WORKSHEET B: Credit for tax paid to other cities on business income. (For residents only)		List each municipality separately and add another page if needed. Attach copies of all other local tax returns for credit			
A	B	C	D	E	F
Municipality where taxes were paid:	Tax Rate	Profit	Local taxes paid	Maximum Credit Column B x 1%	Credit Allowed—Lower of Column D or E
8 Cincinnati	2.1%	2,000	42.00	20.00	20.00
9 Blue Ash	1.25%	1,000	12.50	10.00	10.00
10 Loveland	1%	1,000	10.00	10.00	10.00
11 Total possible credit		4,000	64.50	40.00	40.00
12	Maximum credit allowed: (Worksheet A, Column D total x 1%)				8.00

INCLUDE WITH YOUR RETURN: Copies of all W-2 forms. Be sure copies include information shown in Boxes 5, 18, 19, and 20. If tax was withheld and paid to multiple cities, submit copies showing tax paid to each individual locality. (Boxes 18-20).

Include copy of Federal form 1040, page 1 and copy of Federal Schedule 1. Include copies of Federal Schedules C, E, F, Form 4797, and K-1 forms if applicable. If married filing separately, include documents for both spouses.

Note: Unless accompanied by the above documents, payment (if any) of the balance of 2020 tax due (Line 9) and at least 22.5% of the estimated tax for 2021, this form is not a complete, legal final return or declaration.